EXHIBIT L

STATE OF ALASKA

REGULATORY COMMISSION OF ALASKA

Before Commissioners: G. Nanette Thompson, Chair
Bernie Smith
Patricia M. DeMarco
Will Abbott
James S. Strandberg

In the Matter of the Investigation Into Disparities in Service Provided to Customers of a Competitive Local Exchange Carrier and an Incumbent Local Exchange Carrier	)	Docket U-02-97

REGULATORY COMMISSION OF ALASKA
HEARING ROOM
Anchorage, Alaska

VOLUME II
PUBLIC HEARING

October 22, 2002
8:30 o'clock a.m.

BEFORE: PATRICIA CLARK, HEARING EXAMINER

AND: PATRICIA M. DeMARCO, RCA, COMMISSIONER
WILL ABBOTT, RCA, COMMISSIONER
JAMES S. STRANDBERG, RCA, COMMISSIONER

APPEARANCES:

FOR GCI: MR. MARTIN M. WEINSTEIN
Regulatory Attorney
General Communications, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

FOR ACS: MR. TED MONINSKI
ACS
600 Telephone Avenue
Anchorage, Alaska 99503-6091

1 HEARING EXAMINER CLARK: All right. Thank you,
2 Ms. Keeling. Mr. Weinstein, would you call your next witness?
3 MR. WEINSTEIN: Our next witness is Ms. Gina Borland.
4 HEARING EXAMINER CLARK: Thank you.
5 MR. WEINSTEIN: And (ph) our final witness.
6 HEARING EXAMINER CLARK: Ms. Borland, when you're read the
7 court reporter will swear you in.
8 MS. BORLAND: Okay.
9 COURT REPORTER: Would you raise your right hand, please?
10 (Oath administered)
11 MS. BORLAND: Yes, I do.
12 GINA BORLAND
13 called as a witness on behalf of GCI, testified as follows on:
14 DIRECT EXAMINATION
15 COURT REPORTER: You may lower your hand. Would you state
16 your full name for the record, please, and spell your last?
17 A Gina Borland. Last name is spelled B-o-r-l-a-n-d,
18 COURT REPORTER: Thank you.
19 HEARING EXAMINER CLARK: Mr. Weinstein.
20 BY MR. WEINSTEIN:
21 Q Ms. Borland, I wanted to ask you a few questions out the
22 outset about this no facility situation. Is it GCI's
23 practice to build copper plant?
24 A No, it is not our general practice. We do have the
25 location in Aurora that's already been mentioned, but no,

1 it is not our practice.
2 Q Would you characterize the Aurora Subdivision more as the
3 exception to the rule?
4 A It -- it is the exception, yes.
5 Q Does GCI have other plans for other -- for another type of
6 network that they may deploy in the future?
7 A Yes, we are making plans to have a network that we deploy
8 over our cable plant in the future.
9 Q And cable plant is different from the copper plant?
10 A Yes, it is different plant. Yes.
11 Q Is it your understanding that under the Communications Act
12 you have the right to request facilities or loops from the
13 incumbent?
14 A Yes, it is my understanding.
15 Q I should have asked you at the outset. What do you do at
16 the company.
17 A Oh.
18 Q Let me ask you that, what do you do for GCI?
19 A I am the vice president and general manager of local phone
20 service. I have had that position now since January of
21 last year, so almost two years now. And I have been with
22 GCI for almost 14 years.
23 Q And what are your responsibilities in the position that
24 you hold today?
25 A I am responsible for the local service profitability of

1 the business and everything that that may encompass with
2 regard to customer service and everything else within it.
3 Q How would you characterize the problem that exists today
4 between the two companies?
5 A I -- I would characterize the problem as GCI's customers
6 are being discriminated against in -- in not a minor way,
7 but in a gross way. And I -- I believe it has not been
8 resolved because ACS does not appear to think that GCI
9 customers need to have their orders completed in the same
10 time frame as their own. It doesn't appear to be a
11 mission nor a goal of theirs in any way. The -- the
12 result of that is -- is what you're now seeing in these
13 customers' complaints. The -- in my opinion and when I
14 heard last week that ACS had made a decision to eliminate
15 the backlog, to clear the backlog I guess I was a little
16 surprised to hear that, not -- I had not heard that
17 before. And I sure wish they had done it a long time ago
18 when it was first created so all this pain and suffering
19 did not occur by the customers all year. And -- and I
20 guess I'm the person here to speak for them.
21 Q Do you think the problem with the backlog could have been
22 solved sooner or fairly easily?
23 A I think it could have been solved very easily all along.
24 And the reason I say that is because if you -- if you look
25 at the size of our backlog which has ranged at any given

