

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
VERIZON HAWAII INC.)
For Approval to Lease Property at)
1177 Bishop Street, Honolulu,)
Hawaii.)
_____)

DOCKET NO. 01-0069

DECISION AND ORDER NO. 1977

Filed Nov. 18, 2002
At 11:30 o'clock A.M.

Karon Higashi
Chief Clerk of the Commission

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

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

K. Higashi

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
VERIZON HAWAII INC.) Docket No. 01-0069
For Approval to Lease Property at) Decision and Order No. 19777
1177 Bishop Street, Honolulu,)
Hawaii.)
_____)

DECISION AND ORDER

I.

By an application filed on March 7, 2001, VERIZON HAWAII INC. (Verizon Hawaii) requests commission approval of its lease agreement with Verizon Advanced Data Inc. (VADI) for use of 4th floor office space in its Alakea main building, located at 1177 Bishop Street (Lease Agreement). Verizon Hawaii makes its request pursuant to Hawaii Revised Statutes (HRS) § 269-19 and Hawaii Administrative Rules § 6-61-105.

Verizon Hawaii served copies of the application on the DIVISION OF CONSUMER ADVOCACY OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS (Consumer Advocate). On March 29, 2001, the Consumer Advocate filed its preliminary Statement of Position informing the commission that it had certain concerns with the Lease Agreement, and that the Consumer Advocate will issue its position on the matter upon completion of its review.

By letter dated and filed on June 14, 2001, Verizon Hawaii requested a deferral in the proceedings in this docket since it was reevaluating its decision to utilize VADI for

the provision of advanced services in Hawaii (deferral request). The commission approved Verizon Hawaii deferral request on June 18, 2001. Then by letter dated and filed on August 13, 2001, Verizon Hawaii requested another deferral of the matters in this docket for a 60-day period (second deferral request). The commission approved Verizon Hawaii's second deferral request on August 14, 2001.

In a Supplemental Statement of Position filed on October 25, 2002, the Consumer Advocate informed the commission that it does not object to approval of Verizon Hawaii's request.

II.

Verizon Hawaii is a public utility corporation existing under the laws of the State of Hawaii (State) furnishing telecommunications services throughout the State and various points overseas. To satisfy a Federal Communications Commission (FCC) requirement of the June 16, 2000 approval of the merger of GTE Corporation and Bell Atlantic Corporation, Verizon Communications Inc., the surviving entity, created VADI as a separate affiliate to provide advanced services.¹ In its efforts to provide advanced services in Hawaii, VADI executed the Lease Agreement with Verizon Hawaii for two VADI employees to occupy office space on the 4th floor of 1177 Bishop Street, Honolulu, Hawaii. The Lease Agreement is for the office space

¹By Decision and Order No. 18163, filed on October 27, 2000, as amended by Order No. 18176, filed on November 3, 2000, in Docket No. 00-0205, the commission granted VADI a certificate of authority to provide resold and facilities-based intrastate telecommunications services in the State.

and use of existing furniture and office equipment. Under the Lease Agreement, Verizon Hawaii would provide various services and facilities, such as, but not limited to, necessary elevator facilities, security, and air conditioning. In a related matter, the commission in Decision and Order No. 18364, filed on February 7, 2001, in Docket No. 00-0336, approved the transfer of intrastate advanced data services assets from Verizon Hawaii to VADI.

However, in Docket No. 01-0427, due to a subsequent federal court decision, Verizon Hawaii contended that it no longer was required to provide advanced services through VADI, and that it decided to reintegrate its advanced service operations in Hawaii from VADI to Verizon Hawaii.² In Decision and Order No. 19136, the commission approved the October 19, 2001 application filed by Verizon Hawaii and VADI to return certain intrastate advanced data services assets from VADI to Verizon Hawaii.

III.

HRS § 269-19 requires a public utility to obtain commission approval prior to, among other things, leasing, or otherwise disposing of or encumbering the whole or any part of its road, line, plant, system, or other property necessary or useful in the performance of its duties to the public.

²See Decision and Order No. 19136, filed on January 4, 2002, in Docket No. 01-0427.

The Lease Agreement appears to no longer be necessary since Verizon Hawaii decided to discontinue utilizing VADI for the provision of advance services in Hawaii. Nonetheless, the Lease Agreement was in effect for the short period that VADI provided advanced data services in Hawaii. Thus, commission review of this matter is still statutorily required under HRS § 269-19. However, any decision with regards to this matter will be *nunc pro tunc*.

In its Supplemental Statement of Position, the Consumer Advocate stated that it will not object to the commission's approval of Verizon Hawaii's request in this docket. The Consumer Advocate contends that the Lease Agreement is not expected to significantly impact Verizon Hawaii intra-state revenues or operating expenses since it was in effect for less than a year.

Upon review, the commission finds the Lease Agreement to have been reasonable and in the public interest. There is no indication that the Lease Agreement interfered with Verizon Hawaii's ability to provide utility service during the short period that it was operational in the State. Additionally, as represented by Verizon Hawaii, the Lease Agreement was initially executed to comply with a FCC mandate that, later, became unnecessary.

Based on the above, the commission concludes that the Lease Agreement, described in Verizon Hawaii's March 7, 2001 application, should be approved, *nunc pro tunc*.

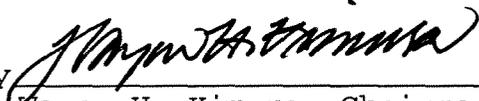
IV.

THE COMMISSION ORDERS:

1. The Lease Agreement, described in Verizon Hawaii's March 7, 2001 application, is approved, *nunc pro tunc*.
2. This docket is closed.

DONE at Honolulu, Hawaii this 18th day of November, 2002.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Wayne H. Kimura, Chairman

By 
Janet E. Kawelo, Commissioner

By _____ (RECUSED)
Gregg J. Kinkley, Commissioner

APPROVED AS TO FORM:


Ji Sook Kim
Commission Counsel

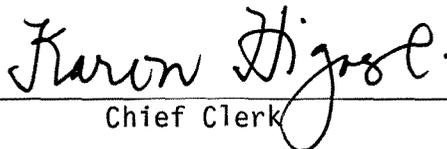
01-0069.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 19777 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.
1177 Bishop Street
Honolulu, HI 96813



Chief Clerk

DATED: November 18, 2002