

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

ILLINOIS INDEPENDENT TELEPHONE )  
ASSOCIATION )  
) )  
Petition for initiation of an investigation of )  
the necessity of and the establishment of a )  
Universal Service Support Fund in accordance )  
with §13-301(d) of the Public Utilities Act )  
) )  
Illinois Commerce Commission On Its Own )  
) )  
Investigation into the necessity of and, if )  
appropriate, the establishment of a Universal )  
Support Fund pursuant to Section 13-301(d) )  
of the Public Utilities Act. )

Docket No. 00-0233

Docket No. 00-0335

CHIEF CLERK'S OFFICE  
APR 20 3 12 PM '01  
COMMUNICATIONS SECTION

DIRECT TESTIMONY

OF

DAVID M. MARLETT

ON BEHALF OF

THE CROSSVILLE TELEPHONE COMPANY

OFFICIAL FILE

ILLINOIS COMMERCE COMMISSION NO. 00-0233/0335  
Crossville  
Telephone Co. ECDA No. 1  
Date 6-19-01 Reporter CB

April 20, 2001

1 **Q. Please state your name and business address.**

2 A. My name is David Marlett and my business address is 1625 South Sixth Street, Suite  
3 A, Springfield, Illinois 62703.

4 **Q. By whom are you employed?**

5 A. I am the Certified Public Accountant for The Crossville Telephone Company and  
6 have provided accounting services for The Crossville Telephone Company for 15  
7 years.

8 **Q. Please describe your educational background.**

9 A. I graduated from Illinois State University in 1976 with a Bachelor of Science degree  
10 in finance, with a double minor in accounting and economics. I furthered my  
11 education at the University of Illinois at Springfield taking additional advance  
12 accounting courses. I sat and passed all parts of the CPA exam on my first try in May  
13 of 1978.

14 **Q. Please provide your background in telecommunications.**

15 A. Prior to 1980 I had a year of experience on the accounting staff at the Illinois  
16 Commerce Commission. Since that time, I have been in private practice providing  
17 accounting, auditing, regulatory and tax services to several independent telephone  
18 companies, including The Crossville Telephone Company. I have prepared  
19 Crossville's federal and state income tax and excise tax returns and compiled the  
20 Illinois Commerce Commission Annual Report, ICC Form 23A.

21 **Q. On what company's behalf is this testimony submitted?**

22 A. This testimony is submitted on behalf of The Crossville Telephone Company.

1 **Q. Have you prepared the Illinois Universal Service funding calculations for The**  
2 **Crossville Telephone Company using the format agreed to by the Staff and the**  
3 **IITA?**

4 A. Yes, I have. It is attached as The Crossville Telephone Company Exhibit 1, Schedule  
5 1.01 and consists of 3 pages.

6 **Q. Did you complete The Crossville Telephone Company Exhibit 1, Schedule 1.01 in**  
7 **accordance with the instructions and based on The Crossville Telephone**  
8 **Company's ICC Form 23A or other information filed with the Commission for**  
9 **the year ended December 31, 2000?**

10 A. Yes.

11 **Q. Were these entries on Exhibit 1, Schedule 1.01 taken from books and records**  
12 **kept by the company in the normal course of its business and recorded at or near**  
13 **the time of the event?**

14 A. Yes.

15 **Q. Is The Crossville Telephone Company Exhibit 1, Schedule 1.01 true and correct**  
16 **to the best of your knowledge, information and belief?**

17 A. Yes, it is.

18 **Q. Based on the responses and content of The Crossville Telephone Company**  
19 **Exhibit 1, Schedule 1.01, has The Crossville Telephone Company provided Staff**  
20 **with certain additional documents?**

1 A. Yes. The Staff has been provided with a copy of The Crossville Telephone  
2 Company's December 31, 2000, trial balance which we have requested be treated as  
3 confidential and proprietary.

4 **Q. Have you provided the requisite information from The Crossville Telephone**  
5 **Company Exhibit 1, Schedule 1.01 to Mr. Schoonmaker for his use in compiling**  
6 **the composite results for all companies seeking funding in connection with his**  
7 **testimony?**

8 A. Yes, I have.

9 **Q. Does page 1 of The Crossville Telephone Company Exhibit 1, Schedule 1.01**  
10 **reflect any adjustments being proposed by The Crossville Telephone Company?**

11 A. Yes, an adjustment was made to the net regulated plant on line 1 in the amount of  
12 \$268,561. This adjustment reflects the Staff's and IITA's standard adjustment No. 4,  
13 significant or extraordinary plant investment changes. The company is building a  
14 new office building in 2001 and the cost of that new facility is \$268,561. The new  
15 building will consist of 2,040 square feet and will have a brick exterior. It will be  
16 used solely as an office facility for the phone company and will consist of two offices,  
17 a conference room, a break room, a bathroom, a storage vault, a lobby, and a  
18 community display area for customers to experiment with new telecommunications  
19 products and services. The Central Office switch will remain at the current location  
20 behind the existing office building. The company will vacate its existing office,  
21 which is directly across the street from the proposed site.

