

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of )  
 )  
PARADISE MERGERSUB, INC., GTE )  
CORPORATION, VERIZON HAWAII INC. )  
BELL ATLANTIC COMMUNICATIONS, INC. )  
AND VERIZON SELECT SERVICES INC. )  
 )  
For Approval of a Merger )  
Transaction and Related Matters. )  
\_\_\_\_\_ )

DOCKET NO. 04-0140

ORDER NO. 21226

Filed August 6, 2004  
At 2 o'clock P.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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Commission, State of Hawaii.

K. Higashi

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of)  
PARADISE MERGERSUB, INC., GTE ) Docket No. 04-0140  
CORPORATION, VERIZON HAWAII INC. )  
BELL ATLANTIC COMMUNICATIONS, INC. ) Order No. 21226  
AND VERIZON SELECT SERVICES INC. )  
For Approval of a Merger )  
Transaction and Related Matters. )  

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ORDER

I.

Background

PARADISE MERGERSUB, INC. ("MergerSub"); GTE CORPORATION (GTE Corp.); VERIZON HAWAII INC. ("Verizon Hawaii"); BELL ATLANTIC COMMUNICATIONS, INC.; and VERIZON SELECT SERVICES INC. (collectively, "Applicants") jointly filed an application requesting commission approval of their proposed change of control over commission-regulated lines of business and the financing obligations associated with the proposed change ("Transfer of Control" or "Merger Transaction") on June 21, 2004 ("Application").<sup>1</sup> Applicants filed the Application under Hawaii Revised Statutes ("HRS") §§ 269-17, 269-17.5, and 269-19

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<sup>1</sup>In an Agreement of Merger dated May 21, 2004, MergerSub's parent, MergerSub, GTE Corp. (i.e., the current owner of 100 per cent of Verizon Hawaii's issued and outstanding capital stock), and Verizon HoldCo LLC (a newly formed subsidiary of GTE Corp.) entered into an agreement to transfer control of Verizon Hawaii and certain other related assets through a merger, with MergerSub being the surviving entity ("Merger Agreement"). See, Application at 9 and Exhibit 1.

and Hawaii Administrative Rules ("HAR") Title 6, Chapter 61, Subchapters 6, 9, 10, and 11 and Title 6, Chapter 80, Subchapter 2.

Copies of the Application were served on the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate").<sup>2</sup>

JEREMIAH C. GENOVIA ("Mr. Genovia") and CHARLES K. HEKEKIA JR. (Mr. Hekekia) (collectively, "Retirees") and the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 1357 ("IBEW") jointly filed a motion to intervene in this proceeding on July 9, 2004 ("Retiree's and IBEW's Motion"), and attached their memorandum in support of their motion ("Retiree's and IBEW' Memorandum"). On July 12, 2004, the UNITED STATES DEPARTMENT OF DEFENSE and ALL OTHER FEDERAL EXECUTIVE AGENCIES (collectively, "DoD/FEA") filed a petition for leave to intervene ("DoD/FEA's Petition") in this docket, while PACIFIC LIGHTNET, INC. ("PLNI") and TIME WARNER TELECOM OF HAWAII, L.P., dba OCEANIC COMMUNICATIONS ("Oceanic") (collectively, "Competitors") filed separate motions to intervene in this proceeding (separately, "PLNI's Motion" and "Oceanic's Motion"). Additionally, on July 12, 2004, the Consumer Advocate filed its preliminary statement of position and under HAR § 6-61-62(a)(1)

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<sup>2</sup>Prior to the filing of the Application, Applicants, on June 4, 2004, filed a request for commission approval of their proposed stipulation for protective order which was executed with the Consumer Advocate to govern the treatment of confidential documents filed in this docket, which they attached to the request. On June 7, 2004, the commission issued Protective Order No. 21034 ("Protective Order").

stating its intent to: (1) participate in this proceeding; and (2) state its position upon finishing its investigation.

Applicants filed a memorandum in response to the DoD/FEA's Petition on July 16, 2004. On July 19, 2004, Applicants filed a memorandum in opposition to the Competitors' motions to intervene ("Opposition to Competitors' Motions") and filed a separate memorandum in opposition to the Retirees' and IBEW's Motion ("Opposition to Retirees' and IBEW's Motion").

