

**Adams Telephone Co-Operative**  
**Illinois Universal Service Funding Calculation**  
Based upon ICC Form 23A Report Data for December 31, 2009

<u>Line #</u>	<u>Description</u>	<u>Source</u>	<u>Amount</u>	<u>Adjustment*</u>	<u>Adjusted Amount</u>
1	Net Regulated Plant	Form 23A, P 8, Net Plant	\$ 5,430,169	\$ 10,314,700	\$ 15,744,869
2	Materials and Supplies Inventory	Page 2, 13-Month Average	601,462		601,462
3	Customer Deposits	Form 23A, P 8, 4040	77,905	-	77,905
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	-	-	-
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			16,268,427
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 11, Total	5,109,125	399,720	5,508,846
8	Less: Depreciation Expense	Form 23A, P 11, 6560	1,085,033	399,720	1,484,753
9	Total WC Operating Expense	line 7 - line 8	4,024,092	-	4,024,092
10	WC OE Requirement	line 9 * 45 / 360			503,012
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			503,012
13	Total Rate Base	line 5 + line 12			16,771,439
14	Total Operating Revenues	Form 23A, P 9, Total	5,694,539	425,323	6,119,862
15	Less: Illinois Universal Service Fund	Page 3, Line 4	-	-	-
16	Net Operating Revenues	line 14 - line 15	5,694,539	425,323	6,119,862
17	Total Operating Expenses	Form 23A, P 11, Total	5,109,125	399,720	5,508,846
18	Other Operating Inc and Exp - Net	Form 23A, P 12, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 12, 7240	35,279	-	35,279
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	550,134	25,602	575,737
21	Income Tax Expense	line 34			-
22	Net Operating Income	line 20 - line 21			575,737
23	Return on Rate Base	line 22 / line 13			3.43%
24	After-tax Cost of Capital				9.34%
25	Target Net Operating Income	line 24 * line 13			1,566,452
26	Adj to Achieve Target Return on RB	line 25 - line 22			990,715
27	Gross Revenue Conversion Factor	line 35			1.0000
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			990,715
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			575,737
31	Illinois Inc & Rep Tax Expense	line 30 * 7.30%			-
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			575,737
33	Federal Income Tax Expense	line 32 * 34.00%			-
34	Total Imputed Income Tax Expense	line 31 + line 33			-
35	Gross Revenue Conversion Factor	1/((1 - 0)*(1 - 0))			1.0000

\* Provide detail on Page 4 for all adjustments.

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Material & Supplies Worksheet and Other Information

<u>Line #</u>		
1	December-08	\$570,013
2	January-09	\$553,633
3	February-09	\$570,561
4	March-09	\$583,995
5	April-09	\$572,443
6	May-09	\$609,622
7	June-09	\$610,738
8	July-09	\$607,522
9	August-09	\$629,433
10	September-09	\$639,331
11	October-09	\$617,838
12	November-09	\$616,169
13	December-09	\$637,713
14	13 Month Average	\$601,462

Sale/Lease Back Arrangement

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

Lease Agreement with Affiliates

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

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

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

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 Operating Revenues By Category

<u>Line #</u>		<u>Source</u>	<u>Amount</u>
1	Local Revenues	Form 23A, P 9, Total Local Network Service Revenues	\$ 588,987
2	State Subscriber Line Charges	Trial Balance 12/31/09	\$ 387,186
3	State Access Revenues	Trial Balance 12/31/09	\$ 1,409,310
4	State Universal Service Support	Trial Balance 12/31/09	\$ -
5	State Special Access Revenues	Trial Balance 12/31/09	\$ 453,658
6	Total State Access & Local Revenues	Sum (Ln 1 - 5)	\$ 2,839,142
7	Federal Subscriber Lines Charges	Trial Balance 12/31/09	\$ 390,530
8	Federal Access Revenues	Trial Balance 12/31/09	\$ 1,058,413
9	Federal High Cost Loop Support	Trial Balance 12/31/09	\$ 408,503
10	Federal Special Access Revenues	Trial Balance 12/31/09	\$ 719,727
11	Total Federal Access Revenues	Sum (Ln 7 - 10)	\$ 2,577,173
12	Misc Revenues	Trial Balance 12/31/09	\$ 278,224
13	Total Operating Revenues	Ln 6 + Ln 11 + Ln 12	\$ 5,694,539

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 Description of Adjustments

Description of Adjustment	Debit	Credit
<u>Rate Base Adjustments</u>		
<b>Regulated Plant Investment (2010 &amp; 2011)</b>	<b>\$ 10,845,941</b>	
<b>Accumulated Depreciation</b>	<b>\$ 531,241</b>	
<b>Net Plant Investment</b>	<b>\$ 10,314,700</b>	
Plant facility upgrades		
<u>Revenue Adjustments</u>		
<b>2009 High Cost Loop Support Received in 2011</b>		<b>\$ 546,828.00</b>
<b>High Cost Loop Support booked in 2009</b>	<b>\$ 408,503.00</b>	
<b>Additional Settlements &amp; USF High Cost Support</b>		<b>\$ 620,610</b>
(2011 settlements based on converting to cost and additional USF beginning 2013)		
<b>Local Rate Annualization Adjustment</b>		<b>\$ 7,385.85</b>
Residential Access Lines @ affordable rate	\$ 757,529.28	
Business Access Lines @ affordable rate	\$ 140,201.64	
Subtotal	<u>\$ 897,730.92</u>	
Residential Access Lines @ 2009 rate	\$ 749,849.90	
Business Access Lines @ 2009 rate	\$ 140,495.17	
Subtotal	<u>\$ 890,345.07</u>	
Difference	<u><u>\$ 7,385.85</u></u>	
State Access Rate reduction	<b>\$ 340,998</b>	
<u>Expense Adjustments</u>		
<b>Depreciation of new Plant Investments</b>	<b>\$ 399,720.36</b>	

Note: Carry all adjustments forward to Page 1