

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
)
BELL ATLANTIC COMMUNICATIONS, INC.)
 dba VERIZON LONG DISTANCE)
)
For Approval of Plan to Market the)
300 Plus Plan, an InterLATA Service)
Plan Offered in Connection With)
Affiliated Local Exchange Services)
Provided by Verizon Hawaii Inc.)
_____)

DOCKET NO. 02-0423

DECISION AND ORDER NO. 20224

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

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RECEIVED

Filed June 2, 2003
At 2:00 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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DECISION AND ORDER

I.

By application, filed on December 13, 2002, BELL ATLANTIC COMMUNICATIONS, INC., dba VERIZON LONG DISTANCE (VLD) seeks commission approval to market and provide its 300 Plus Plan (300 PP, or proposed offering) to the residents of Hawaii. This offering is an interLATA (interstate) long distance plan for customers of Local Package Plus (LPP), a bundled telecommunications offering which VLD's affiliate Verizon Hawaii Inc. (Verizon Hawaii) intends to provide.¹ VLD seeks commission

¹On December 6, 2002, Verizon Hawaii filed an application requesting commission approval of its new residential bundled offering, LPP. Through LPP, Verizon Hawaii intends to offer: (1) Residential Line (R1); (2) Touch Call; (3) unlimited Directory Assistance; (4) up to 14 Custom Calling features; (5) optional Residential Home Voice Mail; and (6) unlimited Inter-island Toll telecommunications services at a discounted rate of \$49.95 per month. By Decision and Order No. 20195, filed on May 27, 2003, in Docket No. 02-0415, the commission approved LPP as a one-year promotional offering with certain other conditions.

approval for its request under Hawaii Revised Statutes § 269-16 and Hawaii Administrative Rules (HAR) § 6-80-35(e).

Copies of the application were served on the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy (Consumer Advocate). No persons moved to intervene in this docket. By Statement of Position filed on April 4, 2003, the Consumer Advocate informed the commission that it does not object to the approval of VLD's application.²

II.

Through 300 PP, VLD intends to offer a discounted long distance calling plan to residential customers who concomitantly subscribe to LPP. This plan is only intended for subscribers of Verizon Hawaii's LPP offering. For the discounted rate of \$20.00 per month, subscribers to 300 PP will receive: (1) up to 300 minutes of daytime interLATA calling; and (2) unlimited night and weekend interLATA calling. Daytime calls over the 300 daytime minutes per month allowance will be billed at a rate of \$0.08 per minute.

Through LPP, Hawaii residents are provided a mix of fully competitive, noncompetitive, and unregulated telecom-

²The Consumer Advocate asserts that its position is based on the understanding that VLD and Verizon Hawaii will maintain separate books and accounting records, and that the proposed discount will only be reflected and recorded on VLD's interstate operations. See Statement of Position, at 5.

munications services.³ Through its proposed offering, VLD intends to offer interstate long distance services, a telecommunications service not within the commission's regulatory jurisdiction, in conjunction with LPP. Reasoning that its 300 PP offering does not include an in-state service, VLD did not file an in-state long distance tariff. VLD contends that the proposed joint offering will not affect Verizon Hawaii's regulated revenues since the discount will only be applied to long distance charges. VLD also represents that its proposed offering will not negatively impact Verizon Hawaii or Verizon Hawaii's ratepayers since LPP will be offered to local residential customers at the package's tariffed rate whether or not they similarly subscribe to 300 PP.

VLD asserts that its proposed offering will not result in cross-subsidization in violation of HAR § 6-80-35(e). It represents that it will maintain separate books and accounting records in compliance with the federal Telecommunications Act of 1996, ensuring that revenues from Verizon Hawaii's local exchange services do not subsidize VLD's services. Additionally, it contends that the proposed offering will benefit Hawaii local customers since it will provide them with a long distance calling plan at a discounted rate.

³See Docket No. 02-0415.

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.⁴ The rule specifically states that "[t]he 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."⁵

Upon review, the commission finds that VLD has satisfied the requirements of HAR § 6-80-35(e). Our finding is based on the full record in this docket including, but not limited to, the various representations made by VLD. Among other factors, under the proposal, the discount will only be on long distance services, thus, it does not appear that the proposed offering will negatively affect Verizon Hawaii's revenues or its regulated ratepayers. Additionally, the proposed offering should

⁴HAR § 6-80-35(b) explains that, "[c]ross-subsidization is deemed to have occurred if: (1) [a]ny fully competitive or partially competitive service is priced below the total service long run incremental cost of providing the service; (2) [f]ully competitive services, taken as a whole, fail to cover their direct and allocated joint and common costs; or (3) [i]f fully competitive and partially competitive services, taken as a whole, fail to cover the direct and allocated joint and common costs."

⁵See HAR § 6-80-35(e).

benefit customers since it will give them an additional telecommunications option to meet their communication needs. The Consumer Advocate agrees with the commission's assessment of the proposed offering. Among other things, it contends that the proposed offering will be in the best interest of consumers.⁶

Based on the above, we conclude that VLD's proposed offering should be approved.

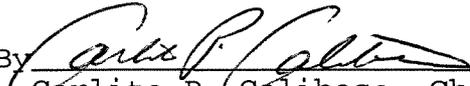
IV.

THE COMMISSION ORDERS that VLD's proposal to market and provide 300 PP in Hawaii, as set forth in its application filed on December 13, 2002, is approved, effective the date of this decision and order.

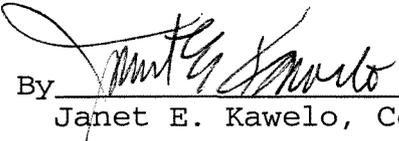
⁶The Consumer Advocate's conclusion is based on VLD's assertion that it and Verizon Hawaii will account for the revenues and expenses of the proposed offering in separate books. See Statement of Position, at 4.

DONE at Honolulu, Hawaii this 2nd day of June, 2003.

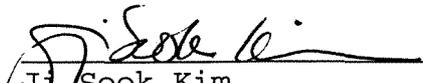
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
Wayne H. Kimura, Commissioner

By 
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:


Ji Sook Kim
Commission Counsel

02-0423.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 20224 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

JOHN D. BROTEN
DIRECTOR-REGULATORY
BELL ATLANTIC COMMUNICATIONS, INC.
dba VERIZON LONG DISTANCE
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Arlington, VA 22201



Karen Higashi

DATED: June 2, 2003