

Madison 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	\$ 18,228,229	\$ (6,488,276)	\$ 11,739,953
2	Materials and Supplies Inventory	Page 2, 13-Month Average	95,821		95,821
3	Customer Deposits	Form 23A, P 8, 4040	15,084	-	15,084
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	-	617,043	617,043
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			11,203,647
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 11, Total	8,832,037	188,814	9,020,851
8	Less: Depreciation Expense	Form 23A, P 11, 6560	1,533,547	249,530	1,783,077
9	Total WC Operating Expense	line 7 - line 8	7,298,490	(60,716)	7,237,774
10	WC OE Requirement	line 9 * 45 / 360			904,722
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			904,722
13	Total Rate Base	line 5 + line 12			12,108,369
14	Total Operating Revenues	Form 23A, P 9, Total	9,889,180	(1,012,378)	8,876,802
15	Less: Illinois Universal Service Fund	Page 3, Line 4	783,924		783,924
16	Net Operating Revenues	line 14 - line 15	9,105,256	(1,012,378)	8,092,878
17	Total Operating Expenses	Form 23A, P 11, Total	8,832,037	188,814	9,020,851
18	Other Operating Inc and Exp - Net	Form 23A, P 12, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 12, 7240	31,271	-	31,271
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	241,948	(1,201,192)	(959,244)
21	Income Tax Expense	line 34			(304,207)
22	Net Operating Income	line 20 - line 21			(655,037)
23	Return on Rate Base	line 22 / line 13			-5.41%
24	After-tax Cost of Capital				9.34%
25	Target Net Operating Income	line 24 * line 13			1,130,922
26	Adj to Achieve Target Return on RB	line 25 - line 22			1,785,959
27	Gross Revenue Conversion Factor	line 35			1.4644
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			2,615,358
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			(959,244)
31	Illinois Inc & Rep Tax Expense	line 30 * 6.61%			(63,406)
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			(895,838)
33	Federal Income Tax Expense	line 32* 26.88%			(240,801)
34	Total Imputed Income Tax Expense	line 31 + line 33			(304,207)
35	Gross Revenue Conversion Factor	1 / ((1 - .0661)*(1- .2688))			1.4644

* Provide detail on Page 4 for all adjustments.

Madison 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	\$156,696
2	January-09	\$100,511
3	February-09	\$100,511
4	March-09	\$100,511
5	April-09	\$93,094
6	May-09	\$93,094
7	June-09	\$93,094
8	July-09	\$90,944
9	August-09	\$90,944
10	September-09	\$90,944
11	October-09	\$78,443
12	November-09	\$78,443
13	December-09	\$78,443
14	13 Month Average	\$95,821

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%

Madison 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	\$ 1,124,939
2	State Subscriber Line Charges Trial Balance 12/31/09	\$ 222,931
3	State Access Revenues Trial Balance 12/31/09	\$ 2,108,393
4	State Universal Service Support Trial Balance 12/31/09	\$ 783,924
5	State Special Access Revenues Trial Balance 12/31/09	\$ 180,657
6	Total State Access & Local Revenues Sum (Ln 1 - 5)	<u>\$ 4,420,844</u>
7	Federal Subscriber Lines Charges Trial Balance 12/31/09	\$ 437,568
8	Federal Access Revenues Trial Balance 12/31/09	\$ 2,949,881
9	Federal High Cost Loop Support Trial Balance 12/31/09	\$ 1,225,620
10	Federal Special Access Revenues Trial Balance 12/31/09	\$ 733,437
11	Total Federal Access Revenues Sum (Ln 7 - 10)	<u>\$ 5,346,506</u>
12	Misc Revenues Trial Balance 12/31/09	\$ 124,362
13	Total Operating Revenues Ln 6 + Ln 11 + Ln 12	<u><u>\$ 9,891,712</u></u>

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

Description of Adjustment	Debit	Credit
<u>Rate Base Adjustments</u>		
<u>Part 64</u>		
General Support		\$22,291
C&WF		\$436,137
Accumulated Depreciation General Support	\$20,375	
Accumulated Depreciation C&WF	\$214,777	
Deferred Income Tax		\$617,043
Goodwill		\$6,265,000
<u>Revenue Adjustments</u>		
Prior Period adjustment NECA TS		\$0
USF HCL 2009	\$1,225,620	
USF HCL Safety Net (line 8)	\$32,520	
USF HCL 2011		\$951,372
USF HCL Safety Net		\$0
Local Service Rate Urban Rate Imputation for Hamel/Worden/Prairietwon		\$6,126
Local Rate Decrease (Rural Rate)	\$6,553	
Local Rate Increase (Urban Business)		\$2,193
Local Rate Decrease (Rural Business)	\$2,088	
State Access Rate Reduction	\$705,288	
<u>Expense Adjustments</u>		
<u>Part 64</u>		
Network Support Expense		2,184
General Support Expense		3,054
C&WF Expense		43,424
Provisioning		910
Depreciation Expense		19,729
Marketing		4,979
Customer Service		4,150
Executive		2,093
General & Administrative		3,169
Other Operating Taxes		179
TPAA amortization expense	\$ 269,259	
C&WF Lease	3,426	
Note: Carry all adjustments forward to Page 1		83,871