

Test 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	\$ 1,000,000	\$ -	\$ 1,000,000
2	Materials and Supplies Inventory	Page 2, 13-Month Average	50,000		50,000
3	Customer Deposits	Form 23A, P 8, 4040	6,900	-	6,900
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	24,000	-	24,000
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			1,019,100
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 14, Total	1,100,000	-	1,100,000
8	Less: Depreciation Expense	Form 23A, P 13, 6560	300,000	-	300,000
9	Total WC Operating Expense	line 7 - line 8	800,000	-	800,000
10	WC OE Requirement	line 9 * 45 / 360			100,000
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			100,000
13	Total Rate Base	line 5 + line 12			1,119,100
14	Total Operating Revenues	Form 23A, P 11, Total	1,495,000	-	1,495,000
15	Less: Illinois High Cost Fund		350,000	-	350,000
16	Net Operating Revenues	line 14 - line 15	1,145,000	-	1,145,000
17	Total Operating Expenses	Form 23A, P 14, Total	1,100,000	-	1,100,000
18	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 15, 7240	10,000	-	10,000
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	35,000	-	35,000
21	Income Tax Expense	line 34			13,559
22	Net Operating Income	line 20 - line 21			21,441
23	Return on Rate Base	line 22 / line 13			1.92%
24	After-tax Cost of Capital				11.21%
25	Target Net Operating Income	line 24 * line 13			125,451
26	Adj to Achieve Target Return on RB	line 25 - line 22			104,010
27	Gross Revenue Conversion Factor	line 35			1.6324
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			169,786
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			35,000
31	Illinois Inc & Rep Tax Expense	line 30 * 7.18%			2,513
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			32,487
33	Federal Income Tax Expense	line 32 * 34.00%			11,046
34	Total Imputed Income Tax Expense	line 31 + line 33			13,559
35	Gross Revenue Conversion Factor	1 / ((1 - .0718) * (1 - .34))			1.6324

Test Telephone Company
Illinois Universal Service Funding Calculation
Based upon ICC Form 23A Report Data for December 31, 2000
Material & Supplies Worksheet and Other Information

<u>Line #</u>		
1	December-99	\$47,000
2	January-00	\$50,000
3	February-00	\$52,000
4	March-00	\$50,000
5	April-00	\$54,000
6	May-00	\$54,000
7	June-00	\$52,000
8	July-00	\$53,000
9	August-00	\$52,000
10	September-00	\$51,000
11	October-00	\$50,000
12	November-00	\$45,000
13	December-00	\$40,000
14	13 Month Average	\$50,000

Sale/Lease Back Arrangement

- The company does not have any sale(s)/lease back arrangement.
 The company does have sale(s)/lease back arrangement and has provided additional information to staff.

Lease Agreement with Affiliates

- The company does not have any lease agreements with affiliates.
 The company does have lease agreements with affiliates and has provided additional information to staff.

Trial Balances

The Company has provided a copy of its 12/31/2000 trial balance in support of the attached exhibits.

Test Telephone Company
Illinois Universal Service Funding Calculation
Based upon ICC Form 23A Report Data for December 31, 2000
Operating Revenues By Category

<u>Line #</u>		<u>Source</u>	<u>Amount</u>
		Form 23A, P 10, Total Local	
1	Local Revenues	Network Service Revenues	\$ 50,000
2	State Subscriber Line Charges	Trial Balance 12/31/00	\$ 80,000
3	State Access Revenues	Trial Balance 12/31/00	\$ 200,000
4	State High Cost Support	Exhibit X, Line 15	\$ 350,000
5	State Special Access Revenues	Trial Balance 12/31/00	\$ 50,000
6	Total State Access & Local Revenues	Sum (Ln 1 - 5)	\$ 730,000
7	Federal Subscriber Lines Charges	Trial Balance 12/31/00	\$ 250,000
8	Federal Access Revenues	Trial Balance 12/31/00	\$ 280,000
9	Federal High Cost Support	Trial Balance 12/31/00	\$ 150,000
10	Federal Special Access Revenues	Trial Balance 12/31/00	\$ 60,000
11	Total Federal Access Revenues	Sum (Ln 7 - 10)	\$ 740,000
12	Misc Revenues	Trial Balance 12/31/00	\$ 25,000
13	Total Operating Revenues	Ln 6 + Ln 11 + Ln 12	<u>\$ 1,495,000</u>