

Henry County Telephone Company

OFFICIAL FILE

Illinois Universal Service Funding Calculation **ILL. C. C. DOCKET NO. 00-0233/0335**Staff Calculated Funding Requirement **ICC Staff Exhibit No. 16.0**

Line #	Description	Company Amount	Staff Adjustment	Staff Adjusted Amount	Witness
(a)	(b)	(c)	(d)	(e)	Date
1	Net Regulated Plant	\$ 702,737		\$ 702,737	6/20/01
2	Materials and Supplies Inventory	-		-	Reporter <i>and</i>
3	Customer Deposits	3,640	-	3,640	
4	ADIT - Regulated Plant	266,880	(266,880)	-	
5	Rate Base before Working Capital	432,217	266,880	699,097	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	1,280,365	-	1,280,365	
8	Less: Depreciation Expense	260,849		260,849	
9	Total WC Operating Expense	1,019,516	-	1,019,516	line 7 - line 8
10	WC OE Requirement	127,440	-	127,440	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requir	-	-	-	
12	Total Working Capital Requirement	127,440	-	127,440	line 10 + line 11
13	Total Rate Base	559,657	266,880	826,537	line 5 + line 12
14	Total Operating Revenues	1,210,853	7,278	1,218,131	
15	Less: Illinois High Cost Fund	21,444	-	21,444	
16	Net Operating Revenues	1,189,409	7,278	1,196,687	line 14 - line 15
17	Total Operating Expenses	1,280,365	-	1,280,365	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	2,358	-	2,358	
20	Net Op Inc before Income Taxes	(93,314)	7,278	(86,036)	line 16 - lines 17, 18, & 19
21	Income Tax Expense	(36,149)	2,820	(33,329)	line 34
22	Net Operating Income	(57,165)	4,458	(52,707)	line 20 - line 21
23	Return on Rate Base	-10.21%		-6.38%	line 22 / line 13
24	After-tax Cost of Capital	11.21%	11.21%	11.21%	
25	Target Net Operating Income	62,738	29,917	92,655	line 24 * line 13
26	Adj to Achieve Target Return on RB	119,903	25,459	145,362	line 25 - line 22
27	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	line 35
28	Staff ROR Deficiency	195,730	41,559	237,289	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	(93,314)	7,278	(86,036)	line 20
31	Illinois Inc & Rep Tax Expense	(6,700)	523	(6,177)	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	(86,614)	6,755	(79,859)	line 30 - line 31
33	Federal Income Tax Expense	(29,449)	2,297	(27,152)	line 32 * 34.00%
34	Total Imputed Income Tax Expense	(36,149)	2,820	(33,329)	line 31 + line 33
35	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	1 / ((1 - .0718) * (1 - .34))

Henry County Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>		
(a)	(b)		(c)
	Funding Difference-HCF Support		
1	2001 Annualized HCF Support	\$	37,560
2	2000 Total HCF Support		<u>30,282</u>
3	Adjustment	\$	<u><u>7,278</u></u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4

	Accumulated Deferred Income Taxes		
1	Accumulated Deferred Income Tax per Staff	\$	\$0
2	Accumulated Deferred Income Tax per Company		<u>260,849</u>
3	Adjustment		<u><u>(\$260,849)</u></u>

Source: Response to Staff Data Request SDR-Henry-003

Home Telephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

Line #	Description	Company Amount	Staff Adjustment	Staff Adjusted Amount	
(a)	(b)	(c)	(d)	(e)	
1	Net Regulated Plant	\$ 4,455,043		\$ 4,455,043	
2	Materials and Supplies Inventory	15,000		15,000	
3	Customer Deposits	4,920	-	4,920	
4	ADIT - Regulated Plant	307,916	-	307,916	
5	Rate Base before Working Capital	4,157,207	-	4,157,207	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	2,155,474	-	2,155,474	
8	Less: Depreciation Expense	419,915	-	419,915	
9	Total WC Operating Expense	1,735,559	-	1,735,559	line 7 - line 8
10	WC OE Requirement	216,945	-	216,945	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requir	-	-	-	
12	Total Working Capital Requirement	216,945	-	216,945	line 10 + line 11
13	Total Rate Base	4,374,152	-	4,374,152	line 5 + line 12
14	Total Operating Revenues	2,951,240	-	2,951,240	
15	Less: Illinois High Cost Fund	614,816	-	614,816	
16	Net Operating Revenues	2,336,424	-	2,336,424	line 14 - line 15
17	Total Operating Expenses	2,155,474		2,155,474	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	14,061	-	14,061	
20	Net Op Inc before Income Taxes	166,889	-	166,889	line 16 - lines 17, 18, & 19
21	Income Tax Expense	64,651	-	64,651	line 34
22	Net Operating Income	102,238	-	102,238	line 20 - line 21
23	Return on Rate Base	2.34%		2.34%	line 22 / line 13
24	After-tax Cost of Capital	11.21%	11.21%	11.21%	
25	Target Net Operating Income	490,342	-	490,342	line 24 * line 13
26	Adj to Achieve Target Return on RB	388,104	-	388,104	line 25 - line 22
27	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	line 35
28	Staff ROR Deficiency	633,541	-	633,541	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	166,889	-	166,889	line 20
31	Illinois Inc & Rep Tax Expense	11,983	-	11,983	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	154,906	-	154,906	line 30 - line 31
33	Federal Income Tax Expense	52,668	-	52,668	line 32 * 34.00%
34	Total Imputed Income Tax Expense	64,651	-	64,651	line 31 + line 33
35	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	1 / ((1 - .0718) * (1 - .34))

Home Telephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ 610,074
2	2000 Total HCF Support	<u>534,624</u>
3	Funding Difference	75,450
4	Reverse Company Adjustment	<u>(75,450)</u>
5	Adjustment	<u>\$ -</u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4

