

El Paso Telephone Company
Illinois Universal Service Funding Calculation
 Based upon ICC Form 23A Report Data for December 31, 2000

<u>Line #</u>	<u>Description</u>	<u>Source</u>	<u>Amount</u>	<u>Adjustment</u>	<u>Adjusted Amount</u>
1	Net Regulated Plant	Form 23A, P 8, Net Plant	\$ 1,623,137	\$ -	\$ 1,623,137
2	Materials and Supplies Inventory	Page 2, 13-Month Average	11,088		11,088
3	Customer Deposits	Form 23A, P 8, 4040	9,857	-	9,857
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	73,930	-	73,930
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			1,550,438
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 14, Total	1,666,026	(23,077)	1,642,949
8	Less: Depreciation Expense	Form 23A, P 13, 6560	393,546	-	393,546
9	Total WC Operating Expense	line 7 - line 8	1,272,480	(23,077)	1,249,403
10	WC OE Requirement	line 9 * 45 / 360			156,175
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			156,175
13	Total Rate Base	line 5 + line 12			1,706,613
14	Total Operating Revenues	Form 23A, P 11, Total	2,593,914	(287,422)	2,306,492
15	Less: Illinois High Cost Fund		396,951	-	396,951
16	Net Operating Revenues	line 14 - line 15	2,196,963	(287,422)	1,909,541
17	Total Operating Expenses	Form 23A, P 14, Total	1,666,026	(23,077)	1,642,949
18	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 15, 7240	9,839	-	9,839
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	521,098	(264,345)	256,753
21	Income Tax Expense	line 34			99,463
22	Net Operating Income	line 20 - line 21			157,290
23	Return on Rate Base	line 22 / line 13			9.22%
24	After-tax Cost of Capital				11.21%
25	Target Net Operating Income	line 24 * line 13			191,311
26	Adj to Achieve Target Return on RB	line 25 - line 22			34,021
27	Gross Revenue Conversion Factor	line 35			1.6324
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			55,536
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			256,753
31	Illinois Inc & Rep Tax Expense	line 30 * 7.18%			18,435
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			238,318
33	Federal Income Tax Expense	line 32 * 34.00%			81,028
34	Total Imputed Income Tax Expense	line 31 + line 33			99,463
35	Gross Revenue Conversion Factor	1 / ((1 - .0718) * (1 - .34))			1.6324