

Alhambra-Grantfork Telephone Company
 Illinois Universal Service Funding Calculation
 Based upon ICC Form 23A Report Data for December 31, 2009

<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	\$ 1,930,356	\$ 216,031	\$ 2,146,387
2	Materials and Supplies Inventory	Page 2, 13-Month Average	37,398		37,398
3	Customer Deposits	Form 23A, P 8, 4040	5,850	-	5,850
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	427,049	160,637	587,686
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			1,590,249
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 11, Total	932,376	(23,332)	909,044
8	Less: Depreciation Expense	Form 23A, P 11, 6560	247,154	(2,882)	244,272
9	Total WC Operating Expense	line 7 - line 8	685,222	(20,450)	664,772
10	WC OE Requirement	line 9 * 45 / 360			83,097
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			83,097
13	Total Rate Base	line 5 + line 12			1,673,346
14	Total Operating Revenues	Form 23A, P 9, Total	1,191,202	(78,955)	1,112,247
15	Less: Illinois Universal Service Fund	Page 3, Line 4	62,712	-	62,712
16	Net Operating Revenues	line 14 - line 15	1,128,490	(78,955)	1,049,535
17	Total Operating Expenses	Form 23A, P 11, Total	932,376	(23,332)	909,044
18	Other Operating Inc and Exp - Net	Form 23A, P 12, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 12, 7240	9,514	(554)	8,960
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	186,600	(55,069)	131,531
21	Income Tax Expense	line 34			50,203
22	Net Operating Income	line 20 - line 21			81,328
23	Return on Rate Base	line 22 / line 13			4.86%
24	After-tax Cost of Capital				9.34%
25	Target Net Operating Income	line 24 * line 13			156,290
26	Adj to Achieve Target Return on RB	line 25 - line 22			74,962
27	Gross Revenue Conversion Factor	line 35			1.6173
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			121,236
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			131,531
31	Illinois Inc & Rep Tax Expense	line 30 * 9.50%			12,495
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			119,036
33	Federal Income Tax Expense	line 32 * 31.678%			37,708
34	Total Imputed Income Tax Expense	line 31 + line 33			50,203
35	Gross Revenue Conversion Factor	1 / ((1 - .0950) * (1 - .31678))			1.6173

* Provide detail on Page 4 for all adjustments.

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Material & Supplies Worksheet and Other Information

<u>Line #</u>		
1	December-08	\$31,371
2	January-09	\$31,371
3	February-09	\$31,371
4	March-09	\$31,371
5	April-09	\$31,371
6	May-09	\$31,371
7	June-09	\$40,604
8	July-09	\$40,604
9	August-09	\$46,304
10	September-09	\$46,304
11	October-09	\$46,304
12	November-09	\$46,933
13	December-09	\$30,896
14	13 Month Average	\$37,398

Sale/Lease Back Arrangement

XXX The company does not have any sale(s)/lease back arrangement.
 The company does have sale(s)/lease back arrangement.

Lease Agreement with Affiliates

XXX The company does not have any lease agreements with affiliates.
 The company does have lease agreements with affiliates.

Tax Status (1=Taxable, 2=Coop) 1

After Tax Return-Taxable 9.34%
After Tax Return-Coop 9.34%

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 Operating Revenues By Category

<u>Line #</u>		<u>Source</u>	<u>Amount</u>
		Form 23A, P 9, Total Local	
1	Local Revenues	Network Service Revenues	\$ 306,696
2	State Subscriber Line Charges	Trial Balance 12/31/09	\$ -
3	State Access Revenues	Trial Balance 12/31/09	\$ 145,765
4	State Universal Service Support	Trial Balance 12/31/09	\$ 62,712
5	State Special Access Revenues	Trial Balance 12/31/09	\$ 2,363
6	Total State Access & Local Revenues	Sum (Ln 1 - 5)	\$ 517,536
7	Federal Subscriber Lines Charges	Trial Balance 12/31/09	\$ 90,581
8	Federal Access Revenues	Trial Balance 12/31/09	\$ 435,250
9	Federal High Cost Loop Support	Trial Balance 12/31/09	\$ 75,566
10	Federal Special Access Revenues	Trial Balance 12/31/09	\$ 20,106
11	Total Federal Access Revenues	Sum (Ln 7 - 10)	\$ 621,504
12	Misc Revenues	Trial Balance 12/31/09	\$ 52,161
13	Total Operating Revenues	Ln 6 + Ln 11 + Ln 12	\$ 1,191,201

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Description of Adjustments

Description of Adjustment	Debit	Credit
<u>Rate Base Adjustments</u>		
Net Plant Additions - 2010 Actual	\$236,430	
Deferred Tax Adjustment - 2010 Actual		\$165,668
General Support Asset - Non-Reg Adjust.		\$18,537
IOT Asset - Non-Reg Adjustment		\$1,862
Deferred Tax - Non-Reg Adjustment	\$5,031	
<u>Revenue Adjustments</u>		
Change in FED HCL/SNA 2009 to 2011	\$68,692	
IITA Provided 2009 Orig. Access Revenue Adj.	\$10,263	
<u>Expense Adjustments</u>		
GSF & IOT Non-reg Exp Adjustment		\$18,162
GSF & IOT Non-reg Depr. Exp Adjustment		\$2,882
G&A Oper Expense Non-Reg Adjustment		\$2,288
Other Oper. Tax Exp - Non-Reg Adjust.		\$554

Note: Carry all adjustments forward to Page 1

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Summary of Adjustments:

Adjustment #3 - Plant Investment Changes

Net Plant Additions - 2010 Actual	\$	236,430
Deferred Tax Liability Adjustment - 2010 Actual	\$	165,668

Adjustment #4 - Federal USF Funding

	<u>Amount</u>
Federal HCL - 2009	\$ 75,566
Federal HCL - 2011	\$ 6,874
Total Change in Federal USF	\$ (68,692)

Trial Balance Detail 2009 amount and 2011 USAC disbursement reports.

Adjustment #5 - Non-Regulated Adjustments

	<u>Amount</u>
Non-Reg Adjustment Investment (GSF/IOT)	\$ (171,457)
Non-Reg Adjustment Reserve (GSF/IOT)	\$ 151,058
Net Inv GSF/IOT Adjustment	\$ (20,399)
Non-Reg Deferred Tax Adjustment	\$ 5,031
Non-Reg Operating Expense Adj.	\$ (20,450)
Non-Reg Depreciation Expense Adj.	\$ (2,882)
Non-Reg Other Op. Tax Adjustment	\$ (554)