LaHarpe 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	\$ 2,976,095		\$ 2,976,095	
2	Materials and Supplies Inventory	78,784		78,784	
3	Customer Deposits	8,062	-	8,062	
4	ADIT - Regulated Plant	-		-	
5	Rate Base before Working Capital	3,046,817	-	3,046,817	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	1,144,362		1,144,362	
8	Less: Depreciation Expense	326,183		326,183	
9	Total WC Operating Expense	818,179	-	818,179	line 7 - line 8
10	WC OE Requirement	102,272	-	102,272	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requir	-	-	-	
12	Total Working Capital Requirement	102,272	-	102,272	line 10 + line 11
13	Total Rate Base	3,149,089	-	3,149,089	line 5 + line 12
14	Total Operating Revenues	1,652,303	83,928	1,736,231	
15	Less: Illinois High Cost Fund	225,900	-	225,900	
16	Net Operating Revenues	1,426,403	83,928	1,510,331	line 14 - line 15
17	Total Operating Expenses	1,144,362	-	1,144,362	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	3,181	-	3,181	
20	Net Op Inc before Income Taxes	278,860	83,928	362,788	line 16 - lines 17, 18, & 19
21	Income Tax Expense	108,027	32,513	140,540	line 34
22	Net Operating Income	170,833	51,415	222,248	line 20 - line 21
23	Return on Rate Base	5.42%		7.06%	line 22 / line 13
24	After-tax Cost of Capital	11.21%	11.21%	11.21%	
25	Target Net Operating Income	353,013	-	353,013	line 24 * line 13
26	Adj to Achieve Target Return on RB	182,180	(51,415)	130,765	line 25 - line 22
27	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	line 35
28	Staff ROR Deficiency	297,391	(83,930)	213,461	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	278,860	83,928	362,788	line 20
31	Illinois Inc & Rep Tax Expense	20,022	6,026	26,048	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	258,838	77,902	336,740	line 30 - line 31
33	Federal Income Tax Expense	88,005	26,487	114,492	line 32 * 34.00%
34	Total Imputed Income Tax Expense	108,027	32,513	140,540	line 31 + line 33
35	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	1 / ((1 - .0718) * (1 - .34))

LaHarpe Telephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ 419,430
2	2000 Total HCF Support	335,502
3	Adjustment	<u>\$ 83,928</u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4

Leaf River Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

Line #	Description	Company Amount	Staff Adjustment	Staff Adjusted Amount	
(a)	(b)	(c)	(d)	(e)	
1	Net Regulated Plant	\$ 3,110,792		\$ 3,110,792	
2	Materials and Supplies Inventory	108,400		108,400	
3	Customer Deposits	11,283	-	11,283	
4	ADIT - Regulated Plant	11,701	-	11,701	
5	Rate Base before Working Capital	3,196,207	-	3,196,207	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	1,104,317	-	1,104,317	
8	Less: Depreciation Expense	360,488	-	360,488	
9	Total WC Operating Expense	743,829	-	743,829	line 7 - line 8
10	WC OE Requirement	92,979	-	92,979	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requir	-	-	-	
12	Total Working Capital Requirement	92,979	-	92,979	line 10 + line 11
13	Total Rate Base	3,289,186	-	3,289,186	line 5 + line 12
14	Total Operating Revenues	1,903,530	(438)	1,903,092	
15	Less: Illinois High Cost Fund	450,672	-	450,672	
16	Net Operating Revenues	1,452,858	(438)	1,452,420	line 14 - line 15
17	Total Operating Expenses	1,104,317		1,104,317	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	10,582	-	10,582	
20	Net Op Inc before Income Taxes	337,959	(438)	337,521	line 16 - lines 17, 18, & 19
21	Income Tax Expense	130,921	(169)	130,752	line 34
22	Net Operating Income	207,038	(269)	206,769	line 20 - line 21
23	Return on Rate Base	6.29%		6.29%	line 22 / line 13
24	After-tax Cost of Capital	11.21%	11.21%	11.21%	
25	Target Net Operating Income	368,718	-	368,718	line 24 * line 13
26	Adj to Achieve Target Return on RB	161,680	269	161,949	line 25 - line 22
27	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	line 35
28	Staff ROR Deficiency	263,926	439	264,366	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	337,959	(438)	337,521	line 20
31	Illinois Inc & Rep Tax Expense	24,265	(31)	24,234	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	313,694	(407)	313,287	line 30 - line 31
33	Federal Income Tax Expense	106,656	(138)	106,518	line 32 * 34.00%
34	Total Imputed Income Tax Expense	130,921	(169)	130,752	line 31 + line 33
35	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	1 / ((1 - .0718) * (1 - .34))

Leaf River Telephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ 111,540
2	2000 Total HCF Support	<u>141,402</u>
3	Funding Difference	(29,862)
4	Reverse Company Adjustment	<u>29,424</u>
5	Adjustment	<u>\$ (438)</u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4

Madison 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>	<u>Source</u>
(a)	(b)	(c)	(d)	(e)	
1	Net Regulated Plant	\$ 3,562,492		\$ 3,562,492	
2	Materials and Supplies Inventory	109,187		109,187	
3	Customer Deposits	22,087	-	22,087	
4	ADIT - Regulated Plant	<u>342,457</u>		<u>342,457</u>	
5	Rate Base before Working Capital	3,307,135	-	3,307,135	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	6,663,257	-	6,663,257	
8	Less: Depreciation Expense	<u>391,625</u>	-	<u>391,625</u>	
9	Total WC Operating Expense	<u>6,271,632</u>	-	<u>6,271,632</u>	line 7 - line 8
10	WC OE Requirement	783,954	-	783,954	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requir	-	-	-	
12	Total Working Capital Requirement	<u>783,954</u>	-	<u>783,954</u>	line 10 + line 11
13	Total Rate Base	<u>4,091,089</u>	-	<u>4,091,089</u>	line 5 + line 12
14	Total Operating Revenues	7,492,468	(67,245)	7,425,223	
15	Less: Illinois High Cost Fund	<u>798,744</u>	-	<u>798,744</u>	
16	Net Operating Revenues	6,693,724	(67,245)	6,626,479	line 14 - line 15
17	Total Operating Expenses	6,663,257	-	6,663,257	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	<u>8,281</u>	-	<u>8,281</u>	
20	Net Op Inc before Income Taxes	22,186	(67,245)	(45,059)	line 16 - lines 17, 18, & 19
21	Income Tax Expense	<u>8,595</u>	<u>(26,050)</u>	<u>(17,455)</u>	line 34
22	Net Operating Income	<u>13,591</u>	<u>(41,195)</u>	<u>(27,604)</u>	line 20 - line 21
23	Return on Rate Base	<u>0.33%</u>		<u>-0.67%</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>458,611</u>	-	<u>458,611</u>	line 24 * line 13
26	Adj to Achieve Target Return on RB	445,020	41,195	486,215	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>726,451</u>	<u>67,247</u>	<u>793,697</u>	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	22,186	(67,245)	(45,059)	line 20
31	Illinois Inc & Rep Tax Expense	<u>1,593</u>	<u>(4,828)</u>	<u>(3,235)</u>	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	20,593	(62,417)	(41,824)	line 30 - line 31
33	Federal Income Tax Expense	<u>7,002</u>	<u>(21,222)</u>	<u>(14,220)</u>	line 32 * 34.00%
34	Total Imputed Income Tax Expense	<u>8,595</u>	<u>(26,050)</u>	<u>(17,455)</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))