1 **Q. What steps has The Crossville Telephone Company undertaken to build a new**  
2 **office facility?**

3 A. The company has purchased four lots on Main Street in Crossville to build the new  
4 facility. The new facility will be located directly across the street from the present  
5 office building.

6 **Q. Please identify The Crossville Telephone Company's Exhibit 1, Schedule 1.02.**

7 A. This schedule is a true and accurate copy of four deeds. These deeds reflect the real  
8 estate on which the new office building will be located and they have been publicly  
9 recorded.

10 **Q. Please identify The Crossville Telephone Company Exhibit 1, Schedule 1.03.**

11 A. This is a survey map of the proposed site and displays the property acquired by  
12 Crossville in Schedule 1.02.

13 **Q. What other steps has The Crossville Telephone Company undertaken toward**  
14 **building the new office building?**

15 A. We have conducted boring tests on the ground to test the ground underneath.

16 **Q. Let me hand you what has been marked as The Crossville Telephone Company**  
17 **Exhibit 1, Schedule 1.04 and ask you to identify it.**

18 A. This is a true and accurate copy of the boring test results conducted on the proposed  
19 new office site which was performed by Holcomb Foundation Engineering Company.  
20 This document reflects the test results of five boring samples at the site.

21 **Q. What other steps has the company undertaken to build the new office?**

1 A. The Crossville Telephone Company has engaged the architectural firm of  
2 Architecture & Design Group, P.C. Plans have been drawn and it will be let out for  
3 bid in May 2001. The company and its architects have reviewed the plans with three  
4 general contractors.

5 **Q. What will happen to the existing office building of The Crossville Telephone**  
6 **Company?**

7 A. It is 75 to 80 years old and is in poor condition. It will be demolished and that land  
8 will be traded for another lot nearby the proposed office site that is owned by a bank.  
9 We will trade the lots for more convenient parking space.

10 **Q. Will the construction of the new office be completed in 2001?**

11 A. Yes, it is scheduled to be completed by late 2001, weather permitting.

12 **Q. Based on the format agreed to by the Staff and the IITA, what was The**  
13 **Crossville Telephone Company's rate of return for the calendar year 2000?**

14 A. 10.47%

15 **Q. Have you made any other adjustments to The Crossville Telephone Company's**  
16 **Exhibit 1, Schedule 1?**

17 A.: Yes, an adjustment has been made on line 8 increasing the depreciation expense by  
18 \$6,439 and the total of that adjustment is reflected on line 9. The \$6,439 adjustment  
19 reflects the net increase in depreciation from the new office building.

20 **Q. Does The Crossville Telephone Company concur with Mr. Schoonmaker's**  
21 **recommendation that its affordable rate be established at the current weighted**  
22 **average rate for residential and business service?**

1 A. Yes.

2 **Q. Does that conclude your direct testimony on behalf of The Crossville Telephone**  
3 **Company?**

4 A. Yes it does.

**Crossville Telephone Company**  
**Illinois Universal Service Funding Calculation**  
 Based upon ICC Form 23A Report Data for December 31, 2000

Line #	Description	Source	Amount	Adjustment	Adjusted Amount
1	Net Regulated Plant	Form 23A, P 8, Net Plant	\$ 623,067	\$ 268,561	\$ 891,628
2	Materials and Supplies Inventory	Page 2, 13-Month Average	1,496		1,496
3	Customer Deposits	Form 23A, P 8, 4040	1,520	-	1,520
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	98,104	-	98,104
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			793,500
6	<i>Working Capital Requirement</i>				
7	Total Operating Expenses	Form 23A, P 14, Total	466,234	-	466,234
8	Less: Depreciation Expense	Form 23A, P 13, 6560	82,718	6,439	89,157
9	Total WC Operating Expense	line 7 - line 8	383,516	(6,439)	377,077
10	WC OE Requirement	line 9 * 45 / 360			47,135
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			47,135
13	Total Rate Base	line 5 + line 12			840,635
14	Total Operating Revenues	Form 23A, P 11, Total	624,768	-	624,768
15	Less: Illinois High Cost Fund		12,696	-	12,696
16	Net Operating Revenues	line 14 - line 15	612,072	-	612,072
17	Total Operating Expenses	Form 23A, P 14, Total	466,234	-	466,234
18	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 15, 7240	2,218	-	2,218
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	143,620	-	143,620
21	Income Tax Expense	line 34			55,637
22	Net Operating Income	line 20 - line 21			87,983
23	Return on Rate Base	line 22 / line 13			10.47%
24	After-tax Cost of Capital				11.21%
25	Target Net Operating Income	line 24 * line 13			94,235
26	Adj to Achieve Target Return on RB	line 25 - line 22			6,252
27	Gross Revenue Conversion Factor	line 35			1.6324
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			10,206
29	<i>Calculation of Income Tax Expense</i>				
30	Net Op Inc before Inc Taxes	line 20			143,620
31	Illinois Inc & Rep Tax Expense	line 30 * 7.18%			10,312
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			133,308
33	Federal Income Tax Expense	line 32 * 34.00%			45,325
34	Total Imputed Income Tax Expense	line 31 + line 33			55,637
35	Gross Revenue Conversion Factor	1 / ((1 - .0718) * (1 - .34))			1.6324