On July 23, 2004, PLNI filed a request for leave to file its proposed reply and objection to the Applicants' opposition to PLNI's motion to intervene ("PLNI's Leave Request"), and attached its proposed reply to its request ("PLNI's Reply"). On July 26, 2004, Oceanic filed a request for leave to file its reply to the Applicants' opposition to Oceanic's motion to intervene ("Oceanic's Leave Request"), and attached its reply to its request ("Oceanic's Reply").

On July 23, 2004, Applicants and the Consumer Advocate submitted a proposed stipulated procedural order ("Procedural Proposal") for the commission's review and approval.

## II.

### Leave Requests

In support of PLNI's Leave Request, PLNI contends that Applicants' opposition to its motion to intervene warrants a reply. PLNI proposes to file its reply to demonstrate, among other things: (1) the pertinence of its facts and reasons in support of full intervention and (2) that Applicants, and not

PLNI, "placed the incumbent network's back[-]office in issue in this proceeding".<sup>3</sup> Moreover, it objects to the conditions Applicants recommend regarding PLNI's participation in this docket.

In support of Oceanic's Leave Request, Oceanic contends that Applicants opposition to its motion to intervene states positions that warrant the submittal of its reply. It states that an examination of how Applicants proposed Transfer of Control will impact Verizon Hawaii's back-office operations and competitors, such as itself, who depend on those operations, is in the public interest. Oceanic further asserts that while it is "willing to negotiate the terms of appropriate prehearing procedures with Applicants and other parties," it is inappropriate for "Applicants to dictate the extent" of Oceanic's participation at the onset of the proceeding.<sup>4</sup>

Upon review, we find good cause to grant the leave requests filed by PLNI and Oceanic. Accordingly, we conclude that PLNI's Leave Request, filed on July 23, 2004, and Oceanic's Leave Request, filed on July 26, 2004, should be granted.<sup>5</sup>

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<sup>3</sup>See, PLNI's Leave Request at 2.

<sup>4</sup>See, Oceanic's Leave Request at 3.

<sup>5</sup>PLNI's Reply and Oceanic's Reply, which were filed with their respective leave requests, are accepted into the record of this proceeding.

III.

Petition and Motions to Intervene

A.

Standard of Review

It is well established that intervention as a party in a commission proceeding "is not a matter of right but is a matter resting within the sound discretion of the commission."<sup>6</sup> HAR § 6-61-55, governs the granting of intervention in commission proceedings. It requires a movant to, among other things, state the facts and reasons for the proposed intervention and the position and interests thereto. In particular, HAR § 6-61-55(d) states that "[i]ntervention shall not be granted except on allegations which are reasonably pertinent to and do not unreasonably broaden the issues already presented."

HAR § 6-61-56(a) gives the commission the discretion to allow participation in commission proceedings without intervention. An individual or entity allowed to participate without intervention under this rule "is not a party to the proceeding and may participate in the proceeding only to the degree ordered by the commission."<sup>7</sup>

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<sup>6</sup>See, *In re Application of Hawaiian Electric Company, Ltd.*, 56 Hawai'i 260, 262 (1975). See also, *In re Citizens Communications Company, dba The Gas Company*, Docket No. 00-0309, Order No. 18512 (May 2, 2001) and *In re Maui Electric Company, Limited*, Docket No. 7000, Decision and Order No. 11668, (June 5, 1992).

<sup>7</sup>See, HAR § 6-61-56(a).

B.

DoD/FEA's Petition

The DoD/FEA represents the interest of the federal government in the State of Hawaii ("State"). The federal government maintains federal facilities and offices throughout the State and is a major customer of Applicants' telecommunications services.<sup>8</sup> Over 50,000 civilian and military Department of Defense personnel and approximately 10,000 employees of other federal agencies are employed in the State.<sup>9</sup>

The DoD/FEA seeks to intervene and actively participate in this proceeding to protect its interests as one of Applicants' largest customers. The DoD/FEA states that its interests cannot be represented or protected by any other party to this proceeding. It also contends that high quality and reliable telecommunications services at just and reasonable rates are "essential to the nation's safety, security, federal governmental operations and military readiness".<sup>10</sup> Thus, the DoD/FEA contends that its interests are different from any other customers.

