

FC Schuyler
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	\$ 6,057,000		\$ 6,057,000
2	Materials and Supplies Inventory	Page 2, 13-Month Average	-		-
3	Customer Deposits	Form 23A, P 8, 4040	-	-	-
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	1,243,371	-	1,243,371
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			4,813,629
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 11, Total	1,400,955	-	1,400,955
8	Less: Depreciation Expense	Form 23A, P 11, 6560	635,403	-	635,403
9	Total WC Operating Expense	line 7 - line 8	765,551	-	765,551
10	WC OE Requirement	line 9 * 45 / 360			95,694
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			95,694
13	Total Rate Base	line 5 + line 12			4,909,323
14	Total Operating Revenues	Form 23A, P 9, Total	1,973,467	(35,436)	1,938,031
15	Less: Illinois Universal Service Fund	Page 3, Line 4	152,652	-	152,652
16	Net Operating Revenues	line 14 - line 15	1,820,815	(35,436)	1,785,379
17	Total Operating Expenses	Form 23A, P 11, Total	1,400,955	-	1,400,955
18	Other Operating Inc and Exp - Net	Form 23A, P 12, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 12, 7240	15,379	-	15,379
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	404,481	(35,436)	369,045
21	Income Tax Expense	line 34			143,256
22	Net Operating Income	line 20 - line 21			225,789
23	Return on Rate Base	line 22 / line 13			4.60%
24	After-tax Cost of Capital				9.34%
25	Target Net Operating Income	line 24 * line 13			458,531
26	Adj to Achieve Target Return on RB	line 25 - line 22			232,742
27	Gross Revenue Conversion Factor	line 35			1.6345
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			380,416
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			369,045
31	Illinois Inc & Rep Tax Expense	line 30 * 7.30%			26,940
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			342,105
33	Federal Income Tax Expense	line 32 * 34.00%			116,316
34	Total Imputed Income Tax Expense	line 31 + line 33			143,256
35	Gross Revenue Conversion Factor	1 / ((1 - .0730) * (1 - .34))			1.6345

* Provide detail on Page 4 for all adjustments.

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Material & Supplies Worksheet and Other Information

<u>Line #</u>		
1	December-08	\$0
2	January-09	\$0
3	February-09	\$0
4	March-09	\$0
5	April-09	\$0
6	May-09	\$0
7	June-09	\$0
8	July-09	\$0
9	August-09	\$0
10	September-09	\$0
11	October-09	\$0
12	November-09	\$0
13	December-09	\$0
14	13 Month Average	\$0

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 11.50%
After Tax Return-Coop 13.08%

Frontier Communications Exhibit 2.03
Schedule 5, p. 3 of 4
Docket No. 11-0211 Cons.

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Operating Revenues By Category

<u>Line #</u>		<u>Source</u>	<u>Amount</u>
1	Local Revenues	Form 23A, P 9, Total Local Network Service Revenues	\$ 793,244
2	State Subscriber Line Charges	Trial Balance 12/31/09	\$ -
3	State Access Revenues	Trial Balance 12/31/09	\$ 280,863
4	State Universal Service Support	Trial Balance 12/31/09	\$ -
5	State Special Access Revenues	Trial Balance 12/31/09	\$ -
6	Total State Access & Local Revenues	Sum (Ln 1 - 5)	\$ 1,074,107
7	Federal Subscriber Lines Charges	Trial Balance 12/31/09	\$ 223,935
8	Federal Access Revenues	Trial Balance 12/31/09	\$ 217,218
9	Federal High Cost Loop Support	Trial Balance 12/31/09	\$ -
10	Federal Special Access Revenues	Trial Balance 12/31/09	\$ 255,559
11	Total Federal Access Revenues	Sum (Ln 7 - 10)	\$ 696,712
12	Misc Revenues	Trial Balance 12/31/09	\$ 202,648
13	Total Operating Revenues	Ln 6 + Ln 11 + Ln 12	\$ 1,973,467

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Description of Adjustments

Description of Adjustment	Debit	Credit
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Rate Base Adjustments

Revenue Adjustments

True-up 2009 Local Switching support for overstatement of 2009		\$16,783
Intrastate impact of mirroring interstate originating access rates	\$	18,653

Expense Adjustments