

REBUTTAL TESTIMONY

OF

MARY H. EVERSON

FINANCIAL ANALYSIS DIVISION

ILLINOIS COMMERCE COMMISSION

IN THE MATTER OF GENESEO TELEPHONE COMPANY, CAMBRIDGE
TELEPHONE COMPANY AND HENRY COUNTY TELEPHONE COMPANY
PETITION FOR UNIVERSAL SERVICE SUPPORT AND
ILLINOIS INDEPENDENT TELEPHONE ASSOCIATION PETITION TO UPDATE
THE SECTION 13-301(1)(D) ILLINOIS UNIVERSAL SERVICE FUND AND TO
IMPLEMENT INTRASTATE SWITCHED ACCESS CHARGE REFORM AS
DESCRIBED HEREIN AND FOR OTHER RELIEF

DOCKET NO. 11-0210/11-0211 (Consolidated)

May 25, 2012

1 **Witness Identification**

2 **Q. Please state your name and business address.**

3 A. My name is Mary H. Everson. My business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

5 **Q. Are you the same Mary H. Everson who provided direct and revised**
6 **direct testimony in this proceeding?**

7 A. Yes.

8 **Q. What is the purpose of your testimony?**

9 A. The purpose of my testimony is to:

- 10 1) Present the Staff's Rebuttal Funding Requirement for the
11 Companies comprising the Illinois Independent Telephone
12 Association ("IITA Companies") and the Frontier Communications
13 ("Frontier Companies") requesting funding (both IITA Companies
14 and Frontier Companies referred to collectively as "Companies" or
15 individually as "Company");
- 16 2) Propose adjustments to the Funding Requirement for individual
17 Companies and respond to each of the Companies' witnesses
18 concerning adjustments to revenues, state income taxes, plant
19 additions, federal income taxes, and non-utility related operating
20 expenses; and
- 21 3) Present the adjustment to the Funding Requirement proposed by
22 Staff witness Dr. James Zolnierek.

23 **Attachments**

24 **Q. Are you sponsoring any attachments as part of ICC Staff Exhibit 5.0?**

25 A. Yes. I am attaching the response from Geneseo, Cambridge and Henry
26 County Telephone Companies (“GCHC”) to Staff Data Request (“DR”)
27 MHE 19.01-19.07 as Attachment 1.

28 **Schedule Identification**

29 **Q. Are you sponsoring any schedules as part of ICC Staff Exhibit 5.0?**

30 A. Yes. I am sponsoring the following schedules:

- 31 • Schedule 5.01 - Summary of Staff Calculated Funding
32 Requirement
- 33 • Schedules 5.02- Staff Funding Requirement (by Company)
- 34 • Schedules 5.03-Adjustment to Operating Revenues (Adams)
- 35 • Schedules 5.04-Adjustment to State Income Tax Rate (Frontier)
- 36 • Schedules 5.05-Adjustment to Net Plant (Adams)
- 37 • Schedules 5.06-Adjustment to S-Corporation Income Taxes (by
38 Company)
- 39 • Schedule 5.07 -Adjustment to Operating Expense (Viola)
- 40 • Schedule 5.08-Adjustment to Rental Revenues (LaHarpe)
- 41 • Schedule 5.09-Adjustment to ADIT (Egyptian)
- 42

43 Each of the schedules 5.02-5.09 are labeled with the individual
44 Company’s name (for example: 5.03 Adams) to distinguish which
45 Company to which certain adjustments apply.

46 **Q. Please explain the year for which you used data to determine a**
47 **funding requirement for each of the Companies.**

48 A. In its March 2011 petition to initiate this docket, the IITA and ATT Illinois
49 (“ATT”) agreed to use the rate of return methodology using 2009 data.
50 Using the Companies’ Schedule 1.01 which was the agreed-upon format
51 in the IITA and ATT stipulation, I prepared a Staff-Calculated Funding
52 Requirement for those Companies that provided a Schedule 1.01
53 populated with 2009 data from the information reported on each
54 company’s 2009 Form 23 submitted to the Illinois Commerce Commission
55 (“ICC” or “Commission”) with known and measurable changes. Each of
56 the Companies in this proceeding, except for GCHC, provided Schedule
57 1.01 using the agreed-upon criteria.

58 I did not prepare a Staff-Calculated Funding Requirement for GCHC
59 because GCHC opted to provide its Schedule 1.01 data with inputs from
60 2010 instead of 2009. In response to Staff DR MHE 19.01, (Attachment 1)
61 GCHC stated that it did not agree with using Schedules 1.01, but that if
62 the Commission uses Schedules 1.01, GCHC believes that the basic,
63 unadjusted and most current data available should be used. See
64 Attachment 1 for GCHC’s rationale and suggestion for input data.

65 Every other company in this proceeding has either agreed and/or
66 complied with the decision to use 2009 numbers for the determination of
67 the USF Funding amounts. To allow any of the Companies to unilaterally
68 choose a different year upon which to base its funding requirement, and
69 use a different rate of return is fundamentally unfair to the remaining

70 parties. For this type of funding, the amounts of subsidy should be
71 determined using data based on the same time periods with the same rate
72 of return. Since GCHC failed to support its funding requirement based on
73 input data from the same time period and using the same rate of return as
74 all of the other Companies, it is not included in Staff's funding proposal.

75 **Q. Please explain ICC Staff Exhibit 5.0, Schedule 5.01, Summary of Staff**
76 **Calculated Funding Requirement.**

77 A. ICC Staff Exhibit 5.0, Schedule 5.01 presents a summary of Staff's
78 funding requirement for each of the Companies except GCHC that are
79 requesting funding in this case. The amounts reflected on Schedule 5.01
80 for each company are taken from Schedule 5.02 for that company and
81 reflect Staff's adjustments for that company.

82 The Frontier Companies chose not to file direct testimony until March 23,
83 2012 and provided Schedules 1.01 at that time. The Frontier Companies
84 requested funding at current levels, thus, the total funding level calculated
85 by Staff supports the funding determined using each Frontier company's
86 requested funding. The total Staff funding requirement for all of the
87 Companies is presented on page 6, column (i), line 28a.

88 **Q. Please explain ICC Staff Exhibit 5.0, Schedules 5.02 Staff Calculated**
89 **Funding Requirement (by Company).**

90 A. Schedules 5.02-Company presents Staff's calculated funding requirement
91 for each company. Column (b) presents the company's Schedule 1.01

92 funding request based on data from 2009 and includes the company's
93 adjustments. Column (c) presents the following Staff adjustments:

- 94 · Restate Operating Revenues;
- 95 · Update for the Current State Income Tax Rate;
- 96 · Disallow Non-utility Related Plant Additions;
- 97 · Disallow Income Tax for S-Corporations; and
- 98 · Disallow Non-utility Related Operating Expenses.

99 Column (d) presents Staff amounts resulting from the combination of
100 Columns (b) and (c).

101 **Operating Revenues**

102 **Q. Please explain ICC Staff Schedule 5.03 Adams Telephone Co-**
103 **Operative (“Adams”), Madison Telephone Cooperative (“Madison”),**
104 **and McDonough Telephone Cooperative (“McDonough”) Adjustment**
105 **to Operating Revenues**

106 A. ICC Staff Schedule 5.03 presents the adjustments proposed by Staff
107 witness Dr. James Zolnierек that are applied to Adams, Madison, and
108 McDonough. The rationale for this adjustment is explained in the rebuttal
109 testimony of Dr. James Zolnierек, ICC Staff Exhibit 6.0.

110 **State Income Tax Rate**

111 **Q. Please explain Schedules 5.04-Adjustment to State Income Tax Rate**
112 **(Frontier).**

113 A. Schedules 5.04 present my adjustments for the Frontier Companies to
114 update the State Income Tax Rate to the current 9.5%.

115 In my direct testimony, I proposed an adjustment to state income tax to
116 reflect the known and measurable change in the state of Illinois income
117 tax rate from 7.3% to 9.5%. All of the Companies except Frontier
118 incorporated the current state income tax rate of 9.5% into their proposed
119 funding requirement in the March 23, 2012 filing in response to my
120 proposed adjustment. When Frontier filed its first round of testimony on
121 March 23, 2012, it used a 7.3% state income tax rate instead of the 9.5%
122 current state income tax rate. My adjustment corrects for that omission.

123 **Net Plant**

124 **Q. Please explain Schedules 5.05-Adjustment to Net Plant (Adams).**

125 A. Schedules 5.05 present my adjustment to net plant for Adams. In my
126 direct testimony, I proposed adjustments to net plant additions for Adams,
127 Metamora Telephone Company (“Metamora”), and Alhambra-Grantfork
128 Telephone Company (“Alhambra”) (ICC Staff Exhibit 2.0R, filed
129 September 6, 2011). Adams continues to contest my proposed
130 adjustment to net plant.

131 Metamora accepted my proposed adjustments in its revised Schedule
132 1.01 (as revised 3/23/12).

133 Alhambra-Grantfork stated that it had previously revised its Schedule 1.01
134 and that my adjustment resulted in a double-counting. I agree with the
135 Company and I am no longer proposing an adjustment to Alhambra-
136 Grantfork's Schedule 1.01.

137 **Q. Provide your rationale for your adjustment to Adams for its projected**
138 **plant additions.**

139 A. I continue to recommend my adjustment to disallow net plant additions that
140 are not known and measurable. In response to Staff DR MHE 20.01,
141 Adams provided the amounts of projected plant assets that were placed
142 into service by March 4, 2011. I have also requested the amount of plant
143 additions that were placed into service as of March 4, 2012, but have not
144 yet received the information. Schedule 5.05-Adams also includes the
145 necessary derivative adjustments for this plant adjustment.

146 **S-Corporations-Income Tax**

147 **Q. Please explain ICC Staff Schedule 5.06, Adjustment to S-Corporation-**
148 **Income Taxes.**

149 A. ICC Staff Schedules 5.06 present my adjustments to the federal and state
150 income taxes, the Gross Revenue Conversion Factor and the associated
151 revenues for several of the Companies. The Companies for which I am
152 making this adjustment are:

- 153 • Alhambra

- 154 • Cass
- 155 • Gridley
- 156 • LaHarpe
- 157 • Leaf River
- 158 • McNabb
- 159 • Montrose
- 160 • Moultrie
- 161 • Viola and
- 162 • Woodhull

163

164 Since each of these Companies is an S-Corporation, none of these
165 Companies pay state or federal income taxes. Each of these Companies,
166 however, incorrectly included state and federal income taxes and also
167 used a gross revenue conversion factor (“GRCF”) that included a
168 provision for income taxes in its Schedule 1.01 (as revised 3/23/12).

169 IITA argues in rebuttal that Staff’s funding calculation is unfair and unjust.
170 (IITA Exhibit 3.0, p. 34, lines 744-745) However, IITA’s arguments fail to
171 consider that these Companies are not subject to the double taxation that
172 the other corporations are subject to. Most corporations pay income tax
173 on income it earned and, if dividends are paid to its shareholders, the
174 shareholders pay income taxes on those dividends. With an S-corporation,
175 however, its income is not taxed at the corporate level, only at the

176 shareholder level. Thus, funding through USF should not include income
177 tax expenses that the Companies do not incur.

178 To argue that other agencies or regulatory bodies allow an imputation
179 based on the shareholder's effective weighted income tax rate is not
180 relevant to whether this is appropriate in this proceeding. In addition, IITA
181 has not demonstrated that the Commission has allowed recovery of taxes
182 that are not incurred or paid by the corporation.

183 **Operating Expense**

184 **Q. Please explain Schedule 5.07 - Adjustment to Operating Expense**
185 **Viola Home Telephone Company ("Viola").**

186 A. Schedule 5.07 Adjustment to Operating Expenses presents my
187 adjustment to Viola to disallow association registration fees, a bonus and
188 a retirement payment that was not explained or supported. I have revised
189 my position since direct testimony to reduce my disallowance since the
190 Company provided supporting documentation for the expenses associated
191 with the consultants in response to Staff DR MHE 18.08 for some of the
192 expenses that I had disallowed. My adjustment allows invoiced amounts
193 from consultants in the amounts of \$150, \$1,350, and \$200. However, I
194 continue to recommend disallowing funding for items such as flowers,
195 holiday parties, food and similar expenses.

196 **Rental Revenues**

197 **Q. Please explain ICC Staff Schedule 5.08 LaHarpe Telephone Company**
198 **(“LaHarpe”), Adjustment to Rental Revenues.**

199 A. ICC Staff Schedule 5.08 LaHarpe presents my adjustment to increase
200 revenues for rental revenues from an affiliate that LaHarpe received. In
201 the Company’s response to Staff DR GCH 1.01, LaHarpe stated that the
202 revenues were not booked but were received in 2009 and were not
203 included in Schedule 1.01.

204 The rental revenues were received from an affiliated company, LaHarpe
205 Video and Data Services Company, Inc. for rental of building space of a
206 building included in LaHarpe’s rate base and, therefore, revenues derived
207 from the rental should also be included in operating revenues.

208 **Q. Did LaHarpe respond in its rebuttal to this adjustment?**

209 A. No. The Company did not rebut this adjustment. However, I am unable to
210 determine if it was accepted in the Company’s revenue calculation since
211 the Company makes several other revenue adjustments in its Schedule
212 1.01 (as revised 3/23/12). Therefore, I am adjusting the Company’s
213 revenues in my Schedule 5.08. If the Company provides supporting
214 documentation to demonstrate that it had included the revenues in its
215 Schedule 1.01 (as revised 3/23/12), then I would reconsider the need for
216 this adjustment.

217 ADIT for Non-Taxable Companies

218 **Q Please explain Schedule 5.09 Egyptian, Adjustment to ADIT.**

219 A. Schedule 5.09 presents my adjustment to remove ADIT and the
220 associated revenues since Egyptian is not a taxable entity.

221 **Conclusion**

222 **Q. Does this conclude your prepared rebuttal testimony?**

223 A. Yes.

ICC Docket Nos. 11-0210 and 11-0211 (Cons.)
**Geneseo Telephone Company's, Cambridge Telephone Company's
and Henry County Telephone Company's Response to
Staff Data Requests MHE 19.01 – 19.07**
Dated: May 1, 2012

MHE Data Request 19.01:

At page 20 of the supplemental direct and rebuttal testimony of Scott Rubins, he describes the preparation of GCHC Schedules 1.01. Please provide an explanation for the use of 2010 data, including why and how the Company determined that it is appropriate for this proceeding.

RESPONSE:

As stated in Geneseo Telephone Company, Cambridge Telephone Company and Henry County Telephone Company ("GCHC") testimony, GCHC does not believe that the Schedule 1.01 is the appropriate tool for determining Illinois Universal Service funding. However, at the request of ICC Staff (in Data Request JZ 1.01) GCHC prepared Schedules 1.01 and simply is now placing that information in the record as part of its supplemental direct and rebuttal testimony in the event it is determined by the Commission that Illinois Universal Service funding should be made based upon Schedule 1.01s.

Should the Schedule 1.01 be used, GCHC believes that the basic, unadjusted and most current data available should be used. At the time GCHC's supplemental direct and rebuttal testimony was due on March 23, 2012, the data for 2011 was not yet finalized. Accordingly, GCHC used its most current calendar year data available at that time, which was 2010.

ICC Docket Nos. 11-0210 and 11-0211 (Cons.)
**Geneseo Telephone Company's, Cambridge Telephone Company's
and Henry County Telephone Company's Response to
Staff Data Requests MHE 19.01 – 19.07**
Dated: May 1, 2012

MHE Data Request 19.02:

Geneseo Telephone Company

Please explain why the Company used a state income tax rate of 7.30% instead of 9.5% in its Schedule 1.01 calculations.

RESPONSE:

As stated in Geneseo Telephone Company, Cambridge Telephone Company and Henry County Telephone Company ("GCHC") testimony, GCHC does not believe that the Schedule 1.01 is the appropriate tool for determining Illinois Universal Service funding.

Although a substantial amount of testimony has been put on the record in this case concerning the Illinois Independent Telephone Associations ("IITA") member company's schedule 1.01, no decision or orders have been issued concerning all line items of the Schedule 1.01. Since GCHC believes the entire Schedule 1.01 is not appropriate to determine the amount of IUSF funding, GCHC used the most basic unadjusted Schedule 1.01 format which the Commission last utilized. The last Illinois Commerce Commission Order using the Schedule 1.01 was in the Alhambra-Grantfork case (I.C.C. Docket No. 04-0354). In that Order, the Commission approved IUSF funding based on the use of Schedule 1.01 with a 7.3% state income tax rate.

ICC Docket Nos. 11-0210 and 11-0211 (Cons.)
**Geneseo Telephone Company's, Cambridge Telephone Company's
and Henry County Telephone Company's Response to
Staff Data Requests MHE 19.01 – 19.07**
Dated: May 1, 2012

MHE Data Request 19.03

Geneseo Telephone Company

Please explain why the Company used 11.21% as the return on rate base? Please explain with specificity, including all calculations necessary to demonstrate the applicability of the response.

RESPONSE

As stated in Geneseo Telephone Company, Cambridge Telephone Company and Henry County Telephone Company ("GCHC") testimony, GCHC does not believe that the Schedule 1.01 is the appropriate tool for determining Illinois Universal Service funding.

Although a substantial amount of testimony has been put on the record in this case concerning the Illinois Independent Telephone Associations ("IITA") member company's schedule 1.01, no decision or orders have been issued concerning all line items of the Schedule 1.01. Since GCHC believes the entire Schedule 1.01 is not appropriate to determine the amount of IUSF funding, GCHC used the most basic unadjusted Schedule 1.01 format which the Commission last utilized. The last Illinois Commerce Commission Order using the Schedule 1.01 was in the Alhambra-Grantfork case (I.C.C. Docket No. 04-0354). In that Order, the Commission approved IUSF funding on the basis of a Schedule 1.01 with an 11.21% return on rate base.

ICC Docket Nos. 11-0210 and 11-0211 (Cons.)
**Geneseo Telephone Company's, Cambridge Telephone Company's
and Henry County Telephone Company's Response to
Staff Data Requests MHE 19.01 – 19.07**
Dated: May 1, 2012

MHE Data Request 19.04

Cambridge Telephone Company

Please explain why the Company used a state income tax rate of 7.30% instead of 9.5% in its Schedule 1.01 calculations.

RESPONSE

See response to MHE Data Request 19.02.

ICC Docket Nos. 11-0210 and 11-0211 (Cons.)
**Geneseo Telephone Company's, Cambridge Telephone Company's
and Henry County Telephone Company's Response to
Staff Data Requests MHE 19.01 – 19.07
Dated: May 1, 2012**

MHE Data Request 19.05

Cambridge Telephone Company

Please explain why the Company used 11.21% as the return on rate base? Please explain with specificity, including all calculations necessary to demonstrate the applicability of the response.

RESPONSE

See response to MHE Data Request 19.03.

