

ACS OF ANCHORAGE, INC.
TRANSMITTAL NO. 19
EXHIBIT 1
Rate Reduction - CDSL

A IS. Income Statement

		Year 1	Year 2	Year 3	Year 4	Year 5	Total
Revenue							
Recurring Revenue	\$ 19.31	\$1,075,519	\$1,478,926	\$1,882,333	\$2,285,740	\$2,689,146	\$9,411,664
Non-Recurring Revenue							\$0
							\$0
Total Revenue		\$1,075,519	\$1,478,926	\$1,882,333	\$2,285,740	\$2,689,146	\$9,411,664
Operating Expenses							
Maintenance Circuit Equipment		\$118,521	\$155,147	\$189,087	\$223,251	\$257,414	\$943,421
Maintenance Underground Interoffice Fiber		\$2,426	\$2,426	\$2,426	\$2,426	\$2,426	\$12,131
Billing/Customer Service		\$32,402	\$42,078	\$51,043	\$60,068	\$69,093	\$254,683
Other Overhead		\$122,472	\$159,042	\$192,930	\$227,041	\$261,151	\$962,636
Admin		\$95,407	\$123,896	\$150,295	\$176,867	\$203,440	\$749,905
Marketing		\$11,177	\$14,514	\$17,607	\$20,720	\$23,833	\$87,850
Product Management		\$1,755	\$2,279	\$2,764	\$3,253	\$3,741	\$13,791
Setup Costs and Order Processing		\$98,955	\$197,911	\$197,911	\$197,911	\$197,911	\$890,599
Loop Expense - Monthly		\$0	\$0	\$0	\$0	\$0	\$0
Training		\$0	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses		\$483,116	\$697,292	\$804,062	\$911,536	\$1,019,010	\$3,915,016
EBITDA		\$592,403	\$781,634	\$1,078,271	\$1,374,204	\$1,670,137	\$5,496,648
Depreciation Circuit Equipment		\$454,094	\$594,420	\$724,455	\$855,347	\$986,238	\$3,614,554
Depreciation Interoffice Fiber		\$5,473	\$5,473	\$5,473	\$5,473	\$5,473	\$27,367
Cost of Debt		\$180,932	\$234,958	\$285,022	\$335,415	\$385,808	\$1,422,135
							\$0
		\$640,499	\$834,852	\$1,014,950	\$1,196,235	\$1,377,520	\$5,064,055
Taxable Income		(\$48,096)	(\$53,218)	\$63,321	\$177,969	\$292,617	\$432,593
Taxes							
State Tax	9.40%	(\$4,521)	(\$5,002)	\$5,952	\$16,729	\$27,506	\$40,664
Federal Tax	35.00%	(\$15,251)	(\$16,875)	\$20,079	\$56,434	\$92,789	\$137,175
Total Taxes		(\$19,772)	(\$21,878)	\$26,031	\$73,163	\$120,295	\$177,839
NET INCOME		(\$28,324)	(\$31,340)	\$37,290	\$104,806	\$172,322	\$254,754
Investment		\$2,349,772	\$3,051,405	\$3,701,579	\$4,356,037	\$5,010,496	\$5,010,496