

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 Local Package )  
Plus and to Allow Local Package )  
Plus Customers to be Eligible for )  
The Verizon Variations Internet )  
Access and Wireless Service )  
Discounts. )  
\_\_\_\_\_ )

DOCKET NO. 02-0415

ORDER NO. 20607

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

2003 OCT 30 A 9:25

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Filed Oct. 29, 2003  
At 10:00 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

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of)  
VERIZON HAWAII INC. ) Docket No. 02-0415  
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Tariff to Introduce Local Package )  
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ORDER

I.

Tariff Filing

The commission approved VERIZON HAWAII INC.'S ("Verizon Hawaii") Local Package Plus ("LPP") service offering on a one-year promotional basis by Decision and Order No. 20195, filed on May 27, 2003. Verizon Hawaii filed initial tariff sheets consistent with the commission's directive in Decision and Order No. 20195 with an issued date of December 6, 2002, and an effective date of May 27, 2003, on June 6, 2003. Verizon Hawaii also informed the commission that it intended to file revised tariff sheets to reflect the offering's implementation date as its effective date sometime in the future since it required additional time to actually implement LPP and sought to "roll out" LPP with another package offering, Local Package Basic ("LPB"),<sup>1</sup> to minimize implementation costs.

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<sup>1</sup>At that time, commission approval of LPB was pending in Docket No. 03-0067.

Verizon Hawaii filed revised LPP tariff sheets to "supersede" the tariff sheets filed on June 6, 2003, on August 18, 2003. Verizon Hawaii's revised LPP tariff sheets reflected an issued date of August 18, 2003, and an effective date of August 29, 2003, and expressly stated that the offering will be provided on a promotional basis for twelve (12) months from August 29, 2003, through August 29, 2004 ("Revised Tariff").<sup>2</sup>

Upon review, it appears that Verizon Hawaii's Revised Tariff is not in violation of Decision and Order No. 20195. The amendment to the effective date of Verizon Hawaii's LPP offering to reflect its implementation date, in this instance, is reasonable. Accordingly, we conclude that the Revised Tariff should be approved.

## II.

### Additional Reporting Requirement

The commission is currently concerned with the Inter-island Toll minutes of use ("MOU") for LPP. The Inter-island Toll service component of LPP is currently provided on an unlimited basis. The commission's concerns with this issue in this docket were expressly stated in Decision and Order No. 20195, which mirrored similar concerns with Verizon Hawaii's Local and Toll Package, a matter of Docket No. 01-0440. We are specifically concerned that Inter-island Toll minutes for LPP may be underestimated which could result in this service being

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<sup>2</sup>The commission approved Verizon Hawaii's LPB offering, effective three weeks from the date of the decision and order, or August 29, 2003, by Decision and Order No. 20369, filed on August 8, 2003, in Docket No. 03-0067.

provided below its total service long run incremental cost, leading to cross-subsidization issues in violation of Hawaii Revised Statutes ("HRS") § 269-39 and Hawaii Administrative Rules ("HAR") § 6-80-35. HRS § 269-39(a) and HAR § 6-80-35(a) prohibit cross-subsidization of a telecommunications carrier's competitive services by its noncompetitive service offerings. HAR § 6-80-35(b) clarifies that cross-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."

The commission required Verizon Hawaii to closely monitor Inter-island Toll usage by LPP customers and required it to file a report on aggregate Inter-island Toll MOU for LPP, on a monthly basis, no later than 30 days before the expiration of program's one-year period, in Decision and Order No. 20195. Verizon Hawaii's LPB service offering is also provided with unlimited Inter-island Toll use. The commission approved LPB subject to specific requirements, including the requirement to file monthly reports on aggregate Inter-island Toll MOU for LPB, with two copies served on the Consumer Advocate.

The commission recognizes that Inter-island Toll MOU data filed in Docket No. 03-0067 to support Verizon Hawaii's LPB application reflects the most recent usage information on this service. Our review and re-evaluation of those Inter-island Toll

MOU figures have increased our concerns regarding Inter-island Toll usage for LPP since they indicate higher and growing MOU for Inter-island Toll service as the months progress. We believe that a stricter reporting requirement on Inter-island Toll MOU for LPP is now warranted. We find it appropriate, reasonable, and in the public interest at this juncture to adopt the same monthly Inter-island Toll MOU reporting requirement imposed on LPB in Docket No. 03-0067 for LPP. In addition to the requirements set forth in Decision and Order No. 20195, Verizon Hawaii must also file monthly reports on aggregate Inter-island Toll MOU for LPP, with two copies served on the Consumer Advocate. Each monthly report, beginning October 2003, shall be filed within 15 days after the end of each month. The report must detail for each month: (a) the total MOU for all LPP customers; (b) the number of LPP customers; and (c) the average monthly MOU for each LPP customer.

Based on the above, we conclude that Decision and Order No. 20195 should be amended to incorporate the commission's decision to require Verizon Hawaii to file monthly reports on Inter-island Toll MOU for LPP.

### III.

#### Orders


##### THE COMMISSION ORDERS:


1. Verizon Hawaii's LPP Revised Tariff is approved, after the fact.
2. Decision and Order No. 20195 is amended to reflect the commission's decision regarding monthly reports on

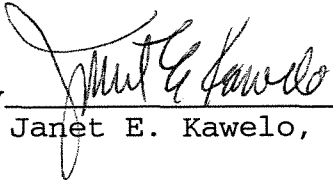
Inter-island Toll MOU for LPP, as detailed in section II of this order. Decision and Order No. 20195 remains unaffected in all other respects.

DONE at Honolulu, Hawaii this 29th day of October, 2003.

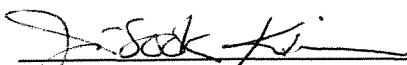
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By   
Carlito P. Caliboso, Chairman

By   
Wayne H. Kimura, Commissioner

By   
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:

  
Ji Sook Kim  
Commission Counsel

02-0415.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 20607 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  
Honolulu, HI 96841

  
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Karen Higashi

DATED: October 29, 2003