1 point in time from 1,300 to 2,300 orders at any point in
2 time and you look at the size of the processing capability
3 that ACS has, I -- I had estimated before seeing the --
4 the volume of orders that they're processing for
5 themselves I'd estimated theirs to be in the same
6 magnitude of ours so if they had about the same number of
7 orders as we do, then I believe they could have solved
8 this proc- -- problem with their processing power in two
9 to four days. Two to four days of processing capacity.
10 But I see they have much more capacity than I even had
11 assumed.
12 Q Let me ask you some process questions. Are you familiar
13 with the term warm ordering?
14 A I am, yes.
15 Q And what is that?
16 A Warm ordering is when a GCI back office person calls a
17 phone number to the -- to go to the ACS person that works
18 in what they refer to as their ALEC group, which is the
19 group that processes GCI's orders. It goes into an
20 automatic call distribution system so the next available
21 person in ACS's ALEC group will take the call when we
22 place the calls to place an order.
23 Q Do you know roughly when that process began between the
24 two companies?
25 A It -- it began in -- in late '98, early '99.

1 Q And when did it stop?
2 A It stopped gradually beginning in November of last year
3 when -- when ACS was not able to take all of our orders
4 over the phone. We would place calls, but we at the end
5 of the day had orders still sitting at GCI they didn't
6 have enough people on the phone taking our calls to take
7 all our orders. So what we did at that time was begin
8 sending some of our orders, and we chose just conversion
9 orders, to send via spread sheet, but continued to do all
10 the new lines and moves and our other order types via warm
11 ordering. As time progressed, when we got into the May
12 time frame same thing began happening with the new line
13 and move orders that now -- now we couldn't even get all
14 of those through in a day and we would have those left
15 over at the end of the day which were just aging for the
16 customer. So at that time the ones that we had left over
17 at the end of the day we would only send those on the
18 spread sheet so that we got as many done via warm ordering
19 as we could.
20 Q Okay. So....
21 A And.....
22 Q I'm sorry, did I interrupt you?
23 A Yeah, I had one bit more.
24 Q Sorry.
25 A That ultimately in June -- ultimately in June ACS told us

1 that they did not want to receive orders in two different
2 ways, and so they shut off the warm ordering ACD phone
3 number and we started submitting all of our orders via
4 spread sheets.
5 Q And that was in June of 2002?
6 A Yes.
7 Q So warm ordering was in place from roughly the end of 1998
8 through June of 2002?
9 A Yes.
10 Q And what benefits does warm ordering provide to GCI and
11 its customers?
12 A Well, the main benefits are to the customer. And those
13 benefits are number one, their order goes into the system
14 at the time that the order is transmitted to ACS, so it
15 immediately goes into their processing system and does not
16 sit and age somewhere. The -- the other main benefit is
17 that you receive a firm order confirmation or the due date
18 in which that order will be completed at the time of the
19 call. Now we have that information which we can relay to
20 the customer who originally placed that order.
21 Q Would you agree that the backlog in service orders began
22 -- or actually let me back up. When did the backlog in
23 service orders begin?
24 A Well, I would describe that as starting in November when
25 -- when we were forced to send orders via spread sheet

1 just to get all of our orders over there.
2 Q And what time period again?
3 A That was November of last year.
4 Q November of last year. And did that coincide with ACS's
5 rate increase for its retail customers?
6 A Yes. Yes, it does.
7 Q What happened following the rate increase?
8 A Well, following the rate increase we had a significant
9 number of customers that wanted to switch their service to
10 GCI. And so at that time the conversion orders began to
11 increase significantly.
12 Q Okay. I don't know if you can answer this generically,
13 but what percentage of the backlog was new line and move
14 orders versus, let's say, conversions? Or actually let's
15 back up. Following the rate increase.....
16 A Yes.
17 Q .....do you have an idea of what the composition of the
18 backlog was?
19 A I don't exactly. I was not tracking at that time the
20 total composition of what the backlog was. I was hoping
21 it would be resolved in days.
22 Q Okay. How about today, do you know what the composition
23 of the backlog is today?
24 A What I -- what I do know is in -- what I do know is in the
25 tracking that we have done on -- on the backlog that of

