

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of)  
VERIZON HAWAII INC. )  
For Approval of Changes to its )  
Tariff to Introduce SoundDeal. )  
\_\_\_\_\_ )

DOCKET NO. 01-0440

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

ORDER NO. 19946

Filed Jan. 3, 2003  
At 10:30 o'clock A .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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In the Matter of the Application of)	)	
VERIZON HAWAII INC.	)	Docket No. 01-0440
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_____	)	

ORDER

I.

By Decision and Order No. 19221, filed on February 26, 2002, as modified by Order No. 19295, filed on April 10, 2002, the commission:

1. Approved VERIZON HAWAII INC.'s SoundDeal package, nka the Local and Toll Package, for a one-year promotional period, from April 22, 2002 to April 21, 2003; and

2. Instructed Verizon Hawaii Inc. to file, no later than 30 days prior to the expiration of the one-year promotional period, "a report of aggregate inter-island toll minutes of use data for its SoundDeal customers, on a month-to-month basis."

On December 6, 2002, Verizon Hawaii Inc. filed: (1) its preliminary usage report, covering the period from April through November 2002; and (2) transmittal number 02-82.

By its transmittal, Verizon Hawaii Inc. seeks to grandfather its Local and Toll Package, effective January 6, 2003. Verizon Hawaii Inc. explains that, based on a significantly higher than expected per customer usage of the

unlimited inter-island toll feature of the package, it "finds it necessary to grandfather LTP such that the package will no longer be available to new customers."

At the same time, Verizon Hawaii Inc. proposes to allow the existing customers to continue subscribing to the Local and Toll Package, beyond April 21, 2003, if the customer so chooses. Once the existing customers transition off of the Local and Toll Package, Verizon Hawaii Inc. will discontinue this package.

The Local and Toll Package is an optional package. Verizon Hawaii Inc. seeks to prematurely cease this promotional program for new customers, effective January 6, 2003. The commission will allow Verizon Hawaii Inc.'s transmittal to take effect, as proposed.

Concomitantly, upon review of the preliminary usage report, it appears that Verizon Hawaii Inc.'s proposal to allow the existing subscribers to continue with the Local and Toll Package, may violate the mandate that it not provide telecommunications service below the service's incremental cost. See Hawaii Revised Statutes § 269-16; Hawaii Administrative Rules chapter 6-80, subchapter 4. The commission initially expressed this concern in section IV.A of Decision and Order No. 19221.

Accordingly, within 20 days from the date of this order, Verizon Hawaii Inc. shall file with the commission, either: (1) a plan to phase-out the existing subscribers from the Local and Toll Package; or (2) a position statement justifying why, based on the data set forth in the preliminary usage report,

the existing subscribers should be allowed to continue with this promotional program, on a permanent basis.<sup>1</sup>

II.

THE COMMISSION ORDERS:

1. Verizon Hawaii Inc.'s transmittal number 02-82, filed on December 6, 2002, will be allowed to take effect, effective January 6, 2003.

2. Within 20 days from the date of this order, Verizon Hawaii Inc. shall file its phase-out plan or position statement, consistent with the terms of this order. Two copies shall be served upon the Division of Consumer Advocacy.

3. Unless ordered otherwise, no later than May 1, 2003, Verizon Hawaii Inc. shall file its final usage report, consistent with Order No. 19295, with two copies served upon the Division of Consumer Advocacy.

4. Order No. 19295 is modified by changing the end date of the promotional period, from April 21, 2003 to January 6, 2003, consistent with the terms of this order. In all other respects, Order No. 19295 remains unchanged.

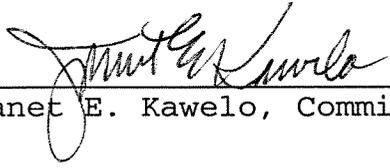
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<sup>1</sup>In the event Verizon Hawaii Inc. opts to file a written justification, following the commission's review of Verizon Hawaii Inc.'s justification, the commission may still instruct the incumbent telecommunications carrier to phase-out the existing subscribers from the Local and Toll Package.

DONE at Honolulu, Hawaii this 3rd day of January,  
2003.

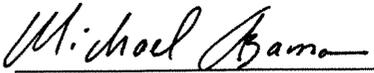
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By   
Wayne H. Kimura, Chairman

By   
Janet E. Kawelo, Commissioner

By (RECUSED)  
Gregg J. Kinkley, Commissioner

APPROVED AS TO FORM:

  
Michael Azama  
Commission Counsel

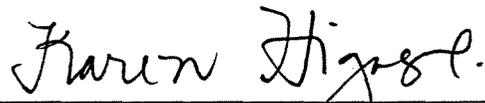
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CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 19946 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, HI 96841

  
\_\_\_\_\_  
Karen Higashi

DATED: January 3, 2003