

Madison 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	\$ 3,562,492	\$ -	\$ 3,562,492
2	Materials and Supplies Inventory	Page 2, 13-Month Average	109,187		109,187
3	Customer Deposits	Form 23A, P 8, 4040	22,087	-	22,087
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	342,457	-	342,457
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			3,307,135
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 14, Total	6,663,257	-	6,663,257
8	Less: Depreciation Expense	Form 23A, P 13, 6560	391,625	-	391,625
9	Total WC Operating Expense	line 7 - line 8	6,271,632	-	6,271,632
10	WC OE Requirement	line 9 * 45 / 360			783,954
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			783,954
13	Total Rate Base	line 5 + line 12			4,091,089
14	Total Operating Revenues	Form 23A, P 11, Total	7,280,056	212,412	7,492,468
15	Less: Illinois High Cost Fund		798,744	-	798,744
16	Net Operating Revenues	line 14 - line 15	6,481,312	212,412	6,693,724
17	Total Operating Expenses	Form 23A, P 14, Total	6,663,257	-	6,663,257
18	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 15, 7240	8,281	-	8,281
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	(190,226)	212,412	22,186
21	Income Tax Expense	line 34			8,595
22	Net Operating Income	line 20 - line 21			13,591
23	Return on Rate Base	line 22 / line 13			0.33%
24	After-tax Cost of Capital				11.21%
25	Target Net Operating Income	line 24 * line 13			458,611
26	Adj to Achieve Target Return on RB	line 25 - line 22			445,020
27	Gross Revenue Conversion Factor	line 35			1.6324
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			726,451
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			22,186
31	Illinois Inc & Rep Tax Expense	line 30 * 7.18%			1,593
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			20,593
33	Federal Income Tax Expense	line 32 * 34.00%			7,002
34	Total Imputed Income Tax Expense	line 31 + line 33			8,595
35	Gross Revenue Conversion Factor	1 / ((1 - .0718) * (1 - .34))			1.6324