

Verizon Hawaii's application, provided that each Verizon entity providing services related to the proposed offering accounts for the revenues and expenses on its own books to ensure that the provision of Local Package services do not subsidize the costs of providing interisland and interstate long distance toll services and Verizon Wireless services.³

II.

Through the proposed offering, residential customers of Verizon Hawaii's Local Package,⁴ on one or more lines, who also select any Verizon affiliate as their primary interexchange carrier (PIC) for interisland and interstate long distance toll services,⁵ on all lines, will be given a \$5.00 discount on the monthly recurring charge on qualifying Verizon Wireless Price Plans. By Decision and Order No. 19293, filed on April 10, 2002, in Docket No. 02-0068, the commission approved Verizon Hawaii's Local Package service offering for a one-year promotional period. Verizon Hawaii intends to offer Verizon Variations⁶ to customers

³This condition is consistent with Verizon Hawaii's accounting representations set forth in its application. See Application at 4.

⁴P.U.C. Tariff No. 3, Section 24.

⁵Bell Atlantic Communications Inc., dba Verizon Long Distance provides interisland and interstate long distance toll services. Additionally, Verizon Hawaii can be chosen as the customer's intrastate PIC.

⁶To qualify for the discount, customers will be required to have their wireless services billed to the same local telephone number as their Local Package and long distance interisland and interstate toll services.

on a promotional basis to run concurrently with its Local Package promotional offering.

Verizon Hawaii represents that the services under its Local Package are classified as noncompetitive services, and that Verizon interstate toll service and Verizon Wireless services are not within the commission's regulatory jurisdiction.⁷ On the other hand, interisland toll service is currently classified as a fully competitive service.⁸ Contending that the \$5.00 discount will only be applied to qualifying wireless services, Verizon Hawaii states that Verizon Wireless will absorb the revenue losses associated with the proposed offering, and further states that no tariff changes will be necessary. Verizon Hawaii also represents that its proposed offering: (1) will not result in cross-subsidization (since each of the Verizon entities providing the associated service will account for the revenues and costs for the service on its own books and Verizon Hawaii will continue to record the revenues and costs of its regulated services in its regulated accounts); and (2) is consistent with Act 225, 1995 Session Laws of Hawaii and the federal Telecommunications Act of 1996. Moreover, Verizon Hawaii contends that the proposed offering will not negatively impact its regulated revenues and that its customers will benefit

⁷Verizon Hawaii does note that the commission regulates the terms and conditions of wireless service, but not the rates or market entry for this type of service.

⁸See Decision and Order No. 18933, filed on October 5, 2001, in Docket No. 01-0243.

through an overall reduction in the cost of telecommunications services.

The Consumer Advocate believes that the proposed offering will not adversely affect Verizon Hawaii's general ratepayers. The Consumer Advocate also contended that the proposed offering would be in the best interest of consumers.

III.

HAR § 6-80-35(e) prohibits a telecommunications carrier from offering a noncompetitive telecommunications service jointly with any fully or partially competitive service or with any interstate, international, or other service not within the jurisdiction of the commission without the commission's express approval. The rule specifically states that the "commission's approval is subject to a satisfactory showing by the telecommunications carrier seeking to offer such joint services that the costs of the fully or partially competitive service or the costs of the interstate, international, or other non-jurisdictional service are not subsidized by the noncompetitive service."⁹

Upon review, we find that Verizon Hawaii has satisfactorily shown that its proposed offering will not result in its noncompetitive services subsidizing the costs of the fully or partially competitive or non-jurisdictional services. Our finding is based on Verizon Hawaii's representations in this docket. Since the proposed \$5.00 discount will be on Verizon

⁹HAR § 6-80-35(e).

Wireless' services, it does not appear that the proposed offering will negatively affect the revenues of Verizon Hawaii's services.

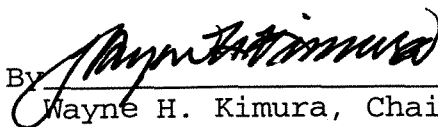
Based on the above, we conclude that the proposed offering in the instant docket should be approved.

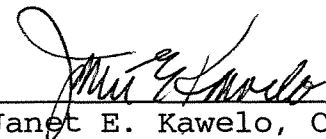
IV.

THE COMMISSION ORDERS that Verizon Hawaii's proposal to offer its Local Package in conjunction with Verizon interisland and interstate long distance toll services and Verizon Wireless services on a promotional basis (to run concurrently with its Local Package promotional offering), as set forth in its application filed on October 30, 2002, is approved.


DONE at Honolulu, Hawaii this 10th day of December, 2002.

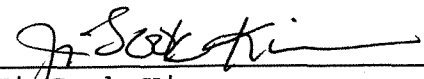
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Wayne H. Kimura, Chairman

By 
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:

By 
Gregg J. Kinkley, Commissioner


Ji Sook Kim
Commission Counsel

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 19867 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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Karen Higashi

DATED: December 10, 2002