

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
VERIZON HAWAII INC.) Docket No. 02-0358
For Approval of Changes to its) Order No. 19688
Tariff. Transmittal No. 02-54.)

ORDER

I.

By transmittal number 02-54, filed on September 4, 2002, as amended on September 9, 2002, VERIZON HAWAII INC. seeks commission approval of certain changes to sections 2 and 8 of its tariff. Verizon Hawaii Inc. supports its proposed changes by its cost data, filed on September 4, 2002, as amended on September 9, 2002. The proposed effective date of the tariff changes is October 7, 2002.

Copies of the transmittal and cost data were served on the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy.

II.

A.

By its transmittal, Verizon Hawaii Inc. seeks to reduce the monthly recurring charges for certain elements of its: (1) Controlink Digital Channel Service; and (2) FlexGrow Trunk Service. Verizon Hawaii Inc. states that "[t]hese new rates

would apply to existing and new customers and thus benefit these customers by lowering the costs that they now pay for these services."

Verizon Hawaii Inc. explains that both of these services "provide high capacity digital facilities between the customer's premises and the serving central office through which business network services can be provided on a channeled basis."

B.

By written protest filed on September 20, 2002, TIME WARNER TELECOM OF HAWAII, L.P., dba OCEANIC COMMUNICATIONS (Oceanic Communications), urges the denial of transmittal number 02-54. In the alternative, Oceanic Communications recommends that the commission: (1) suspend and investigate the subject transmittal; or (2) order Verizon Hawaii Inc. to resubmit its proposed tariff changes as part of a "rate restructuring in a general rate case."

In support of its protest, Oceanic Communications states that:

1. It is a competitor of Verizon Hawaii Inc. "for dedicated transport private line services and certain business switched services in the State."
2. Verizon Hawaii Inc.'s proposal "would selectively reduce rates by varying amounts (some of which are significant) for its digital and analog business line and trunk services." These are the primary services that local businesses rely on for their telecommunications services.
3. Verizon Hawaii Inc.'s proposal must be considered in the context of its other rate restructuring proposals for local exchange and toll services.

Thus, the proposed change in rates "should not be considered in isolation, but should be considered

as a part of Verizon's overall rate restructuring."

4. Verizon Hawaii "hasn't shown any cost justification for the proposed rate reduction, nor have they shown the impact of the rate reduction on [its] revenue requirement."

For these reasons, Oceanic Communications contends that Verizon Hawaii Inc.'s proposed reduction in rates is "premature and inappropriate."

C.

On September 30, 2002, Verizon Hawaii Inc. filed its reply to Oceanic Communications' protest. Verizon Hawaii Inc. contends that "[t]he protest must be disregarded" because:

1. Transmittal number 02-54 is consistent with Act 225, 1995 Session Laws of Hawaii, is a market-based response to the competitive intrastate telecommunications market, and will benefit local businesses that subscribe to the subject services by lowering their costs of doing business.
2. Oceanic Communications has failed to demonstrate that transmittal number 02-54 violates any of the commission's rules. Verizon Hawaii Inc. is not precluded from voluntarily lowering its prices in response to competitive market forces.
3. Verizon Hawaii Inc. submitted supporting cost justification for its transmittal number 02-54.
4. Oceanic Communications has filed numerous tariffs "allowing it to discount its rates."
5. Oceanic Communications' protest fails to comply with the commission's rule governing the content requirements of written protests filed with the commission. Specifically, it makes no claim that transmittal number 02-54 "would negatively affect it or, if it would, what that effect would be."

Accordingly, Verizon Hawaii Inc. requests that the commission allow transmittal number 02-54 "to become effective as filed."

III.

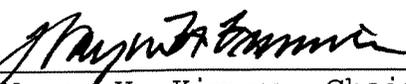
Upon careful review, the commission finds it prudent to provide further opportunity to review and determine the justness and reasonableness of transmittal number 02-54. Thus, the commission will suspend Verizon Hawaii Inc.'s transmittal number 02-54, pursuant to Hawaii Revised Statutes § 269-16(b) and Hawaii Administrative Rules § 6-80-40.

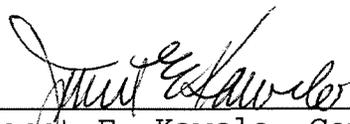
IV.

THE COMMISSION ORDERS that the tariff changes sought by Verizon Hawaii Inc. in transmittal number 02-54, filed on September 4, 2002, as amended on September 9, 2002, are suspended pending further review and order of the commission.

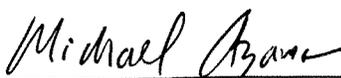
DONE at Honolulu, Hawaii this 1st day of October, 2002.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Wayne H. Kimura, Chairman

By 
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:


Michael Azama
Commission Counsel

By 
Gregg J. Kinkley, Commissioner

CERTIFICATE OF SERVICE

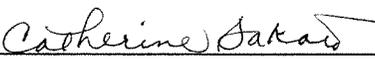
I hereby certify that I have this date served a copy of the foregoing Order No. 19688 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

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DATED: October 1, 2002