Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Petition for Declaratory Ruling and Other Relief of ACS of Fairbanks, Inc.	)	CC Docket No. 96-45
	)	
	)	

DECLARATION OF FREDERICK W. HITZ, III ON BEHALF OF GENERAL COMMUNICATION, INC.

I, Frederick W. Hitz, III, pursuant to 28 U.S.C. § 1746, do hereby declare under penalty of perjury that the following is true and correct:

1. My name is Frederick W. Hitz, III, and I am employed by General Communication, Inc., as the Director of Rates, Tariffs and Economic Analysis. I have held this position since 1997. My job responsibilities cover a broad range of regulatory activities, including review and coordination of all of GCI's tariff filings, review of the tariff filings of other utilities, including ACS-F, economic analysis of regulatory issues, and active participation in the arbitration of local interconnection agreements pursuant to the terms of the Telecommunications Act of 1996.

2. I have been employed in the telecommunications industry for more than fifteen years, and during almost all of that time I have been involved in the regulatory arena. Prior to being employed by GCI, I was employed by Anchorage Telephone Utility, the incumbent local exchange carrier then serving Anchorage and later acquired by ACS. I am generally familiar with the regulation, including the allocation and calculation of various regulated "costs," of incumbent LECs.

3. Pursuant to the terms of an Interconnection Agreement with ACS of Fairbanks, Inc. (ACS-F), GCI pays ACS-F a rate of $19.19 per month for an unbundled loop. This rate was established through "last best offer" arbitration and then approved by the Regulatory Commission of Alaska. In its last best offer on UNE loops, ACS-F offered a single, averaged UNE loop rate for the entire ACS-F service area; ACS-F did not propose a deaveraged UNE loop rate. ACS-F had the opportunity to challenge each input in the cost model being used, but only challenged a few inputs. ACS did not challenge the inputs for the costs of burying cable or the fiber and copper cable for feeder and distribution.

4. The UNE loop rate that GCI pays provides GCI with access to ACS-F copper loops at ACS-F's various switch and remote switches in the service area. In order to utilize the loops obtained at those various locations, GCI must colocate equipment at the ACS-F switch or remote switch, including digital loop carriers, fiber terminals, DSX cross connects, cable and ducts, multiplexing equipment, and more. GCI has invested over $2,000,000 in such equipment and will invest additional amounts at other ACS-F remote switches.

5. The equipment that GCI has colocated at the ACS-F switch and remote switch is generally comparable to digital loop carriers and line concentrators that are used by incumbent local exchange carriers. When ILECs deploy such equipment, the cost is included in the calculation of the "embedded loop cost" for purposes of determining eligibility for federal universal service high cost loop support. Space and power costs for these facilities also qualify as ILEC loop costs and would have to be included in CETC loop cost calculations.

6. In addition to costs associated with colocation, GCI must also then transport the loop signals from the ACS-F switch or remote back to GCI's switch in Fairbanks. This requires additional investment or lease of facilities from ACS-F. These costs, when incurred for transport

from digital loop carriers and line concentrators, also qualify as ILEC loop costs and would have to be included in CETC loop cost calculations.

7. GCI, just like ACS, has substantial overhead costs that are, in part, attributable to loop costs. For an ILEC such as ACS, Part 36 of the Commission's rules provides that overhead costs are allocated in proportion to investment in loops. That may be a reasonable allocation methodology for traditional ILECs, which generally incurred all investments costs of a local exchange system. However, such a methodology is not reasonable for a CLEC that leases large quantities of unbundled loops. The overhead costs are still there, and they are still partially attributable to loop costs, but they are not attributable to investment, so a different allocation methodology would have to be developed for CLECs that lease UNE loops.

8. I have not attempted to inventory herein all costs of loops that GCI incurs in addition to the ACS charge for an unbundled loop. I have not included, for example, the costs of the customer relations and operational problems created by ACS' chronically slow and discriminatory handling of GCI orders for unbundled loops.

9. Based on all of the above factors but not including the costs discussed in Paragraph 8, I estimate that GCI has loop costs of no less than $9.37 per month, and likely more, in addition to the $19.19 UNE loop rate paid to ACS-F. Thus, even at the low end, GCI's average loop costs in Fairbanks are no lower than $28.56 per month.

Executed on August 30 2002 by:

F.W. Hitz III

Frederick W. Hitz, III