ACS OF ANCHORAGE, INC.
TARIFF FCC NO. 1
TRANSMITTAL NO. 28
March 10, 2006

DESCRIPTION AND JUSTIFICATION

1. INTRODUCTION

In Transmittal No. 28, ACS of Anchorage, Inc. ("ACS–ANC") proposes a reduction in the rates for Special Access High Capacity DS-1 Channel Mileage Facilities ("CMF") and Channel Mileage Terminations ("CMT").

This filing is being made in response to competitive pressures in the ACS–ANC serving area.

2. DESCRIPTION

ACS–ANC has had facilities-based and total service resale competition in its serving area since September 1997. The ACS–ANC network configuration is comprised of five switches and six remotes. As a result of ACS-ANC's network configuration, the termination of special access private line circuits billed in accordance with its Tariff FCC No. 1 results, in most circumstances, in the application of the CMF and CMT rate elements.

This contrasts significantly with the facilities-based network of the Company's primary competitor whose network is comprised of only one switch and therefore, is not required to charge the CMT rate or the mileage-based CMF rates. This competitor also utilizes the ACS–ANC network for transport between switches using unbundled network elements. As a result, the competitor does not charge the mileage based rate elements.

In this filing, ACS-ANC, therefore, lowers its tariffed rates for the CMF and CMT rate elements to remain competitive in its serving area, stimulate demand, and retain its current customer base.

3. COST SUPPORT

ACS–ANC will forego any revenue requirement shortfall that results from this tariff filing.

The cost support attached as Exhibit I shows the estimated revenue shortfall based on the current demand when compared to the demand filed in the ACS-ANC 2004 Annual Access filing. Also attached as Exhibit II, is the cost support from ACS-ANC's 2004 Annual Access filing which shows the annual revenue requirement.

4. PROPOSED RATES AND REVENUE DEFICIENCY

The proposed rates were derived by taking the CMF and CMT rate elements for a Special Access DS-3 (44.736 Mbps) and dividing each rate by 28 to equal the respective DS-1 rates.

The proposed tariff revisions reduce rates and will positively impact customers by reducing their costs. Since rates for CMF and CMT are being reduced across the board, the savings by customer will vary only by their demand.

The forecasted revenue deficiency may change when the 2006 Annual Access Tariff filing is made due to changes in rate base, expenses and factors; however, any deficiency foregone in the CMF and CMT rate elements and will not be spread among other tariffed rate elements.

Exhibit I
ACS of Anchorage, Inc.
Tariff F.C.C. No. 1
Transmittal No. 28

Special Access High Capacity 1.544 Mbps
Channel Mileage Facility and Channel Mileage Termination Rate Reduction

Rate Elements	A Forecast Demand 7/1/2004 #	B Proposed Revenue #	C Current Tariffed Rate @ (B / A)	D Revised Rate	E Revised Forecast Revenue (A * D)	F Forecast Foregone Revenue (D - B)
Channel Mileage Facility						
1.544 Mbps Interface	6,304	$ 136,734	$ 21.69	$ 7.44	$ 46,902	$ (89,832)
Channel Mileage Termination						
1.544 Mbps Interface	3,072	$ 276,664	$ 90.06	$ 14.47	$ 44,452	$ (232,212)
						$ (322,044)

ACS of Anchorage, Inc - 2004 Annual Access Filing, Attachment I, page 2 of 8, Special Access High Capacity B) (1) and (2), 1.544 mbps (See Exhibit II)

@ TARIFF F.C.C. 1, Sixth Revised Page 16-15 (See Exhibit II)

ACS OF ANCHORAGE, INC.
SPECIAL ACCESS RATE DEVELOPMENT

Rate Element	Forecast Demand	Proposed Rate 7/1/2004	Proposed Revenue	Allocated TIC	Rounding Adjustment	Adjusted Proposed Revenue	Adjusted Proposed Rate
Special Access Digital Data							
A) Channel Termination							
2.4 kbps	0	$58.61	$0	$0	$0	$0	$58.63
4.8 kbps	72	58.61	4,220	2	(0)	4,221	58.63
9.6 kbps	408	58.61	23,913	10	(1)	23,921	58.63
19.2 kbps	0	58.61	0	0	0	0	58.63
56.0 kbps	4,608	58.61	270,075	109	(17)	270,167	58.63
64.0 kbps	684	58.61	40,089	16	(2)	40,103	58.63
Channel Termination, NRC Installation							
2.4 kbps	0	$248.81	$0	$0	$0	$0	$248.81
4.8 kbps	0	248.81	0	0	0	0	248.81
9.6 kbps	0	248.81	0	0	0	0	248.81
19.2 kbps	0	248.81	0	0	0	0	248.81
56.0 kbps	72	248.81	17,914	0	0	17,914	248.81
64.0 kbps	24	248.81	5,971	0	0	5,971	248.81
B) Channel Mileage							
(1) Channel Mileage Facility							
2.4 kbps	0	$1.07	$0	$0	$0	$0	$1.07
4.8 kbps	108	1.07	116	0	(0)	116	1.07
9.6 kbps	468	1.07	501	0	(0)	501	1.07
19.2 kbps	0	1.29	0	0	0	0	1.29
56.0 kbps	4,560	2.13	9,713	4	(4)	9,713	2.13
64.0 kbps	108	2.31	249	0	(0)	249	2.31
(2) Channel Mileage Termination							
2.4 kbps	0	$10.76	$0	$0	$0	$0	$10.76
4.8 kbps	24	10.76	258	0	(0)	258	10.76
9.6 kbps	240	10.76	2,582	1	(1)	2,582	10.76
19.2 kbps	0	12.99	0	0	0	0	13.00
56.0 kbps	2,040	21.50	43,860	18	3	43,880	21.51
64.0 kbps	72	23.36	1,682	1	0	1,683	23.37
C) Optional Features and Functions							
(1) Bridging	120	$6.13	$736	$0	$0	$736	$6.13
Special Access High Capacity							
A) Channel Termination							
1.544 mbps Interface	9,156	$124.67	$1,141,479	$459	($1)	$1,141,936	$124.72
44.736 mbps Capacity	0	1,097.86	0	0	0	0	1,098.30
44.736 mbps Interface	627	1,836.83	1,151,692	463	1	1,152,156	1,837.57
Channel Termination, NRC Installation							
1.544 mbps	156	$403.89	$63,007	$0	$0	$63,007	$403.89
44.736 mbps	12	806.06	9,673	0	0	9,673	806.06
B) Channel Mileage							
(1) Channel Mileage Facility							
1.544 mbps	6,304	$21.68	$136,671	$55	$8	$136,734	$21.69
44.736 mbps	479	208.10	99,680	40	(2)	99,718	208.18
(2) Channel Mileage Termination							
1.544 mbps	3,072	$90.02	$276,541	$111	$12	$276,664	$90.06
44.736 mbps	338	405.10	136,924	55	(1)	136,978	405.26