

Henry County Telephone Company
Illinois Universal Service Funding Calculation
Based upon ICC Form 23A Report Data for December 31, 2010

<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	\$ 709,868	\$ -	\$ 709,868
2	Materials and Supplies Inventory	Page 2, 13-Month Average	-	-	-
3	Customer Deposits	Form 23A, P 8, 4040	2,706	-	2,706
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	-	-	-
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			707,162
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 11, Total	1,308,269	-	1,308,269
8	Less: Depreciation Expense	Form 23A, P 11, 6560	108,443	-	108,443
9	Total WC Operating Expense	line 7 - line 8	1,199,826	-	1,199,826
10	WC OE Requirement	line 9 * 45 / 360			149,978
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			149,978
13	Total Rate Base	line 5 + line 12			857,140
14	Total Operating Revenues	Form 23A, P 9, Total	1,470,581	1,205	1,471,786
15	Less: Illinois Universal Service Fund	Page 3, Line 4	186,384	-	186,384
16	Net Operating Revenues	line 14 - line 15	1,284,197	1,205	1,285,402
17	Total Operating Expenses	Form 23A, P 11, Total	1,308,269	-	1,308,269
18	Other Operating Inc and Exp - Net	Form 23A, P 12, 7100		-	-
19	Other Operating Taxes	Form 23A, P 12, 7240	1,860	-	1,860
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	(25,932)	1,205	(24,727)
21	Income Tax Expense	line 34			(7,465)
22	Net Operating Income	line 20 - line 21			(17,262)
23	Return on Rate Base	line 22 / line 13			-2.01%
24	After-tax Cost of Capital				9.34%
25	Target Net Operating Income	line 24 * line 13			80,057
26	Adj to Achieve Target Return on RB	line 25 - line 22			97,319
27	Gross Revenue Conversion Factor	line 35			1.4324
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			139,402
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			(24,727)
31	Illinois Inc & Rep Tax Expense	line 30 * 9.50%			(2,349)
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			(22,378)
33	Federal Income Tax Expense	line 32 * Calculated Effective Rate			(5,116)
34	Total Imputed Income Tax Expense	line 31 + line 33			(7,465)
35	Gross Revenue Conversion Factor	Calculated			1.43242

* 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

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

Lease Agreement with Affiliates

- X 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>
1	Local Revenues	Form 23A, P 9, Total Local Network Service Revenues	\$ 349,881
2	State Subscriber Line Charges **	Trial Balance 12/31/09	\$ -
3	State Access Revenues	Trial Balance 12/31/09	\$ 124,714
4	State Universal Service Support	Trial Balance 12/31/09	\$ 186,384
5	State Special Access Revenues	Trial Balance 12/31/09	\$ 16,121
6	Total State Access & Local Revenues	Sum (Ln 1 - 5)	<u>\$ 677,100</u>
7	Federal Subscriber Lines Charges	Trial Balance 12/31/09	\$ 96,265
8	Federal Access Revenues	Trial Balance 12/31/09	\$ 356,356
9	Federal High Cost Loop Support	Trial Balance 12/31/09	\$ 50,269
10	Federal Special Access Revenues	Trial Balance 12/31/09	\$ 68,003
11	Total Federal Access Revenues	Sum (Ln 7 - 10)	<u>\$ 570,893</u>
12	Misc Revenues	Trial Balance 12/31/09	\$ 222,588
13	Total Operating Revenues	Ln 6 + Ln 11 + Ln 12	<u><u>\$ 1,470,581</u></u>

** Included in Line 1 above

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Description of Adjustments

Description of Adjustment	Debit	Credit
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Rate Base Adjustments

Revenue Adjustments

Affordable Rate Reduction		\$1,205
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Total Revenue Adjustments	\$0	\$1,205
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Expense Adjustments

Total Revenue Adjustments	\$0	\$0
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Note: Carry all adjustments forward to Page 1