

**Laharpe Telephone Company**  
**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	\$ 2,845,597	\$ (4,265)	\$ 2,841,332
2	Materials and Supplies Inventory	Page 2, 13-Month Average	78,016		78,016
3	Customer Deposits	Form 23A, P 8, 4040	225	-	225
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	-	207,476	207,476
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			2,711,647
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 11, Total	1,616,046	(10,397)	1,605,649
8	Less: Depreciation Expense	Form 23A, P 11, 6560	356,581	(927)	355,654
9	Total WC Operating Expense	line 7 - line 8	1,259,465	(9,470)	1,249,995
10	WC OE Requirement	line 9 * 45 / 360			156,249
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			156,249
13	Total Rate Base	line 5 + line 12			2,867,896
14	Total Operating Revenues	Form 23A, P 9, Total	2,058,184	(56,467)	2,001,717
15	Less: Illinois Universal Service Fund	Page 3, Line 4	209,028	-	209,028
16	Net Operating Revenues	line 14 - line 15	1,849,156	(56,467)	1,792,689
17	Total Operating Expenses	Form 23A, P 11, Total	1,616,046	(10,397)	1,605,649
18	Other Operating Inc and Exp - Net	Form 23A, P 12, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 12, 7240	3,987	(10)	3,977
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	229,123	(46,060)	183,063
21	Income Tax Expense	line 34			49,024
22	Net Operating Income	line 20 - line 21			134,039
23	Return on Rate Base	line 22 / line 13			4.67%
24	After-tax Cost of Capital				9.34%
25	Target Net Operating Income	line 24 * line 13			267,862
26	Adj to Achieve Target Return on RB	line 25 - line 22			133,823
27	Gross Revenue Conversion Factor	line 35			1.3657
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			182,762
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			183,063
31	Illinois Inc & Rep Tax Expense	line 30 * 6.50%			11,899
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			171,164
33	Federal Income Tax Expense	line 32* 21.69%			37,125
34	Total Imputed Income Tax Expense	line 31 + line 33			49,024
35	Gross Revenue Conversion Factor	1 / ((1 - .0650)*(1 - .2169))			1.3657

\* Provide detail on Page 4 for all adjustments.

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Material & Supplies Worksheet and Other Information

<u>Line #</u>		
1	December-08	\$77,951
2	January-09	\$77,951
3	February-09	\$77,951
4	March-09	\$77,951
5	April-09	\$77,951
6	May-09	\$77,951
7	June-09	\$77,951
8	July-09	\$77,951
9	August-09	\$77,951
10	September-09	\$77,951
11	October-09	\$77,951
12	November-09	\$77,951
13	December-09	\$78,801
14	13 Month Average	\$78,016

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%

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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	\$ 207,037
2	State Subscriber Line Charges	Trial Balance 12/31/09	\$ 29,077
3	State Access Revenues	Trial Balance 12/31/09	\$ 87,472
4	State Universal Service Support	Trial Balance 12/31/09	\$ 209,028
5	State Special Access Revenues	Trial Balance 12/31/09	\$ 55,005
6	Total State Access & Local Revenues	Sum (Ln 1 - 5)	<u>\$ 587,619</u>
7	Federal Subscriber Lines Charges	Trial Balance 12/31/09	\$ 94,488
8	Federal Access Revenues	Trial Balance 12/31/09	\$ 458,554
9	Federal High Cost Loop Support	Trial Balance 12/31/09	\$ 733,710
10	Federal Special Access Revenues	Trial Balance 12/31/09	\$ 144,542
11	Total Federal Access Revenues	Sum (Ln 7 - 10)	<u>\$ 1,431,294</u>
12	Misc Revenues	Trial Balance 12/31/09	\$ 39,271
13	Total Operating Revenues	Ln 6 + Ln 11 + Ln 12	<u><u>\$ 2,058,184</u></u>

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 Description of Adjustments

Description of Adjustment	Debit	Credit
<u>Rate Base Adjustments</u>		
Part 64 General Support		\$12,449
Part 64 General Support Accumulated Depr	\$8,184	
Deferred Income Tax		\$207,476
<u>Revenue Adjustments</u>		
High Cost Loop 2009	\$719,208	
HCL Safety Net 2009	\$14,758	
High Cost Loop 2011		\$671,652
HCL Safety Net 2011		\$15,708
Local rate vs Affordable rate		\$3,289
Rent Revenue		\$2,700
State Access Rate Reduction	\$15,850	
<u>Expense Adjustments</u>		
Part 64 General Support Expense		\$754
Part 64 GSF Depr Expense	\$	927
Part 64 Customer Service	\$	6,622
Part 64 Corporate Expense	\$	2,074
Part 64 Property Tax	\$	10
		\$10,387

Note: Carry all adjustments forward to Page 1