

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
)
 VERIZON HAWAII INC.)
)
 For Approval to Include Funds in)
 Excess of \$500,000 in Its Rate Base)
 for the Lihue GTD-5 Trunk Addition)
 Project.)
 _____)

DOCKET NO. 02-0042

DIV. OF CONSUMER ADVOCACY
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
STATE OF HAWAII

2002 JUL 18 P 4: 20

RECEIVED

DECISION AND ORDER NO. 19473

Filed July 17, 2002
At 3:00 o'clock P.M.
Karen Higashi
Chief Clerk of the Commission

ATTEST: A True Copy
KAREN HIGASHI
Chief Clerk, Public Utilities
Commission, State of Hawaii.

K. Higashi

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OF THE STATE OF HAWAII

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| For Approval to Include Funds in) | |
| Excess of \$500,000 in Its Rate Base) Decision and Order No. 19473 | |
| for the Lihue GTD-5 Trunk Addition) | |
| Project.) | |
| _____) | |

DECISION AND ORDER

I.

By an application filed on February 22, 2002, VERIZON HAWAII, INC. (Applicant), requests commission approval to include \$641,900 in Applicant's rate base for a GTD-5 trunk addition in the Lihue Central Office (project). Applicant makes its request in accordance with Section 2.3.d.2 of General Order No. 8, *Standards for Telephone Service in the State of Hawaii*¹ and Hawaii Administrative Rules § 6-80-90.

Applicant served copies of the application on the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy (Consumer Advocate). On July 8, 2002, the Consumer Advocate filed its position statement indicating that it does not object to the project. However, the Consumer Advocate recommends that: (1) the commission should not approve the inclusion of the

¹By Order No. 19363, filed on May 23, 2002, the commission granted Applicant's request to extend the applicable General Order No. 8, Section 2.3.d.2, deadline, from May 23, 2002 to July 8, 2002. By Order No. 19460, filed on July 9, 2002, the commission granted Applicant's request to extend the applicable General Order No. 8, Section 2.3.d.2, deadline, from July 8, 2002 to July 17, 2002.

project costs in rate base at this time; and (2) the Consumer Advocate be allowed to continue its review of project.

II.

A.

Applicant requests approval to include \$641,900 in its rate base, the actual expenditures of the project. Applicant represents that the proposed project provides the capacity to avoid network congestion and support future forecasted requirements of ratepayers as well as those of competitive carriers. This project also upgrades existing central office equipment which Applicant represents will improve switch utilization and support future services. This project was completed in April 2001².

B.

The Lihue GTD-5 base unit switch is a digital switch manufactured by AG Communication Systems and is located in Applicant's Lihue central office on the island of Kauai³. The switch currently serves as the local tandem switch for Kauai and

²When Applicant first evaluated the project in December 2000, the estimated project cost was \$482,600. Based on this estimate, Applicant did not seek commission approval because the cost was not expected to exceed the \$500,000 capital expenditure threshold for a single project requiring commission approval. Applicant represents that additional requirements forced Applicant to expand the original scope of the project to include additional equipment adding \$93,400 to the project for a total of \$576,000. The project was completed in April 2001. When the project costs were finalized in January 2002, the actual costs for the project were higher than estimated by \$65,000, or 11.4 per cent, for a total project cost of \$641,900.

³The switch was installed in 1986.

serves as the host switch for three GTD-5 digital remote switching units at Koloa, Hanapepe, and Waimea.

Prior to completion of the project, the Lihue GTD-5 digital switch was equipped with 224 T1s and 48 ISDN-PRI ports. Applicant represents that given the forecasted growth, Applicant expected demand to exhaust digital trunk and ISDN-PRI port capacity by April 2001. This project added 16 T1 ports and 24 ISDN-PRI ports at the Lihue base unit switch which Applicant represents will avoid the depletion of capacity, as well as satisfy forecasted T1 requirements for two years and forecasted ISDN-PRI customer growth for one year.

C.

The scope of this project included:

1. The addition of 16 digital T1 ports and 24 ISDN-PRI ports in the existing Lihue GTD-5 switch.
2. The expansion of the space switch unit frame to accommodate the trunk additions, described in 1. above, without impacting the central office's limited floor space.
3. The upgrade of four existing TCU processors to support forecasted real-time requirements.
4. The upgrade of the facility test unit frame to include extension jacks to support future deployment of the line digital unit for asynchronous digital subscriber line testing.

III.

Upon careful review, we find the project to be reasonable and in the public interest. Nonetheless, Applicant shall submit a status report to the commission and the Consumer Advocate as of June 30th and December 30th of each year until the capacity realized from this project is exhausted or further order by the commission. The semi-annual status reports shall be submitted within 30 days after the date of each respective time period. The status reports shall list by each major category (local exchange carrier, inter-exchange carriers, competitive local exchange carriers, wireless carriers, etc.) the following information regarding the Lihue Trunk: (1) the number of assigned T1 and ISDN-PRI ports; and (2) the number of available T1 and ISDN-PRI ports.

Thus, based on the above, we conclude that Applicant's request to commit \$641,900 for the project should be approved, nunc pro tunc. However, by this decision and order, we do not approve the inclusion of the project's costs in Applicant's rate base for ratemaking purposes.

IV.

THE COMMISSION ORDERS:

1. Applicant's request to commit \$641,900 for the GTD-5 trunk addition in the Lihue Central Office is approved, nunc pro tunc; however, by this decision and order, we do not approve the inclusion of the project's costs in Applicant's rate base for ratemaking purposes.

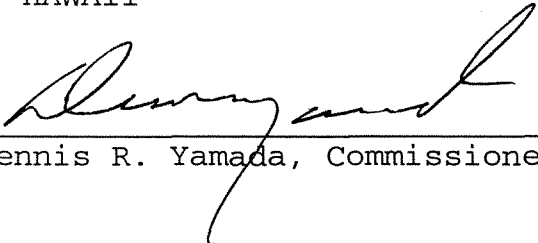
2. Applicant shall submit a status report to the commission and the Consumer Advocate as of June 30th and December 30th of each year until the capacity realized from this project is exhausted or further order by the commission. The semi-annual status reports shall be submitted within 30 days after the date of each respective time period. The status reports shall list by each major category (local exchange carrier, inter-exchange carriers, competitive local exchange carriers, wireless carriers, etc.) the following information regarding the Lihue Trunk: (1) the number of assigned T1 and ISDN-PRI ports; and (2) the number of available T1 and ISDN-PRI ports.

3. The Consumer Advocate may continue its review of the project and may address its concerns, if any, in Verizon's next rate case.

DONE at Honolulu, Hawaii this 17th day of July, 2002.


PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Wayne H. Kimura, Chairman

By 
Dennis R. Yamada, Commissioner

APPROVED AS TO FORM:

By (EXCUSED)
Janet E. Kawelo, Commissioner

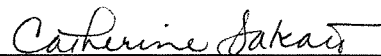

Kevin M. Katsura
Commission Counsel
02-0042.ac

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 19473 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
P. O. Box 541
Honolulu, HI 96809

JOEL K. MATSUNAGA
VICE PRESIDENT-EXTERNAL AFFAIRS
VERIZON HAWAII INC.
P. O. Box 2200, A-17
Honolulu, Hawaii 96841



Catherine Sakato

DATED: July 17, 2002