

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of)  
VERIZON HAWAII, INC. )  
For Approval to License and )  
Sublicense Property at 16 Locations )  
to Island Page, Inc. )  
\_\_\_\_\_ )

DOCKET NO. 02-0047

DECISION AND ORDER NO. 20269

Filed June 27, 2003  
At 10:00 o'clock A.M.

Karen Higashi  
Chief Clerk of the Commission

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

2003 JUN 27 P 4:20

RECEIVED

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.	)
	)
For Approval to License and	)
Sublicense Property at 16 Locations)	Decision and Order No. 20269
to Island Page, Inc.	)
_____)	

DECISION AND ORDER

I.

On February 26, 2002, VERIZON HAWAII INC. ("Verizon Hawaii") filed an application for approval to license and sublicense space at 16 locations throughout the State of Hawaii ("State") to Island Page, Inc. ("Island Page") for the operation of paging services as a result of Verizon Hawaii's sale of its paging business and assets to Island Page.<sup>1</sup> Verizon Hawaii makes its request in accordance with Hawaii Revised Statutes ("HRS") § 269-19 and Hawaii Administrative Rules ("HAR") § 6-61-105.<sup>2</sup>

Verizon Hawaii served a copy of its application on the Department of Commerce and Consumer Affairs, Division of

---

<sup>1</sup>By Decision and Order No. 20117, filed on April 11, 2003, in Docket No. 02-0128, the commission approved Verizon Hawaii's sale of its paging assets to Island Page.

<sup>2</sup>HAR § 6-61-105 describes the contents of an application filed by a public utility seeking to sell, lease, assign, mortgage, or otherwise dispose of or encumber the whole or any part of its property that is necessary or useful in the performance of its duties to the public.

Consumer Advocacy ("Consumer Advocate"). On March 19 and April 5, 2002, respectively, the Consumer Advocate served its first and second information requests upon Verizon Hawaii. Verizon Hawaii responded to its requests on April 2, April 19, May 2, May 3, and May 8, 2002. The Consumer Advocate submitted supplemental information requests on July 1, 2002 to Verizon Hawaii. Verizon Hawaii responded to the Consumer Advocate's supplemental inquiries on August 23 and September 6, 2002. By position statement filed on May 2, 2003, the Consumer Advocate informed the commission that it does not object to the approval of the instant application with certain qualifications.

## II.

Verizon Hawaii is a corporation duly organized and existing under and by virtue of the laws of the State, and engaged in the provision of varied telecommunications services to its customers and the general public within its chartered territory in the State. Verizon Hawaii is an incumbent local exchange carrier as defined by 47 U.S.C. § 252. By Decision and Order No. 18174, filed on November 2, 2000, in Docket No. 00-0371, the commission granted Island Page, a Hawaii corporation, a certificate of registration to operate as a commercial mobile radio service provider of paging services within the State.

HRS § 269-19 provides, among other restrictions, that no public utility corporation shall sell, lease, assign, or otherwise dispose of or encumber 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, without first having secured the commission's approval.

On November 6, 2001, Verizon Hawaii and Island Page executed two license agreements, granting Island Page licenses for the operation and maintenance of 12 tower sites (one agreement for the 12 tower sites) and the Puuloa Central Office (in a separate agreement), each for a fee of \$300 per site per month (collectively, the "License Agreements"). On November 7, 2001, by two separate sublicense agreements, Verizon Hawaii granted Island Page sublicenses of the Kukuilono Radio Station and Kalepa Radio Station, each for a fee of \$300 per site per month (collectively, the "Sublicense Agreements"). On November 8, 2001, Verizon Hawaii and Island Page executed a license agreement for the operation and maintenance of the indoor paging terminal located at the Alakea Central Office for \$599.23 per month and a one-time, non-recurring fee in the amount of \$2,553.17 (the "Indoor Paging Terminal License Agreement"). The License Agreements, the Sublicense Agreements, and the Indoor Paging Terminal License Agreement are hereinafter collectively referred to as the "Agreements." The licensed and sublicensed premises described in the Agreements are hereinafter collectively referred to as the "Sites."