ICC Docket Nos. 11-0210 and 11-0211 (Cons.)
**Geneseo Telephone Company's, Cambridge Telephone Company's
and Henry County Telephone Company's Response to
Staff Data Requests MHE 19.01 – 19.07**
Dated: May 1, 2012

MHE Data Request 19.06

Henry County Telephone Company

Please explain why the Company used a state income tax rate of 7.30% instead of 9.5% in its Schedule 1.01 calculations.

RESPONSE:

See response to MHE Data Request 19.02.

ICC Docket Nos. 11-0210 and 11-0211 (Cons.)
**Geneseo Telephone Company's, Cambridge Telephone Company's
and Henry County Telephone Company's Response to
Staff Data Requests MHE 19.01 – 19.07**
Dated: May 1, 2012

MHE Data Request 19.07:

Henry County Telephone Company

Please explain why the Company used 11.21% as the return on rate base? Please explain with specificity, including all calculations necessary to demonstrate the applicability of the response.

RESPONSE:

See response to MHE Data Request 19.03.

Illinois Universal Service Funding Calculation
 Summary of Staff Calculated Funding Requirement*

Line No.	Description	Adams Telephone Cooperative	Alhambra-Grantfork Telephone Company	Cass Telephone Company	Egyptian Telephone Cooperative Association	Flat Rock Telephone Co-Op, Inc.	Grafton Telephone Company	Subtotal
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Net Regulated Plant	\$ 9,998,815	\$ 2,146,387	\$ 1,612,629	\$ 6,576,548	\$ 458,900	\$ 1,730,192	\$ 22,523,471
2	Materials and Supplies Inventory	601,462	37,398	32,863	167,118	58,737	29,259	926,837
3	Customer Deposits	77,905	5,850	2,550	9,099	1,402	1,800	98,606
4	ADIT - Regulated Plant	-	-	-	-	-	-	-
5	Rate Base before Working Capital	10,522,372	2,177,935	1,642,942	6,734,567	516,235	1,757,651	23,351,702
6	Working Capital Requirement	-	-	-	-	-	-	-
7	Total Operating Expenses	5,508,846	909,044	2,981,026	5,088,471	456,314	1,095,991	16,039,692
8	Less: Depreciation Expense	1,301,097	244,272	305,931	1,316,508	94,301	272,825	3,534,934
9	Total WC Operating Expense	4,207,749	664,772	2,675,095	3,771,963	362,013	823,166	12,504,758
10	WC OE Requirement	525,969	83,097	334,387	471,495	45,252	102,896	1,563,095
11	Commission-Ordered Cash Balance Req.	-	-	-	-	-	-	-
12	Total Working Capital Requirement	525,969	83,097	334,387	471,495	45,252	102,896	1,563,095
13	Total Rate Base	11,048,341	2,261,032	1,977,329	7,206,062	561,487	1,860,547	24,914,797
14	Total Operating Revenues	5,832,859	1,699,933	3,169,100	5,996,060	616,604	1,262,423	18,576,979
15	Less: Illinois High Cost Fund	-	62,712	538,887	1,120,092	108,480	197,064	2,027,235
16	Net Operating Revenues	5,832,859	1,637,221	2,630,213	4,875,968	508,124	1,065,359	16,549,744
17	Total Operating Expenses	5,508,846	909,044	2,981,026	5,088,471	456,314	1,095,991	16,039,692
18	Other Operating Inc and Exp - Net	-	-	-	-	-	-	-
19	Other Operating Taxes	35,279	8,960	10,271	12,000	16,235	13,937	96,682
20	Net Op Inc before Income Taxes	288,734	719,217	(361,084)	(224,503)	35,575	(44,569)	413,370
21	Income Tax Expense	-	-	-	-	-	-	-
22	Net Operating Income	288,734	719,217	(184,094)	(224,503)	35,575	(44,569)	590,360
23	Return on Rate Base	2.61%	31.81%	-9.31%	-3.12%	6.34%	-2.40%	
24	After-tax Cost of Capital	9.34%	9.34%	9.34%	9.34%	9.34%	9.34%	
25	Target Net Operating Income	1,031,915	211,180	184,683	673,046	52,443	173,775	
26	Adj to Achieve Target Return on RB	743,181	(508,037)	368,777	897,549	16,868	218,344	
27	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	
28	Staff ROR Deficiency	743,181	-	368,777	897,549	16,868	218,344	\$ 2,244,719
29	Calculation of Income Tax Expense							
30	Net Op Inc before Inc Taxes	288,734	719,217	(361,084)	(224,503)	35,575	(44,569)	
31	Illinois Income Tax Expense	-	-	-	-	-	-	
32	Net Op Inc before Fed Inc Tax	288,734	719,217	(361,084)	(224,503)	35,575	(42,106)	
33	Federal Income Tax Expense	-	-	-	-	-	-	
34	Total Imputed Income Tax Expense	-	-	-	-	-	-	
35	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	

* This Schedule does not include amounts for the following:
 Shawnee Telephone Company
 Wabash Telephone Cooperative

Illinois Universal Service Funding Calculation
 Summary of Staff Calculated Funding Requirement*

Line No.	Description (a)	Subtotal from Page	Gridley Telephone	Hamilton County	Harrisonville	Home Telephone	LaHarpe	Subtotal
		1	Company	Telephone Co-op	Telephone Company	Company	Company	
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Net Regulated Plant	\$ 22,523,471	\$ 2,196,047	\$ 4,052,363	\$ 39,073,371	\$ 4,726,690	\$ 2,841,332	\$ 75,413,274
2	Materials and Supplies Inventory	926,837	70,686	523,655	472,913	104,467	78,016	2,176,574
3	Customer Deposits	98,606	2,195	9,225	8,687	1,650	225	120,588
4	ADIT - Regulated Plant	-	-	-	4,371,912	598,713	-	4,970,625
5	Rate Base before Working Capital	23,351,702	2,264,538	4,566,793	35,165,685	4,230,794	2,919,123	72,498,635
6	Working Capital Requirement							
7	Total Operating Expenses	16,039,692	1,892,967	2,148,141	15,568,714	3,476,235	1,605,649	40,731,398
8	Less: Depreciation Expense	3,534,934	410,052	843,693	3,885,211	659,285	355,654	9,688,829
9	Total WC Operating Expense	12,504,758	1,482,915	1,304,448	11,683,503	2,816,950	1,249,995	31,042,569
10	WC OE Requirement	1,563,095	185,364	163,056	1,460,438	352,119	156,249	3,880,321
11	Commission-Ordered Cash Balance Req.	-	-	-	-	-	-	-
12	Total Working Capital Requirement	1,563,095	185,364	163,056	1,460,438	352,119	156,249	3,880,321
13	Total Rate Base	24,914,797	2,449,902	4,729,849	36,626,123	4,582,913	3,075,372	76,378,956
14	Total Operating Revenues	18,576,979	2,209,778	2,358,100	19,438,626	4,041,539	2,190,785	48,815,807
15	Less: Illinois High Cost Fund	2,027,235	329,796	-	595,008	633,540	209,028	3,794,607
16	Net Operating Revenues	16,549,744	1,879,982	2,358,100	18,843,618	3,407,999	1,981,757	45,021,200
17	Total Operating Expenses	16,039,692	1,892,094	2,148,141	15,568,714	3,476,235	1,605,649	40,730,525
18	Other Operating Inc and Exp - Net	-	-	-	10,769	-	-	10,769
19	Other Operating Taxes	96,682	17,098	5,599	126,068	19,701	3,977	269,125
20	Net Op Inc before Income Taxes	413,370	(29,210)	204,360	3,138,067	(87,937)	372,131	4,010,781
21	Income Tax Expense	-	-	-	1,263,699	(35,412)	-	1,228,287
22	Net Operating Income	590,360	(29,211)	204,360	1,874,368	(52,525)	372,131	2,959,483
23	Return on Rate Base		-1.19%	4.32%	5.12%	-1.15%	12.10%	
24	After-tax Cost of Capital		9.34%	9.34%	9.34%	9.34%	9.34%	
25	Target Net Operating Income		228,821	441,768	3,420,880	428,044	287,240	
26	Adj to Achieve Target Return on RB		258,032	237,408	1,546,512	480,569	(84,891)	
27	Gross Revenue Conversion Factor		1.0000	1.0000	1.6742	1.6742	1.0000	
28	Staff ROR Deficiency	2,244,719	258,043	237,408	2,589,171	804,569	-	6,133,910
29	Calculation of Income Tax Expense							
30	Net Op Inc before Inc Taxes		(29,210)	204,360	3,138,067	(87,937)	372,131	
31	Illinois Income Tax Expense		-	-	298,116	(8,354)	-	
32	Net Op Inc before Fed Inc Tax		(29,210)	204,360	2,839,951	(79,583)	372,131	
33	Federal Income Tax Expense		-	-	965,583	(27,058)	-	
34	Total Imputed Income Tax Expense		-	-	1,263,700	(35,412)	-	
35	Gross Revenue Conversion Factor		1.0000	1.0000	1.6742	1.6742	1.0000	

Illinois Universal Service Funding Calculation
 Summary of Staff Calculated Funding Requirement*

Line No.	Description	Subtotal from Page 2	Leaf River Telephone Company	Madison Telephone Company	Metamora Telephone Company	McDonough Telephone Coop	McNabb Telephone Company	Subtotal
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1	Net Regulated Plant	\$ 75,413,274	\$ 2,713,515	\$ 11,739,953	\$ 5,404,676	\$ 12,269,894	\$ 499,397	\$ 108,040,709
2	Materials and Supplies Inventory	2,176,574	93,366	95,821	324,246	322,997	16,384	3,029,388
3	Customer Deposits	120,588	2,050	15,084	24,126	375	5,030	167,253
4	ADIT - Regulated Plant	4,970,625	-	-	410,637	-	-	5,381,262
5	Rate Base before Working Capital	72,498,635	2,804,831	11,820,690	5,294,159	12,592,516	510,751	105,521,582
6	Working Capital Requirement							
7	Total Operating Expenses	40,731,398	1,285,124	9,020,851	2,555,595	5,416,535	670,994	59,680,497
8	Less: Depreciation Expense	9,688,829	338,757	1,783,077	790,104	1,493,331	107,361	14,201,459
9	Total WC Operating Expense	31,042,569	946,367	7,237,774	1,765,491	3,923,204	563,633	45,479,038
10	WC OE Requirement	3,880,321	118,296	904,722	220,686	490,400	70,454	5,684,879
11	Commission-Ordered Cash Balance Req.	-	-	-	-	-	-	-
12	Total Working Capital Requirement	3,880,321	118,296	904,722	220,686	490,400	70,454	5,684,879
13	Total Rate Base	76,378,956	2,923,127	12,725,412	5,514,845	13,082,916	581,205	111,206,461
14	Total Operating Revenues	48,815,807	1,648,465	9,526,332	2,946,612	6,738,574	634,238	70,310,028
15	Less: Illinois High Cost Fund	3,794,607	264,360	783,924	354,556	926,664	62,940	6,187,051
16	Net Operating Revenues	45,021,200	1,384,105	8,742,408	2,592,056	5,811,910	571,298	64,122,977
17	Total Operating Expenses	40,730,525	1,285,124	9,020,851	2,555,595	5,416,535	670,994	59,679,624
18	Other Operating Inc and Exp - Net	10,769	-	-	-	-	-	10,769
19	Other Operating Taxes	269,125	18,633	31,271	51,664	19,445	10,571	400,709
20	Net Op Inc before Income Taxes	4,010,781	80,348	(309,714)	(15,203)	375,930	(110,267)	4,031,875
21	Income Tax Expense	1,228,287	-	-	(6,122)	-	-	1,222,165
22	Net Operating Income	2,959,483	80,348	(309,714)	(9,081)	375,930	(110,267)	2,986,699
23	Return on Rate Base		2.75%	-2.43%	-0.16%	2.87%	-18.97%	
24	After-tax Cost of Capital		9.34%	9.34%	9.34%	9.34%	9.34%	
25	Target Net Operating Income		273,020	1,188,553	515,087	1,221,944	54,285	
26	Adj to Achieve Target Return on RB		192,672	1,498,267	524,168	846,014	164,552	
27	Gross Revenue Conversion Factor		1.0000	1.4644	1.6742	1.0000	1.0000	
28	Staff ROR Deficiency	6,133,910	192,680	2,194,082	877,562	846,014	164,551	10,408,799
29	Calculation of Income Tax Expense							
30	Net Op Inc before Inc Taxes		80,348	(309,714)	(15,203)	375,930	(110,267)	
31	Illinois Income Tax Expense		-	-	(1,444)	-	-	
32	Net Op Inc before Fed Inc Tax		80,348	(309,714)	(13,759)	375,930	(110,267)	
33	Federal Income Tax Expense		-	-	(4,678)	-	-	
34	Total Imputed Income Tax Expense		-	-	(6,122)	-	-	
35	Gross Revenue Conversion Factor		1.0000	1.0000	1.6742	1.0000	1.0000	

Illinois Universal Service Funding Calculation
 Summary of Staff Calculated Funding Requirement*

Line No.	Description	Subtotal from Page 3	MidCentury Telephone Cooperative, Inc.	Montrose Mutual Telephone Company	Moultrie Independent Telephone Company	New Windsor Telephone Company	Oneida Telephone Exchange	Subtotal
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1	Net Regulated Plant	\$ 108,040,709	\$ 15,946,283	\$ 1,211,283	\$ 1,749,579	\$ 1,281,930	\$ 1,107,324	\$ 129,337,108
2	Materials and Supplies Inventory	3,029,388	42,825	286,850	46,485	28,377	32,167	3,466,092
3	Customer Deposits	167,253	-	1,600	-	6,486	3,500	178,839
4	ADIT - Regulated Plant	<u>5,381,262</u>	-	-	-	-	-	<u>5,381,262</u>
5	Rate Base before Working Capital	105,521,582	15,989,108	1,496,533	1,796,064	1,303,821	1,135,991	127,243,099
6	Working Capital Requirement							
7	Total Operating Expenses	59,680,497	4,971,800	1,558,097	1,969,627	520,792	741,588	69,442,401
8	Less: Depreciation Expense	<u>14,201,459</u>	<u>1,707,653</u>	<u>228,193</u>	<u>277,671</u>	<u>166,234</u>	<u>222,415</u>	<u>16,803,625</u>
9	Total WC Operating Expense	<u>45,479,038</u>	<u>3,264,147</u>	<u>1,329,904</u>	<u>1,691,956</u>	<u>354,558</u>	<u>519,173</u>	<u>52,638,776</u>
10	WC OE Requirement	5,684,879	408,018	166,238	211,495	44,320	64,897	6,579,846
11	Commission-Ordered Cash Balance Req.	-	-	-	-	-	-	-
12	Total Working Capital Requirement	<u>5,684,879</u>	<u>408,018</u>	<u>166,238</u>	<u>211,495</u>	<u>44,320</u>	<u>64,897</u>	<u>6,579,846</u>
13	Total Rate Base	<u>111,206,461</u>	<u>16,397,126</u>	<u>1,662,771</u>	<u>2,007,559</u>	<u>1,348,141</u>	<u>1,200,888</u>	<u>133,822,945</u>
14	Total Operating Revenues	70,310,028	5,536,625	1,881,655	2,459,354	914,155	862,153	81,963,970
15	Less: Illinois High Cost Fund	<u>6,187,051</u>	<u>166,464</u>	<u>257,688</u>	<u>593,724</u>	<u>85,714</u>	<u>122,486</u>	<u>7,413,127</u>
16	Net Operating Revenues	64,122,977	5,370,161	1,623,967	1,865,630	828,441	739,667	74,550,843
17	Total Operating Expenses	59,679,624	4,971,800	1,558,097	1,969,627	520,792	741,588	69,441,528
18	Other Operating Inc and Exp - Net	10,769	-	-	-	-	-	10,769
19	Other Operating Taxes	<u>400,709</u>	<u>83,748</u>	<u>7,889</u>	<u>1,607</u>	<u>9,065</u>	<u>7,681</u>	<u>510,699</u>
20	Net Op Inc before Income Taxes	4,031,875	314,613	57,981	(105,604)	298,584	(9,602)	4,587,847
21	Income Tax Expense	<u>1,222,165</u>	-	-	-	-	-	<u>1,222,165</u>
22	Net Operating Income	<u>2,986,699</u>	<u>314,613</u>	<u>57,981</u>	<u>(105,604)</u>	<u>298,584</u>	<u>(9,602)</u>	<u>3,542,671</u>
23	Return on Rate Base	0.00%	1.92%	3.49%	-5.26%	22.15%	-0.80%	
24	After-tax Cost of Capital		9.34%	9.34%	9.34%	9.34%	9.34%	
25	Target Net Operating Income		<u>1,531,492</u>	<u>155,303</u>	<u>187,506</u>	<u>125,916</u>	<u>112,163</u>	
26	Adj to Achieve Target Return on RB		1,216,879	97,322	293,110	(172,668)	121,765	
27	Gross Revenue Conversion Factor		<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	
28	Staff ROR Deficiency	<u>10,408,799</u>	<u>1,216,879</u>	<u>97,322</u>	<u>293,110</u>	-	<u>121,765</u>	<u>12,137,874</u>
29	Calculation of Income Tax Expense							
30	Net Op Inc before Inc Taxes		314,613	57,981	(105,604)	298,584	(9,602)	
31	Illinois Income Tax Expense		-	-	-	-	-	
32	Net Op Inc before Fed Inc Tax		314,613	57,981	(105,604)	298,584	(9,602)	
33	Federal Income Tax Expense		-	-	-	-	-	
34	Total Imputed Income Tax Expense		-	-	-	-	-	
35	Gross Revenue Conversion Factor		<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	

Illinois Universal Service Funding Calculation
 Summary of Staff Calculated Funding Requirement*