Madison Telephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ 844,278
2	2000 Total HCF Support	699,111
3	Funding Difference	<u>145,167</u>
4	Reverse Company Adjustment	<u>(212,412)</u>
5	Adjustment	<u>\$ (67,245)</u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4

McDonough Telephone Cooperative, Inc.
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

Line #	Description	Company Amount	Staff Adjustment	Staff Adjusted Amount	
(a)	(b)	(c)	(d)	(e)	
1	Net Regulated Plant	\$ 13,025,996		\$ 13,025,996	
2	Materials and Supplies Inventory	203,360		203,360	
3	Customer Deposits	9,725	-	9,725	
4	ADIT - Regulated Plant	-	-	-	
5	Rate Base before Working Capital	13,219,631	-	13,219,631	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	3,592,927		3,592,927	
8	Less: Depreciation Expense	1,236,397	-	1,236,397	
9	Total WC Operating Expense	2,356,530	-	2,356,530	line 7 - line 8
10	WC OE Requirement	294,566	-	294,566	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requir	-	-	-	
12	Total Working Capital Requirement	294,566	-	294,566	line 10 + line 11
13	Total Rate Base	13,514,197	-	13,514,197	line 5 + line 12
14	Total Operating Revenues	4,414,627	-	4,414,627	
15	Less: Illinois High Cost Fund	69,156	-	69,156	
16	Net Operating Revenues	4,345,471	-	4,345,471	line 14 - line 15
17	Total Operating Expenses	3,592,927	-	3,592,927	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	21,377	-	21,377	
20	Net Op Inc before Income Taxes	731,167	-	731,167	line 16 - lines 17, 18, & 19
21	Income Tax Expense	-	-	-	line 34
22	Net Operating Income	731,167	-	731,167	line 20 - line 21
23	Return on Rate Base	5.41%		5.41%	line 22 / line 13
24	After-tax Cost of Capital	12.60%	12.60%	12.60%	
25	Target Net Operating Income	1,702,789	-	1,702,789	line 24 * line 13
26	Adj to Achieve Target Return on RB	971,622	-	971,622	line 25 - line 22
27	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000	line 35
28	Staff ROR Deficiency	971,622	-	971,622	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	731,167	-	731,167	line 20
31	Illinois Inc & Rep Tax Expense	-	-	-	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	731,167	-	731,167	line 30 - line 31
33	Federal Income Tax Expense	-	-	-	line 32 * 34.00%
34	Total Imputed Income Tax Expense	-	-	-	line 31 + line 33
35	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000	1 / ((1 - .0718) * (1 - .34))

McDonough Telephone Cooperative, Inc.
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ 262,770
2	2000 Total HCF Support	<u>163,665</u>
3	Funding Difference	99,105
4	Reverse Company Adjustment	<u>(99,105)</u>
5	Adjustment	<u>\$ -</u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4

McNabb Telephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

Line #	Description	Company Amount	Staff Adjustment	Staff Adjusted Amount	
(a)	(b)	(c)	(d)	(e)	
1	Net Regulated Plant	\$ 984,834		\$ 984,834	
2	Materials and Supplies Inventory	10,354		10,354	
3	Customer Deposits	2,825		2,825	
4	ADIT - Regulated Plant	<u>135,603</u>	-	<u>135,603</u>	
5	Rate Base before Working Capital	856,760	-	856,760	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	587,003		587,003	
8	Less: Depreciation Expense	<u>173,960</u>		<u>173,960</u>	
9	Total WC Operating Expense	<u>413,043</u>	-	<u>413,043</u>	line 7 - line 8
10	WC OE Requirement	51,630	-	51,630	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requir	-	-	-	
12	Total Working Capital Requirement	<u>51,630</u>	-	<u>51,630</u>	line 10 + line 11
13	Total Rate Base	<u>908,390</u>	-	<u>908,390</u>	line 5 + line 12
14	Total Operating Revenues	787,000		787,000	
15	Less: Illinois High Cost Fund	<u>98,586</u>		<u>98,586</u>	
16	Net Operating Revenues	688,414		688,414	line 14 - line 15
17	Total Operating Expenses	587,003		587,003	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	<u>5,529</u>	-	<u>5,529</u>	
20	Net Op Inc before Income Taxes	95,882		95,882	line 16 - lines 17, 18, & 19
21	Income Tax Expense	<u>37,143</u>		<u>37,143</u>	line 34
22	Net Operating Income	<u>58,739</u>	-	<u>58,739</u>	line 20 - line 21
23	Return on Rate Base	<u>6.47%</u>		<u>6.47%</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>101,831</u>	-	<u>101,831</u>	line 24 * line 13
26	Adj to Achieve Target Return on RB	43,092	-	43,092	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>70,343</u>	-	<u>70,343</u>	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	95,882		95,882	line 20
31	Illinois Inc & Rep Tax Expense	<u>6,884</u>		<u>6,884</u>	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	88,998		88,998	line 30 - line 31
33	Federal Income Tax Expense	<u>30,259</u>		<u>30,259</u>	line 32 * 34.00%
34	Total Imputed Income Tax Expense	<u>37,143</u>	-	<u>37,143</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))

McNabb Telephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ 54,078
2	2000 Total HCF Support	48,414
3	Funding Difference	<u>5,664</u>
4	Reverse Company Adjustment	<u>(5,664)</u>
5	Adjustment	<u>\$ -</u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4

