

Wabash Telephone Cooperative, Inc.
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	\$ 22,514,072	\$ (173,141)	\$ 22,340,931
2	Materials and Supplies Inventory	Page 2, 13-Month Average	1,440,836		1,440,836
3	Customer Deposits	Form 23A, P 8, 4040	7,740	-	7,740
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	-	-	-
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			23,774,027
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 11, Total	7,223,922	(18,152)	7,205,770
8	Less: Depreciation Expense	Form 23A, P 11, 6560	3,010,210	(18,152)	2,992,058
9	Total WC Operating Expense	line 7 - line 8	4,213,712	-	4,213,712
10	WC OE Requirement	line 9 * 45 / 360			526,714
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			526,714
13	Total Rate Base	line 5 + line 12			24,300,741
14	Total Operating Revenues	Form 23A, P 9, Total	9,086,462	146,830	9,233,292
15	Less: Illinois Universal Service Fund	Page 3, Line 4	1,828,584	-	1,828,584
16	Net Operating Revenues	line 14 - line 15	7,257,878	146,830	7,404,708
17	Total Operating Expenses	Form 23A, P 11, Total	7,223,922	(18,152)	7,205,770
18	Other Operating Inc and Exp - Net	Form 23A, P 12, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 12, 7240	53,278	(1,193)	52,085
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	(19,322)	166,175	146,853
21	Income Tax Expense	line 34			-
22	Net Operating Income	line 20 - line 21			146,853
23	Return on Rate Base	line 22 / line 13			0.60%
24	After-tax Cost of Capital				9.34%
25	Target Net Operating Income	line 24 * line 13			2,269,689
26	Adj to Achieve Target Return on RB	line 25 - line 22			2,122,836
27	Gross Revenue Conversion Factor	line 35			1.0000
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			2,122,836
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			146,853
31	Illinois Inc & Rep Tax Expense	line 30 * 0.0%			-
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			146,853
33	Federal Income Tax Expense	line 32 * 0.0%			-
34	Total Imputed Income Tax Expense	line 31 + line 33			-
35	Gross Revenue Conversion Factor	1/((1 - 0)*(1 - 0))			1.0000

* Provide detail on Page 4 for all adjustments.

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Material & Supplies Worksheet and Other Information

Line #		
1	December-14	\$1,108,322
2	January-15	\$1,255,453
3	February-15	\$1,623,410
4	March-15	\$1,689,854
5	April-15	\$1,556,599
6	May-15	\$1,574,685
7	June-15	\$1,584,316
8	July-15	\$1,541,964
9	August-15	\$1,550,572
10	September-15	\$1,603,675
11	October-15	\$1,399,710
12	November-15	\$1,174,030
13	December-15	\$1,068,273
14	13 Month Average	\$1,440,836

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) 2

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%	50,000	15%	7,500
50,000	75,000	25%	50,000	25%	6,250
75,000	100,000	34%	75,000	34%	8,500
100,000	335,000	39%	100,000	39%	91,650
335,000	10,000,000	34%	335,000	34%	1,055,334
			3,103,923		1,055,334
			3,438,923		1,169,234
State Tax Rate					
0	All	0.00%	3,438,923	0.00%	0
Total Rate Base (Cell F21-Schedule 1.01)	\$	24,300,741			
Net Op Inc before Income Taxes (Cell F29)	\$	146,853			
Income Tax Expense	\$	1,169,234			
Net Operating Income	\$	(1,022,381)			
After Tax Cost of Capital		9.34%			
Target Net Operating Income	\$	2,269,689			
Adjustment to Achieve Return	\$	3,292,070			
Target Net Operating Income including Taxes		3,438,923	0		
State Tax Deduction (for State Taxes paid)		0			
Federal Net Operating Income (less State Taxes Paid)		3,438,923			
Effective Federal Income Tax Rate		34.000%			

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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	\$ 630,893
2	State Subscriber Line Charges Trial Balance 12/31/15	\$ 445,979
3	State Access Revenues Trial Balance 12/31/15	\$ 375,571
4	State Universal Service Support Trial Balance 12/31/15	\$ 1,828,584
5	State Special Access Revenues Trial Balance 12/31/15	\$ 34,273
6	Total State Access & Local Revenues Sum (Ln 1 - 5)	<u>\$ 3,315,301</u>
7	Federal Subscriber Lines Charges Trial Balance 12/31/15	\$ 325,573
8	Federal Access Revenues ¹ Trial Balance 12/31/15	\$ 3,009,171
9	Federal High Cost Loop Support ² Trial Balance 12/31/15	\$ 1,709,317
10	Federal Spec. Acc. Rev-excl. DSL/Internet Trans. Trial Balance 12/31/15	\$ 258,633
11	Federal Spec. Acc. Rev-DSL/Internet Trans. Trial Balance 12/31/15	\$ 379,441
12	Total Federal Access Revenues Sum (Ln 7 - 11)	<u>\$ 5,682,135</u>
13	Misc Revenues Trial Balance 12/31/15	\$ 89,026
14	Total Operating Revenues Ln 6 + Ln 12 + Ln 13	<u>\$ 9,086,462</u>

¹ Includes switched access revenue, ICLS, and CAF-ICC

² 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.

Wabash Telephone Cooperative, Inc.
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Description of Adjustments

Description of Adjustment	Debit	Credit
<u>Rate Base Adjustments</u>		
Non-regulated Plant		\$491,862
Non-regulated Accum. Depr.	\$318,721	
Net		\$173,141
<u>Revenue Adjustments</u>		
<u>Standard Adjustment #2</u>		\$15,556
<u>Standard Adjustment #3</u>		
Booked 2015 High Cost Loop		\$1,535,665
Estimated 2016 High Cost Loop		\$1,695,648
Budget Control for HCL and SNA		-\$28,709
Difference		\$131,274
Booked 2015 Safety Net		\$173,688
Estimated 2016 Safety Net		\$173,688
Difference		\$0
<u>Expense Adjustments</u>		
Non-regulated Expense(including Dep)		\$18,152
Non-regulated Depr. Expense		\$18,152
Non-regulated Tax Expense		\$1,193

Note: Carry all adjustments forward to Page 1

Wabash Telephone Cooperative, Inc.
Illinois ILECs and Affiliates
Accounting Procedures

Place an X in the box

Yes	No	#	Accounting Procedure
X		1	Our company's records are kept using the FCC's Part 32 Uniform System of Accounts.
X		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.
X		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.