Line No.	Description	Subtotal from Page 4	Reynolds Telephone Company	Shawnee Telephone Company	Viola Home Telephone Company	Wabash Telephone Cooperative	Woodhull Telephone Company	Subtotal Staff- Calculated Funding Requirement
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1	Net Regulated Plant	\$ 129,337,108	\$ 1,743,549	\$ 22,815,147	\$ 1,226,901	\$ 11,898,052	\$ 1,951,462	\$ 168,972,219
2	Materials and Supplies Inventory	3,466,092	22,793	181,634	21,427	384,764	24,901	4,101,611
3	Customer Deposits	178,839	2,800	108,859	208	13,990	-	304,696
4	ADIT - Regulated Plant	<u>5,381,262</u>	-	<u>269,783</u>	-	-	-	<u>5,651,045</u>
5	Rate Base before Working Capital	127,243,099	1,763,542	22,618,139	1,248,120	12,268,826	1,976,363	167,118,089
6	Working Capital Requirement							
7	Total Operating Expenses	69,442,401	492,280	7,867,730	658,159	5,687,683	751,661	84,899,914
8	Less: Depreciation Expense	<u>16,803,625</u>	<u>138,331</u>	<u>1,876,412</u>	<u>143,832</u>	<u>1,886,630</u>	<u>169,069</u>	<u>21,017,899</u>
9	Total WC Operating Expense	<u>52,638,776</u>	<u>353,949</u>	<u>5,991,318</u>	<u>514,327</u>	<u>3,801,053</u>	<u>582,592</u>	<u>63,882,015</u>
10	WC OE Requirement	6,579,846	44,244	748,915	64,291	475,132	72,824	7,985,251
11	Commission-Ordered Cash Balance Req.	-	-	-	-	-	-	-
12	Total Working Capital Requirement	<u>6,579,846</u>	<u>44,244</u>	<u>748,915</u>	<u>64,291</u>	<u>475,132</u>	<u>72,824</u>	<u>7,985,251</u>
13	Total Rate Base	<u>133,822,945</u>	<u>1,807,786</u>	<u>23,367,054</u>	<u>1,312,411</u>	<u>12,743,958</u>	<u>2,049,187</u>	<u>175,103,340</u>
14	Total Operating Revenues	81,963,970	678,263	10,358,234	709,577	5,799,285	963,383	100,472,712
15	Less: Illinois High Cost Fund	<u>7,413,127</u>	-	<u>810,480</u>	<u>32,860</u>	<u>711,204</u>	<u>51,614</u>	<u>9,019,285</u>
16	Net Operating Revenues	74,550,843	678,263	9,547,754	676,717	5,088,081	911,769	91,453,427
17	Total Operating Expenses	69,441,528	492,280	7,867,730	664,574	5,687,683	751,661	84,905,456
18	Other Operating Inc and Exp - Net	10,769	-	-	-	-	-	10,769
19	Other Operating Taxes	<u>510,699</u>	<u>3,438</u>	<u>24,287</u>	<u>9,786</u>	<u>38,698</u>	<u>6,310</u>	<u>593,218</u>
20	Net Op Inc before Income Taxes	4,587,847	182,545	1,655,737	2,357	(638,300)	153,798	5,943,984
21	Income Tax Expense	<u>1,222,165</u>	-	<u>666,765</u>	-	-	-	<u>1,888,930</u>
22	Net Operating Income	<u>3,542,671</u>	<u>182,545</u>	<u>988,972</u>	<u>2,357</u>	<u>(638,300)</u>	<u>153,798</u>	<u>4,232,043</u>
23	Return on Rate Base		<u>10.10%</u>	<u>4.23%</u>	<u>0.18%</u>	<u>-5.01%</u>	<u>7.51%</u>	
24	After-tax Cost of Capital		<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>	
25	Target Net Operating Income		<u>168,847</u>	<u>2,182,483</u>	<u>122,579</u>	<u>1,190,286</u>	<u>191,394</u>	
26	Adj to Achieve Target Return on RB		(13,698)	1,193,511	120,222	1,828,586	37,596	
27	Gross Revenue Conversion Factor		<u>1.0000</u>	<u>1.6742</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	
28	Staff ROR Deficiency	<u>12,137,874</u>	-	<u>1,998,176</u>	<u>120,222</u>	<u>1,828,586</u>	<u>37,597</u>	<u>16,122,455</u>
29	Calculation of Income Tax Expense							
30	Net Op Inc before Inc Taxes		182,545	1,655,737	2,357	(638,300)	153,798	
31	Illinois Income Tax Expense		-	157,295	-	-	-	
32	Net Op Inc before Fed Inc Tax		182,545	1,498,442	2,357	(638,300)	153,798	
33	Federal Income Tax Expense		-	491,444	-	-	-	
34	Total Imputed Income Tax Expense		-	648,739	-	-	-	
35	Gross Revenue Conversion Factor		<u>1.0000</u>	<u>1.6742</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	

Illinois Universal Service Funding Calculation
 Summary of Staff Calculated Funding Requirement*

Line No.	Description	Subtotal from Page 5	Frontier Communications-Illinois	Frontier Communications-Midland	Frontier Communications-Lakeside	Frontier Communications-Mt Pulaski	Frontier Communications-Schuyler	Frontier Communications-Orion	Total Staff-Calculated Funding Requirement
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
1	Net Regulated Plant	\$ 168,972,219	\$ 10,397,000	\$ 8,894,605	\$ 1,054,000	\$ 5,928,000	\$ 6,057,000	\$ 2,148,000	\$ 203,450,824
2	Materials and Supplies Inventory	4,101,611	-	-	-	-	-	-	4,101,611
3	Customer Deposits	304,696	-	-	-	-	-	-	304,696
4	ADIT - Regulated Plant	5,651,045	774,881	644,023	113,097	212,813	1,243,371	162,942	8,802,172
5	Rate Base before Working Capital	167,118,089	9,622,119	8,250,582	940,903	5,715,187	4,813,629	1,985,058	198,445,567
6	Working Capital Requirement								
7	Total Operating Expenses	84,899,914	2,356,911	2,604,250	364,279	1,060,106	1,400,955	824,302	93,510,717
8	Less: Depreciation Expense	21,017,899	1,068,094	1,115,656	150,593	535,959	635,403	260,430	24,784,034
9	Total WC Operating Expense	63,882,015	1,288,817	1,488,594	213,686	524,147	765,552	563,872	68,726,683
10	WC OE Requirement	7,985,251	161,102	186,074	26,711	65,518	95,694	70,484	8,590,834
11	Commission-Ordered Cash Balance Req.	-	-	-	-	-	-	-	-
12	Total Working Capital Requirement	7,985,251	161,102	186,074	26,711	65,518	95,694	70,484	8,590,834
13	Total Rate Base	175,103,340	9,783,221	8,436,656	967,614	5,780,705	4,909,323	2,055,542	207,036,401
14	Total Operating Revenues	100,472,712	2,821,737	3,476,116	473,034	1,152,908	1,938,031	886,030	111,220,568
15	Less: Illinois High Cost Fund	9,019,285	11,316	329,056	-	-	152,652	-	9,512,309
16	Net Operating Revenues	91,453,427	2,810,421	3,147,060	473,034	1,152,908	1,785,379	886,030	101,708,259
17	Total Operating Expenses	84,905,456	2,356,911	2,604,250	364,279	1,060,106	1,400,955	824,302	93,516,259
18	Other Operating Inc and Exp - Net	10,769	-	-	-	-	-	-	10,769
19	Other Operating Taxes	593,218	40,272	46,261	3,615	17,613	15,379	10,965	727,323
20	Net Op Inc before Income Taxes	5,943,984	413,238	496,549	105,140	75,189	369,045	50,763	7,453,908
21	Income Tax Expense	1,888,930	166,411	199,960	42,340	30,279	148,615	20,442	2,496,977
22	Net Operating Income	4,232,043	246,827	296,589	62,800	44,910	220,430	30,321	5,133,920
23	Return on Rate Base		2.52%	3.52%	6.49%	0.78%	4.49%	1.48%	19.27%
24	After-tax Cost of Capital		9.34%	9.34%	9.34%	9.34%	9.34%	9.34%	56.04%
25	Target Net Operating Income		913,753	787,984	90,375	539,918	458,531	191,988	2,982,548
26	Adj to Achieve Target Return on RB		666,926	491,395	27,575	495,007	238,100	161,667	2,080,671
27	Gross Revenue Conversion Factor		1.6742	1.6345	1.6742	1.6345	1.6345	1.6345	9.8864
28	Staff-calculated ROR Deficiency ¹	16,122,455	1,116,567	803,185	46,166	809,090	389,175	264,245	19,550,883
28a	Staff-calculated ROR Deficiency at Requested Amounts by Frontier Companies	16,122,455	182,494	160,596	10,403	121,793	71,517	40,230	16,709,488
29	Calculation of Income Tax Expense								
30	Net Op Inc before Inc Taxes		413,238	496,549	105,140	75,189	369,045	50,763	
31	Illinois Income Tax Expense		39,258	47,172	9,989	7,143	35,060	4,822	
32	Net Op Inc before Fed Inc Tax		373,980	449,377	95,151	68,046	333,985	45,941	
33	Federal Income Tax Expense		127,153	152,788	32,352	23,136	113,555	15,620	
34	Total Imputed Income Tax Expense		166,411	199,960	42,340	30,278	148,615	20,442	
35	Gross Revenue Conversion Factor		1.6742	1.6345	1.6742	1.6345	1.6345	1.6345	

Note ¹ Frontier Companies' 2009 Form 1.01 supports a higher level of funding than they requested. Frontier companies' funding level is included at the level each requested in Frontier Communications Exhibit 2.0.

Adams Telephone Cooperative
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Adjusted Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 15,744,869	\$ (5,746,054)	\$ 9,998,815
2	Materials and Supplies Inventory	601,462	-	601,462
3	Customer Deposits	77,905	-	77,905
4	ADIT - Regulated Plant	-	-	-
5	Rate Base before Working Capital	16,268,426	(5,746,054)	10,522,372
6	Working Capital Requirement			
7	Total Operating Expenses	5,508,846	-	5,508,846
8	Less: Depreciation Expense	1,484,753	(183,656)	1,301,097
9	Total WC Operating Expense	4,024,093	183,656	4,207,749
10	WC OE Requirement	503,012	22,957	525,969
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	503,012	22,957	525,969
13	Total Rate Base	16,771,438	(5,723,097)	11,048,341
14	Total Operating Revenues	6,119,862	(287,003)	5,832,859
15	Less: Illinois High Cost Fund	-	-	-
16	Net Operating Revenues	6,119,862	(287,003)	5,832,859
17	Total Operating Expenses	5,508,846	-	5,508,846
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	35,279	-	35,279
20	Net Op Inc before Income Taxes	575,737	(287,003)	288,734
21	Income Tax Expense	-	-	-
22	Net Operating Income	575,737	(287,003)	288,734
23	Return on Rate Base	3.43%	5.01%	2.61%
24	After-tax Cost of Capital	9.34%	9.34%	9.34%
25	Target Net Operating Income	1,566,452	(534,537)	1,031,915
26	Adj to Achieve Target Return on RB	990,715	(247,534)	743,181
27	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000
28	Staff ROR Deficiency	990,715		743,181
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	575,737	(287,003)	288,734
31	Illinois Income Tax Expense	-	-	-
32	Net Op Inc before Fed Inc Tax	575,737	(287,003)	288,734
33	Federal Income Tax Expense	-	-	-
34	Total Imputed Income Tax Expense	-	-	-
35	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

Adams Telephone Cooperative
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement
Adjustment to Operating Revenues

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)
1	Operating Revenues per Staff	\$ 138,320
2	Operating Revenues per Adams	<u>-</u>
3	Difference-Staff Adjustment	<u><u>\$ 138,320</u></u>

Sources:
Line 1: Staff Exhibit 6.0
Line 2: Co. Sch. 1.01
Line 3: Line 1 minus line 2

Adams Telephone Cooperative
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Net Plant Adjustment

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)
<u>Rate Base Adjustment</u>		
1	Net Plant per Staff	\$ 4,568,646
2	Net Plant per Adams	<u>10,314,700</u>
3	Difference-Staff Adjustment	<u>\$ (5,746,054)</u>
<u>Depreciation Expense</u>		
4	Depreciation Expense per Staff	\$ 216,064
5	Depreciation Expense per Adams	<u>399,720</u>
6	Difference-Staff Adjustment	<u>\$ (183,656)</u>
<u>Revenues Associated with Plant Addtions</u>		
7	Revenues Associated with Plant Additions per Staff	\$ -
8	Revenues Associated with Plant Additions per Adams	<u>425,323</u>
9	Difference-Staff Adjustment	<u>\$ (425,323)</u>

Sources:

- Line 1: Staff Exhibit 5.0
- Line 2: Co. Exhibit 3.0 Corrected, Sch 1.01 (as revised 3/23/12)
- Line 3: Line 1 - line 2
- Line 4: Staff Exhibit 5.0
- Line 5: Co. Exhibit 3.0 Corrected, Sch 1.01 (as revised 3/23/12)
- Line 6: Line 4 - line 5
- Line 7: Staff Exhibit 5.0
- Line 8: Co. Exhibit 3.0 Corrected, Sch 1.01 (as revised 3/23/12)
- Line 9 : Line 7 - Line 8

Alhambra-Grantfork Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company</u>		
		<u>Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 2,146,387	\$ -	\$ 2,146,387
2	Materials and Supplies Inventory	37,398	-	37,398
3	Customer Deposits	5,850	-	5,850
4	ADIT - Regulated Plant	<u>587,686</u>	<u>(587,686)</u>	<u>-</u>
5	Rate Base before Working Capital	1,590,249	587,686	2,177,935
6	Working Capital Requirement			
7	Total Operating Expenses	909,044	-	909,044
8	Less: Depreciation Expense	<u>244,272</u>	<u>-</u>	<u>244,272</u>
9	Total WC Operating Expense	<u>664,772</u>	<u>-</u>	<u>664,772</u>
10	WC OE Requirement	83,097	-	83,097
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>83,097</u>	<u>-</u>	<u>83,097</u>
13	Total Rate Base	<u>1,673,346</u>	<u>587,686</u>	<u>2,261,032</u>
14	Total Operating Revenues	1,112,247	587,686	1,699,933
15	Less: Illinois High Cost Fund	<u>62,712</u>	<u>-</u>	<u>62,712</u>
16	Net Operating Revenues	1,049,535	587,686	1,637,221
17	Total Operating Expenses	909,044	-	909,044
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>8,960</u>	<u>-</u>	<u>8,960</u>
20	Net Op Inc before Income Taxes	131,531	587,686	719,217
21	Income Tax Expense	<u>50,203</u>	<u>(50,203)</u>	<u>-</u>
22	Net Operating Income	<u>81,328</u>	<u>637,889</u>	<u>719,217</u>
23	Return on Rate Base	<u>4.86%</u>		<u>31.81%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>156,290</u>	<u>54,890</u>	<u>211,180</u>
26	Adj to Achieve Target Return on RB	74,962	(582,999)	(508,037)
27	Gross Revenue Conversion Factor	<u>1.6173</u>	<u>(0.6173)</u>	<u>1.0000</u>
28	Staff ROR Deficiency	<u>121,237</u>		<u>(508,037)</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	131,531	587,686	719,217
31	Illinois Income Tax Expense	<u>12,495</u>	<u>(12,495)</u>	<u>-</u>
32	Net Op Inc before Fed Inc Tax	119,036	600,181	719,217
33	Federal Income Tax Expense	<u>37,708</u>	<u>(37,708)</u>	<u>-</u>
34	Total Imputed Income Tax Expense	<u>50,204</u>	<u>(50,203)</u>	<u>-</u>
35	Gross Revenue Conversion Factor	<u>1.6173</u>	<u>(0.6173)</u>	<u>1.0000</u>

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

Alhambra-Grantfork Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to S-Corporation Taxes

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ -	Staff Ex. 5.0
2	State Income Taxes per Company	<u>12,495</u>	Co. Sch. 1.01 (as revised 3/23/12)
3	Difference-Staff Adjustment	<u>\$ (12,495)</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ -	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>37,708</u>	Co. Sch. 1.01 (as revised 3/23/12)
6	Difference-Staff Adjustment	<u>\$ (37,708)</u>	Line 4 minus line 5
<u>Accumulated Deferred Income Taxes</u>			
7	Accumulated Deferred Income Taxes per Staff	\$ -	Staff Ex. 5.0
8	Accumulated Deferred Income Taxes per Company	<u>587,686</u>	Co. Sch. 1.01 (as revised 3/23/12)
9	Difference-Staff Adjustment	<u>\$ (587,686)</u>	Line 7 minus line 8
<u>GCRF</u>			
10	Gross Revenue Conversion Factor per Staff	1.0000	Staff Ex. 5.0
11	Gross Revenue Conversion Factor per Company	<u>1.6173</u>	Co. Sch. 1.01 (as revised 3/23/12)
12	Difference-Staff Adjustment	<u>\$ (0.617)</u>	Line 7 minus line 8
<u>Revenues</u>			
13	Revenues Associated with ADIT per Staff	\$ -	Staff Ex. 5.0
14	Revenues Associated with ADIT per Company	<u>(587,686)</u>	Line 9
15	Difference-Staff Adjustment	<u>\$ 587,686</u>	Line 7 minus line 8

Cass Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u> (a)	<u>2009 Company Amount</u> (b)	<u>Staff Adjustment</u> (c)	<u>Staff Amount</u> (d)
1	Net Regulated Plant	\$ 1,612,629	\$ -	\$ 1,612,629
2	Materials and Supplies Inventory	32,863	-	32,863
3	Customer Deposits	2,550	-	2,550
4	ADIT - Regulated Plant	-	-	-
5	Rate Base before Working Capital	1,642,942	-	1,642,942
6	Working Capital Requirement			
7	Total Operating Expenses	2,981,026	-	2,981,026
8	Less: Depreciation Expense	305,931	-	305,931
9	Total WC Operating Expense	2,675,095	-	2,675,095
10	WC OE Requirement	334,387	-	334,387
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	334,387	-	334,387
13	Total Rate Base	1,977,329	-	1,977,329
14	Total Operating Revenues	3,169,100	-	3,169,100
15	Less: Illinois High Cost Fund	538,887	-	538,887
16	Net Operating Revenues	2,630,213	-	2,630,213
17	Total Operating Expenses	2,981,026	-	2,981,026
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	10,271	-	10,271
20	Net Op Inc before Income Taxes	(361,084)	-	(361,084)
21	Income Tax Expense	(88,495)	(88,495)	-
22	Net Operating Income	(272,589)	88,495	(184,094)
23	Return on Rate Base	-13.79%	0.00%	-9.31%
24	After-tax Cost of Capital	9.34%	9.34%	9.34%
25	Target Net Operating Income	184,683	-	184,683
26	Adj to Achieve Target Return on RB	457,272	(88,495)	368,777
27	Gross Revenue Conversion Factor	1.3246	(0.3246)	1.0000
28	Staff ROR Deficiency	605,702	28,725	368,777
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	(361,084)	-	(361,084)
31	Illinois Income Tax Expense	(23,470)	(23,470)	-
32	Net Op Inc before Fed Inc Tax	(337,614)	23,470	(361,084)
33	Federal Income Tax Expense	(65,024)	(65,024)	-
34	Total Imputed Income Tax Expense	(88,495)	(88,495)	-
35	Gross Revenue Conversion Factor	1.3246	(0.3246)	1.0000

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

Cass Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 S-Corporation - Income Taxes

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ -	Staff Ex. 5.0
2	State Income Taxes per Company	<u>23,470</u>	Co. Sch. 1.01 (as revised 3/23/12)
3	Difference-Staff Adjustment	<u>\$ (23,470)</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ -	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>65,024</u>	Co. Sch. 1.01 (as revised 3/23/12)
6	Difference-Staff Adjustment	<u>\$ (65,024)</u>	Line 4 minus line 5
<u>GCRF</u>			
7	Gross Revenue Conversion Factor per Staff	1.0000	Staff Ex. 5.0
8	Gross Revenue Conversion Factor per Company	<u>1.3246</u>	Co. Sch. 1.01 (as revised 3/23/12)
9	Difference-Staff Adjustment	<u>\$ (0.3246)</u>	Line 7 minus line 8