Metamora Telephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

Line #	Description	Company Amount	Staff Adjustment	Staff Adjusted Amount	
(a)	(b)	(c)	(d)	(e)	
1	Net Regulated Plant	\$ 6,104,647		\$ 6,104,647	
2	Materials and Supplies Inventory	89,238		89,238	
3	Customer Deposits	24,657	-	24,657	
4	ADIT - Regulated Plant	508,047	-	508,047	
5	Rate Base before Working Capital	5,661,181	-	5,661,181	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	2,597,279	-	2,597,279	
8	Less: Depreciation Expense	761,741	-	761,741	
9	Total WC Operating Expense	1,835,538	-	1,835,538	line 7 - line 8
10	WC OE Requirement	229,442	-	229,442	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requir	-	-	-	
12	Total Working Capital Requirement	229,442	-	229,442	line 10 + line 11
13	Total Rate Base	5,890,623	-	5,890,623	line 5 + line 12
14	Total Operating Revenues	3,428,024	-	3,428,024	
15	Less: Illinois High Cost Fund	77,940	-	77,940	
16	Net Operating Revenues	3,350,084	-	3,350,084	line 14 - line 15
17	Total Operating Expenses	2,597,279	-	2,597,279	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	29,444	-	29,444	
20	Net Op Inc before Income Taxes	723,361	-	723,361	line 16 - lines 17, 18, & 19
21	Income Tax Expense	280,221	-	280,221	line 34
22	Net Operating Income	443,140	-	443,140	line 20 - line 21
23	Return on Rate Base	7.52%		7.52%	line 22 / line 13
24	After-tax Cost of Capital	11.21%	11.21%	11.21%	
25	Target Net Operating Income	660,339	-	660,339	line 24 * line 13
26	Adj to Achieve Target Return on RB	217,199	-	217,199	line 25 - line 22
27	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	line 35
28	Staff ROR Deficiency	354,556	-	354,556	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	723,361	-	723,361	line 20
31	Illinois Inc & Rep Tax Expense	51,937	-	51,937	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	671,424	-	671,424	line 30 - line 31
33	Federal Income Tax Expense	228,284	-	228,284	line 32 * 34.00%
34	Total Imputed Income Tax Expense	280,221	-	280,221	line 31 + line 33
35	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	1 / ((1 - .0718) * (1 - .34))

Metamora Telephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ -
2	2000 Total HCF Support	-
3	Adjustment	<u>\$ -</u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4

Mid Century Telephone Co-operative
 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	\$ 8,042,626		\$ 8,042,626	
2	Materials and Supplies Inventory	47,768		47,768	
3	Customer Deposits	17,167	-	17,167	
4	ADIT - Regulated Plant	-	-	-	
5	Rate Base before Working Capital	8,073,227	-	8,073,227	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	3,597,936		3,597,936	
8	Less: Depreciation Expense	703,366	-	703,366	
9	Total WC Operating Expense	2,894,570	-	2,894,570	line 7 - line 8
10	WC OE Requirement	361,821	-	361,821	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requir	-	-	-	
12	Total Working Capital Requirement	361,821	-	361,821	line 10 + line 11
13	Total Rate Base	8,435,048	-	8,435,048	line 5 + line 12
14	Total Operating Revenues	4,322,277	-	4,322,277	
15	Less: Illinois High Cost Fund	109,584	-	109,584	
16	Net Operating Revenues	4,212,693	-	4,212,693	line 14 - line 15
17	Total Operating Expenses	3,597,936	-	3,597,936	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	14,097	-	14,097	
20	Net Op Inc before Income Taxes	600,660	-	600,660	line 16 - lines 17, 18, & 19
21	Income Tax Expense	-	-	-	line 34
22	Net Operating Income	600,660	-	600,660	line 20 - line 21
23	Return on Rate Base	7.12%		7.12%	line 22 / line 13
24	After-tax Cost of Capital	12.60%	12.60%	12.60%	
25	Target Net Operating Income	1,062,816	-	1,062,816	line 24 * line 13
26	Adj to Achieve Target Return on RB	462,156	-	462,156	line 25 - line 22
27	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000	line 35
28	Staff ROR Deficiency	462,156	-	462,156	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	600,660	-	600,660	line 20
31	Illinois Inc & Rep Tax Expense	-	-	-	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	600,660	-	600,660	line 30 - line 31
33	Federal Income Tax Expense	-	-	-	line 32 * 34.00%
34	Total Imputed Income Tax Expense	-	-	-	line 31 + line 33
35	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000	1 / ((1 - .0718) * (1 - .34))

Mid Century Telephone Co-operative
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ 269,160
2	2000 Total HCF Support	<u>172,425</u>
3	Funding Difference	96,735
4	Reverse Company Adjustment	<u>(96,735)</u>
5	Adjustment	<u>\$ -</u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4

Montrose Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

Line #	Description	Company Amount	Staff Adjustment	Staff Adjusted Amount	
(a)	(b)	(c)	(d)	(e)	
1	Net Regulated Plant	\$ 1,873,963		\$ 1,873,963	
2	Materials and Supplies Inventory	73,848		73,848	
3	Customer Deposits	3,880	-	3,880	
4	ADIT - Regulated Plant	<u>266,596</u>	-	<u>266,596</u>	
5	Rate Base before Working Capital	1,677,335	-	1,677,335	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	1,444,446		1,444,446	
8	Less: Depreciation Expense	<u>372,249</u>	<u>(118,110)</u>	<u>254,139</u>	
9	Total WC Operating Expense	<u>1,072,197</u>	<u>118,110</u>	<u>1,190,307</u>	line 7 - line 8
10	WC OE Requirement	134,025	14,764	148,788	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requirement	-	-	-	
12	Total Working Capital Requirement	<u>134,025</u>	<u>14,764</u>	<u>148,788</u>	line 10 + line 11
13	Total Rate Base	<u>1,811,360</u>	<u>14,764</u>	<u>1,826,123</u>	line 5 + line 12
14	Total Operating Revenues	1,795,100	-	1,795,100	
15	Less: Illinois High Cost Fund	<u>315,964</u>	-	<u>315,964</u>	
16	Net Operating Revenues	1,479,136	-	1,479,136	line 14 - line 15
17	Total Operating Expenses	1,444,446		1,444,446	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	<u>6,430</u>	-	<u>6,430</u>	
20	Net Op Inc before Income Taxes	28,260	-	28,260	line 16 - lines 17, 18, & 19
21	Income Tax Expense	<u>10,948</u>	-	<u>10,948</u>	line 34
22	Net Operating Income	<u>17,312</u>	-	<u>17,312</u>	line 20 - line 21
23	Return on Rate Base	<u>0.96%</u>		<u>0.95%</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>203,053</u>	<u>1,655</u>	<u>204,708</u>	line 24 * line 13
26	Adj to Achieve Target Return on RB	185,741	1,655	187,396	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>303,204</u>	<u>2,702</u>	<u>305,905</u>	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	28,260	-	28,260	line 20
31	Illinois Inc & Rep Tax Expense	<u>2,029</u>	-	<u>2,029</u>	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	26,231	-	26,231	line 30 - line 31
33	Federal Income Tax Expense	<u>8,919</u>	-	<u>8,919</u>	line 32 * 34.00%
34	Total Imputed Income Tax Expense	<u>10,948</u>	-	<u>10,948</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))