Crossville Telephone Company  
Illinois Universal Service Funding Calculation  
Based upon ICC Form 23A Report Data for December 31, 2000  
Material & Supplies Worksheet and Other Information

Line #

1	December-99	\$1,496
2	January-00	\$1,496
3	February-00	\$1,496
4	March-00	\$1,496
5	April-00	\$1,496
6	May-00	\$1,496
7	June-00	\$1,496
8	July-00	\$1,496
9	August-00	\$1,496
10	September-00	\$1,496
11	October-00	\$1,496
12	November-00	\$1,496
13	December-00	\$1,496
14	13 Month Average	\$1,496

Sale/Lease Back Arrangement

The company does not have any sale(s)/lease back arrangement.  
The company does have sale(s)/lease back arrangement and has provided additional information to staff.

Lease Agreement with Affiliates

The company does not have any lease agreements with affiliates.  
The company does have lease agreements with affiliates and has provided additional information to staff.

Trial Balances

The Company has provided a copy of its 12/31/2000 trial balance in support of the attached exhibits.

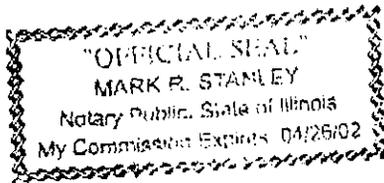
Crossville Telephone Company  
 Illinois Universal Service Funding Calculation  
 Based upon ICC Form 23A Report Data for December 31, 2000  
 Operating Revenues By Category

<u>Line #</u>		<u>Source</u>	<u>Amount</u>
		Form 23A, P 10, Total Local	
1	Local Revenues	Network Service Revenues	\$ 48,027
2	State Subscriber Line Charges	Trial Balance 12/31/00	\$ 100,823
3	State Access Revenues	Trial Balance 12/31/00	\$ 124,284
4	State High Cost Support	Exhibit 1, Line 15	\$ 12,696
5	State Special Access Revenues	Trial Balance 12/31/00	\$ 28,726
6	Total State Access & Local Revenues	Sum (Ln 1 - 5)	\$ 314,556
7	Federal Subscriber Lines Charges	Trial Balance 12/31/00	\$ 29,205
8	Federal Access Revenues	Trial Balance 12/31/00	\$ 154,841
9	Federal High Cost Support	Trial Balance 12/31/00	\$ 79,344
10	Federal Special Access Revenues	Trial Balance 12/31/00	\$ 7,899
11	Total Federal Access Revenues	Sum (Ln 7 - 10)	\$ 271,289
12	Misc Revenues	Trial Balance 12/31/00	\$ 38,923
13	Total Operating Revenues	Ln 6 + Ln 11 + Ln 12	<u>\$ 624,768</u>



I, the undersigned, a Notary Public, in and for said County and State aforesaid DO  
HEREBY CERTIFY that STANLEY DALE STINSON and ATHENA LEE STINSON are  
personally known to me to be the same persons whose names are subscribed to the foregoing  
instrument, appeared before me this day in person and acknowledged that they signed, sealed and  
delivered as their free and voluntary act, for the uses and purposes therein set forth including the  
release and waiver of the right of homestead.

Given under my hand and Notarial Seal this 22<sup>nd</sup> day of NOVEMBER,  
2000.



Mark R. Stanley  
Notary Public

VOL. 400 PAGE 037

THIS INSTRUMENT WAS PREPARED BY:  
STANLEY LAW OFFICE  
P.O. BOX 399 - 114 S. WALNUT ST.  
CARM, IL 62821  
TEL: (618) 382-7388  
(deed-00.sept, pp. 29-30/jd)



Given under my hand and Notarial Seal this 16<sup>th</sup> day of Nov.  
2000.

