

**Test Telephone Company**  
Illinois Universal Service Funding Calculation  
Based upon ICC Form 23A Report Data for December 31, 2015

<u>Line #</u>	<u>Description</u>	<u>Source</u>	<u>Amount</u>	<u>Adjustment*</u>	<u>Adjusted Amount</u>
1	Net Regulated Plant	Form 23A, P 8, Net Plant	\$ -	\$ -	\$ -
2	Materials and Supplies Inventory	Page 2, 13-Month Average	-	-	-
3	Customer Deposits	Form 23A, P 8, 4040	-	-	-
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	-	-	-
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			-
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 11, Total	-	-	-
8	Less: Depreciation Expense	Form 23A, P 11, 6560	-	-	-
9	Total WC Operating Expense	line 7 - line 8	-	-	-
10	WC OE Requirement	line 9 * 45 / 360			-
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			-
13	Total Rate Base	line 5 + line 12			-
14	Total Operating Revenues	Form 23A, P 9, Total	-	-	-
15	Less: Illinois Universal Service Fund	Page 3, Line 4	-	-	-
16	Net Operating Revenues	line 14 - line 15	-	-	-
17	Total Operating Expenses	Form 23A, P 11, Total	-	-	-
18	Other Operating Inc and Exp - Net	Form 23A, P 12, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 12, 7240	-	-	-
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	-	-	-
21	Income Tax Expense	line 34			-
22	Net Operating Income	line 20 - line 21			-
23	Return on Rate Base	line 22 / line 13			#DIV/0!
24	After-tax Cost of Capital				9.34%
25	Target Net Operating Income	line 24 * line 13			-
26	Adj to Achieve Target Return on RB	line 25 - line 22			-
27	Gross Revenue Conversion Factor	line 35			#DIV/0!
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			#DIV/0!
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			-
31	Illinois Inc & Rep Tax Expense	line 30 * 7.75%			-
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			-
33	Federal Income Tax Expense	line 30 * 100%			-
34	Total Imputed Income Tax Expense	line 31 + line 33			-
35	Gross Revenue Conversion Factor	1 / ((1 - 0.0775) * (1 - 1))			#DIV/0!

\* Provide detail on Page 4 for all adjustments.

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Material & Supplies Worksheet and Other Information

<u>Line #</u>		
1	December-14	\$0
2	January-15	\$0
3	February-15	\$0
4	March-15	\$0
5	April-15	\$0
6	May-15	\$0
7	June-15	\$0
8	July-15	\$0
9	August-15	\$0
10	September-15	\$0
11	October-15	\$0
12	November-15	\$0
13	December-15	\$0
14	13 Month Average	\$0

Sale/Lease Back Arrangement

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

Lease or Rental Agreement with Affiliates

- The company does not have any lease or rental agreements with affiliates.  
 The company does have lease or rental agreements with affiliates.

Tax Filing Status (1=C Corp, 2=Coop, 3=S Corp) 1

After Tax Return 9.34%

Effective Tax Rates

Federal State

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Federal Tax Rate Supporting Schedule

Federal					Income Taxable in this Bracket	Tax Rate	Tax
0	50,000	15%			0	15%	0
50,000	75,000	25%	50,000	7,500	0	25%	0
75,000	100,000	34%	75,000	13,750	0	34%	0
100,000	335,000	39%	100,000	22,250	0	39%	0
335,000	10,000,000	34%	335,000	113,900	0	34%	0
					<u>0</u>		<u>0</u>
					<u>0</u>		<u>0</u>
State Tax Rate							
0	All	7.75%			0	7.75%	0
					<u>0</u>		<u>0</u>

Total Rate Base (Cell F21-Schedule 1.01)	\$	-
Net Op Inc before Income Taxes (Cell F29)	\$	-
Income Tax Expense	\$	0
Net Operating Income	\$	(0)
After Tax Cost of Capital		9.34%
Target Net Operating Income	\$	-
Adjustment to Achieve Return	\$	0
Target Net Operating Income including Taxes		0
State Tax Deduction (for State Taxes paid)		0
Federal Net Operating Income (less State Taxes Paid)		0
<b>Effective Federal Income Tax Rate</b>		<u><u>100.000%</u></u>

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Operating Revenues By Category

<u>Line #</u>		<u>Source</u>	<u>Amount</u>
1	Local Revenues	Form 23A, P 9, Total Local Network Service Revenues	\$ -
2	State Subscriber Line Charges	Trial Balance 12/31/15	\$ -
3	State Access Revenues	Trial Balance 12/31/15	\$ -
4	State Universal Service Support	Trial Balance 12/31/15	\$ -
5	State Special Access Revenues	Trial Balance 12/31/15	\$ -
6	Total State Access & Local Revenues	Sum (Ln 1 - 5)	<u>\$ -</u>
7	Federal Subscriber Lines Charges	Trial Balance 12/31/15	\$ -
8	Federal Access Revenues <sup>1</sup>	Trial Balance 12/31/15	\$ -
9	Federal High Cost Loop Support <sup>2</sup>	Trial Balance 12/31/15	\$ -
10	Federal Spec. Acc. Rev-excl. DSL/Internet Trans.	Trial Balance 12/31/15	\$ -
11	Federal Spec. Acc. Rev-DSL/Internet Trans.	Trial Balance 12/31/15	\$ -
12	Total Federal Access Revenues	Sum (Ln 7 - 11)	<u>\$ -</u>
13	Misc Revenues	Trial Balance 12/31/15	\$ -
14	Total Operating Revenues	Ln 6 + Ln 12 + Ln 13	<u>\$ -</u>

<sup>1</sup> Includes switched access revenue, ICLS, and CAF-ICC

<sup>2</sup> As booked in company ledgers. Because of timing differences and NECA pooling procedures, revenues in the company's books may not match USAC disbursement reports for federal support revenues.

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Description of Adjustments

Description of Adjustment	Debit	Credit
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Rate Base Adjustments

Revenue Adjustments

Expense Adjustments

Note: Carry all adjustments forward to Page 1

Test Telephone Company  
 Illinois ILECs and Affiliates  
 Accounting Procedures

**Place an X in the box**

Yes	No	#	Accounting Procedure
		1	Our company's records are kept using the FCC's Part 32 Uniform System of Accounts.
		2	Our company's accounting procedures are consistent with an up-to-date Cost Accounting Manual and/or with Part 712 of the ICC Rules and Part 64 of the FCC Rules.
		3	Our company's accounting procedures allocate an appropriate portion of Support Assets (vehicles, buildings, computers, furniture, etc.) to non-regulated accounts and to affiliated companies or include rental or lease fees for using such equipment.