Upon review, the terms and conditions of the Agreements appear reasonable and the Agreements, as a whole, appear to be consistent with the public interest for a number of reasons. Each of the Agreements provides that Island Page shall observe and comply with all laws, governmental rules, regulations, orders and ordinances, and with standards adopted or recommended by any governmental authority having jurisdiction applicable to Island Page's use and occupation of the Sites. In addition, Island Page agreed to operate all equipment installed at the Sites in a manner that does not interfere with Verizon Hawaii's telecommunications equipment at the Sites, allowing a preventive measure against the hindrance of Verizon Hawaii's provision of telecommunications services to its customers.<sup>3</sup> Further, the License Agreements and the Indoor Paging Terminal License Agreement include indemnification and insurance requirements, and the Sublicense Agreements require Island Page to abide by the terms and conditions of the Master License (as such term is defined and described in the Sublicense Agreements) and obtain insurance as required by the Master License. Finally, the Agreements are for relatively short terms - one year for the paging terminal and two years for the tower sites - which may allow Verizon Hawaii to regularly review the Agreements for interference with its operations or to address other concerns.

---

<sup>3</sup>Moreover, the terms and conditions provide that in the event that Island Page's use of equipment impairs Verizon Hawaii's ability to provide telecommunications service, Island Page must immediately stop operating such equipment and correct the situation to Verizon Hawaii's satisfaction.

By its statement of position, the Consumer Advocate states that, overall, the terms and conditions of the Agreements are reasonable. The Consumer Advocate further advises it will not oppose the commission's approval of the Agreements in the instant proceeding, despite some concerns relating to the amount of the license and sublicense fees to be paid by Island Page under the Agreements, provided that Verizon Hawaii amends the Indoor Paging Terminal License Agreement to reflect the applicable collocation costs associated with placing the indoor paging terminal in the Alakea Central Office.<sup>4</sup> We agree with the Consumer Advocate's recommendation.

Additionally, the Consumer Advocate requests that the commission require Verizon Hawaii to present documentation that supports the lease rent in future negotiated agreements for the lease of tower sites. In particular, it requests that Verizon Hawaii provide valuation studies, comparable market analyses, and any other information that supports the negotiated lease rent with any future applications for the approval of a lease agreement. We find that the Consumer Advocate's request for additional information supporting the lease rent in future negotiated lease agreements is reasonable and would assist it and the commission in the review of future lease agreements. As a result, the commission concludes that Verizon Hawaii should be required to provide valuation studies, comparable market

---

<sup>4</sup>Currently, the Indoor Paging Terminal License Agreement establishes the fee, based upon the collocation rates, for only the DC power, but does not consider any other costs associated with the use of the paging terminal.

analyses, and any other information that supports the negotiated lease rent with any future applications for the approval of a lease agreement.<sup>5</sup>

Based on our review of the record, we find that the Agreements between Verizon Hawaii and Island Page are reasonable and consistent with public interest. Accordingly, we conclude that Verizon Hawaii's application to license and sublicense the Sites should be approved.

### III.

#### THE COMMISSION ORDERS:

1. Verizon Hawaii's application, filed on February 26, 2002, to license and sublicense the 16 Sites located throughout the State, as described in the instant application, is approved, provided that Verizon Hawaii amends the Indoor Paging Terminal License Agreement to reflect the applicable collocation costs associated with placing the indoor paging terminal in the Alakea Central Office.

2. Verizon Hawaii shall file a copy of the amended Indoor Paging Terminal License Agreement within 90 days of this decision and order. If additional time is needed to obtain such amendment, Verizon Hawaii may file a written request for extension of time in accordance with HAR § 6-61-23.

---

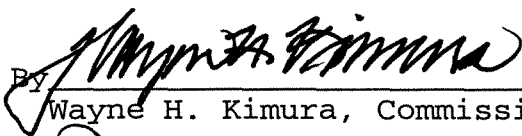
<sup>5</sup>The commission also notes that by Decision and Order No. 19995, filed on January 31, 2003, in Docket No. 02-0016, the commission now requires Verizon Hawaii to provide a detailed breakdown of the actual administrative costs incurred in all future license agreement applications.

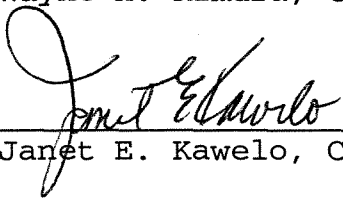
3. Verizon Hawaii shall provide valuation studies, comparable market analyses, and any other information that supports the negotiated lease rent with any future applications for the approval of a lease agreement.

DONE at Honolulu, Hawaii this 27th day of June, 2003.

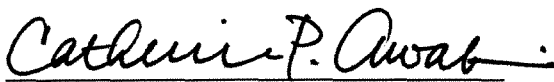
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By   
Carlito P. Caliboso, Chairman

By   
Wayne H. Kimura, Commissioner

By   
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:

  
Catherine P. Awakuni  
Commission Counsel

02-0047.eh



CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 20269 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: June 27, 2003