Egyptian Telephone Cooperative
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 6,576,548	\$ -	\$ 6,576,548
2	Materials and Supplies Inventory	167,118	-	167,118
3	Customer Deposits	9,099	-	9,099
4	ADIT - Regulated Plant	<u>(92,047)</u>	<u>92,047</u>	<u>-</u>
5	Rate Base before Working Capital	6,826,614	(92,047)	6,734,567
6	Working Capital Requirement			
7	Total Operating Expenses	5,088,471	-	5,088,471
8	Less: Depreciation Expense	<u>1,316,508</u>	<u>-</u>	<u>1,316,508</u>
9	Total WC Operating Expense	<u>3,771,963</u>	<u>-</u>	<u>3,771,963</u>
10	WC OE Requirement	471,495	-	471,495
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>471,495</u>	<u>-</u>	<u>471,495</u>
13	Total Rate Base	<u>7,298,109</u>	<u>(92,047)</u>	<u>7,206,062</u>
14	Total Operating Revenues	5,904,013	92,047	5,996,060
15	Less: Illinois High Cost Fund	<u>1,120,092</u>	<u>-</u>	<u>1,120,092</u>
16	Net Operating Revenues	4,783,921	92,047	4,875,968
17	Total Operating Expenses	5,088,471	-	5,088,471
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>12,000</u>	<u>-</u>	<u>12,000</u>
20	Net Op Inc before Income Taxes	(316,550)	92,047	(224,503)
21	Income Tax Expense	<u>-</u>	<u>-</u>	<u>-</u>
22	Net Operating Income	<u>(316,550)</u>	<u>92,047</u>	<u>(224,503)</u>
23	Return on Rate Base	<u>-4.34%</u>	<u>0.00%</u>	<u>-3.12%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>681,643</u>	<u>(8,597)</u>	<u>673,046</u>
26	Adj to Achieve Target Return on RB	998,193	(100,644)	897,549
27	Gross Revenue Conversion Factor	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
28	Staff ROR Deficiency	<u>998,193</u>		<u>897,549</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	(316,550)	92,047	(224,503)
31	Illinois Income Tax Expense	<u>-</u>	<u>-</u>	<u>-</u>
32	Net Op Inc before Fed Inc Tax	(316,550)	92,047	(224,503)
33	Federal Income Tax Expense	<u>-</u>	<u>-</u>	<u>-</u>
34	Total Imputed Income Tax Expense	<u>-</u>	<u>-</u>	<u>-</u>
35	Gross Revenue Conversion Factor	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

Egyptian Telephone Cooperative
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to ADIT

<u>Line</u> <u>No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)
<u>ADIT</u>		
1	ADIT per Staff	\$ -
2	ADIT per Egyptian	<u>(92,047)</u>
3	Difference-Staff Adjustment	<u>\$ 92,047</u>
<u>Revenues</u>		
4	Revenues Associated with ADIT per Staff	\$ -
5	Revenues Associated with ADIT per Company	<u>92,047</u>
6	Difference-Staff Adjustment	<u>\$ (92,047)</u>

Sources:

- Line 1: Staff Exhibit 5.0
- Line 2: Co.Sch. 1.01 (as revised 3/23/12)
- Line 3: Line 1 minus line 2
- Line 4: Staff Ex. 5.0
- Line 5: Line 3
- Line 6: Line 4 minus line 5

Flat Rock Telephone Co-Op
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 458,900	\$ -	\$ 458,900
2	Materials and Supplies Inventory	58,737	-	58,737
3	Customer Deposits	1,402	-	1,402
4	ADIT - Regulated Plant	-	-	-
5	Rate Base before Working Capital	516,235	-	516,235
6	Working Capital Requirement			
7	Total Operating Expenses	456,314	-	456,314
8	Less: Depreciation Expense	94,301	-	94,301
9	Total WC Operating Expense	362,013	-	362,013
10	WC OE Requirement	45,252	-	45,252
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	45,252	-	45,252
13	Total Rate Base	561,487	-	561,487
14	Total Operating Revenues	616,604	-	616,604
15	Less: Illinois High Cost Fund	108,480	-	108,480
16	Net Operating Revenues	508,124	-	508,124
17	Total Operating Expenses	456,314	-	456,314
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	16,235	-	16,235
20	Net Op Inc before Income Taxes	35,575	-	35,575
21	Income Tax Expense	-	-	-
22	Net Operating Income	35,575	-	35,575
23	Return on Rate Base	6.34%	0.00%	6.34%
24	After-tax Cost of Capital	9.34%	9.34%	9.34%
25	Target Net Operating Income	52,443	-	52,443
26	Adj to Achieve Target Return on RB	16,868	-	16,868
27	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000
28	Staff ROR Deficiency	16,868	-	16,868
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	35,575	-	35,575
31	Illinois Income Tax Expense	-	-	-
32	Net Op Inc before Fed Inc Tax	35,575	-	35,575
33	Federal Income Tax Expense	-	-	-
34	Total Imputed Income Tax Expense	-	-	-
35	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

Grafton Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Adjusted Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 1,730,192	\$ -	\$ 1,730,192
2	Materials and Supplies Inventory	29,259	-	29,259
3	Customer Deposits	1,800	-	1,800
4	ADIT - Regulated Plant	<u>(42,256)</u>	<u>42,256</u>	<u>-</u>
5	Rate Base before Working Capital	1,799,907	(42,256)	1,757,651
6	Working Capital Requirement			
7	Total Operating Expenses	1,095,991	-	1,095,991
8	Less: Depreciation Expense	<u>272,825</u>	<u>-</u>	<u>272,825</u>
9	Total WC Operating Expense	<u>823,166</u>	<u>-</u>	<u>823,166</u>
10	WC OE Requirement	102,896	-	102,896
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>102,896</u>	<u>-</u>	<u>102,896</u>
13	Total Rate Base	<u>1,902,803</u>	<u>(42,256)</u>	<u>1,860,547</u>
14	Total Operating Revenues	1,304,679	(42,256)	1,262,423
15	Less: Illinois High Cost Fund	<u>197,064</u>	<u>-</u>	<u>197,064</u>
16	Net Operating Revenues	1,107,615	(42,256)	1,065,359
17	Total Operating Expenses	1,095,991	-	1,095,991
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>13,937</u>	<u>-</u>	<u>13,937</u>
20	Net Op Inc before Income Taxes	(2,313)	(42,256)	(44,569)
21	Income Tax Expense	<u>(703)</u>	<u>703</u>	<u>-</u>
22	Net Operating Income	<u>(1,610)</u>	<u>(42,959)</u>	<u>(44,569)</u>
23	Return on Rate Base	-0.08%	0.00%	-2.40%
24	After-tax Cost of Capital	9.34%	9.34%	9.34%
25	Target Net Operating Income	<u>177,722</u>	<u>(3,947)</u>	<u>173,775</u>
26	Adj to Achieve Target Return on RB	179,332	39,012	218,344
27	Gross Revenue Conversion Factor	<u>1.4368</u>	<u>(0.4368)</u>	<u>1.0000</u>
28	Staff ROR Deficiency	<u>257,664</u>		<u>218,344</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	(2,313)	(42,256)	(44,569)
31	Illinois Income Tax Expense	<u>(150)</u>	<u>150</u>	<u>-</u>
32	Net Op Inc before Fed Inc Tax	-	(42,106)	(42,106)
33	Federal Income Tax Expense	<u>(553)</u>	<u>553</u>	<u>-</u>
34	Total Imputed Income Tax Expense	<u>(703)</u>	<u>703</u>	<u>-</u>
35	Gross Revenue Conversion Factor	<u>1.4368</u>	<u>(0.4368)</u>	<u>1.0000</u>

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

Cass Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 S-Corporation - Income Taxes

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ -	Staff Ex. 5.0
2	State Income Taxes per Company	<u>(150)</u>	Co. Sch. 1.01(as revised 3/23/12)
3	Difference-Staff Adjustment	<u>\$ 150</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ -	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>(553)</u>	Co. Sch. 1.01(as revised 3/23/12)
6	Difference-Staff Adjustment	<u>\$ 553</u>	Line 4 minus line 5
<u>Accumulated Deferred Income Taxes</u>			
7	Accumulated Deferred Income Taxes per Staff	\$ -	Staff Ex. 5.0
8	Accumulated Deferred Income Taxes per Company	<u>(42,256)</u>	Co. Sch. 1.01 (as revised 3/23/12)
9	Difference-Staff Adjustment	<u>\$ 42,256</u>	Line 7 minus line 8
<u>GCRF</u>			
7	Gross Revenue Conversion Factor per Staff	1.0000	Staff Ex. 5.0
8	Gross Revenue Conversion Factor per Company	<u>1.4368</u>	Co. Sch. 1.01(as revised 3/23/12)
9	Difference-Staff Adjustment	<u>\$ (0.4368)</u>	Line 7 minus line 8
<u>Revenues</u>			
10	Revenues Associated with ADIT per Staff	\$ -	Staff Ex. 5.0
11	Revenues Associated with ADIT per Company	<u>42,256</u>	Line 9
12	Difference-Staff Adjustment	<u>\$ (42,256)</u>	Line 10 minus line 11

Gridley Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 2,196,047	\$ -	\$ 2,196,047
2	Materials and Supplies Inventory	70,686	-	70,686
3	Customer Deposits	2,195	-	2,195
4	ADIT - Regulated Plant	<u>96,700</u>	<u>(96,700)</u>	<u>-</u>
5	Rate Base before Working Capital	2,167,838	96,700	2,264,538
6	Working Capital Requirement			
7	Total Operating Expenses	1,892,967	-	1,892,967
8	Less: Depreciation Expense	<u>410,052</u>	<u>-</u>	<u>410,052</u>
9	Total WC Operating Expense	<u>1,482,915</u>	<u>-</u>	<u>1,482,915</u>
10	WC OE Requirement	185,364	-	185,364
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>185,364</u>	<u>-</u>	<u>185,364</u>
13	Total Rate Base	<u>2,353,202</u>	<u>96,700</u>	<u>2,449,902</u>
14	Total Operating Revenues	2,113,078	96,700	2,209,778
15	Less: Illinois High Cost Fund	<u>329,796</u>	<u>-</u>	<u>329,796</u>
16	Net Operating Revenues	1,783,282	96,700	1,879,982
17	Total Operating Expenses	1,892,094	-	1,892,094
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>17,098</u>	<u>-</u>	<u>17,098</u>
20	Net Op Inc before Income Taxes	(125,910)	96,700	(29,210)
21	Income Tax Expense	<u>(48,675)</u>	<u>48,676</u>	<u>-</u>
22	Net Operating Income	<u>(77,235)</u>	<u>48,024</u>	<u>(29,211)</u>
23	Return on Rate Base	<u>-3.28%</u>	<u>0.00%</u>	<u>-1.19%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>219,789</u>	<u>9,032</u>	<u>228,821</u>
26	Adj to Achieve Target Return on RB	297,024	(38,992)	258,032
27	Gross Revenue Conversion Factor	<u>1.5915</u>	<u>(0.5915)</u>	<u>1.0000</u>
28	Staff ROR Deficiency	<u>472,727</u>	<u>23,064</u>	<u>258,043</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	(125,910)	96,700	(29,210)
31	Illinois Income Tax Expense	<u>(11,961)</u>	<u>11,961</u>	<u>-</u>
32	Net Op Inc before Fed Inc Tax	(113,949)	84,739	(29,210)
33	Federal Income Tax Expense	<u>(36,714)</u>	<u>36,714</u>	<u>-</u>
34	Total Imputed Income Tax Expense	<u>(48,676)</u>	<u>48,676</u>	<u>-</u>
35	Gross Revenue Conversion Factor	<u>1.5915</u>	<u>(0.5915)</u>	<u>1.0000</u>

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

Gridley Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to S-Corporation Income Taxes

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ -	Staff Ex. 5.0
2	State Income Taxes per Company	<u>(11,961)</u>	Co. Sch. 1.01 (as revised 3/23/12)
3	Difference-Staff Adjustment	<u>\$ 11,961</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ -	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>(36,714)</u>	Co. Sch. 1.01 (as revised 3/23/12)
6	Difference-Staff Adjustment	<u>\$ 36,714</u>	Line 4 minus line 5
<u>GCRF</u>			
7	Gross Revenue Conversion Factor per Staff	1.0000	Staff Ex. 5.0
8	Gross Revenue Conversion Factor per Company	<u>1.5915</u>	Co. Sch. 1.01 (as revised 3/23/12)
9	Difference-Staff Adjustment	<u>\$ (0.592)</u>	Line 7 minus line 8
<u>ADIT</u>			
10	ADIT per Staff	\$ -	Staff Ex. 2.0
11	ADIT per Company	<u>96,700</u>	Co. Sch. 1.01 (as revised 3/23/12)
12	Difference-Staff Adjustment	<u>\$ (96,700)</u>	Line 10 minus line 11
<u>Revenues</u>			
13	Revenues Associated with ADIT per Staff	\$ -	Staff Ex. 5.0
14	Revenues Associated with ADIT per Company	<u>(96,700)</u>	Line 9
15	Difference-Staff Adjustment	<u>\$ 96,700</u>	Line 7 minus line 8

Hamilton County Telephone Co-op
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 4,052,363	\$ -	\$ 4,052,363
2	Materials and Supplies Inventory	523,655	-	523,655
3	Customer Deposits	9,225	-	9,225
4	ADIT - Regulated Plant	-	-	-
5	Rate Base before Working Capital	4,566,793	-	4,566,793
6	Working Capital Requirement			
7	Total Operating Expenses	2,148,141	-	2,148,141
8	Less: Depreciation Expense	843,693	-	843,693
9	Total WC Operating Expense	1,304,448	-	1,304,448
10	WC OE Requirement	163,056	-	163,056
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	163,056	-	163,056
13	Total Rate Base	4,729,849	-	4,729,849
14	Total Operating Revenues	2,358,100	-	2,358,100
15	Less: Illinois High Cost Fund	-	-	-
16	Net Operating Revenues	2,358,100	-	2,358,100
17	Total Operating Expenses	2,148,141	-	2,148,141
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	5,599	-	5,599
20	Net Op Inc before Income Taxes	204,360	-	204,360
21	Income Tax Expense	-	-	-
22	Net Operating Income	204,360	-	204,360
23	Return on Rate Base	4.32%	0.00%	4.32%
24	After-tax Cost of Capital	9.34%	9.34%	9.34%
25	Target Net Operating Income	441,768	-	441,768
26	Adj to Achieve Target Return on RB	237,408	-	237,408
27	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000
28	Staff ROR Deficiency	237,408	-	237,408
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	204,360	-	204,360
31	Illinois Income Tax Expense	-	-	-
32	Net Op Inc before Fed Inc Tax	204,360	-	204,360
33	Federal Income Tax Expense	-	-	-
34	Total Imputed Income Tax Expense	-	-	-
35	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

Harrisonville Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
(a)	(b)	(c)	(d)	
1	Net Regulated Plant	\$ 39,073,371	\$ -	\$ 39,073,371
2	Materials and Supplies Inventory	472,913	-	472,913
3	Customer Deposits	8,687	-	8,687
4	ADIT - Regulated Plant	<u>4,371,912</u>	-	<u>4,371,912</u>
5	Rate Base before Working Capital	35,165,685	-	35,165,685
6	Working Capital Requirement			
7	Total Operating Expenses	15,568,714	-	15,568,714
8	Less: Depreciation Expense	<u>3,885,211</u>	-	<u>3,885,211</u>
9	Total WC Operating Expense	<u>11,683,503</u>	-	<u>11,683,503</u>
10	WC OE Requirement	1,460,438	-	1,460,438
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>1,460,438</u>	-	<u>1,460,438</u>
13	Total Rate Base	<u>36,626,123</u>	-	<u>36,626,123</u>
14	Total Operating Revenues	19,438,626	-	19,438,626
15	Less: Illinois High Cost Fund	<u>595,008</u>	-	<u>595,008</u>
16	Net Operating Revenues	18,843,618	-	18,843,618
17	Total Operating Expenses	15,568,714	-	15,568,714
18	Other Operating Inc and Exp - Net	10,769	-	10,769
19	Other Operating Taxes	<u>126,068</u>	-	<u>126,068</u>
20	Net Op Inc before Income Taxes	3,138,067	-	3,138,067
21	Income Tax Expense	<u>1,263,699</u>	-	<u>1,263,699</u>
22	Net Operating Income	<u>1,874,368</u>	-	<u>1,874,368</u>
23	Return on Rate Base	<u>5.12%</u>		<u>5.12%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>3,420,880</u>	-	<u>3,420,880</u>
26	Adj to Achieve Target Return on RB	1,546,512	-	1,546,512
27	Gross Revenue Conversion Factor	<u>1.6742</u>	<u>0.0000</u>	<u>1.6742</u>
28	Staff ROR Deficiency	<u>2,589,170</u>	-	<u>2,589,171</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	3,138,067	-	3,138,067
31	Illinois Income Tax Expense	<u>298,116</u>	-	<u>298,116</u>
32	Net Op Inc before Fed Inc Tax	2,839,951	-	2,839,951
33	Federal Income Tax Expense	<u>965,583</u>	-	<u>965,583</u>
34	Total Imputed Income Tax Expense	<u>1,263,700</u>	-	<u>1,263,700</u>
35	Gross Revenue Conversion Factor	<u>1.6742</u>	<u>0.0000</u>	<u>1.6742</u>

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

Home Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 4,726,690	\$ -	\$ 4,726,690
2	Materials and Supplies Inventory	104,467	-	104,467
3	Customer Deposits	1,650	-	1,650
4	ADIT - Regulated Plant	<u>598,713</u>	<u>-</u>	<u>598,713</u>
5	Rate Base before Working Capital	4,230,794	-	4,230,794
6	Working Capital Requirement			
7	Total Operating Expenses	3,476,235	-	3,476,235
8	Less: Depreciation Expense	<u>659,285</u>	<u>-</u>	<u>659,285</u>
9	Total WC Operating Expense	<u>2,816,950</u>	<u>-</u>	<u>2,816,950</u>
10	WC OE Requirement	352,119	-	352,119
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>352,119</u>	<u>-</u>	<u>352,119</u>
13	Total Rate Base	<u>4,582,913</u>	<u>-</u>	<u>4,582,913</u>
14	Total Operating Revenues	4,041,539	-	4,041,539
15	Less: Illinois High Cost Fund	<u>633,540</u>	<u>-</u>	<u>633,540</u>
16	Net Operating Revenues	3,407,999	-	3,407,999
17	Total Operating Expenses	3,476,235	-	3,476,235
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>19,701</u>	<u>-</u>	<u>19,701</u>
20	Net Op Inc before Income Taxes	(87,937)	-	(87,937)
21	Income Tax Expense	<u>(35,412)</u>	<u>-</u>	<u>(35,412)</u>
22	Net Operating Income	<u>(52,525)</u>	<u>-</u>	<u>(52,525)</u>
23	Return on Rate Base	<u>-1.15%</u>	<u>0.00%</u>	<u>-1.15%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>428,044</u>	<u>-</u>	<u>428,044</u>
26	Adj to Achieve Target Return on RB	480,569	-	480,569
27	Gross Revenue Conversion Factor	<u>1.6742</u>	<u>1.6742</u>	<u>1.6742</u>
28	Staff ROR Deficiency	<u>804,569</u>	<u>-</u>	<u>804,569</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	(87,937)	-	(87,937)
31	Illinois Income Tax Expense	<u>(8,354)</u>	<u>-</u>	<u>(8,354)</u>
32	Net Op Inc before Fed Inc Tax	(79,583)	-	(79,583)
33	Federal Income Tax Expense	<u>(27,058)</u>	<u>-</u>	<u>(27,058)</u>
34	Total Imputed Income Tax Expense	<u>(35,412)</u>	<u>-</u>	<u>(35,412)</u>
35	Gross Revenue Conversion Factor	<u>1.6742</u>	<u>1.6742</u>	<u>1.6742</u>