Montrose Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ 175,704
2	2000 Total HCF Support	<u>164,550</u>
3	Funding Difference	11,154
4	Reverse Company Adjustment	<u>12,990</u>
5	Adjustment	<u><u>\$ 24,144</u></u>

Sources:

Lines 1 and 2 -- ICC Staff Exhibit 7.0, Schedule 7.20, Page 1 of 2
 Line 4 -- Montrose Telephone Company, Exhibit 1.0, Schedule 1.02

Working Capital Adjustment		
1	Depreciation for Working Capital per Staff	\$0
2	Depreciation for Working Capital per Company	<u>12,990</u>
3	Adjustment	<u><u>(\$12,990)</u></u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4

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

Line#	Description	Company Amount	Staff Adjustment	Staff Adjusted Amount	
(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>(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 Requir	-	-	-	
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	(151,308)	1,514,593	
15	Less: Illinois High Cost Fund	<u>513,300</u>	-	<u>513,300</u>	
16	Net Operating Revenues	1,152,601	(151,308)	1,001,293	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>1,570</u>	
20	Net Op Inc before Income Taxes	(580,421)	125,564	(454,857)	line 16 - lines 17, 18, & 19
21	Income Tax Expense	<u>(224,848)</u>	<u>48,642</u>	<u>(176,206)</u>	line 34
22	Net Operating Income	<u>(355,573)</u>	<u>76,922</u>	<u>(278,651)</u>	line 20 - line 21
23	Return on Rate Base	<u>-44.19%</u>		<u>-36.19%</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	(80,802)	364,965	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>(131,901)</u>	<u>595,769</u>	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	(580,421)	125,564	(454,857)	line 20
31	Illinois Inc & Rep Tax Expense	<u>(41,674)</u>	<u>9,015</u>	<u>(32,659)</u>	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	(538,747)	116,549	(422,198)	line 30 - line 31
33	Federal Income Tax Expense	<u>(183,174)</u>	<u>39,627</u>	<u>(143,547)</u>	line 32 * 34.00%
34	Total Imputed Income Tax Expense	<u>(224,848)</u>	<u>48,642</u>	<u>(176,206)</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))

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

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ 278,970
2	2000 Total HCF Support	<u>430,278</u>
3	Adjustment	<u>\$ (151,308)</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: IITA Exhibit 4.0, Attachmetent 6, page 2 of 4

New Windsor Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	<u>Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Adjusted Amount</u>	
(a)	(b)	(c)	(d)	(e)	
1	Net Regulated Plant	\$ 1,448,549	\$ -	\$ 1,448,549	
2	Materials and Supplies Inventory	11,359	-	11,359	
3	Customer Deposits	7,446	-	7,446	
4	ADIT - Regulated Plant	<u>168,699</u>	-	<u>168,699</u>	
5	Rate Base before Working Capital	1,283,763	-	1,283,763	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	436,531	-	436,531	
8	Less: Depreciation Expense	<u>124,476</u>	-	<u>124,476</u>	
9	Total WC Operating Expense	<u>312,055</u>	-	<u>312,055</u>	line 7 - line 8
10	WC OE Requirement	39,007	-	39,007	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requirement	-	-	-	
12	Total Working Capital Requirement	<u>39,007</u>	-	<u>39,007</u>	line 10 + line 11
13	Total Rate Base	<u>1,322,770</u>	-	<u>1,322,770</u>	line 5 + line 12
14	Total Operating Revenues	562,928	7,626	570,554	
15	Less: Illinois High Cost Fund	<u>12,048</u>	-	<u>12,048</u>	
16	Net Operating Revenues	550,880	7,626	558,506	line 14 - line 15
17	Total Operating Expenses	436,531	-	436,531	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	<u>1,845</u>	-	<u>1,845</u>	
20	Net Op Inc before Income Taxes	112,504	7,626	120,130	line 16 - lines 17, 1
21	Income Tax Expense	<u>43,583</u>	<u>2,955</u>	<u>46,537</u>	line 34
22	Net Operating Income	<u>68,921</u>	<u>4,671</u>	<u>73,593</u>	line 20 - line 21
23	Return on Rate Base	<u>5.21%</u>		<u>5.56%</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>148,283</u>	-	<u>148,283</u>	line 24 * line 13
26	Adj to Achieve Target Return on RB	79,362	(4,671)	74,690	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>129,551</u>	<u>(7,625)</u>	<u>121,924</u>	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	112,504	7,626	120,130	line 20
31	Illinois Inc & Rep Tax Expense	<u>8,078</u>	<u>548</u>	<u>8,625</u>	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	104,426	7,078	111,505	line 30 - line 31
33	Federal Income Tax Expense	<u>35,505</u>	<u>2,407</u>	<u>37,912</u>	line 32 * 34.00%
34	Total Imputed Income Tax Expense	<u>43,583</u>	<u>2,955</u>	<u>46,537</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

New Windsor Telephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ 23,778
2	2000 Total HCF Support	<u>16,152</u>
3	Adjustment	<u>\$ 7,626</u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4

Odin Telephone Exchange, Inc.
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