1 the order types -- well, basically the backlog is made up
2 of almost every order GCI sends over because every order
3 goes into the backlog. It goes into the bottom. So if
4 you just look at the composition of all our orders, if you
5 look at residential, for example, which has been a large
6 part of the problem, the residential new line and move
7 orders exceed the number of conversion orders that we have
8 had since June. So in relationship, at least, to those
9 two I can tell you that new line and move orders are more
10 than the conversion orders since June.
11 Q Okay. When the backlog developed back in -- or following
12 the rate increase in November of 2001, did you make any
13 attempts to discuss with ACS management how they planned
14 on alleviating the backlog?
15 A I -- I would say that the very day to day conversations
16 trying to get that backlog resolved were mainly occurring
17 in February is when they aggressively began occurring to
18 try and make something happen and get it resolved. That
19 ultimately resulted in us not being able to resolve that
20 between the two companies. ACS was not providing a plan
21 in which they would solve that problem, so we -- we then
22 -- I met with Wes Carson, their president of ACS, and with
23 our counsel present and in front of the Chair of the RCA
24 Commission and we talked about this problem. A few days
25 later ACS was -- was coming back with things they might do

1 HEARING EXAMINER CLARK: All right. We're back on the
2 record. Mr. Weinstein, could you call your next witness,
3 please.
4 MR WEINSTEIN: Okay. I'll call one last witness, Ms. Dana
5 Tindall.
6 HEARING OFFICER CLARK: Thank you. Ms. Tindall, the court
7 reporter will swear you in.
8 (Oath Administered)
9 MS. TINDALL: Yes, I do.
10 DANA L. TINDALL
11 called as a witness on behalf of GCI, testifies as follows on:
12 DIRECT EXAMINATION
13 COURT REPORTER: Would you state your name for
14 the record, please, and spell your last?
15 A Dana L. Tindall, T as in Tom, i-n-d-a-l-l.
16 COURT REPORTER: Thank you.
17 HEARING OFFICER CLARK: Mr. Weinstein.
18 MR. WEINSTEIN: Thank you.
19 BY MR. WEINSTEIN:
20 Q Ms. Tindall, would you identify what you do for GCI?
21 A I'm senior vice president for legal, regulatory and
22 governmental affairs. In the context of this proceeding I
23 am responsible for overseeing all of GCI's regulatory and
24 legal activity including deciding whether or not to file
25 arbitrations, complaints, our positions on rule makings,

1 during the month of September?

2 A Yes, I see.

3 Q Actually let me take a step back. Do you know what this

4 document is? Sorry about that.

5 A I'm not sure who produced it. I would guess that the RCA

6 produced it for the public meeting that was held a month

7 or so ago -- or, no, actually --.....

8 Q Yeah, that's right.

9 A .....yeah, for a public meeting on October 9th apparently.

10 Q Okay. It's a Commission document, is that correct?

11 A It -- that's what it looks like, yes.

12 Q Okay. Now, if we open it up now and turn to the graph --

13 or the bar graph it says total complaints filed during the

14 month of September?

15 A Yes.

16 Q And I'd like to call your attention to the fact that in

17 1999 there were apparently 53 complaints and then 2000 it

18 went down, 2001 went down further and then it exploded in

19 2002.

20 A Yes.

21 Q Do you have any opinion about why consumer complaints

22 exploded in the year 2002?

23 A Yes, I do.

24 Q Okay. And what is that?

25 A I think it's probably fair to say that when ACS raised

1 their rates by 24 percent there was a huge blip in
2 conversion orders that neither they nor we were totally
3 prepared for. However, I believe that that blip in
4 conversion orders paled off pretty quickly and now we see
5 that at least half or maybe the majority of orders are new
6 moves and conversions and they're big and so why all of a
7 sudden for something that is fairly predictable and
8 seasonable would our orders have stopped being processed
9 and that's what I have an opinion on. When ACS bought the
10 local telephone companies that comprise ACS, at that time
11 there was competition only in Anchorage. They felt very
12 strongly that they would be able to keep competition from
13 happening in Fairbanks and Juneau. They felt that to the
14 extent that they put that in analyst reports to their
15 stockholders. They also felt that they would be able to
16 get the Anchorage loop rate up to $36 a loop. That was
17 also in analysts reports. Despite a whole lot of lawsuits
18 those two things have not come to pass and what has
19 happened instead is ACS has been losing market share at an
20 alarming rate. It's my belief that ACS needs to slow down
21 the market share loss as much as possible and any delay in
22 processing orders helps them in their numbers that they
23 release on a quarterly basis.
24 Q Ms. Tindall, do you think parity is important for
25 competition to flourish?