

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of)  
VERIZON HAWAII INC. )  
For Approval of Assignment and )  
Assumption of Lease for Property )  
Located at 134 Hamakua Drive, )  
Kailua, Hawaii to Daniel J. )  
McKenna. )  
\_\_\_\_\_ )

DOCKET NO. 03-0031

DECISION AND ORDER NO. 20227

Filed June 10, 2003  
At 10:00 o'clock A .M.

Karen 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

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OF THE STATE OF HAWAII

In the Matter of the Application of)	)	
VERIZON HAWAII INC.	)	Docket No. 03-0031
	)	
For Approval of Assignment and	)	Decision and Order No. 20227
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Kailua, Hawaii to Daniel J.	)	
McKenna.	)	
_____	)	

DECISION AND ORDER

I.

By an application filed on February 10, 2003, VERIZON HAWAII INC. (Verizon Hawaii) requests commission approval to assign its lease agreement for the property at 134 Hamakua Drive, Kailua, Hawaii (property) to Daniel J. McKenna, Trustee of the Revocable Trust of Daniel J. McKenna (Mr. McKenna) through an Assignment and Assumption of Lease (Agreement). Verizon Hawaii makes its request pursuant to Hawaii Revised Statutes (HRS) § 269-19 and Hawaii Administrative Rules § 6-61-105.

Copies of the application were served on the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy (Consumer Advocate). On March 18, 2003, the Consumer Advocate served Verizon Hawaii with information requests (IRs) and served the same with supplemental IRs (SIRs) on May 7, 2003. On April 1 and May 21, 2003, Verizon Hawaii filed its responses to the IRs and SIRs, respectively. On June 2, 2003,

the Consumer Advocate filed its statement of position informing the commission that it does not object to the approval of Verizon Hawaii's request.

## II.

### A.

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. Verizon Hawaii leases the property, consisting of a single story commercial building with approximately 1,200 square feet of space on approximately 29,660 square feet of land, from Kaneohe Ranch Company Limited (Kaneohe Ranch). It pays Kaneohe Ranch \$65,000 a year for the use of the property. The lease with Kaneohe Ranch ends on November 30, 2012.

Verizon Hawaii once used the property as a baseyard. The property now stands vacant and unused since Verizon Hawaii moved its operations to its Moanalua and Kahaluu baseyards in the middle of 2002. Foreseeing no use for the property, Verizon Hawaii negotiated and reached an agreement to assign the property to Mr. McKenna in December 2002. Under the Agreement, Mr. McKenna will pay Kaneohe Ranch and Verizon Hawaii \$90,000 and \$30,000, respectively, and assume Verizon Hawaii's lease. Verizon Hawaii represents that in addition to the \$30,000, its ratepayers will benefit from the transaction since Verizon Hawaii will be saving approximately \$644,583 in lease rent expense over the remaining life of the lease. Verizon Hawaii also represents

that the assignment of the property to Mr. McKenna "will not interfere with or hinder" its ability to serve its customers.<sup>1</sup>

B.

The Consumer Advocate does not object to the approval of Verizon Hawaii's request in this docket. Its position is predicated on the following: (1) the transaction should not negatively impact Verizon Hawaii's ability to provide telecommunications services since it no longer needs the property; (2) the Agreement appears to be reasonable and does not appear to discriminate against carriers not a party to the Agreement; (3) the terms of the Agreement appears to sufficiently protect the interests of the parties and those of Verizon Hawaii's ratepayers; (4) Verizon Hawaii's annual lease rent expense of \$65,000 for the property will be eliminated through the transaction; and (5) Verizon Hawaii will receive sufficient funds to cover its transaction costs and the proceeds from the transaction will be booked to the appropriate regulated accounts.<sup>2</sup>

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

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<sup>1</sup>See Response to CA-IR-3.a, page 2 of 2, revised and filed on May 21, 2003.

<sup>2</sup>See Statement of Position at 6.

its road, line, plant, system, or other property necessary or useful in the performance of its duties to the public.

Upon review, the commission finds the Agreement to be reasonable and in the public interest. Based on Verizon Hawaii's representations, it appears that the implementation of the Agreement will not adversely impact or interfere with Verizon Hawaii's ability to provide telecommunications services. Furthermore, among other things, the transaction should benefit Verizon Hawaii's customers since the transaction will release Verizon Hawaii from further lease rent obligations for the property.

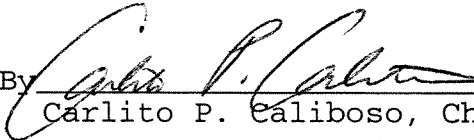
Based on the above, we conclude that Verizon Hawaii's agreement with Mr. McKenna for the assignment and assumption of its lease for the property located at 134 Hamakua Drive, Kailua, Hawaii, as described in Verizon Hawaii's February 10, 2003 application, should be approved.


#### IV.

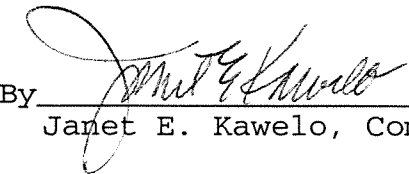
THE COMMISSION ORDERS that Verizon Hawaii's agreement with Mr. McKenna for the assignment and assumption of its lease for the property located at 134 Hamakua Drive, Kailua, Hawaii, as described in Verizon Hawaii's February 10, 2003 application, is approved.

DONE at Honolulu, Hawaii this 10th 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

03-0031.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 20227 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

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

DATED: June 10, 2003