Sandra Ward  
Notary Public



VOL. 400 PAGE 041

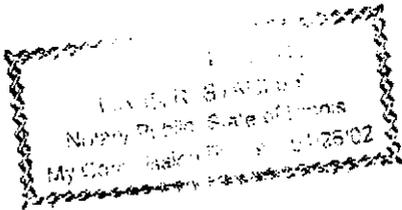
THIS INSTRUMENT WAS PREPARED BY:  
STANLEY LAW OFFICE  
P.O. BOX 399  
114 S. WALNUT ST.  
CARMi, IL 62821  
PH: (618) 382-7388  
(deed-Novt.,00, MRS/jd, p. 7-8)



purposes therein set forth including the release and waiver of the right of homestead.

Given under my hand and Notarial Seal this 22<sup>nd</sup> day of November,  
2000.

  
\_\_\_\_\_  
Notary Public



VOL. 400 PAGE 039

THIS INSTRUMENT WAS PREPARED BY:  
STANLEY LAW OFFICE  
P.O. BOX 399  
114 S. WALNUT ST.  
CARMIL, IL 62821  
PH: (618) 382-7388  
(deed-Novt.,00, MRS/jd, p. 9-10)

Exempt under provisions of paragraph 3, Section 4, Real Estate Transfer Act.  
421-125  
Date 3-6-01

State of Illinois } SS NO. 576  
White County }  
This instrument was filed for record  
the 6 day of March 2001 at  
1:50 o'clock P.M. and recorded in  
Vol. 401 of Deed, Page 285-287

Paula [Signature]  
County Clerk and Recorder  
White County, IL

VOL. 401 PAGE 285

THIS SPACE FOR RECORDING

QUIT CLAIM DEED

9500<sup>00</sup> & filing costs

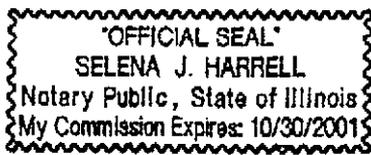
THIS INDENTURE WITNESSETH, That the Grantor, THE VILLAGE OF CROSSVILLE, for and in consideration of One Dollar (\$1.00) and other good and valuable considerations in hand paid, CONVEY AND QUIT CLAIM to THE CROSSVILLE TELEPHONE COMPANY, INC., the following described real estate to-wit:

Part of the original Plat of the Village of Crossville, White County, Illinois, as per Plat in Deed Record 12, Page 326 of the White County Recorder's Office and more particularly described as follows:

Beginning at a Drill Hole set in a concrete sidewalk at the Northeast Corner of Lot Number Four (4) in Block Number Eight (8) of the original Plat of the Village of Crossville and this point also being on the South Right-of-Way of Main Street and also being on the Westerly Right-of-Way of the old Cairo & Vincennes Railroad (no longer existant); thence South 39 degrees 00 minutes 00 seconds West along said Westerly Right-of-Way of the old Cairo & Vincennes Railroad a distance of 276.91 feet (Measured) to a 5/8 inch diameter Rebar set on said Westerly Right-of-Way of the old Cairo & Vincennes Railroad and also being on the East Right-of-Way of Hamill Street; thence South 00 degrees 04 minutes 15 seconds West along said East Right-of-Way of Hamill Street a distance of 74.45 feet (Measured) to a Spike Nail set on said East Right-of-Way of Hamill Street and also being on the North Right-of-Way of Fourth Street; thence South 89 degrees 54 minutes 16 seconds East along said North Right-of-Way of Fourth Street a distance of 132.88 feet (Measured) to a 5/8 inch diameter Rebar set on said North Right-of-Way of Fourth Street and also being on the Easterly Right-of-Way of said old Cairo & Vincennes Railroad; thence North 39 degrees 00 minutes 00 seconds East along said Easterly Right-of-Way of the old Cairo & Vincennes Railroad a distance of 50.49 feet (Measured) to a 5/8 inch diameter Rebar set on said Easterly Right-of-Way of the old Cairo & Vincennes Railroad and also being on the West Right-of-Way of Graves Street extended to the North; thence North 00 degrees 04 minutes 15 seconds East along said West Right-of-Way of Graves Street extended North a distance of 79.66 feet (Measured) to a 5/8 inch diameter Rebar set on said West Right-of-Way of Graves Street extended North; thence North 39 degrees 00