Line #	Description	Adjusted Amount	Adjustment	Adjusted Amount	
(a)	(b)	(c)	(d)	(e)	
1	Net Regulated Plant	\$ 1,421,077		\$ 1,421,077	
2	Materials and Supplies Inventory	11,089		11,089	
3	Customer Deposits	10,700	-	10,700	
4	ADIT - Regulated Plant	181,343	-	181,343	
5	Rate Base before Working Capital	1,240,123	-	1,240,123	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	1,487,787		1,487,787	
8	Less: Depreciation Expense	191,949		191,949	
9	Total WC Operating Expense	1,295,838	-	1,295,838	line 7 - line 8
10	WC OE Requirement	161,980	-	161,980	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requir	-	-	-	
12	Total Working Capital Requirement	161,980	-	161,980	line 10 + line 11
13	Total Rate Base	1,402,103	-	1,402,103	line 5 + line 12
14	Total Operating Revenues	2,051,091	(44,172)	2,006,919	
15	Less: Illinois High Cost Fund	350,985	-	350,985	
16	Net Operating Revenues	1,700,106	(44,172)	1,655,934	line 14 - line 15
17	Total Operating Expenses	1,487,787		1,487,787	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	6,848	-	6,848	
20	Net Op Inc before Income Taxes	205,471	(44,172)	161,299	line 16 - lines 17, 18, & 19
21	Income Tax Expense	79,597	(17,112)	62,485	line 34
22	Net Operating Income	125,874	(27,060)	98,814	line 20 - line 21
23	Return on Rate Base	8.98%		7.05%	line 22 / line 13
24	After-tax Cost of Capital	11.21%	11.21%	11.21%	
25	Target Net Operating Income	157,176	-	157,176	line 24 * line 13
26	Adj to Achieve Target Return on RB	31,302	27,060	58,362	line 25 - line 22
27	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	line 35
28	Staff ROR Deficiency	51,097	44,173	95,270	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	205,471	(44,172)	161,299	line 20
31	Illinois Inc & Rep Tax Expense	14,753	(3,172)	11,581	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	190,718	(41,000)	149,718	line 30 - line 31
33	Federal Income Tax Expense	64,844	(13,940)	50,904	line 32 * 34.00%
34	Total Imputed Income Tax Expense	79,597	(17,112)	62,485	line 31 + line 33
35	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	1 / ((1 - .0718) * (1 - .34))

Odin Telephone Exchange, Inc.
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ 339,246
2	2000 Total HCF Support	<u>383,418</u>
3	Funding Difference	(44,172)
4	Reverse Company Adjustment	<u>44,172</u>
5	Adjustment	<u>\$ -</u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4

Oneida Telephone Exchange
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

Line #	Description	<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	\$ 1,091,306		\$ 1,091,306	
2	Materials and Supplies Inventory	20,111		20,111	
3	Customer Deposits	8,652		8,652	
4	ADIT - Regulated Plant	-	-	-	
5	Rate Base before Working Capital	1,102,765	-	1,102,765	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	500,019		500,019	
8	Less: Depreciation Expense	143,905		143,905	
9	Total WC Operating Expense	356,114	-	356,114	line 7 - line 8
10	WC OE Requirement	44,514	-	44,514	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requir	-	-	-	
12	Total Working Capital Requirement	44,514	-	44,514	line 10 + line 11
13	Total Rate Base	1,147,279	-	1,147,279	line 5 + line 12
14	Total Operating Revenues	580,617	-	580,617	
15	Less: Illinois High Cost Fund	104,885	-	104,885	
16	Net Operating Revenues	475,732	-	475,732	line 14 - line 15
17	Total Operating Expenses	500,019		500,019	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	4,596	-	4,596	
20	Net Op Inc before Income Taxes	(28,883)	-	(28,883)	line 16 - lines 17, 18, & 19
21	Income Tax Expense	-	-	-	line 34
22	Net Operating Income	(28,883)	-	(28,883)	line 20 - line 21
23	Return on Rate Base	-2.52%		-2.52%	line 22 / line 13
24	After-tax Cost of Capital	12.60%	12.60%	12.60%	
25	Target Net Operating Income	144,557	-	144,557	line 24 * line 13
26	Adj to Achieve Target Return on RB	173,440	-	173,440	line 25 - line 22
27	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000	line 35
28	Staff ROR Deficiency	173,440	-	173,440	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	(28,883)	-	(28,883)	line 20
31	Illinois Inc & Rep Tax Expense	-	-	-	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	(28,883)	-	(28,883)	line 30 - line 31
33	Federal Income Tax Expense	-	-	-	line 32 * 34.00%
34	Total Imputed Income Tax Expense	-	-	-	line 31 + line 33
35	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000	1 / ((1 - .0718) * (1 - .34))

Oneida Telephone Exchange
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ -
2	2000 Total HCF Support	-
3	Adjustment	<u>\$ -</u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4

Reynolds Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

Line #	Description	Company Amount	Staff Adjustment	Staff Adjusted Amount	
(a)	(b)	(c)	(d)	(e)	
1	Net Regulated Plant	\$ 1,198,988		\$ 1,198,988	
2	Materials and Supplies Inventory	58,384		58,384	
3	Customer Deposits	7,503	-	7,503	
4	ADIT - Regulated Plant	<u>63,399</u>		<u>63,399</u>	
5	Rate Base before Working Capital	1,186,470	-	1,186,470	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	390,103	-	390,103	
8	Less: Depreciation Expense	<u>123,739</u>		<u>123,739</u>	
9	Total WC Operating Expense	<u>266,364</u>	-	<u>266,364</u>	line 7 - line 8
10	WC OE Requirement	33,296	-	33,296	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requir	-	-	-	
12	Total Working Capital Requirement	<u>33,296</u>	-	<u>33,296</u>	line 10 + line 11
13	Total Rate Base	<u>1,219,766</u>	-	<u>1,219,766</u>	line 5 + line 12
14	Total Operating Revenues	593,540	8,058	601,598	
15	Less: Illinois High Cost Fund	<u>10,452</u>	-	<u>10,452</u>	
16	Net Operating Revenues	583,088	8,058	591,146	line 14 - line 15
17	Total Operating Expenses	390,103	-	390,103	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	<u>2,042</u>	-	<u>2,042</u>	
20	Net Op Inc before Income Taxes	190,943	8,058	199,001	line 16 - lines 17, 18, & 19
21	Income Tax Expense	<u>73,969</u>	<u>3,122</u>	<u>77,090</u>	line 34
22	Net Operating Income	<u>116,974</u>	<u>4,936</u>	<u>121,911</u>	line 20 - line 21
23	Staff ROR Deficiency	<u>9.59%</u>		<u>9.99%</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>136,736</u>	-	<u>136,736</u>	line 24 * line 13
26	Adj to Achieve Target Return on RB	19,762	(4,936)	14,825	line 25 - line 22
27	Gross Revenue Conversion Factor	<u>1.6324</u>	<u>1.6324</u>	<u>1.6324</u>	line 35
28	ROR Funding Deficiency Including Inc Taxes	<u>32,259</u>	<u>(8,058)</u>	<u>24,200</u>	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	190,943	8,058	199,001	line 20
31	Illinois Inc & Rep Tax Expense	<u>13,710</u>	<u>579</u>	<u>14,288</u>	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	177,233	7,479	184,713	line 30 - line 31
33	Federal Income Tax Expense	<u>60,259</u>	<u>2,543</u>	<u>62,802</u>	line 32 * 34.00%
34	Total Imputed Income Tax Expense	<u>73,969</u>	<u>3,122</u>	<u>77,090</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))