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

LaHarpe Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

Line No.	Description (a)	2009 Company	Staff Adjustment	Staff Amount
		Amount (b)	(c)	(d)
1	Net Regulated Plant	\$ 2,841,332	\$ -	\$ 2,841,332
2	Materials and Supplies Inventory	78,016	-	78,016
3	Customer Deposits	225	-	225
4	ADIT - Regulated Plant	<u>207,476</u>	<u>(207,476)</u>	<u>-</u>
5	Rate Base before Working Capital	2,711,647	207,476	2,919,123
6	Working Capital Requirement			
7	Total Operating Expenses	1,605,649	-	1,605,649
8	Less: Depreciation Expense	<u>355,654</u>	<u>-</u>	<u>355,654</u>
9	Total WC Operating Expense	<u>1,249,995</u>	<u>-</u>	<u>1,249,995</u>
10	WC OE Requirement	156,249	-	156,249
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>156,249</u>	<u>-</u>	<u>156,249</u>
13	Total Rate Base	<u>2,867,896</u>	<u>207,476</u>	<u>3,075,372</u>
14	Total Operating Revenues	1,983,309	207,476	2,190,785
15	Less: Illinois High Cost Fund	<u>209,028</u>	<u>-</u>	<u>209,028</u>
16	Net Operating Revenues	1,774,281	207,476	1,981,757
17	Total Operating Expenses	1,605,649	-	1,605,649
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>3,977</u>	<u>-</u>	<u>3,977</u>
20	Net Op Inc before Income Taxes	164,655	207,476	372,131
21	Income Tax Expense	<u>44,095</u>	<u>(44,095)</u>	<u>-</u>
22	Net Operating Income	<u>120,560</u>	<u>251,571</u>	<u>372,131</u>
23	Return on Rate Base	<u>4.20%</u>	<u>0.00%</u>	<u>12.10%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>267,862</u>	<u>19,378</u>	<u>287,240</u>
26	Adj to Achieve Target Return on RB	147,302	(232,193)	(84,891)
27	Gross Revenue Conversion Factor	<u>1.3657</u>	<u>(0.3657)</u>	<u>1.0000</u>
28	Staff ROR Deficiency	<u>201,170</u>		<u>(84,891)</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	164,655	207,476	372,131
31	Illinois Income Tax Expense	<u>10,703</u>	<u>(10,703)</u>	<u>-</u>
32	Net Op Inc before Fed Inc Tax	153,952	218,179	372,131
33	Federal Income Tax Expense	<u>33,392</u>	<u>(33,392)</u>	<u>-</u>
34	Total Imputed Income Tax Expense	<u>44,095</u>	<u>(44,095)</u>	<u>-</u>
35	Gross Revenue Conversion Factor	<u>1.3657</u>	<u>(0.3657)</u>	<u>1.0000</u>

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

LaHarpe Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to S-Corporation Income Taxes

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ -	Staff Ex. 5.0
2	State Income Taxes per Company	<u>10,703</u>	Co. Sch. 1.01 (as revised 3/23/12)
3	Difference-Staff Adjustment	<u>\$ (10,703)</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ -	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>33,392</u>	Co. Sch. 1.01 (as revised 3/23/12)
6	Difference-Staff Adjustment	<u>\$ (33,392)</u>	Line 4 minus line 5
<u>GCRF</u>			
7	Gross Revenue Conversion Factor per Staff	1.0000	Staff Ex. 5.0
8	Gross Revenue Conversion Factor per Company	<u>1.3657</u>	Co. Sch. 1.01 (as revised 3/23/12)
9	Difference-Staff Adjustment	<u>\$ (0.3657)</u>	Line 7 minus line 8
<u>ADIT</u>			
10	ADIT per Staff	\$ -	Staff Ex. 5.0
11	ADIT per Company	<u>207,476</u>	Co. Sch. 1.01 (as revised 3/23/12)
12	Difference-Staff Adjustment	<u>\$ (207,476)</u>	Line 10 minus line 11
<u>Revenues</u>			
13	Revenues Associated with ADIT per Staff	\$ -	Staff Ex. 5.0
14	Revenues Associated with ADIT per Company	<u>(207,476)</u>	Line 12
15	Difference-Staff Adjustment	<u>\$ 207,476</u>	Line 13 minus line 14

LaHarpe Telephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement
Adjustment to Rental Revenues-LaHarpe

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)
1	Rental Revenues per Staff	\$ 2,700
2	Rental Revenues per La Harpe	\$ -
3	Difference-Staff Adjustment	<u>\$ 2,700</u>

Sources:

Line 1: Co. Response to GCH 1.01

Line 2: Co. Sch. 1.01

Line 3: Line 1 minus line 2

Leaf River Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 2,713,515	\$ -	\$ 2,713,515
2	Materials and Supplies Inventory	93,366	-	93,366
3	Customer Deposits	2,050	-	2,050
4	ADIT - Regulated Plant	<u>45,754</u>	<u>(45,754)</u>	<u>-</u>
5	Rate Base before Working Capital	2,759,077	45,754	2,804,831
6	Working Capital Requirement			
7	Total Operating Expenses	1,285,124	-	1,285,124
8	Less: Depreciation Expense	<u>338,757</u>	<u>-</u>	<u>338,757</u>
9	Total WC Operating Expense	<u>946,367</u>	<u>-</u>	<u>946,367</u>
10	WC OE Requirement	118,296	-	118,296
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>118,296</u>	<u>-</u>	<u>118,296</u>
13	Total Rate Base	<u>2,877,373</u>	<u>45,754</u>	<u>2,923,127</u>
14	Total Operating Revenues	1,602,711	45,754	1,648,465
15	Less: Illinois High Cost Fund	<u>264,360</u>	<u>-</u>	<u>264,360</u>
16	Net Operating Revenues	1,338,351	45,754	1,384,105
17	Total Operating Expenses	1,285,124	-	1,285,124
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>18,633</u>	<u>-</u>	<u>18,633</u>
20	Net Op Inc before Income Taxes	34,594	45,754	80,348
21	Income Tax Expense	<u>10,048</u>	<u>(10,048)</u>	<u>-</u>
22	Net Operating Income	<u>24,546</u>	<u>55,802</u>	<u>80,348</u>
23	Return on Rate Base	<u>0.85%</u>	<u>121.96%</u>	<u>2.75%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>268,747</u>	<u>4,273</u>	<u>273,020</u>
26	Adj to Achieve Target Return on RB	244,201	(51,529)	192,672
27	Gross Revenue Conversion Factor	<u>1.4093</u>	<u>(0.4093)</u>	<u>1.0000</u>
28	Staff ROR Deficiency	<u>344,162</u>		<u>192,680</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	34,594	45,754	80,348
31	Illinois Income Tax Expense	<u>2,757</u>	<u>(2,757)</u>	<u>-</u>
32	Net Op Inc before Fed Inc Tax	31,837	48,511	80,348
33	Federal Income Tax Expense	<u>7,291</u>	<u>(7,291)</u>	<u>-</u>
34	Total Imputed Income Tax Expense	<u>10,048</u>	<u>(10,048)</u>	<u>-</u>
35	Gross Revenue Conversion Factor	<u>1.4093</u>	<u>(0.4093)</u>	<u>1.0000</u>

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

Leaf River Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to S-Corporation Income Taxes

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ -	Staff Ex. 5.0
2	State Income Taxes per Company	<u>2,757</u>	Co. Sch. 1.01 (as revised 3/23/12)
3	Difference-Staff Adjustment	<u>\$ (2,757)</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ -	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>7,291</u>	Co. Sch. 1.01 (as revised 3/23/12)
6	Difference-Staff Adjustment	<u>\$ (7,291)</u>	Line 4 minus line 5
<u>Accumulated Deferred Income Taxes</u>			
7	Accumulated Deferred Income Taxes per Staff	\$ -	Staff Ex. 5.0
8	Accumulated Deferred Income Taxes per Company	<u>45,754</u>	Co. Sch. 1.01 (as revised 3/23/12)
9	Difference-Staff Adjustment	<u>\$ (45,754)</u>	Line 7 minus line 8
<u>GCRF</u>			
10	Gross Revenue Conversion Factor per Staff	1.0000	Staff Ex. 5.0
11	Gross Revenue Conversion Factor per Company	<u>1.4093</u>	Co. Sch. 1.01 (as revised 3/23/12)
12	Difference-Staff Adjustment	<u>\$ (0.4093)</u>	Line 10 minus line 11
<u>Revenues</u>			
13	Revenues Associated with ADIT per Staff	\$ -	Staff Ex. 5.0
14	Revenues Associated with ADIT per Company	<u>(45,754)</u>	Line 9
15	Difference-Staff Adjustment	<u>\$ 45,754</u>	Line 10 minus line 11

Madison Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 11,739,953	\$ -	\$ 11,739,953
2	Materials and Supplies Inventory	95,821	-	95,821
3	Customer Deposits	15,084	-	15,084
4	ADIT - Regulated Plant	<u>617,043</u>	<u>(617,043)</u>	<u>-</u>
5	Rate Base before Working Capital	11,203,647	617,043	11,820,690
6	Working Capital Requirement			
7	Total Operating Expenses	9,020,851	-	9,020,851
8	Less: Depreciation Expense	<u>1,783,077</u>	<u>-</u>	<u>1,783,077</u>
9	Total WC Operating Expense	<u>7,237,774</u>	<u>-</u>	<u>7,237,774</u>
10	WC OE Requirement	904,722	-	904,722
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>904,722</u>	<u>-</u>	<u>904,722</u>
13	Total Rate Base	<u>12,108,369</u>	<u>617,043</u>	<u>12,725,412</u>
14	Total Operating Revenues	8,876,729	649,603	9,526,332
15	Less: Illinois High Cost Fund	<u>783,924</u>	<u>-</u>	<u>783,924</u>
16	Net Operating Revenues	8,092,805	649,603	8,742,408
17	Total Operating Expenses	9,020,851	-	9,020,851
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>31,271</u>	<u>-</u>	<u>31,271</u>
20	Net Op Inc before Income Taxes	(959,317)	649,603	(309,714)
21	Income Tax Expense	<u>(304,230)</u>	<u>304,230</u>	<u>-</u>
22	Net Operating Income	<u>(655,087)</u>	<u>345,373</u>	<u>(309,714)</u>
23	Return on Rate Base	<u>-5.41%</u>	<u>55.97%</u>	<u>-2.43%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>1,130,922</u>	<u>57,632</u>	<u>1,188,553</u>
26	Adj to Achieve Target Return on RB	1,786,009	(287,741)	1,498,267
27	Gross Revenue Conversion Factor	<u>1.4644</u>		<u>1.4644</u>
28	Staff ROR Deficiency	<u>2,615,453</u>		<u>2,194,082</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	(959,317)	649,603	(309,714)
31	Illinois Income Tax Expense	<u>(63,411)</u>	<u>63,411</u>	<u>-</u>
32	Net Op Inc before Fed Inc Tax	(895,906)	586,192	(309,714)
33	Federal Income Tax Expense	<u>(240,819)</u>	<u>240,819</u>	<u>-</u>
34	Total Imputed Income Tax Expense	<u>(304,229)</u>	<u>304,230</u>	<u>-</u>
35	Gross Revenue Conversion Factor	<u>1.4644</u>	<u>0.0000</u>	<u>1.0000</u>

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

MadisonTelephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement
Adjustment to Operating Revenues

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)
1	Operating Revenues per Staff	\$ 32,560
2	Operating Revenues per Adams	<u>-</u>
3	Difference-Staff Adjustment	<u><u>\$ 32,560</u></u>

Sources:
Line 1: Staff Exhibit 6.0
Line 2: Co. Sch. 1.01
Line 3: Line 1 minus line 2

Madison Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to S-Corporation Income Taxes

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ -	Staff Ex. 5.0
2	State Income Taxes per Company	<u>(63,411)</u>	Co. Sch. 1.01 (as revised 3/23/12)
3	Difference-Staff Adjustment	<u>\$ 63,411</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ -	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>(240,819)</u>	Co. Sch. 1.01 (as revised 3/23/12)
6	Difference-Staff Adjustment	<u>\$ 240,819</u>	Line 4 minus line 5
<u>Accumulated Deferred Income Taxes</u>			
7	Accumulated Deferred Income Taxes per Staff	\$ -	Staff Ex. 5.0
8	Accumulated Deferred Income Taxes per Company	<u>617,043</u>	Co. Sch. 1.01 (as revised 3/23/12)
9	Difference-Staff Adjustment	<u>\$ (617,043)</u>	Line 7 minus line 8
<u>GCRF</u>			
10	Gross Revenue Conversion Factor per Staff	1.0000	Staff Ex. 5.0
11	Gross Revenue Conversion Factor per Company	<u>1.4644</u>	Co. Sch. 1.01 (as revised 3/23/12)
12	Difference-Staff Adjustment	<u>-0.4644</u>	Line 10 minus line 11
<u>Revenues</u>			
13	Revenues Associated with ADIT per Staff	\$ -	Staff Ex. 5.0
14	Revenues Associated with ADIT per Company	<u>(617,043)</u>	Co. Sch. 1.01 (as revised 3/23/12)
15	Difference-Staff Adjustment	<u>\$ 617,043</u>	Line 7 minus line 8

Metamora Telephone Cooperative
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 5,404,676	\$ -	\$ 5,404,676
2	Materials and Supplies Inventory	324,246	-	324,246
3	Customer Deposits	24,126	-	24,126
4	ADIT - Regulated Plant	<u>410,637</u>	-	<u>410,637</u>
5	Rate Base before Working Capital	5,294,159	-	5,294,159
6	Working Capital Requirement			
7	Total Operating Expenses	2,555,595	-	2,555,595
8	Less: Depreciation Expense	<u>790,104</u>	-	<u>790,104</u>
9	Total WC Operating Expense	<u>1,765,491</u>	-	<u>1,765,491</u>
10	WC OE Requirement*	220,686	-	220,686
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>220,686</u>	-	<u>220,686</u>
13	Total Rate Base	<u>5,514,845</u>	-	<u>5,514,845</u>
14	Total Operating Revenues	2,946,612	-	2,946,612
15	Less: Illinois High Cost Fund	<u>354,556</u>	-	<u>354,556</u>
16	Net Operating Revenues	2,592,056	-	2,592,056
17	Total Operating Expenses	2,555,595	-	2,555,595
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>51,664</u>	-	<u>51,664</u>
20	Net Op Inc before Income Taxes	(15,203)	-	(15,203)
21	Income Tax Expense	<u>(6,122)</u>	-	<u>(6,122)</u>
22	Net Operating Income	<u>(9,081)</u>	-	<u>(9,081)</u>
23	Return on Rate Base	<u>-0.16%</u>		<u>-0.16%</u>
24	After-tax Cost of Capital	9.34%	9.34%	9.34%
25	Target Net Operating Income	<u>515,087</u>	-	<u>515,087</u>
26	Adj to Achieve Target Return on RB	524,168	-	524,168
27	Gross Revenue Conversion Factor	<u>1.6742</u>	<u>1.6742</u>	<u>1.6742</u>
28	Staff ROR Deficiency	<u>877,562</u>	-	<u>877,562</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	(15,203)	-	(15,203)
31	Illinois Income Tax Expense	<u>(1,444)</u>	-	<u>(1,444)</u>
32	Net Op Inc before Fed Inc Tax	(13,759)	-	(13,759)
33	Federal Income Tax Expense	<u>(4,678)</u>	-	<u>(4,678)</u>
34	Total Imputed Income Tax Expense	<u>(6,122)</u>	-	<u>(6,122)</u>
35	Gross Revenue Conversion Factor	<u>1.6742</u>	<u>1.6742</u>	<u>1.6742</u>

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

McDonough Telephone Cooperative
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 12,269,894	\$ -	\$ 12,269,894
2	Materials and Supplies Inventory	322,997	-	322,997
3	Customer Deposits	375	-	375
4	ADIT - Regulated Plant	-	-	-
5	Rate Base before Working Capital	12,592,516	-	12,592,516
6	Working Capital Requirement			
7	Total Operating Expenses	5,416,535	-	5,416,535
8	Less: Depreciation Expense	1,493,331	-	1,493,331
9	Total WC Operating Expense	3,923,204	-	3,923,204
10	WC OE Requirement	490,400	-	490,400
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	490,400	-	490,400
13	Total Rate Base	13,082,916	-	13,082,916
14	Total Operating Revenues	6,703,036	35,538	6,738,574
15	Less: Illinois High Cost Fund	926,664	-	926,664
16	Net Operating Revenues	5,776,372	35,538	5,811,910
17	Total Operating Expenses	5,416,535	-	5,416,535
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	19,445	-	19,445
20	Net Op Inc before Income Taxes	340,392	35,538	375,930
21	Income Tax Expense	-	-	-
22	Net Operating Income	340,392	35,538	375,930
23	Return on Rate Base	2.60%	0.00%	2.87%
24	After-tax Cost of Capital	9.34%	9.34%	9.34%
25	Target Net Operating Income	1,221,944	-	1,221,944
26	Adj to Achieve Target Return on RB	881,552	(35,538)	846,014
27	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000
28	Staff ROR Deficiency	881,552	(35,538)	846,014
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	340,392	35,538	375,930
31	Illinois Income Tax Expense	-	-	-
32	Net Op Inc before Fed Inc Tax	340,392	35,538	375,930
33	Federal Income Tax Expense	-	-	-
34	Total Imputed Income Tax Expense	-	-	-
35	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

McDonough Telephone Cooperative
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement
Adjustment to Operating Revenues

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)
1	Operating Revenues per Staff	\$ 35,538
2	Operating Revenues per Adams	<u>-</u>
3	Difference-Staff Adjustment	<u><u>\$ 35,538</u></u>

Sources:

