

New Windsor Telephone Company-IITA  
 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	\$ 1,307,445	\$ (25,515)	\$ 1,281,930
2	Materials and Supplies Inventory	Page 2, 13-Month Average	28,377		28,377
3	Customer Deposits	Form 23A, P 8, 4040	6,486	-	6,486
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	252,788	-	252,788
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			1,051,033
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 11, Total	524,978	(4,186)	520,792
8	Less: Depreciation Expense	Form 23A, P 11, 6560	166,234	-	166,234
9	Total WC Operating Expense	line 7 - line 8	358,744	(4,186)	354,558
10	WC OE Requirement	line 9 * 45 / 360			44,320
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			44,320
13	Total Rate Base	line 5 + line 12			1,095,353
14	Total Operating Revenues	Form 23A, P 9, Total	678,494	(17,127)	661,367
15	Less: Illinois Universal Service Fund	Page 3, Line 4	85,714	-	85,714
16	Net Operating Revenues	line 14 - line 15	592,780	(17,127)	575,653
17	Total Operating Expenses	Form 23A, P 11, Total	524,978	(4,186)	520,792
18	Other Operating Inc and Exp - Net	Form 23A, P 12, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 12, 7240	9,065	-	9,065
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	58,737	(12,941)	45,796
21	Income Tax Expense	line 34			15,565
22	Net Operating Income	line 20 - line 21			30,231
23	Return on Rate Base	line 22 / line 13			2.76%
24	After-tax Cost of Capital				9.34%
25	Target Net Operating Income	line 24 * line 13			102,306
26	Adj to Achieve Target Return on RB	line 25 - line 22			72,075
27	Gross Revenue Conversion Factor	line 35			1.5149
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			109,186
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			45,796
31	Illinois Inc & Rep Tax Expense	line 30 * 9.50%			4,351
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			41,445
33	Federal Income Tax Expense	line 32 * 27.058%			11,214
34	Total Imputed Income Tax Expense	line 31 + line 33			15,565
35	Gross Revenue Conversion Factor	1 / ((1 - .0950) * (1 - .27058))			1.5149

\* Provide detail on Page 4 for all adjustments.

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Material & Supplies Worksheet and Other Information

<u>Line #</u>		
1	December-08	\$28,421
2	January-09	\$28,421
3	February-09	\$28,421
4	March-09	\$28,421
5	April-09	\$28,421
6	May-09	\$28,421
7	June-09	\$28,340
8	July-09	\$28,340
9	August-09	\$28,340
10	September-09	\$28,340
11	October-09	\$28,340
12	November-09	\$28,340
13	December-09	\$28,340
14	13 Month Average	\$28,377

Sale/Lease Back Arrangement

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

Lease Agreement with Affiliates

- 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	\$ 71,241
2	State Subscriber Line Charges	Trial Balance 12/31/09	\$ 69,095
3	State Access Revenues	Trial Balance 12/31/09	\$ 79,580
4	State Universal Service Support	Trial Balance 12/31/09	\$ 85,714
5	State Special Access Revenues	Trial Balance 12/31/09	\$ 10,250
6	Total State Access & Local Revenues	Sum (Ln 1 - 5)	<u>\$ 315,880</u>
7	Federal Subscriber Lines Charges	Trial Balance 12/31/09	\$ 42,798
8	Federal Access Revenues	Trial Balance 12/31/09	\$ 285,162
9	Federal High Cost Loop Support	Trial Balance 12/31/09	\$ -
10	Federal Special Access Revenues	Trial Balance 12/31/09	\$ 10,345
11	Total Federal Access Revenues	Sum (Ln 7 - 10)	<u>\$ 338,305</u>
12	Misc Revenues	Trial Balance 12/31/09	\$ 24,309
13	Total Operating Revenues	Ln 6 + Ln 11 + Ln 12	<u><u>\$ 678,494</u></u>

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Description of Adjustments

<u>Description of Adjustment</u>	<u>Debit</u>	<u>Credit</u>
<u>Rate Base Adjustments</u>		
Non-reg net investment adjustment 2009		\$ 25,515
<u>Revenue Adjustments</u>		
Change in FED HCL 2009 to 2011		\$ 10,068
IITA Provided 2009 Access Revenue Adj.	\$27,195	
<u>Expense Adjustments</u>		
Non-reg expense adjustment 2009		\$ 4,186

Note: Carry all adjustments forward to Page 1

## New Windsor Telephone Company

Summary of Adjustments:

### Adjustment #4 - Federal USF Funding

	<u>2009</u>	<u>2011</u>	<u>Difference</u>
Federal HCL	\$ 26,490	\$ 36,558	\$ 10,068
<b>Total Increase in Federal USF</b>			<b>\$ 10,068</b>

USAC disbursement report 2009 amount and 2011 USAC disbursement report.

### Adjustment #5 - Non-Regulated Cost Adjustments

	<u>Amount</u>	<u>Non-Regulated Allocation Factor</u>	<u>Allocated Amount</u>
General Support Assets	\$ 637,743	7.000%	\$ 44,642
General Support Reserve	\$ (273,241)	7.000%	\$ (19,127)
<b>Net Plant Investment Reduction</b>			<b>\$ 25,515</b>

	<u>Amount</u>	<u>Non-Regulated Allocation Factor</u>	<u>Allocated Amount</u>
G & A Expenses for Allocation	\$ 59,795	7.000%	\$ 4,186
<b>Total Operating Expense Reduction</b>			<b>\$ 4,186</b>