

Cass Telephone Company
 Provisional Illinois Universal Service Calculation
 Assuming No Income Tax Allowance For Subchapter S Company
 Based upon ICC Form 23A Report Data for December 31, 2009

| Line # | Description | Source | Amount | Adjustment* | Adjusted Amount |
|--------|---|-----------------------------------|--------------|-------------|-----------------|
| 1 | Net Regulated Plant | Form 23A, P 8, Net Plant | \$ 1,612,629 | \$ - | \$ 1,612,629 |
| 2 | Materials and Supplies Inventory | Page 2, 13-Month Average | 32,863 | | 32,863 |
| 3 | Customer Deposits | Form 23A, P 8, 4040 | 2,550 | - | 2,550 |
| 4 | ADIT - Regulated Plant | Form 23A, P 8, 4100 + 4340 | - | | - |
| 5 | Rate Base before Working Capital | line 1 + line 2 - line 3 - line 4 | | | 1,642,942 |
| 6 | Working Capital Requirement | | | | |
| 7 | Total Operating Expenses | Form 23A, P 11, Total | 2,981,026 | - | 2,981,026 |
| 8 | Less: Depreciation Expense | Form 23A, P 11, 6560 | 305,931 | - | 305,931 |
| 9 | Total WC Operating Expense | line 7 - line 8 | 2,675,095 | - | 2,675,095 |
| 10 | WC OE Requirement | line 9 * 45 / 360 | | | 334,387 |
| 11 | Commission-Ordered Cash Balance Requirement | | - | - | - |
| 12 | Total Working Capital Requirement | line 10 + line 11 | | | 334,387 |
| 13 | Total Rate Base | line 5 + line 12 | | | 1,977,329 |
| 14 | Total Operating Revenues | Form 23A, P 9, Total | 3,267,818 | (98,718) | 3,169,100 |
| 15 | Less: Illinois Universal Service Fund | Page 3, Line 4 | 538,887 | - | 538,887 |
| 16 | Net Operating Revenues | line 14 - line 15 | 2,728,931 | (98,718) | 2,630,213 |
| 17 | Total Operating Expenses | Form 23A, P 11, Total | 2,981,026 | - | 2,981,026 |
| 18 | Other Operating Inc and Exp - Net | Form 23A, P 12, 7100 | - | - | - |
| 19 | Other Operating Taxes | Form 23A, P 12, 7240 | 10,271 | - | 10,271 |
| 20 | Net Op Inc before Income Taxes | line 16 - lines 17, 18, & 19 | (262,366) | (98,718) | (361,084) |
| 21 | Income Tax Expense | line 34 | | | (5,416) |
| 22 | Net Operating Income | line 20 - line 21 | | | (355,668) |
| 23 | Return on Rate Base | line 22 / line 13 | | | -17.99% |
| 24 | After-tax Cost of Capital | | | | 9.34% |
| 25 | Target Net Operating Income | line 24 * line 13 | | | 184,683 |
| 26 | Adj to Achieve Target Return on RB | line 25 - line 22 | | | 540,351 |
| 27 | Gross Revenue Conversion Factor | line 35 | | | 1.0152 |
| 28 | ROR Funding Deficiency Including Inc Taxes | line 26 * line 27 | | | 548,564 |
| 29 | Calculation of Income Tax Expense | | | | |
| 30 | Net Op Inc before Inc Taxes | line 20 | | | (361,084) |
| 31 | Illinois Inc & Rep Tax Expense | line 30 * 1.50% | | | (5,416) |
| 32 | Net Op Inc before Fed Inc Tax | line 30 - line 31 | | | (355,668) |
| 33 | Federal Income Tax Expense | line 32* 0% | | | - |
| 34 | Total Imputed Income Tax Expense | line 31 + line 33 | | | (5,416) |
| 35 | Gross Revenue Conversion Factor | 1 / ((1 - .0150)*(1- .0)) | | | 1.0152 |

* Provide detail on Page 4 for all adjustments.

Cass Telephone Company
Illinois Universal Service Funding Calculation
Based upon ICC Form 23A Report Data for December 31, 2009
Material & Supplies Worksheet and Other Information

| <u>Line #</u> | | |
|---------------|------------------|----------|
| 1 | December-08 | \$32,863 |
| 2 | January-09 | \$32,863 |
| 3 | February-09 | \$32,863 |
| 4 | March-09 | \$32,863 |
| 5 | April-09 | \$32,863 |
| 6 | May-09 | \$32,863 |
| 7 | June-09 | \$32,863 |
| 8 | July-09 | \$32,863 |
| 9 | August-09 | \$32,863 |
| 10 | September-09 | \$32,863 |
| 11 | October-09 | \$32,863 |
| 12 | November-09 | \$32,863 |
| 13 | December-09 | \$32,863 |
| 14 | 13 Month Average | \$32,863 |

Sale/Lease Back Arrangement

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

Lease Agreement with Affiliates

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

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

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

Cass Telephone Company
 Illinois Universal Service Funding Calculation
 Based upon ICC Form 23A Report Data for December 31, 2009
 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 | \$ 355,123 |
| 2 | State Subscriber Line Charges | Trial Balance 12/31/09 | \$ 326,283 |
| 3 | State Access Revenues | Trial Balance 12/31/09 | \$ 198,800 |
| 4 | State Universal Service Support | Trial Balance 12/31/09 | \$ 538,887 |
| 5 | State Special Access Revenues | Trial Balance 12/31/09 | \$ 127,214 |
| 6 | Total State Access & Local Revenues | Sum (Ln 1 - 5) | <u>\$ 1,546,308</u> |
| 7 | Federal Subscriber Lines Charges | Trial Balance 12/31/09 | \$ 185,408 |
| 8 | Federal Access Revenues | Trial Balance 12/31/09 | \$ 726,840 |
| 9 | Federal High Cost Loop Support | Trial Balance 12/31/09 | \$ 468,342 |
| 10 | Federal Special Access Revenues | Trial Balance 12/31/09 | \$ 245,159 |
| 11 | Total Federal Access Revenues | Sum (Ln 7 - 10) | <u>\$ 1,625,749</u> |
| 12 | Misc Revenues | Trial Balance 12/31/09 | \$ 95,761 |
| 13 | Total Operating Revenues | Ln 6 + Ln 11 + Ln 12 | <u><u>\$ 3,267,818</u></u> |

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Illinois Universal Service Funding Calculation
Based upon ICC Form 23A Report Data for December 31, 2009
Description of Adjustments

| <u>Description of Adjustment</u> | <u>Debit</u> | <u>Credit</u> |
|----------------------------------|--------------|---------------|
| <u>Rate Base Adjustments</u> | | |
| Deferred Income Tax | | \$233,116 |
| | | |
| <u>Revenue Adjustments</u> | | |
| 2009 HCL | \$468,342 | |
| 2011 HCL | | \$369,624 |
| | | |
| | \$98,718 | |
| State Access Reduction | \$0 | |
| | | |
| <u>Expense Adjustments</u> | | |

Note: Carry all adjustments forward to Page 1