Line 1: Staff Exhibit 6.0

Line 2: Co. Sch. 1.01

Line 3: Line 1 minus line 2

McNabb Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 499,397	\$ -	\$ 499,397
2	Materials and Supplies Inventory	16,384	-	16,384
3	Customer Deposits	5,030	-	5,030
4	ADIT - Regulated Plant	<u>35,775</u>	<u>(35,775)</u>	<u>-</u>
5	Rate Base before Working Capital	474,976	35,775	510,751
6	Working Capital Requirement			
7	Total Operating Expenses	670,994	-	670,994
8	Less: Depreciation Expense	<u>107,361</u>	<u>-</u>	<u>107,361</u>
9	Total WC Operating Expense	<u>563,633</u>	<u>-</u>	<u>563,633</u>
10	WC OE Requirement	70,454	-	70,454
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>70,454</u>	<u>-</u>	<u>70,454</u>
13	Total Rate Base	<u>545,430</u>	<u>35,775</u>	<u>581,205</u>
14	Total Operating Revenues	598,463	35,775	634,238
15	Less: Illinois High Cost Fund	<u>62,940</u>	<u>-</u>	<u>62,940</u>
16	Net Operating Revenues	535,523	35,775	571,298
17	Total Operating Expenses	670,994	-	670,994
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>10,571</u>	<u>-</u>	<u>10,571</u>
20	Net Op Inc before Income Taxes	(146,042)	35,775	(110,267)
21	Income Tax Expense	<u>(36,128)</u>	<u>36,128</u>	<u>-</u>
22	Net Operating Income	<u>(109,914)</u>	<u>(353)</u>	<u>(110,267)</u>
23	Return on Rate Base	<u>-20.15%</u>	<u>0.00%</u>	<u>-18.97%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>50,943</u>	<u>3,341</u>	<u>54,285</u>
26	Adj to Achieve Target Return on RB	160,857	3,694	164,552
27	Gross Revenue Conversion Factor	<u>1.3287</u>	<u>(0.3287)</u>	<u>1.0000</u>
28	Staff ROR Deficiency	<u>213,731</u>		<u>164,551</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	(146,042)	35,775	(110,267)
31	Illinois Income Tax Expense	<u>(13,874)</u>	<u>13,874</u>	<u>-</u>
32	Net Op Inc before Fed Inc Tax	(132,168)	21,901	(110,267)
33	Federal Income Tax Expense	<u>(22,254)</u>	<u>22,254</u>	<u>-</u>
34	Total Imputed Income Tax Expense	<u>(36,128)</u>	<u>36,128</u>	<u>-</u>
35	Gross Revenue Conversion Factor	<u>1.3287</u>	<u>(0.3287)</u>	<u>1.0000</u>

McNabb Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to S-Corporation Income Taxes

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ -	Staff Ex. 5.0
2	State Income Taxes per Company	<u>(13,874)</u>	Co. Sch. 1.01 (as revised 3/23/12)
3	Difference-Staff Adjustment	<u>\$ 13,874</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ -	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>(22,254)</u>	Co. Sch. 1.01 (as revised 3/23/12)
6	Difference-Staff Adjustment	<u>\$ 22,254</u>	Line 4 minus line 5
<u>Accumulated Deferred Income Taxes</u>			
7	Accumulated Deferred Income Taxes per Staff	\$ -	Staff Ex. 5.0
8	Accumulated Deferred Income Taxes per Company	<u>35,775</u>	Co. Sch. 1.01 (as revised 3/23/12)
9	Difference-Staff Adjustment	<u>\$ (35,775)</u>	Line 7 minus line 8
<u>GCRF</u>			
10	Gross Revenue Conversion Factor per Staff	1.0000	Staff Ex. 5.0
11	Gross Revenue Conversion Factor per Company	<u>1.3287</u>	Co. Sch. 1.01 (as revised 3/23/12)
12	Difference-Staff Adjustment	<u>-0.3287</u>	Line 10 minus line 11
<u>Revenues</u>			
13	Revenues Associated with ADIT	\$ -	Staff Ex. 5.0
14	Revenues Associated with ADIT	<u>(35,775)</u>	Line 9
15	Difference-Staff Adjustment	<u>\$ 35,775</u>	Line 7 minus line 8

Mid-Century Telephone Cooperative
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 15,946,283	\$ -	\$ 15,946,283
2	Materials and Supplies Inventory	42,825	-	42,825
3	Customer Deposits	-	-	-
4	ADIT - Regulated Plant	-	-	-
5	Rate Base before Working Capital	15,989,108	-	15,989,108
6	Working Capital Requirement			
7	Total Operating Expenses	4,971,800	-	4,971,800
8	Less: Depreciation Expense	<u>1,707,653</u>	-	<u>1,707,653</u>
9	Total WC Operating Expense	<u>3,264,147</u>	-	<u>3,264,147</u>
10	WC OE Requirement	408,018	-	408,018
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>408,018</u>	-	<u>408,018</u>
13	Total Rate Base	<u>16,397,126</u>	-	<u>16,397,126</u>
14	Total Operating Revenues	5,536,625	-	5,536,625
15	Less: Illinois High Cost Fund	<u>166,464</u>	-	<u>166,464</u>
16	Net Operating Revenues	5,370,161	-	5,370,161
17	Total Operating Expenses	4,971,800	-	4,971,800
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>83,748</u>	-	<u>83,748</u>
20	Net Op Inc before Income Taxes	314,613	-	314,613
21	Income Tax Expense	-	-	-
22	Net Operating Income	<u>314,613</u>	-	<u>314,613</u>
23	Return on Rate Base	<u>1.92%</u>	<u>0.00%</u>	<u>1.92%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>1,531,492</u>	-	<u>1,531,492</u>
26	Adj to Achieve Target Return on RB	1,216,879	-	1,216,879
27	Gross Revenue Conversion Factor	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
28	Staff ROR Deficiency	<u>1,216,879</u>	-	<u>1,216,879</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	314,613	-	314,613
31	Illinois Income Tax Expense	-	-	-
32	Net Op Inc before Fed Inc Tax	314,613	-	314,613
33	Federal Income Tax Expense	-	-	-
34	Total Imputed Income Tax Expense	-	-	-
35	Gross Revenue Conversion Factor	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

Montrose Mutual Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 1,211,283	\$ -	\$ 1,211,283
2	Materials and Supplies Inventory	286,850	-	286,850
3	Customer Deposits	1,600	-	1,600
4	ADIT - Regulated Plant	<u>322,676</u>	<u>(322,676)</u>	<u>-</u>
5	Rate Base before Working Capital	1,173,857	322,676	1,496,533
6	Working Capital Requirement			
7	Total Operating Expenses	1,558,097	-	1,558,097
8	Less: Depreciation Expense	<u>228,193</u>	<u>-</u>	<u>228,193</u>
9	Total WC Operating Expense	<u>1,329,904</u>	<u>-</u>	<u>1,329,904</u>
10	WC OE Requirement	166,238	-	166,238
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>166,238</u>	<u>-</u>	<u>166,238</u>
13	Total Rate Base	<u>1,340,095</u>	<u>322,676</u>	<u>1,662,771</u>
14	Total Operating Revenues	1,558,979	322,676	1,881,655
15	Less: Illinois High Cost Fund	<u>257,688</u>	<u>-</u>	<u>257,688</u>
16	Net Operating Revenues	1,301,291	322,676	1,623,967
17	Total Operating Expenses	1,558,097	-	1,558,097
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>7,889</u>	<u>-</u>	<u>7,889</u>
20	Net Op Inc before Income Taxes	(264,695)	322,676	57,981
21	Income Tax Expense	<u>(95,995)</u>	<u>95,995</u>	<u>-</u>
22	Net Operating Income	<u>(168,700)</u>	<u>226,681</u>	<u>57,981</u>
23	Return on Rate Base	<u>-12.59%</u>		<u>3.49%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>125,165</u>	<u>30,138</u>	<u>155,303</u>
26	Adj to Achieve Target Return on RB	293,865	(196,543)	97,322
27	Gross Revenue Conversion Factor	<u>1.5690</u>	<u>(0.5690)</u>	<u>1.0000</u>
28	Staff ROR Deficiency	<u>461,074</u>		<u>97,322</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	(264,695)	322,676	57,981
31	Illinois Income Tax Expense	<u>(25,146)</u>	<u>25,146</u>	<u>-</u>
32	Net Op Inc before Fed Inc Tax	(239,549)	297,530	57,981
33	Federal Income Tax Expense	<u>(70,849)</u>	<u>70,849</u>	<u>-</u>
34	Total Imputed Income Tax Expense	<u>(95,995)</u>	<u>95,995</u>	<u>-</u>
35	Gross Revenue Conversion Factor	<u>1.5690</u>	<u>(0.5690)</u>	<u>1.0000</u>

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

Montrose Mutual Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to S-Corporation Income Taxes

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ -	Staff Ex. 5.0
2	State Income Taxes per Company	<u>(25,146)</u>	Co. Sch. 1.01 (as revised 3/23/12)
3	Difference-Staff Adjustment	<u>\$ 25,146</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ -	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>(70,849)</u>	Co. Sch. 1.01 (as revised 3/23/12)
6	Difference-Staff Adjustment	<u>\$ 70,849</u>	Line 4 minus line 5
<u>Accumulated Deferred Income Taxes</u>			
7	Accumulated Deferred Income Taxes per Staff	\$ -	Staff Ex. 5.0
8	Accumulated Deferred Income Taxes per Company	<u>322,676</u>	Co. Sch. 1.01 (as revised 3/23/12)
9	Difference-Staff Adjustment	<u>\$ (322,676)</u>	Line 7 minus line 8
<u>GCRF</u>			
10	Gross Revenue Conversion Factor per Staff	1.0000	Staff Ex. 5.0
11	Gross Revenue Conversion Factor per Company	<u>1.5690</u>	Co. Sch. 1.01 (as revised 3/23/12)
12	Difference-Staff Adjustment	<u>-0.5690</u>	Line 10 minus line 11
<u>Revenues</u>			
13	Revenues Associated with ADIT per Staff	\$ -	Staff Ex. 5.0
14	Revenues Associated with ADIT per Company	<u>(322,676)</u>	Co. Sch. 1.01 (as revised 3/23/12)
15	Difference-Staff Adjustment	<u>\$ 322,676</u>	Line 13 minus line 14

Moultrie Independent Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 1,749,579	\$ -	\$ 1,749,579
2	Materials and Supplies Inventory	46,485	-	46,485
3	Customer Deposits	-	-	-
4	ADIT - Regulated Plant	-	-	-
5	Rate Base before Working Capital	1,796,064	-	1,796,064
6	Working Capital Requirement			
7	Total Operating Expenses	1,969,627	-	1,969,627
8	Less: Depreciation Expense	<u>277,671</u>	<u>-</u>	<u>277,671</u>
9	Total WC Operating Expense	<u>1,691,956</u>	<u>-</u>	<u>1,691,956</u>
10	WC OE Requirement	211,495	-	211,495
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>211,495</u>	<u>-</u>	<u>211,495</u>
13	Total Rate Base	<u>2,007,559</u>	<u>-</u>	<u>2,007,559</u>
14	Total Operating Revenues	2,459,354	-	2,459,354
15	Less: Illinois High Cost Fund	<u>593,724</u>	<u>-</u>	<u>593,724</u>
16	Net Operating Revenues	1,865,630	-	1,865,630
17	Total Operating Expenses	1,969,627	-	1,969,627
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>1,607</u>	<u>-</u>	<u>1,607</u>
20	Net Op Inc before Income Taxes	(105,604)	-	(105,604)
21	Income Tax Expense	<u>(41,586)</u>	<u>41,586</u>	<u>-</u>
22	Net Operating Income	<u>(64,018)</u>	<u>(41,586)</u>	<u>(105,604)</u>
23	Return on Rate Base	<u>-3.19%</u>		<u>-5.26%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>187,506</u>	<u>-</u>	<u>187,506</u>
26	Adj to Achieve Target Return on RB	251,524	41,586	293,110
27	Gross Revenue Conversion Factor	<u>1.6496</u>	<u>(0.6496)</u>	<u>1.0000</u>
28	Staff ROR Deficiency	<u>414,914</u>		<u>293,110</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	(105,604)	-	(105,604)
31	Illinois Income Tax Expense	<u>(10,032)</u>	<u>10,032</u>	<u>-</u>
32	Net Op Inc before Fed Inc Tax	(95,572)	(10,032)	(105,604)
33	Federal Income Tax Expense	<u>(31,554)</u>	<u>31,554</u>	<u>-</u>
34	Total Imputed Income Tax Expense	<u>(41,586)</u>	<u>41,586</u>	<u>-</u>
35	Gross Revenue Conversion Factor	<u>1.6496</u>	<u>(0.6496)</u>	<u>1.0000</u>

Sources:

Column (b): Company Exhibit 1.01 Revised, column labeled "Adjusted Amount"

Moultrie Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to S-Corporation Income Taxes

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ -	Staff Ex. 5.0
2	State Income Taxes per Company	<u>(10,032)</u>	Co. Sch. 1.01 (as revised 3/23/12)
3	Difference-Staff Adjustment	<u>\$ 10,032</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ -	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>(31,554)</u>	Co. Sch. 1.01 (as revised 3/23/12)
6	Difference-Staff Adjustment	<u>\$ 31,554</u>	Line 4 minus line 5
<u>GCRF</u>			
10	Gross Revenue Conversion Factor per Staff	1.0000	Staff Ex. 5.0
11	Gross Revenue Conversion Factor per Company	<u>1.6496</u>	Co. Sch. 1.01 (as revised 3/23/12)
12	Difference-Staff Adjustment	<u><u>-0.6496</u></u>	Line 10 minus line 11

New Windsor Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 1,281,930	\$ -	\$ 1,281,930
2	Materials and Supplies Inventory	28,377	-	28,377
3	Customer Deposits	6,486	-	6,486
4	ADIT - Regulated Plant	<u>252,788</u>	<u>(252,788)</u>	<u>-</u>
5	Rate Base before Working Capital	1,051,033	252,788	1,303,821
6	Working Capital Requirement			
7	Total Operating Expenses	520,792	-	520,792
8	Less: Depreciation Expense	<u>166,234</u>	<u>-</u>	<u>166,234</u>
9	Total WC Operating Expense	<u>354,558</u>	<u>-</u>	<u>354,558</u>
10	WC OE Requirement	44,320	-	44,320
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>44,320</u>	<u>-</u>	<u>44,320</u>
13	Total Rate Base	<u>1,095,353</u>	<u>252,788</u>	<u>1,348,141</u>
14	Total Operating Revenues	661,367	252,788	914,155
15	Less: Illinois High Cost Fund	<u>85,714</u>	<u>-</u>	<u>85,714</u>
16	Net Operating Revenues	575,653	252,788	828,441
17	Total Operating Expenses	520,792	-	520,792
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>9,065</u>	<u>-</u>	<u>9,065</u>
20	Net Op Inc before Income Taxes	45,796	252,788	298,584
21	Income Tax Expense	<u>15,565</u>	<u>(15,565)</u>	<u>-</u>
22	Net Operating Income	<u>30,231</u>	<u>268,353</u>	<u>298,584</u>
23	Return on Rate Base	<u>2.76%</u>		<u>22.15%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>102,306</u>	<u>23,610</u>	<u>125,916</u>
26	Adj to Achieve Target Return on RB	72,075	(244,743)	(172,668)
27	Gross Revenue Conversion Factor	<u>1.5149</u>	<u>(0.5149)</u>	<u>1.0000</u>
28	Staff ROR Deficiency	<u>109,186</u>		<u>(172,668)</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	45,796	252,788	298,584
31	Illinois Income Tax Expense	<u>4,351</u>	<u>(4,351)</u>	<u>-</u>
32	Net Op Inc before Fed Inc Tax	41,445	257,139	298,584
33	Federal Income Tax Expense	<u>11,214</u>	<u>(11,214)</u>	<u>-</u>
34	Total Imputed Income Tax Expense	<u>15,565</u>	<u>(15,565)</u>	<u>-</u>
35	Gross Revenue Conversion Factor	<u>1.5149</u>	<u>(0.5149)</u>	<u>1.0000</u>

Sources:

Column (b): Company Exhibit 1.01 Revised, column labeled "Adjusted Amount"

New Windsor Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to S-Corporation Income Taxes

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ -	Staff Ex. 5.0
2	State Income Taxes per Company	<u>4,351</u>	Co. Sch. 1.01 (as revised 3/23/12)
3	Difference-Staff Adjustment	<u>\$ (4,351)</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ -	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>11,214</u>	Co. Sch. 1.01 (as revised 3/23/12)
6	Difference-Staff Adjustment	<u>\$ (11,214)</u>	Line 4 minus line 5
<u>Accumulated Deferred Income Taxes</u>			
7	Accumulated Deferred Income Taxes per Staff	\$ -	Staff Ex. 5.0
8	Accumulated Deferred Income Taxes per Company	<u>252,788</u>	Co. Sch. 1.01 (as revised 3/23/12)
9	Difference-Staff Adjustment	<u>\$ (252,788)</u>	Line 7 minus line 8
<u>GCRF</u>			
10	Gross Revenue Conversion Factor per Staff	1.0000	Staff Ex. 5.0
11	Gross Revenue Conversion Factor per Company	<u>1.5149</u>	Co. Sch. 1.01 (as revised 3/23/12)
12	Difference-Staff Adjustment	<u>-0.5149</u>	Line 10 minus line 11
<u>Revenues</u>			
13	Revenues Associated with ADIT per Staff	\$ -	Staff Ex. 5.0
14	Revenues Associated with ADIT per Company	<u>(252,788)</u>	Line 9
15	Difference-Staff Adjustment	<u>\$ 252,788</u>	Line 13 minus line 14

Oneida Telephone Exchange
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>2009 Company</u> <u>Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 1,107,324	\$ -	\$ 1,107,324
2	Materials and Supplies Inventory	32,167	-	32,167
3	Customer Deposits	3,500	-	3,500
4	ADIT - Regulated Plant	-	-	-
5	Rate Base before Working Capital	1,135,991	-	1,135,991
6	Working Capital Requirement			
7	Total Operating Expenses	741,588	-	741,588
8	Less: Depreciation Expense	222,415	-	222,415
9	Total WC Operating Expense	519,173	-	519,173
10	WC OE Requirement	64,897	-	64,897
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	64,897	-	64,897
13	Total Rate Base	1,200,888	-	1,200,888
14	Total Operating Revenues	862,153	-	862,153
15	Less: Illinois High Cost Fund	122,486	-	122,486
16	Net Operating Revenues	739,667	-	739,667
17	Total Operating Expenses	741,588	-	741,588
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	7,681	-	7,681
20	Net Op Inc before Income Taxes	(9,602)	-	(9,602)
21	Income Tax Expense	-	-	-
22	Net Operating Income	(9,602)	-	(9,602)
23	Return on Rate Base	-0.80%	0.00%	-0.80%
24	After-tax Cost of Capital	9.34%	9.34%	9.34%
25	Target Net Operating Income	112,163	-	112,163
26	Adj to Achieve Target Return on RB	121,765	-	121,765
27	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000
28	Staff ROR Deficiency	121,765	-	121,765
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	(9,602)	-	(9,602)
31	Illinois Income Tax Expense	-	-	-
32	Net Op Inc before Fed Inc Tax	(9,602)	-	(9,602)
33	Federal Income Tax Expense	-	-	-
34	Total Imputed Income Tax Expense	-	-	-
35	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000