Plat 12 of Deed 285-287





*Selena J. Harrell*  
Notary Public

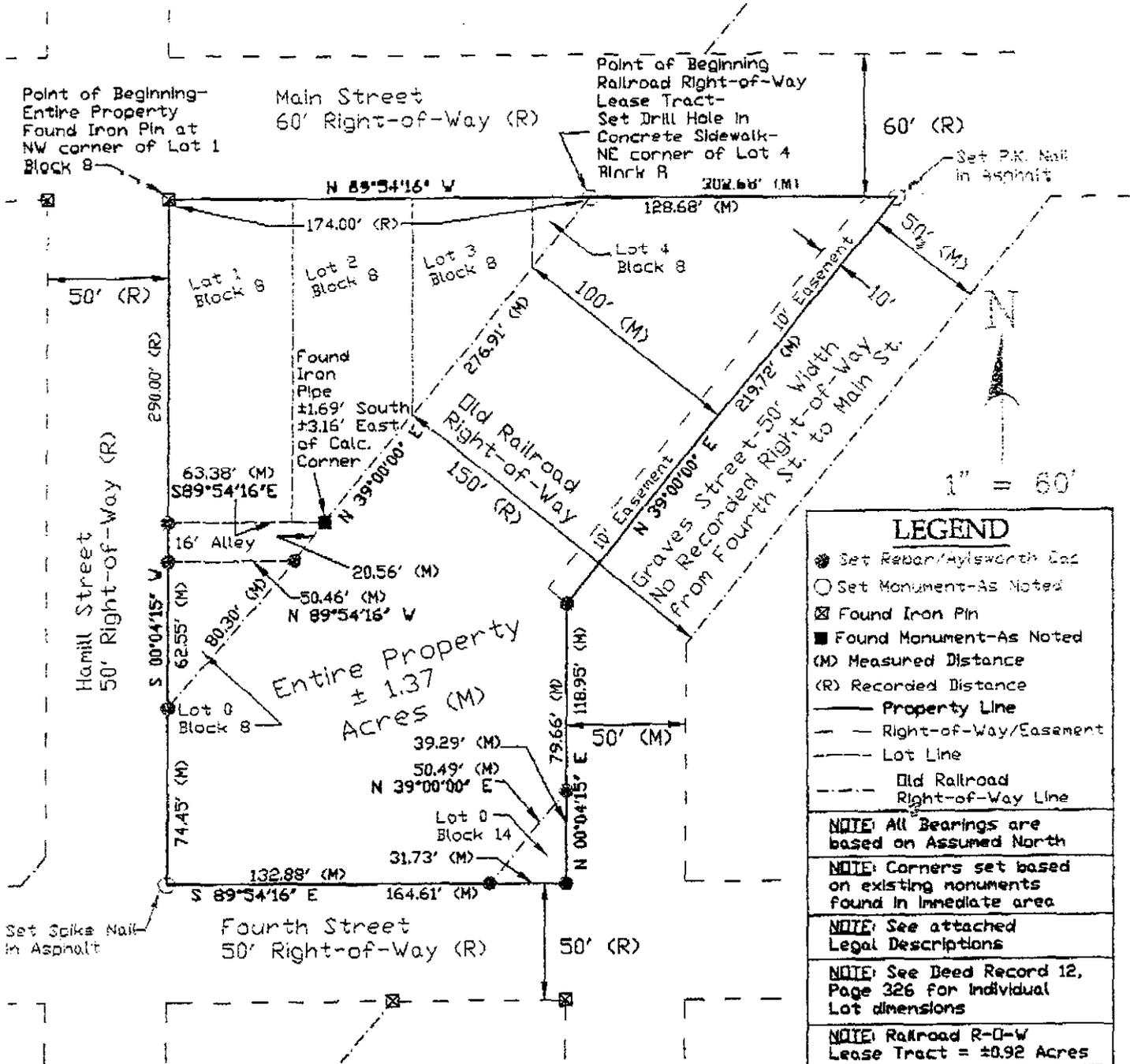
THIS INSTRUMENT WAS PREPARED BY:  
STANLEY LAW OFFICE  
P.O. BOX 399  
114 S. WALNUT ST.  
CARMi, IL 62821  
PH: (618) 382-7388  
(deed-01-Jan, pp.32-34/MRS/jd)

VOL. 401 PAGE 287

# AYLSWORTH SURVEYING

## Plat of Survey for Crossville Communications

Part of the original Plat of the Village of Crossville, White County, Illinois, as per Plat in Deed Record 12, Page 326 of the White County Recorder's Office



I, Andy Aylsworth, hereby certify that the described property on hereon drawn plat has been surveyed at and under my direction and supervision and that the hereon drawn plat is a correct representation of said survey to the best of my knowledge and belief.

This professional service conforms to the current Illinois Minimum Standards of Practice applicable to Boundary Surveys.