Reynolds Telephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ 24,042
2	2000 Total HCF Support	15,984
3	Adjustment	<u>\$ 8,058</u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4

Shawnee Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	<u>Company Amount</u>	<u>Staff Adjustment</u>	<u>Staff Adjusted Amount</u>	
(a)	(b)	(c)	(d)	(e)	
1	Net Regulated Plant	\$ 6,125,515		\$ 6,125,515	
2	Materials and Supplies Inventory	252,594		252,594	
3	Customer Deposits	54,758	-	54,758	
4	ADIT - Regulated Plant	479,669	-	479,669	
5	Rate Base before Working Capital	5,843,682	-	5,843,682	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	3,955,534	-	3,955,534	
8	Less: Depreciation Expense	1,027,052		1,027,052	
9	Total WC Operating Expense	2,928,482	-	2,928,482	line 7 - line 8
10	WC OE Requirement	366,060	-	366,060	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requir	-	-	-	
12	Total Working Capital Requirement	366,060	-	366,060	line 10 + line 11
13	Total Rate Base	6,209,742	-	6,209,742	line 5 + line 12
14	Total Operating Revenues	4,671,655	221,928	4,893,583	
15	Less: Illinois High Cost Fund	678,480		678,480	
16	Net Operating Revenues	3,993,175	221,928	4,215,103	line 14 - line 15
17	Total Operating Expenses	3,955,534	-	3,955,534	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	58,497	-	58,497	
20	Net Op Inc before Income Taxes	(20,856)	221,928	201,072	line 16 - lines 17, 18, & 19
21	Income Tax Expense	(8,079)	85,972	77,893	line 34
22	Net Operating Income	(12,777)	135,956	123,179	line 20 - line 21
23	Return on Rate Base	-0.21%		1.98%	line 22 / line 13
24	After-tax Cost of Capital	11.21%	11.21%	11.21%	
25	Target Net Operating Income	696,112	-	696,112	line 24 * line 13
26	Adj to Achieve Target Return on RB	708,889	(135,956)	572,933	line 25 - line 22
27	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	line 35
28	Staff ROR Deficiency	1,157,190	(221,935)	935,256	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	(20,856)	221,928	201,072	line 20
31	Illinois Inc & Rep Tax Expense	(1,497)	15,934	14,437	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	(19,359)	205,994	186,635	line 30 - line 31
33	Federal Income Tax Expense	(6,582)	70,038	63,456	line 32 * 34.00%
34	Total Imputed Income Tax Expense	(8,079)	85,972	77,893	line 31 + line 33
35	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	1 / ((1 - .0718) * (1 - .34))

Shawnee Telephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ 357,012
2	2000 Total HCF Support	135,084
3	Adjustment	<u>\$ 221,928</u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4

Tonica Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

Line #	Description	Company Amount	Staff Adjustment	Staff Adjusted Amount	
(a)	(b)	(c)	(d)	(e)	
1	Net Regulated Plant	\$ 960,244		\$ 960,244	
2	Materials and Supplies Inventory	1,634		1,634	
3	Customer Deposits	379	-	379	
4	ADIT - Regulated Plant	197,405	-	197,405	
5	Rate Base before Working Capital	764,094	-	764,094	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	408,296	-	408,296	
8	Less: Depreciation Expense	133,612	-	133,612	
9	Total WC Operating Expense	274,684	-	274,684	line 7 - line 8
10	WC OE Requirement	34,336	-	34,336	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requir	-	-	-	
12	Total Working Capital Requirement	34,336	-	34,336	line 10 + line 11
13	Total Rate Base	798,430	-	798,430	line 5 + line 12
14	Total Operating Revenues	522,619	(1,362)	521,257	
15	Less: Illinois High Cost Fund	20,004	-	20,004	
16	Net Operating Revenues	502,615	(1,362)	501,253	line 14 - line 15
17	Total Operating Expenses	408,296	-	408,296	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	3,251	-	3,251	
20	Net Op Inc before Income Taxes	91,068	(1,362)	89,706	line 16 - lines 17, 18, & 19
21	Income Tax Expense	35,279	(528)	34,751	line 34
22	Net Operating Income	55,789	(834)	54,955	line 20 - line 21
23	Return on Rate Base	6.99%		6.88%	line 22 / line 13
24	After-tax Cost of Capital	11.21%	11.21%	11.21%	
25	Target Net Operating Income	89,504	-	89,504	line 24 * line 13
26	Adj to Achieve Target Return on RB	33,715	834	34,549	line 25 - line 22
27	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	line 35
28	Staff ROR Deficiency	55,036	1,361	56,398	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	91,068	(1,362)	89,706	line 20
31	Illinois Inc & Rep Tax Expense	6,539	(98)	6,441	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	84,529	(1,264)	83,265	line 30 - line 31
33	Federal Income Tax Expense	28,740	(430)	28,310	line 32 * 34.00%
34	Total Imputed Income Tax Expense	35,279	(528)	34,751	line 31 + line 33
35	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	1 / ((1 - .0718) * (1 - .34))

Tonica Telephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ 23,988
2	2000 Total HCF Support	<u>15,894</u>
3	Funding Difference	8,094
4	Reverse Company Adjustment	<u>(9,456)</u>
5	Adjustment	<u>\$ (1,362)</u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4

Viola Home Telephone Company
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