Reynolds Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

Line No.	Description (a)	2009 Company	Staff Adjustment (c)	Staff Amount (d)
		Amount (b)		
1	Net Regulated Plant	\$ 1,743,549	\$ -	\$ 1,743,549
2	Materials and Supplies Inventory	22,793	-	22,793
3	Customer Deposits	2,800	-	2,800
4	ADIT - Regulated Plant	<u>142,446</u>	<u>(142,446)</u>	<u>-</u>
5	Rate Base before Working Capital	1,621,096	142,446	1,763,542
6	Working Capital Requirement			
7	Total Operating Expenses	492,280	-	492,280
8	Less: Depreciation Expense	<u>138,331</u>	<u>-</u>	<u>138,331</u>
9	Total WC Operating Expense	<u>353,949</u>	<u>-</u>	<u>353,949</u>
10	WC OE Requirement	44,244	-	44,244
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>44,244</u>	<u>-</u>	<u>44,244</u>
13	Total Rate Base	<u>1,665,340</u>	<u>142,446</u>	<u>1,807,786</u>
14	Total Operating Revenues	535,817	142,446	678,263
15	Less: Illinois High Cost Fund	<u>-</u>	<u>-</u>	<u>-</u>
16	Net Operating Revenues	535,817	142,446	678,263
17	Total Operating Expenses	492,280	-	492,280
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>3,438</u>	<u>-</u>	<u>3,438</u>
20	Net Op Inc before Income Taxes	40,099	142,446	182,545
21	Income Tax Expense	<u>15,290</u>	<u>(15,290)</u>	<u>-</u>
22	Net Operating Income	<u>24,809</u>	<u>157,736</u>	<u>182,545</u>
23	Return on Rate Base	<u>1.49%</u>	<u>110.73%</u>	<u>10.10%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>155,543</u>	<u>13,304</u>	<u>168,847</u>
26	Adj to Achieve Target Return on RB	130,734	(144,432)	(13,698)
27	Gross Revenue Conversion Factor	<u>1.6164</u>	<u>(0.6164)</u>	<u>1.0000</u>
28	Staff ROR Deficiency	<u>211,312</u>		<u>(13,697)</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	40,099	142,446	182,545
31	Illinois Income Tax Expense	<u>3,809</u>	<u>(3,809)</u>	<u>-</u>
32	Net Op Inc before Fed Inc Tax	36,290	146,255	182,545
33	Federal Income Tax Expense	<u>11,481</u>	<u>(11,481)</u>	<u>-</u>
34	Total Imputed Income Tax Expense	<u>15,290</u>	<u>(15,290)</u>	<u>-</u>
35	Gross Revenue Conversion Factor	<u>1.6164</u>	<u>(0.6164)</u>	<u>1.0000</u>

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

Reynolds Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to S-Corporation Income Taxes

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ -	Staff Ex. 5.0
2	State Income Taxes per Company	<u>3,809</u>	Co. Sch. 1.01 (as revised 3/23/12)
3	Difference-Staff Adjustment	<u>\$ (3,809)</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ -	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>11,481</u>	Co. Sch. 1.01 (as revised 3/23/12)
6	Difference-Staff Adjustment	<u>\$ (11,481)</u>	Line 4 minus line 5
<u>Accumulated Deferred Income Taxes</u>			
7	Accumulated Deferred Income Taxes per Staff	\$ -	Staff Ex. 5.0
8	Accumulated Deferred Income Taxes per Company	<u>142,446</u>	Co. Sch. 1.01 (as revised 3/23/12)
9	Difference-Staff Adjustment	<u>\$ (142,446)</u>	Line 7 minus line 8
<u>GCRF</u>			
10	Gross Revenue Conversion Factor per Staff	1.0000	Staff Ex. 5.0
11	Gross Revenue Conversion Factor per Company	<u>1.6164</u>	Co. Sch. 1.01 (as revised 3/23/12)
12	Difference-Staff Adjustment	<u>-0.6164</u>	Line 10 minus line 11
<u>Revenues</u>			
13	Revenues Associated with ADIT per Staff	\$ -	Staff Ex. 5.0
14	Revenues Associated with ADIT per Company	<u>(142,446)</u>	Line 9
15	Difference-Staff Adjustment	<u>\$ 142,446</u>	Line 13 minus line 14

Shawnee Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 22,815,147	\$ -	\$ 22,815,147
2	Materials and Supplies Inventory	181,634	-	181,634
3	Customer Deposits	108,859	-	108,859
4	ADIT - Regulated Plant	<u>269,783</u>	<u>-</u>	<u>269,783</u>
5	Rate Base before Working Capital	22,618,139	-	22,618,139
6	Working Capital Requirement			
7	Total Operating Expenses	7,867,730	-	7,867,730
8	Less: Depreciation Expense	<u>1,876,412</u>	<u>-</u>	<u>1,876,412</u>
9	Total WC Operating Expense	<u>5,991,318</u>	<u>-</u>	<u>5,991,318</u>
10	WC OE Requirement	748,915	-	748,915
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>748,915</u>	<u>-</u>	<u>748,915</u>
13	Total Rate Base	<u>23,367,054</u>	<u>-</u>	<u>23,367,054</u>
14	Total Operating Revenues	10,358,234	-	10,358,234
15	Less: Illinois High Cost Fund	<u>810,480</u>	<u>-</u>	<u>810,480</u>
16	Net Operating Revenues	9,547,754	-	9,547,754
17	Total Operating Expenses	7,867,730	-	7,867,730
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>24,287</u>	<u>-</u>	<u>24,287</u>
20	Net Op Inc before Income Taxes	1,655,737	-	1,655,737
21	Income Tax Expense	<u>666,765</u>	<u>-</u>	<u>666,765</u>
22	Net Operating Income	<u>988,972</u>	<u>-</u>	<u>988,972</u>
23	Return on Rate Base	<u>4.23%</u>	<u>0.00%</u>	<u>4.23%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>2,182,483</u>	<u>-</u>	<u>2,182,483</u>
26	Adj to Achieve Target Return on RB	1,193,511	-	1,193,511
27	Gross Revenue Conversion Factor	<u>1.6742</u>	<u>1.6742</u>	<u>1.6742</u>
28	Staff ROR Deficiency	<u>1,998,176</u>	<u>-</u>	<u>1,998,176</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	1,655,737	-	1,655,737
31	Illinois Income Tax Expense	<u>157,295</u>	<u>-</u>	<u>157,295</u>
32	Net Op Inc before Fed Inc Tax	1,498,442	-	1,498,442
33	Federal Income Tax Expense	<u>509,470</u>	<u>-</u>	<u>491,444</u>
34	Total Imputed Income Tax Expense	<u>666,765</u>	<u>-</u>	<u>648,739</u>
35	Gross Revenue Conversion Factor	<u>1.6742</u>	<u>1.6742</u>	<u>1.6742</u>

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

Viola Home Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 1,226,901	\$ -	\$ 1,226,901
2	Materials and Supplies Inventory	21,427	-	21,427
3	Customer Deposits	208	-	208
4	ADIT - Regulated Plant	<u>108,689</u>	<u>(108,689)</u>	<u>-</u>
5	Rate Base before Working Capital	1,139,431	108,689	1,248,120
6	Working Capital Requirement			
7	Total Operating Expenses	661,537	(3,378)	658,159
8	Less: Depreciation Expense	<u>143,832</u>	<u>-</u>	<u>143,832</u>
9	Total WC Operating Expense	<u>517,705</u>	<u>(3,378)</u>	<u>514,327</u>
10	WC OE Requirement	64,713	(422)	64,291
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>64,713</u>	<u>(422)</u>	<u>64,291</u>
13	Total Rate Base	<u>1,204,144</u>	<u>108,267</u>	<u>1,312,411</u>
14	Total Operating Revenues	600,888	108,689	709,577
15	Less: Illinois High Cost Fund	<u>32,860</u>	<u>-</u>	<u>32,860</u>
16	Net Operating Revenues	568,028	108,689	676,717
17	Total Operating Expenses	664,574	-	664,574
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>9,786</u>	<u>-</u>	<u>9,786</u>
20	Net Op Inc before Income Taxes	(106,332)	108,689	2,357
21	Income Tax Expense	<u>(37,359)</u>	<u>37,359</u>	<u>-</u>
22	Net Operating Income	<u>(68,973)</u>	<u>71,330</u>	<u>2,357</u>
23	Return on Rate Base	<u>-5.73%</u>	<u>65.88%</u>	<u>0.18%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>112,467</u>	<u>10,112</u>	<u>122,579</u>
26	Adj to Achieve Target Return on RB	181,440	(61,218)	120,222
27	Gross Revenue Conversion Factor	<u>1.5416</u>	<u>(0.5416)</u>	<u>1.0000</u>
28	Staff ROR Deficiency	<u>279,708</u>		<u>120,222</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	(106,332)	108,689	2,357
31	Illinois Income Tax Expense	<u>(10,102)</u>	<u>10,102</u>	<u>-</u>
32	Net Op Inc before Fed Inc Tax	(96,230)	98,587	2,357
33	Federal Income Tax Expense	<u>(27,257)</u>	<u>27,257</u>	<u>-</u>
34	Total Imputed Income Tax Expense	<u>(37,359)</u>	<u>37,359</u>	<u>-</u>
35	Gross Revenue Conversion Factor	<u>1.5416</u>	<u>(0.5416)</u>	<u>1.0000</u>

Source:

Viola Home Telephone Company Exhibit A, Schedule A.01

Viola Home Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to S-Corporation Income Taxes

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ -	Staff Ex. 5.0
2	State Income Taxes per Company	<u>(10,102)</u>	Co. Schedule A.01
3	Difference-Staff Adjustment	<u>\$ 10,102</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ -	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>(27,257)</u>	Co. Sch. 1.01 (as revised 3/23/12)
6	Difference-Staff Adjustment	<u>\$ 27,257</u>	Line 4 minus line 5
<u>Accumulated Deferred Income Taxes</u>			
7	Accumulated Deferred Income Taxes per Staff	\$ -	Staff Ex. 5.0
8	Accumulated Deferred Income Taxes per Company	<u>108,689</u>	Co. Schedule A.01
9	Difference-Staff Adjustment	<u>\$ (108,689)</u>	Line 7 minus line 8
<u>GCRF</u>			
10	Gross Revenue Conversion Factor per Staff	1.0000	Staff Ex. 5.0
11	Gross Revenue Conversion Factor per Company	<u>1.5416</u>	Co. Sch. 1.01 (as revised 3/23/12)
12	Difference-Staff Adjustment	<u>-0.5416</u>	Line 10 minus line 11
<u>Revenues</u>			
13	Revenues Associated with ADIT per Staff	\$ -	Staff Ex. 5.0
14	Revenues Associated with ADIT per Company	<u>(108,689)</u>	Line 9
15	Difference-Staff Adjustment	<u>\$ 108,689</u>	Line 13 minus line 14

Viola Home Telephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement
Adjustment to Operating Expense

<u>Line</u> <u>No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)
1	Operating Expense per Staff	\$ 1,700
2	Operating Expense per Company	<u>5,078</u>
3	Difference-Staff Adjustment	<u><u>\$ (3,378)</u></u>

Sources:

Line 1: Staff Exhibit 6.0

Line 2: Co. Exhibit 2.0 (individual amounts presented total \$5,078, not \$4,878.)

Line 3: Line 1 minus line 2

Wabash Telephone Cooperative
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 11,898,052	\$ -	\$ 11,898,052
2	Materials and Supplies Inventory	384,764	-	384,764
3	Customer Deposits	13,990	-	13,990
4	ADIT - Regulated Plant	-	-	-
5	Rate Base before Working Capital	12,268,826	-	12,268,826
6	Working Capital Requirement			
7	Total Operating Expenses	5,687,683	-	5,687,683
8	Less: Depreciation Expense	<u>1,886,630</u>	<u>-</u>	<u>1,886,630</u>
9	Total WC Operating Expense	<u>3,801,053</u>	<u>-</u>	<u>3,801,053</u>
10	WC OE Requirement	475,132	-	475,132
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>475,132</u>	<u>-</u>	<u>475,132</u>
13	Total Rate Base	<u>12,743,958</u>	<u>-</u>	<u>12,743,958</u>
14	Total Operating Revenues	5,799,285	-	5,799,285
15	Less: Illinois High Cost Fund	<u>711,204</u>	<u>-</u>	<u>711,204</u>
16	Net Operating Revenues	5,088,081	-	5,088,081
17	Total Operating Expenses	5,687,683	-	5,687,683
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>38,698</u>	<u>-</u>	<u>38,698</u>
20	Net Op Inc before Income Taxes	(638,300)	-	(638,300)
21	Income Tax Expense	-	-	-
22	Net Operating Income	<u>(638,300)</u>	<u>-</u>	<u>(638,300)</u>
23	Return on Rate Base	<u>-5.01%</u>	<u>0.00%</u>	<u>-5.01%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>1,190,286</u>	<u>-</u>	<u>1,190,286</u>
26	Adj to Achieve Target Return on RB	1,828,586	-	1,828,586
27	Gross Revenue Conversion Factor	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
28	Staff ROR Deficiency	<u>1,828,586</u>	<u>-</u>	<u>1,828,586</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	(638,300)	-	(638,300)
31	Illinois Income Tax Expense	-	-	-
32	Net Op Inc before Fed Inc Tax	(638,300)	-	(638,300)
33	Federal Income Tax Expense	-	-	-
34	Total Imputed Income Tax Expense	-	-	-
35	Gross Revenue Conversion Factor	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

Woodhull Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 1,951,462	\$ -	\$ 1,951,462
2	Materials and Supplies Inventory	24,901	-	24,901
3	Customer Deposits	-	-	-
4	ADIT - Regulated Plant	<u>106,260</u>	<u>(106,260)</u>	<u>-</u>
5	Rate Base before Working Capital	1,870,103	106,260	1,976,363
6	Working Capital Requirement			
7	Total Operating Expenses	751,661	-	751,661
8	Less: Depreciation Expense	<u>169,069</u>	<u>-</u>	<u>169,069</u>
9	Total WC Operating Expense	<u>582,592</u>	<u>-</u>	<u>582,592</u>
10	WC OE Requirement	72,824	-	72,824
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>72,824</u>	<u>-</u>	<u>72,824</u>
13	Total Rate Base	<u>1,942,927</u>	<u>106,260</u>	<u>2,049,187</u>
14	Total Operating Revenues	857,123	106,260	963,383
15	Less: Illinois High Cost Fund	<u>51,614</u>	<u>-</u>	<u>51,614</u>
16	Net Operating Revenues	805,509	106,260	911,769
17	Total Operating Expenses	751,661	-	751,661
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>6,310</u>	<u>-</u>	<u>6,310</u>
20	Net Op Inc before Income Taxes	47,538	106,260	153,798
21	Income Tax Expense	<u>18,626</u>	<u>(18,626)</u>	<u>-</u>
22	Net Operating Income	<u>28,912</u>	<u>124,886</u>	<u>153,798</u>
23	Return on Rate Base	<u>1.49%</u>	<u>0.00%</u>	<u>7.51%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>181,469</u>	<u>9,925</u>	<u>191,394</u>
26	Adj to Achieve Target Return on RB	152,557	(114,961)	37,596
27	Gross Revenue Conversion Factor	<u>1.6442</u>	<u>(0.6442)</u>	<u>1.0000</u>
28	Staff ROR Deficiency	<u>250,840</u>		<u>37,597</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	47,538	106,260	153,798
31	Illinois Income Tax Expense	<u>4,516</u>	<u>(4,516)</u>	<u>-</u>
32	Net Op Inc before Fed Inc Tax	43,022	110,776	153,798
33	Federal Income Tax Expense	<u>14,110</u>	<u>(14,110)</u>	<u>-</u>
34	Total Imputed Income Tax Expense	<u>18,626</u>	<u>(18,626)</u>	<u>-</u>
35	Gross Revenue Conversion Factor	<u>1.6442</u>	<u>(0.6442)</u>	<u>1.0000</u>

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

Woodhull Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to S-Corporation Income Taxes

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ -	Staff Ex. 5.0
2	State Income Taxes per Company	<u>4,516</u>	Co. Schedule A.01
3	Difference-Staff Adjustment	<u>\$ (4,516)</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ -	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>14,110</u>	Co. Sch. 1.01 (as revised 3/23/12)
6	Difference-Staff Adjustment	<u>\$ (14,110)</u>	Line 4 minus line 5
<u>Accumulated Deferred Income Taxes</u>			
7	Accumulated Deferred Income Taxes per Staff	\$ -	Staff Ex. 5.0
8	Accumulated Deferred Income Taxes per Company	<u>106,260</u>	Co. Schedule A.01
9	Difference-Staff Adjustment	<u>\$ (106,260)</u>	Line 7 minus line 8
<u>GCRF</u>			
10	Gross Revenue Conversion Factor per Staff	1.0000	Staff Ex. 5.0
11	Gross Revenue Conversion Factor per Company	<u>1.6442</u>	Co. Sch. 1.01 (as revised 3/23/12)
12	Difference-Staff Adjustment	<u>\$ (0.6442)</u>	Line 10 minus line 11
<u>Revenues</u>			
13	Revenues Associated with ADIT per Staff	\$ -	Staff Ex. 5.0
14	Revenues Associated with ADIT per Company	<u>(106,260)</u>	Line 9
15	Difference-Staff Adjustment	<u>\$ 106,260</u>	Line 13 minus line 14

Frontier Communications - Illinois
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 10,397,000	\$ -	\$ 10,397,000
2	Materials and Supplies Inventory	-	-	-
3	Customer Deposits	-	-	-
4	ADIT - Regulated Plant	<u>774,881</u>	-	<u>774,881</u>
5	Rate Base before Working Capital	9,622,119	-	9,622,119
6	Working Capital Requirement			
7	Total Operating Expenses	2,356,911	-	2,356,911
8	Less: Depreciation Expense	<u>1,068,094</u>	-	<u>1,068,094</u>
9	Total WC Operating Expense	<u>1,288,817</u>	-	<u>1,288,817</u>
10	WC OE Requirement	161,102	-	161,102
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>161,102</u>	-	<u>161,102</u>
13	Total Rate Base	<u>9,783,221</u>	-	<u>9,783,221</u>
14	Total Operating Revenues	2,821,737	-	2,821,737
15	Less: Illinois High Cost Fund	<u>11,316</u>	-	<u>11,316</u>
16	Net Operating Revenues	2,810,421	-	2,810,421
17	Total Operating Expenses	2,356,911	-	2,356,911
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>40,272</u>	-	<u>40,272</u>
20	Net Op Inc before Income Taxes	413,238	-	413,238
21	Income Tax Expense	<u>160,410</u>	6,001	<u>166,411</u>
22	Net Operating Income	<u>252,828</u>	(6,001)	<u>246,827</u>
23	Return on Rate Base	<u>2.58%</u>	<u>0.00%</u>	<u>2.52%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>913,753</u>	-	<u>913,753</u>
26	Adj to Achieve Target Return on RB	660,925	6,001	666,926
27	Gross Revenue Conversion Factor	<u>1.6345</u>	<u>0.0397</u>	<u>1.6742</u>
28	Staff-calculated ROR Deficiency ¹	<u>1,080,282</u>		<u>1,116,567</u>
28a	Staff ROR Deficiency at Requested Amounts by Frontier			<u>182,494</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	413,238	-	413,238
31	Illinois Income Tax Expense	<u>30,166</u>	<u>9,092</u>	<u>39,258</u>
32	Net Op Inc before Fed Inc Tax	383,072	(9,092)	373,980
33	Federal Income Tax Expense	<u>130,244</u>	<u>(3,091)</u>	<u>127,153</u>
34	Total Imputed Income Tax Expense	<u>160,410</u>	<u>6,001</u>	<u>166,411</u>
35	Gross Revenue Conversion Factor	<u>1.6345</u>	<u>0.0397</u>	<u>1.6742</u>