Carmi, Illinois  
Dated: 10/09/00

Andy Aylsworth

RLS #3268  
Job No. 00-67

## HOLCOMB FOUNDATION ENGINEERING CO., INC.

SOILS - BITUMINOUS - CONCRETE - INVESTIGATIONS AND TESTING

SHIPPING ADDRESS  
Box 393 Wood Road  
Carbondale, IL 62901

MAILING ADDRESS  
P.O. Box 88  
Carbondale, IL 62903

618-529-5262  
800-333-1740  
FAX 618-457-8991

April 13, 2001

Architecture and Design Group, P.C.  
2331 Mulberry Street  
Mt. Carmel, Illinois 62863

Attention: Mr. Tim Raibley

Re: Subsurface Exploration and Foundation Recommendations  
Proposed New Building for Crossville Telephone Co.  
Crossville, Illinois  
HFE File H-01120

Dear Sir:

In accordance with your instructions, we have performed a subsurface exploration for the above referenced project. This project is to consist of construction of new building for Crossville Telephone Company in Crossville, Illinois.

On April 10, 2001, we drilled five soil borings at this site. The site is located near an abandoned railroad line at the intersection of Main and Graves Streets. The borings are located at this site on this site as indicated on the enclosed "Boring Location Diagram".

The soil borings were drilled employing 3.25" ID hollow stem augers advanced to a depth of fifteen feet below the existing ground line. During drilling operations the subsoils were sampled with a split barrel-sampling device in accordance with ASTM D 1586. The apparent ground water level in each borehole was also determined, if encountered.

In the laboratory, the soil samples were subjected to visual classifications and moisture content determinations. Unconfined compressive strength tests were performed on all cohesive soil samples. Results of all field and laboratory tests are summarized on the enclosed Boring Logs.

The subsurface profile at this site consists of three to twelve inches of topsoil and brick fill overlying three to six feet of brown mottled gray silty clay (CL classification) in Borings #1 through #3. In Borings #4 and #5, three feet of a shale fill was encountered below the brick fill. At six feet in depth, a brown mottled gray clayey silt (ML) overlies a brown silty clay that extends down to at least the bottom of the soil borings. Ground water was not encountered in any of these soil borings.

Architecture and Design Group, P.C.  
April 13, 2001  
Page 2

The topsoil is a highly organic stratum. The grass roots and humus present in the soils may result in extremely high settlements when subjected to structural loadings. The fill soil with bricks is also unsuitable material for support of the proposed structure.

The upper silty clay soils are stiff, with unconfined compressive strengths ranging from 1.4 to 4.0 tons per square foot, averaging 2.6 tsf. Moisture contents vary from 12 to 31 percent, averaging 24 percent. These soils have a moderate to low settlement potential.

The shale appears to be material that was placed for fill at this location. The standard penetration test values range from 13 to 19 blows per foot, averaging 16 bpf. Moisture contents vary from 13 to 15 percent, averaging 14 percent. This shale is a dense fill material, and appears adequate for support of the proposed structure.

The clayey silt is a soft to firm stratum, with unconfined compressive strengths ranging from 0.6 to 1.5 tons per square foot, averaging 0.9 tsf. Moisture contents vary from 23 to 27 percent. The silt has a medium to high settlement potential.

The silty clay encountered below eleven feet in depth is stiff, with unconfined compressive strengths ranging from 0.9 to 1.2 tons per square foot, averaging 1.0 tsf. Moisture contents vary from 21 to 24 percent, averaging 22 percent. These soils have a low settlement potential.

Based upon the seismic zone maps provided by BOCA, this site has an effective peak velocity related acceleration ( $A_v$ ) of 0.14, and an effective peak acceleration ( $A_s$ ) of 0.13. The soils encountered in the borings have an  $S_1$  site classification.

Mine maps available from the Illinois State Geological Survey indicate this site has not been undermined. Therefore, subsidence should not be a problem at this site.

Information provided by Architecture and Design Group, P.C. indicates the proposed building is to have plan dimensions of 46 by 54 feet. The structure will be configured as shown on the enclosed Boring Location Diagram. This will be a one-story building, with relatively light structural loadings. Isolated column loadings are estimated at less than 40 kips, with continuous wall footings of less than 3 kips per foot.

Prior to construction of the building, it is recommended the upper few inches of topsoil, bricks, and any fill with debris are stripped from areas below the building pad. The topsoil may be wasted off site, or used for fill in landscaping areas. The bricks and debris should be disposed of off site.

