

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

<u>Line#</u>	<u>Description</u>	<u>Company</u> <u>Amount</u>	<u>Staff</u> <u>Adjustment</u>	<u>Staff Adjusted</u> <u>Amount</u>	
(a)	(b)	(c)	(d)	(e)	
1	Net Regulated Plant	\$ 465,723		\$ 465,723	
2	Materials and Supplies Inventory	59,992		59,992	
3	Customer Deposits	-	-	-	
4	ADIT - Regulated Plant	<u>(84,339)</u>	<u>-</u>	<u>(84,339)</u>	
5	Rate Base before Working Capital	610,054	-	610,054	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	1,731,452	(276,872)	1,454,580	
8	Less: Depreciation Expense	<u>175,221</u>		<u>175,221</u>	
9	Total WC Operating Expense	<u>1,556,231</u>	<u>(276,872)</u>	<u>1,279,359</u>	line 7 - line 8
10	WC OE Requirement	194,529	(34,609)	159,920	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Require	<u>-</u>	<u>-</u>	<u>-</u>	
12	Total Working Capital Requirement	<u>194,529</u>	<u>(34,609)</u>	<u>159,920</u>	line 10 + line 11
13	Total Rate Base	<u>804,583</u>	<u>(34,609)</u>	<u>769,974</u>	line 5 + line 12
14	Total Operating Revenues	1,665,901	(115,116)	1,550,785	
15	Less: Illinois High Cost Fund	<u>513,300</u>	<u>-</u>	<u>513,300</u>	
16	Net Operating Revenues	1,152,601	(115,116)	1,037,485	line 14 - line 15
17	Total Operating Expenses	1,731,452	(276,872)	1,454,580	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	<u>1,570</u>	<u>-</u>	<u>1,570</u>	
20	Net Op Inc before Income Taxes	(580,421)	161,756	(418,665)	line 16 - lines 17, 18, & 19
21	Income Tax Expense	<u>(224,848)</u>	<u>62,662</u>	<u>(162,186)</u>	line 34
22	Net Operating Income	<u>(355,573)</u>	<u>99,094</u>	<u>(256,479)</u>	line 20 - line 21
23	Return on Rate Base	<u>-44.19%</u>		<u>-33.31%</u>	line 22 / line 13
24	After-tax Cost of Capital	<u>11.21%</u>	<u>11.21%</u>	<u>11.21%</u>	
25	Target Net Operating Income	<u>90,194</u>	<u>(3,880)</u>	<u>86,314</u>	line 24 * line 13
26	Adj to Achieve Target Return on RB	445,767	(102,974)	342,793	line 25 - line 22
27	Gross Revenue Conversion Factor	<u>1.6324</u>	<u>1.6324</u>	<u>1.6324</u>	line 35
28	Staff ROR Deficiency	<u>727,670</u>	<u>(168,095)</u>	<u>559,575</u>	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	(580,421)	161,756	(418,665)	line 20
31	Illinois Inc & Rep Tax Expense	<u>(41,674)</u>	<u>11,614</u>	<u>(30,060)</u>	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	(538,747)	150,142	(388,605)	line 30 - line 31
33	Federal Income Tax Expense	<u>(183,174)</u>	<u>51,048</u>	<u>(132,126)</u>	line 32 * 34.00%
34	Total Imputed Income Tax Expense	<u>(224,848)</u>	<u>62,662</u>	<u>(162,186)</u>	line 31 + line 33
35	Gross Revenue Conversion Factor	<u>1.6324</u>	<u>1.6324</u>	<u>1.6324</u>	1 / ((1 - .0718) * (1 - .34))

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<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-FTHCF Support	
1	2001 Annualized FTHCF Support	\$ 753,954
2	2000 Total FTHCF Support	869,070
3	Adjustment	<u>\$ (115,116)</u>

Source: ICC Staff Exhibit 7.0, Schedule 7.20, Page 1 of 2

	Affiliated Lease Adjustment	
1	Reduction in Affiliated Lease per Staff	\$ (276,872)
2	Reduction in Affiliated Lease per Company	<u>-</u>
3	O & M Adjustment	<u>\$ (276,872)</u>

Source: Moultrie Independent Telephone Company Exhibit 1.0, Schedule 1.01, Line 14