Sources:

Column (b): Company Exhibit 2.03, column labeled "Adjusted Amount"

Note¹ Frontier Companies' 2009 Schedule 1.01 supports a higher level of funding than it requested. Frontier Companies' requested funding level is included in the total Staff ROR funding requirement

FC Illinois
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to State Income Tax Rate

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ 39,258	Staff Ex. 5.0
2	State Income Taxes per Company	<u>30,166</u>	Co. Schedule 2.03
3	Difference-Staff Adjustment	<u>\$ 9,092</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ 127,153	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>130,244</u>	Co. Schedule 2.03
6	Difference-Staff Adjustment	<u>\$ (3,091)</u>	Line 4 minus line 5
<u>GCRF</u>			
10	Gross Revenue Conversion Factor per Staff	\$ 1.6742	Staff Ex. 5.0
11	Gross Revenue Conversion Factor per Company	<u>1.6345</u>	Co. Schedule 2.03
12	Difference-Staff Adjustment	<u>\$ 0.0397</u>	Line 10 minus line 11

Frontier Communications - Midland, Inc.
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 8,894,605	\$ -	\$ 8,894,605
2	Materials and Supplies Inventory	-	-	-
3	Customer Deposits	-	-	-
4	ADIT - Regulated Plant	<u>644,023</u>	-	<u>644,023</u>
5	Rate Base before Working Capital	8,250,582	-	8,250,582
6	Working Capital Requirement			
7	Total Operating Expenses	2,604,250	-	2,604,250
8	Less: Depreciation Expense	<u>1,115,656</u>	-	<u>1,115,656</u>
9	Total WC Operating Expense	<u>1,488,594</u>	-	<u>1,488,594</u>
10	WC OE Requirement	186,074	-	186,074
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>186,074</u>	-	<u>186,074</u>
13	Total Rate Base	<u>8,436,656</u>	-	<u>8,436,656</u>
14	Total Operating Revenues	3,476,116	-	3,476,116
15	Less: Illinois High Cost Fund	<u>329,056</u>	-	<u>329,056</u>
16	Net Operating Revenues	3,147,060	-	3,147,060
17	Total Operating Expenses	2,604,250	-	2,604,250
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>46,261</u>	-	<u>46,261</u>
20	Net Op Inc before Income Taxes	496,549	-	496,549
21	Income Tax Expense	<u>192,750</u>	<u>7,210</u>	<u>199,960</u>
22	Net Operating Income	<u>303,799</u>	<u>(7,210)</u>	<u>296,589</u>
23	Return on Rate Base	<u>3.60%</u>	<u>0.00%</u>	<u>3.52%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>787,984</u>	-	<u>787,984</u>
26	Adj to Achieve Target Return on RB	484,185	7,210	491,395
27	Gross Revenue Conversion Factor	<u>1.6345</u>	<u>0.0397</u>	<u>1.6345</u>
28	Staff ROR Deficiency	<u>791,400</u>	-	<u>803,185</u>
28a	Staff ROR Deficiency at Requested Amounts by Frontier			<u>160,596</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	496,549	-	496,549
31	Illinois Income Tax Expense	<u>36,248</u>	<u>10,924</u>	<u>47,172</u>
32	Net Op Inc before Fed Inc Tax	460,301	(10,924)	449,377
33	Federal Income Tax Expense	<u>156,502</u>	<u>(3,714)</u>	<u>152,788</u>
34	Total Imputed Income Tax Expense	<u>192,750</u>	<u>7,210</u>	<u>199,960</u>
35	Gross Revenue Conversion Factor	<u>1.6345</u>	<u>0.0397</u>	<u>1.6345</u>

Sources:

Column (b): Company Exhibit 1.01 (as Revised 3/23/12), column labeled "Adjusted Amount"

FC Midland
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to State Income Tax Rate

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ 47,172	Staff Ex. 5.0
2	State Income Taxes per Company	<u>36,248</u>	Co. Schedule 2.03
3	Difference-Staff Adjustment	<u>\$ 10,924</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ 152,788	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>156,502</u>	Co. Schedule 2.03
6	Difference-Staff Adjustment	<u>\$ (3,714)</u>	Line 4 minus line 5
<u>GCRF</u>			
7	Gross Revenue Conversion Factor per Staff	\$ 1.6742	Staff Ex. 5.0
8	Gross Revenue Conversion Factor per Company	<u>1.6345</u>	Co. Schedule 2.03
9	Difference-Staff Adjustment	<u>\$ 0.0397</u>	Line 7 minus line 8

Frontier Communications - Lakeside
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
(a)	(b)	(c)	(d)	
1	Net Regulated Plant	\$ 1,054,000	\$ -	\$ 1,054,000
2	Materials and Supplies Inventory	-	-	-
3	Customer Deposits	-	-	-
4	ADIT - Regulated Plant	113,097	-	113,097
5	Rate Base before Working Capital	940,903	-	940,903
6	Working Capital Requirement			
7	Total Operating Expenses	364,279	-	364,279
8	Less: Depreciation Expense	150,593	-	150,593
9	Total WC Operating Expense	213,686	-	213,686
10	WC OE Requirement	26,711	-	26,711
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	26,711	-	26,711
13	Total Rate Base	967,614	-	967,614
14	Total Operating Revenues	473,034	-	473,034
15	Less: Illinois High Cost Fund	-	-	-
16	Net Operating Revenues	473,034	-	473,034
17	Total Operating Expenses	364,279	-	364,279
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	3,615	-	3,615
20	Net Op Inc before Income Taxes	105,140	-	105,140
21	Income Tax Expense	40,813	1,527	42,340
22	Net Operating Income	64,327	(1,527)	62,800
23	Return on Rate Base	6.65%	0.00%	6.49%
24	After-tax Cost of Capital	9.34%	9.34%	9.34%
25	Target Net Operating Income	90,375	-	90,375
26	Adj to Achieve Target Return on RB	26,048	1,527	27,575
27	Gross Revenue Conversion Factor	1.6345	0.0397	1.6742
28	Staff ROR Deficiency	42,576		46,166
28a	Staff ROR Deficiency at Requested Amounts by Frontier			10,403
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	105,140	-	105,140
31	Illinois Income Tax Expense	7,675	2,313	9,989
32	Net Op Inc before Fed Inc Tax	97,465	(2,313)	95,151
33	Federal Income Tax Expense	33,138	(786)	32,352
34	Total Imputed Income Tax Expense	40,813	1,527	42,340
35	Gross Revenue Conversion Factor	1.6345	0.0397	1.6742

Sources:

Column (b): Company Exhibit 2.03, column labeled "Adjusted Amount"

FC Lakeside
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to State Income Tax Rate

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ 9,988	Staff Ex. 5.0
2	State Income Taxes per Company	<u>7,675</u>	Co. Schedule 2.03
3	Difference-Staff Adjustment	<u>\$ 2,313</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ 32,352	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>33,138</u>	Co. Schedule 2.03
6	Difference-Staff Adjustment	<u>\$ (786)</u>	Line 4 minus line 5
<u>GCRF</u>			
7	Gross Revenue Conversion Factor per Staff	\$ 1.6742	Staff Ex. 5.0
8	Gross Revenue Conversion Factor per Company	<u>1.6345</u>	Co. Schedule 2.03
9	Difference-Staff Adjustment	<u>\$ 0.0397</u>	Line 7 minus line 8

Frontier Communications - Mt Pulaski
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 5,928,000	\$ -	\$ 5,928,000
2	Materials and Supplies Inventory	-	-	-
3	Customer Deposits	-	-	-
4	ADIT - Regulated Plant	<u>212,813</u>	-	<u>212,813</u>
5	Rate Base before Working Capital	5,715,187	-	5,715,187
6	Working Capital Requirement			
7	Total Operating Expenses	1,060,106	-	1,060,106
8	Less: Depreciation Expense	<u>535,959</u>	-	<u>535,959</u>
9	Total WC Operating Expense	<u>524,147</u>	-	<u>524,147</u>
10	WC OE Requirement	65,518	-	65,518
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>65,518</u>	-	<u>65,518</u>
13	Total Rate Base	<u>5,780,705</u>	-	<u>5,780,705</u>
14	Total Operating Revenues	1,152,908	-	1,152,908
15	Less: Illinois High Cost Fund	<u>-</u>	-	<u>-</u>
16	Net Operating Revenues	1,152,908	-	1,152,908
17	Total Operating Expenses	1,060,106	-	1,060,106
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>17,613</u>	-	<u>17,613</u>
20	Net Op Inc before Income Taxes	75,189	-	75,189
21	Income Tax Expense	<u>29,187</u>	<u>1,092</u>	<u>30,279</u>
22	Net Operating Income	<u>46,002</u>	<u>(1,092)</u>	<u>44,910</u>
23	Return on Rate Base	<u>0.80%</u>	<u>0.00%</u>	<u>0.78%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>539,918</u>	-	<u>539,918</u>
26	Adj to Achieve Target Return on RB	493,916	1,092	495,007
27	Gross Revenue Conversion Factor	<u>1.6345</u>	<u>0.0397</u>	<u>1.6345</u>
28	Staff ROR Deficiency	<u>807,306</u>	<u>43</u>	<u>809,090</u>
28a	Staff ROR Deficiency at Requested Amounts by Frontier Companies			<u>121,793</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	75,189	-	75,189
31	Illinois Income Tax Expense	<u>5,489</u>	<u>1,654</u>	<u>7,143</u>
32	Net Op Inc before Fed Inc Tax	69,700	(1,654)	68,046
33	Federal Income Tax Expense	<u>23,698</u>	<u>(562)</u>	<u>23,136</u>
34	Total Imputed Income Tax Expense	<u>29,187</u>	<u>1,092</u>	<u>30,278</u>
35	Gross Revenue Conversion Factor	<u>1.6345</u>	<u>0.0397</u>	<u>1.6345</u>

Sources:

Column (b): Company Exhibit 2.03, column labeled "Adjusted Amount"

FC Mt Pulaski
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to State Income Tax Rate

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ 7,143	Staff Ex. 5.0
2	State Income Taxes per Company	<u>5,489</u>	Co. Schedule 2.03
3	Difference-Staff Adjustment	<u>\$ 1,654</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ 23,136	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>23,698</u>	Co. Schedule 2.03
6	Difference-Staff Adjustment	<u>\$ (562)</u>	Line 4 minus line 5
<u>GCRF</u>			
7	Gross Revenue Conversion Factor per Staff	\$ 1.6742	Staff Ex. 5.0
8	Gross Revenue Conversion Factor per Company	<u>1.6345</u>	Co. Schedule 2.03
9	Difference-Staff Adjustment	<u>\$ 0.0397</u>	Line 7 minus line 8

Frontier Communications - Schuyler
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 6,057,000	\$ -	\$ 6,057,000
2	Materials and Supplies Inventory	-	-	-
3	Customer Deposits	-	-	-
4	ADIT - Regulated Plant	<u>1,243,371</u>	-	<u>1,243,371</u>
5	Rate Base before Working Capital	4,813,629	-	4,813,629
6	Working Capital Requirement			
7	Total Operating Expenses	1,400,955	-	1,400,955
8	Less: Depreciation Expense	<u>635,403</u>	-	<u>635,403</u>
9	Total WC Operating Expense	<u>765,552</u>	-	<u>765,552</u>
10	WC OE Requirement	95,694	-	95,694
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>95,694</u>	-	<u>95,694</u>
13	Total Rate Base	<u>4,909,323</u>	-	<u>4,909,323</u>
14	Total Operating Revenues	1,938,031	-	1,938,031
15	Less: Illinois High Cost Fund	<u>152,652</u>	-	<u>152,652</u>
16	Net Operating Revenues	1,785,379	-	1,785,379
17	Total Operating Expenses	1,400,955	-	1,400,955
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>15,379</u>	-	<u>15,379</u>
20	Net Op Inc before Income Taxes	369,045	-	369,045
21	Income Tax Expense	<u>143,256</u>	<u>5,359</u>	<u>148,615</u>
22	Net Operating Income	<u>225,789</u>	<u>(5,359)</u>	<u>220,430</u>
23	Return on Rate Base	<u>4.60%</u>	<u>0.00%</u>	<u>4.49%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>458,531</u>	-	<u>458,531</u>
26	Adj to Achieve Target Return on RB	232,742	5,359	238,100
27	Gross Revenue Conversion Factor	<u>1.6345</u>	<u>0.0397</u>	<u>1.6345</u>
28	Staff ROR Deficiency	<u>380,416</u>	<u>213</u>	<u>389,175</u>
28a	Staff ROR Deficiency at Requested Amounts by Frontier			<u>71,517</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	369,045	-	369,045
31	Illinois Income Tax Expense	<u>26,940</u>	<u>8,119</u>	<u>35,060</u>
32	Net Op Inc before Fed Inc Tax	342,105	(8,119)	333,985
33	Federal Income Tax Expense	<u>116,316</u>	<u>(2,761)</u>	<u>113,555</u>
34	Total Imputed Income Tax Expense	<u>143,256</u>	<u>5,359</u>	<u>148,615</u>
35	Gross Revenue Conversion Factor	<u>1.6345</u>	<u>0.0397</u>	<u>1.6345</u>

Sources:

Column (b): Company Exhibit 2.03, column labeled "Adjusted Amount"

FC Schuyler
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to State Income Tax Rate

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ 35,059	Staff Ex. 5.0
2	State Income Taxes per Company	<u>26,940</u>	Co. Schedule 2.03
3	Difference-Staff Adjustment	<u>\$ 8,119</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ 113,555	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>116,316</u>	Co. Schedule 2.03
6	Difference-Staff Adjustment	<u>\$ (2,761)</u>	Line 4 minus line 5
<u>GCRF</u>			
7	Gross Revenue Conversion Factor per Staff	\$ 1.6742	Staff Ex. 5.0
8	Gross Revenue Conversion Factor per Company	<u>1.6345</u>	Co. Schedule 2.03
9	Difference-Staff Adjustment	<u>\$ 0.0397</u>	Line 7 minus line 8

Frontier Communications - Orion
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line No.</u>	<u>Description</u>	<u>2009 Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Amount</u>
	(a)	(b)	(c)	(d)
1	Net Regulated Plant	\$ 2,148,000	\$ -	\$ 2,148,000
2	Materials and Supplies Inventory	-	-	-
3	Customer Deposits	-	-	-
4	ADIT - Regulated Plant	<u>162,942</u>	-	<u>162,942</u>
5	Rate Base before Working Capital	1,985,058	-	1,985,058
6	Working Capital Requirement			
7	Total Operating Expenses	824,302	-	824,302
8	Less: Depreciation Expense	<u>260,430</u>	-	<u>260,430</u>
9	Total WC Operating Expense	<u>563,872</u>	-	<u>563,872</u>
10	WC OE Requirement	70,484	-	70,484
11	Commission-Ordered Cash Balance Requirement	-	-	-
12	Total Working Capital Requirement	<u>70,484</u>	-	<u>70,484</u>
13	Total Rate Base	<u>2,055,542</u>	-	<u>2,055,542</u>
14	Total Operating Revenues	886,030	-	886,030
15	Less: Illinois High Cost Fund	<u>-</u>	-	<u>-</u>
16	Net Operating Revenues	886,030	-	886,030
17	Total Operating Expenses	824,302	-	824,302
18	Other Operating Inc and Exp - Net	-	-	-
19	Other Operating Taxes	<u>10,965</u>	-	<u>10,965</u>
20	Net Op Inc before Income Taxes	50,763	-	50,763
21	Income Tax Expense	<u>19,705</u>	<u>737</u>	<u>20,442</u>
22	Net Operating Income	<u>31,058</u>	<u>(737)</u>	<u>30,321</u>
23	Return on Rate Base	<u>1.51%</u>	<u>0.00%</u>	<u>1.48%</u>
24	After-tax Cost of Capital	<u>9.34%</u>	<u>9.34%</u>	<u>9.34%</u>
25	Target Net Operating Income	<u>191,988</u>	-	<u>191,988</u>
26	Adj to Achieve Target Return on RB	160,930	737	161,667
27	Gross Revenue Conversion Factor	<u>1.6345</u>	<u>0.0397</u>	<u>1.6345</u>
28	Staff ROR Deficiency	<u>263,039</u>	<u>29</u>	<u>264,245</u>
28a	Staff ROR Deficiency at Requested Amounts by Frontier Companies			<u>40,230</u>
29	Calculation of Income Tax Expense			
30	Net Op Inc before Inc Taxes	50,763	-	50,763
31	Illinois Income Tax Expense	<u>3,706</u>	<u>1,116</u>	<u>4,822</u>
32	Net Op Inc before Fed Inc Tax	47,057	(1,116)	45,941
33	Federal Income Tax Expense	<u>15,999</u>	<u>(379)</u>	<u>15,620</u>
34	Total Imputed Income Tax Expense	<u>19,705</u>	<u>737</u>	<u>20,442</u>
35	Gross Revenue Conversion Factor	<u>1.6345</u>	<u>0.0397</u>	<u>1.6345</u>

Sources:

Column (b): Company Exhibit 2.03, column labeled "Adjusted Amount"

FC Orion
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement
 Adjustment to State Income Tax Rate

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
<u>State Income Taxes</u>			
1	State Income Taxes per Staff	\$ 4,822	Staff Ex. 5.0
2	State Income Taxes per Company	<u>3,706</u>	Co. Schedule 2.03
3	Difference-Staff Adjustment	<u>\$ 1,116</u>	Line 1 minus line 2
<u>Federal Income Taxes</u>			
4	Federal Income Taxes per Staff	\$ 15,620	Staff Ex. 5.0
5	Federal Income Taxes per Company	<u>15,999</u>	Co. Schedule 2.03
6	Difference-Staff Adjustment	<u>\$ (379)</u>	Line 4 minus line 5
<u>GCRF</u>			
7	Gross Revenue Conversion Factor per Staff	\$ 1.6742	Staff Ex. 5.0
8	Gross Revenue Conversion Factor per Company	<u>1.6345</u>	Co. Schedule 2.03
9	Difference-Staff Adjustment	<u>\$ 0.0397</u>	Line 7 minus line 8