Upon completion of topsoil stripping, it is recommended the building pad be thoroughly proofrolled with a loaded tandem dump truck. Any areas that pump or rut may be undercut to stiff subsoils and replaced with a select fill soil, or disced and aerated to lower their moisture content. Fill soils should be placed in eight inch loose lifts, compacting each lift to a minimum of 95% of the maximum standard laboratory dry density as determined by ASTM Method of Test D-698. After the subgrade has been proofrolled, placement of soils to grade the building pad may be performed.

Fill soils to elevate the building pad should consist of low plastic silty clay, placed in maximum eight-inch loose lifts. It is recommended each lift be compacted to a minimum of 98% of the maximum standard laboratory dry density as determined by ASTM Method of Test D-698 below the proposed footing elevations, and 95% compaction above the footing elevations.

Due to the high silt content of the upper soils on this site, if at all possible, site grading should be performed during hot, dry weather when the upper soils are in a relatively dry condition. If site grading is performed when the subgrade is saturated, the soils will tend to pump and rut. Saturated soils may require an artificial drying agent such as hydrated lime for drying purposes to achieve the specified compaction.

Based upon results of the soil borings and laboratory tests, it is recommended the proposed structure be supported upon isolated column and continuous wall foundations. The footings may be dimensioned using a maximum allowable soil bearing capacity of up to 2000 pounds per square foot. For frost protection, exterior footings should be founded at a minimum depth of 2.5 feet below the final ground line. It is also recommended the footings have a minimum width of 24 inches to avoid a punching type failure of the foundations.

It is recommended *all* footing excavations be thoroughly probed with a static cone penetrometer during construction. Soils encountered with less than the required strength should be excavated and replaced with lean concrete or a well compacted crushed stone. Any free water should also be removed from the excavations prior to concrete placement. It is important these soils be excavated and replaced if the in-place strengths are less than the recommended bearing pressure.

Total settlements of a 40 kip column are estimated to vary from 0.2 to 0.6 inch, with differential settlements estimated at less than 0.5 inch. To minimize differential settlements, thorough probing and removal of any soft soils encountered in the excavations is extremely important.

The proposed concrete slab on grade may be designed using a modulus of subgrade reaction estimated at approximately 125 psi per inch. The subgrade beneath the slab should be properly compacted or proofrolled as recommended in this report. The concrete floor slab may be supported upon a four-inch layer of free draining granular material. Generally, Illinois Department of Transportation Specification CA-7 or CA-11 crushed limestone is used in

Architecture and Design Group, P.C.

April 13, 2001

Page 4

Southern Illinois for this purpose. This is to provide a capillary break and a uniform leveling course beneath the slab.

As is evident at this site, the upper silty soils are susceptible to loss of strength when saturated. Therefore, positive surface drainage is very important. The downspouts should be placed to drain runoff well away from the building pad area.

Pavement design is dependent upon achieving proper compaction of the upper subgrade soils on site, which should result in an Illinois Bearing Ratio of approximately 2.0. The soil subgrade and any fill soils should be compacted to a minimum of 95% of the maximum standard laboratory dry density as determined by ASTM D-698. Pavement designs for light duty pavements are based upon a traffic loading of 500 passenger cars per day. The heavy duty truck pavement designs are based upon the same number of passenger cars and two single unit trucks per day. Design recommendations for a twenty-year pavement life are as follows:

Automobile Pavement Design:

Type A Basecourse:	8.0" Crushed Limestone
Bituminous Concrete Binder:	1.5"
Bituminous Concrete Surface:	1.0"

or

Portland Cement Concrete:	5.0"
Subbase Granular Material, Type A:	Not Necessary

Truck Pavement Design (Trash Truck Drive):

Type A Basecourse:	10.0" Crushed Limestone
Bituminous Concrete Binder:	2.0"
Bituminous Concrete Surface:	1.5"

or

Portland Cement Concrete:	6.0"
Subbase Granular Material, Type A:	4.0"

In the vicinity of any dumpsters, it is recommended the pavement consist of Portland Cement Concrete due to the heavy point loadings of the dumpster wheels.

The Illinois Department of Transportation "Standard Specifications for Road and Bridge Construction" adopted on January 1, 1997 indicate the materials to be used in the following sections:

Architecture and Design Group, P.C.  
April 13, 2001  
Page 5

Bituminous Concrete Surface and Binder (Class I)  
Section 406 (Pages 222-245)

Portland Cement Concrete  
Section 420 (Pages 255-277)

Crushed Stone Basecourse  
Section 351 (Pages 170-173)

Subbase Granular Material, Type A  
Section 311 (Pages 147-151)

Attached herewith are the Boring Location Diagram and Boring Logs. If you have any questions, please feel free to contact me at your convenience.

Sincerely,

**HOLCOMB FOUNDATION ENGINEERING CO.**

  
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Timothy J. Holcomb, P.E.