Line #	Description	Company Amount (e)	Staff Adjustment (d)	Staff Adjusted Amount (e)	
(a)	(b)	(e)	(d)	(e)	
1	Net Regulated Plant	\$ 1,373,611		\$ 1,373,611	
2	Materials and Supplies Inventory	24,003		24,003	
3	Customer Deposits	4,604	-	4,604	
4	ADIT - Regulated Plant	94,034		94,034	
5	Rate Base before Working Capital	1,298,976	-	1,298,976	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	525,170		525,170	
8	Less: Depreciation Expense	136,637	-	136,637	
9	Total WC Operating Expense	388,533	-	388,533	line 7 - line 8
10	WC OE Requirement	48,567	-	48,567	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requirement	-	-	-	
12	Total Working Capital Requirement	48,567	-	48,567	line 10 + line 11
13	Total Rate Base	1,347,543	-	1,347,543	line 5 + line 12
14	Total Operating Revenues	670,798	3,252	674,050	
15	Less: Illinois High Cost Fund	12,000	-	12,000	
16	Net Operating Revenues	658,798	3,252	662,050	line 14 - line 15
17	Total Operating Expenses	525,170	-	525,170	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	2,776	-	2,776	
20	Net Op Inc before Income Taxes	130,852	3,252	134,104	line 16 - lines 17, 18, & 19
21	Income Tax Expense	50,690	1,259	51,951	line 34
22	Net Operating Income	80,162	1,993	82,153	line 20 - line 21
23	Return on Rate Base	5.95%		6.10%	line 22 / line 13
24	After-tax Cost of Capital	11.21%	11.21%	11.21%	
25	Target Net Operating Income	151,060	-	151,060	line 24 * line 13
26	Adj to Achieve Target Return on RB	70,898	(1,993)	68,907	line 25 - line 22
27	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	line 35
28	Staff ROR Deficiency	115,734	(3,253)	112,484	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	130,852	3,252	134,104	line 20
31	Illinois Inc & Rep Tax Expense	9,395	233	9,629	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	121,457	3,019	124,475	line 30 - line 31
33	Federal Income Tax Expense	41,295	1,026	42,322	line 32 * 34.00%
34	Total Imputed Income Tax Expense	50,690	1,259	51,951	line 31 + line 33
35	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	1 / ((1 - .0718) * (1 - .34))

Viola Home Telephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ 18,108
2	2000 Total HCF Support	14,856
3	Adjustment	<u>\$ 3,252</u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4

Wabash Telephone Cooperative, Inc.
 Illinois Universal Service Funding Calculation
 Staff Calculated Funding Requirement

Line #	Description	Company Amount	Staff Adjustment	Staff Adjusted Amount	
(a)	(b)	(c)	(d)	(e)	
1	Net Regulated Plant	\$ 6,880,289		\$ 6,880,289	
2	Materials and Supplies Inventory	271,108		271,108	
3	Customer Deposits	34,628	-	34,628	
4	ADIT - Regulated Plant	-	-	-	
5	Rate Base before Working Capital	7,116,769	-	7,116,769	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	3,760,983	-	3,760,983	
8	Less: Depreciation Expense	1,182,923		1,182,923	
9	Total WC Operating Expense	2,578,060	-	2,578,060	line 7 - line 8
10	WC OE Requirement	322,258	-	322,258	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requir	-	-	-	
12	Total Working Capital Requirement	322,258	-	322,258	line 10 + line 11
13	Total Rate Base	7,439,027	-	7,439,027	line 5 + line 12
14	Total Operating Revenues	4,509,603	-	4,509,603	
15	Less: Illinois High Cost Fund	611,173	-	611,173	
16	Net Operating Revenues	3,898,430	-	3,898,430	line 14 - line 15
17	Total Operating Expenses	3,760,983	-	3,760,983	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	14,592	-	14,592	
20	Net Op Inc before Income Taxes	122,855	-	122,855	line 16 - lines 17, 18, & 19
21	Income Tax Expense	-	-	-	line 34
22	Net Operating Income	122,855	-	122,855	line 20 - line 21
23	Return on Rate Base	1.65%		1.65%	line 22 / line 13
24	After-tax Cost of Capital	12.60%	12.60%	12.60%	
25	Target Net Operating Income	937,317	-	937,317	line 24 * line 13
26	Adj to Achieve Target Return on RB	814,462	-	814,462	line 25 - line 22
27	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000	line 35
28	Staff ROR Deficiency	814,462	-	814,462	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	122,855	-	122,855	line 20
31	Illinois Inc & Rep Tax Expense	-	-	-	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	122,855	-	122,855	line 30 - line 31
33	Federal Income Tax Expense	-	-	-	line 32 * 34.00%
34	Total Imputed Income Tax Expense	-	-	-	line 31 + line 33
35	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000	1 / ((1 - .0718) * (1 - .34))

Wabash Telephone Cooperative, Inc.
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ -
2	2000 Total HCF Support	-
3	Adjustment	<u>\$ -</u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4

Woodhull Community 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	\$ 1,390,934		1,390,934	
2	Materials and Supplies Inventory	30,284		30,284	
3	Customer Deposits	9,938	-	9,938	
4	ADIT - Regulated Plant	(4,063)	-	(4,063)	
5	Rate Base before Working Capital	1,415,343	-	1,415,343	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	628,854	-	628,854	
8	Less: Depreciation Expense	168,723	-	168,723	
9	Total WC Operating Expense	460,131	-	460,131	line 7 - line 8
10	WC OE Requirement	57,516	-	57,516	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requir	-	-	-	
12	Total Working Capital Requirement	57,516	-	57,516	line 10 + line 11
13	Total Rate Base	1,472,859	-	1,472,859	line 5 + line 12
14	Total Operating Revenues	1,000,106	12,438	1,012,544	
15	Less: Illinois High Cost Fund	215,909	-	215,909	
16	Net Operating Revenues	784,197	12,438	796,635	line 14 - line 15
17	Total Operating Expenses	628,854	-	628,854	
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	5,811	-	5,811	
20	Net Op Inc before Income Taxes	149,532	12,438	161,970	line 16 - lines 17, 18, & 19
21	Income Tax Expense	57,927	4,818	62,745	line 34
22	Net Operating Income	91,605	7,620	99,225	line 20 - line 21
23	Return on Rate Base	6.22%		6.74%	line 22 / line 13
24	After-tax Cost of Capital	11.21%	11.21%	11.21%	
25	Target Net Operating Income	165,107	-	165,107	line 24 * line 13
26	Adj to Achieve Target Return on RB	73,502	(7,620)	65,882	line 25 - line 22
27	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	line 35
28	Staff ROR Deficiency	119,985	(12,439)	107,546	line 26 * line 27
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	149,532	12,438	161,970	line 20
31	Illinois Inc & Rep Tax Expense	10,736	893	11,629	line 30 * 7.18%
32	Net Op inc before Fed Inc Tax	138,796	11,545	150,341	line 30 - line 31
33	Federal Income Tax Expense	47,191	3,925	51,116	line 32 * 34.00%
34	Total Imputed Income Tax Expense	57,927	4,818	62,745	line 31 + line 33
35	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	1 / ((1 - .0718) * (1 - .34))

Woodhull Community Telephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u>	
(a)	(b)	(c)
	Funding Difference-HCF Support	
1	2001 Annualized HCF Support	\$ 12,438
2	2000 Total HCF Support	-
3	Adjustment	<u>\$ 12,438</u>

Source: IITA Exhibit 4.0, Attachment 6, page 2 of 4