Crossville Telephone Company  
 Illinois Universal Service Funding Calculation  
 Based upon ICC Form 23A Report Data for December 31, 2000

Line #	Description	Source	Amount	Adjustment	Adjusted Amount
1	Net Regulated Plant	Form 23A, P 8, Net Plant	\$ 623,067	\$ 268,561	\$ 891,628
2	Materials and Supplies Inventory	Page 2, 13-Month Average	1,496		1,496
3	Customer Deposits	Form 23A, P 8, 4040	1,520	-	1,520
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	98,104	-	98,104
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			793,500
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 14, Total	466,234	6,439	472,673
8	Less: Depreciation Expense	Form 23A, P 13, 6560	82,718	6,439	89,157
9	Total WC Operating Expense	line 7 - line 8	383,516	-	383,516
10	WC OE Requirement	line 9 * 45 / 360			47,940
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			47,940
13	Total Rate Base	line 5 + line 12			841,440
14	Total Operating Revenues	Form 23A, P 11, Total	624,768	-	624,768
15	Less: Illinois High Cost Fund		12,696	-	12,696
16	Net Operating Revenues	line 14 - line 15	612,072	-	612,072
17	Total Operating Expenses	Form 23A, P 14, Total	466,234	6,439	472,673
18	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 15, 7240	2,218	-	2,218
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	143,820	(6,439)	137,181
21	Income Tax Expense	line 34			53,143
22	Net Operating Income	line 20 - line 21			84,038
23	Return on Rate Base	line 22 / line 13			9.99%
24	After-tax Cost of Capital				11.21%
25	Target Net Operating Income	line 24 * line 13			94,325
26	Adj to Achieve Target Return on RB	line 25 - line 22			10,287
27	Gross Revenue Conversion Factor	line 35			1.6324
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			16,792
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			137,181
31	Illinois Inc & Rep Tax Expense	line 30 * 7.18%			9,850
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			127,331
33	Federal Income Tax Expense	line 32 * 34.00%			43,293
34	Total Imputed Income Tax Expense	line 31 + line 33			53,143
35	Gross Revenue Conversion Factor	1 / ((1 - .0718) * (1 - .34))			1.6324

**Crossville Telephone Company**  
**Illinois Universal Service Funding Calculation**  
**Based upon ICC Form 23A Report Data for December 31, 2000**  
**Material & Supplies Worksheet and Other Information**

Line #

1	December-99	\$1,496
2	January-00	\$1,496
3	February-00	\$1,496
4	March-00	\$1,496
5	April-00	\$1,496
6	May-00	\$1,496
7	June-00	\$1,496
8	July-00	\$1,496
9	August-00	\$1,496
10	September-00	\$1,496
11	October-00	\$1,496
12	November-00	\$1,496
13	December-00	\$1,496
14	13 Month Average	\$1,496

**Sale/Lease Back Arrangement**


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

The company does have sale(s)/lease back arrangement and has provided additional information to staff.

**Lease Agreement with Affiliates**


The company does not have any lease agreements with affiliates.

The company does have lease agreements with affiliates and has provided additional information to staff.

**Trial Balances**

The Company has provided a copy of its 12/31/2000 trial balance in support of the attached exhibits.

**Crossville Telephone Company**  
**Illinois Universal Service Funding Calculation**  
 Based upon ICC Form 23A Report Data for December 31, 2000  
 Operating Revenues By Category

<u>Line #</u>	<u>Source</u>	<u>Amount</u>
	Form 23A, P 10, Total Local	
1	Local Revenues Network Service Revenues	\$ 48,027
2	State Subscriber Line Charges Trial Balance 12/31/00	\$ 100,823
3	State Access Revenues Trial Balance 12/31/00	\$ 124,284
4	State High Cost Support Exhibit 1, Line 15	\$ 12,696
5	State Special Access Revenues Trial Balance 12/31/00	\$ 28,726
6	Total State Access & Local Revenues Sum (Ln 1 - 5)	<b>\$ 314,556</b>
7	Federal Subscriber Lines Charges Trial Balance 12/31/00	\$ 29,205
8	Federal Access Revenues Trial Balance 12/31/00	\$ 154,841
9	Federal High Cost Support Trial Balance 12/31/00	\$ 79,344
10	Federal Special Access Revenues Trial Balance 12/31/00	\$ 7,899
11	Total Federal Access Revenues Sum (Ln 7 - 10)	<b>\$ 271,289</b>
12	Misc Revenues Trial Balance 12/31/00	\$ 38,923
13	Total Operating Revenues Ln 6 + Ln 11 + Ln 12	<b><u>\$ 624,768</u></b>