Moreover, the DoD/FEA contends that its participation in this proceeding will assist the commission in developing a sound record and help ensure that the proposed Transfer of Control is in the public interest and will not adversely impact public safety and military readiness--concerns that are unique to the DoD/FEA and essential to national security.

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<sup>8</sup>See, DoD/FEA's Petition at 2.

<sup>9</sup>Ibid.

<sup>10</sup>Ibid.

Applicants argue that the DoD/FEA failed to meet the requirements for intervention. Chiefly, Applicants assert that the DoD/FEA failed to demonstrate why its interests are not already represented by the Consumer Advocate, a party to this proceeding tasked to protect the interests of the general public. Applicants maintain that the DoD/FEA's intervention in this proceeding is unnecessary and redundant. Additionally, while Applicants agree that the DoD/FEA has a significant presence in the State and is one of the State's largest users of telecommunications services, it contends that this fact alone does not justify intervention in this proceeding. Nonetheless, Applicants state that they are comfortable that the DoD/FEA's intervention, if granted by the commission, will not delay the proceedings since the DoD/FEA supports an expedited processing of the Application.

Upon review, we find the DoD/FEA's arguments for intervention to be persuasive. The interests of the DoD/FEA appear to be sufficiently unique. The DoD/FEA's interests are different from that of the general public. There is no dispute that the DoD/FEA has a significant presence in the State and is a large consumer of telecommunications services. Additionally, the DoD/FEA's concerns about the Merger Transaction are focused on activities related to national security and military readiness. Thus, its interests may not be fully represented by any other party to this proceeding.

The commission also finds the allegations of the DoD/FEA to be reasonably pertinent to this proceeding and that

its intervention in this proceeding will not unreasonably broaden the issues of the Application or delay the proceedings. Accordingly, the commission concludes that DoD/FEA's Petition should be granted.

C.

Retirees' and IBEW' Motion

Mr. Genovia and Mr. Hekekia are retirees of Verizon Hawaii. The Retirees were informed by IBEW that the proposed Transfer of Control could negatively affect their pension benefits.<sup>11</sup> IBEW is a labor organization representing approximately 1,280 Verizon Hawaii employees throughout the State for collective bargaining purposes.<sup>12</sup> IBEW is a party to a collective bargaining agreement, effective from August 25, 2002 through September 1, 2007 ("CBA") which specifies employment conditions for IBEW members of Verizon Hawaii.<sup>13</sup>

The Retirees are concerned that their pension, medical, and employee stock benefits and their free telephone concessions (collectively, "Vested Benefits") are not adequately addressed or protected in the Merger Agreement. IBEW contends, among other things, that aspects of the Merger Transaction may impair its

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<sup>11</sup>See, Retirees' and IBEW's Motion at 1.

<sup>12</sup>See, Retirees' and IBEW's Motion at 2.

<sup>13</sup>Ibid.

ability to effectively represent its members and that the Merger Transaction will affect employee benefits under the CBA.<sup>14</sup>

The Retirees and IBEW contend that they are clearly affected by the Merger Transaction in a manner that is different from any other parties to the proceeding warranting their intervention. They state that MergerSub plans to "alter certain benefits, cancel the existing employees' pension plan, establish new plans, and subcontract out work."<sup>15</sup> Among other things, they argue that no other party to the proceeding can protect their interests and contend that their intervention in this proceeding will not necessarily broaden the issues or delay the proceedings since they will assist the commission in developing a sound record.

Applicants oppose Retirees' and IBEW's Motion. In short, Applicants argue that the interests of the Retirees and IBEW do not warrant their intervention in this docket.

With regards to the Retirees, Applicants contend that the Retirees are not affected by the Transfer of Control since "Verizon Communications Inc. will continue to administer and be

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<sup>14</sup>The Retirees and IBEW state that they are opposed to "any merger that will result in and/or have an adverse impact involving the reduction of guaranteed pension and medical benefits, together with free telephone concession benefits and other stock options made available to retirees." See, Retirees' and IBEW's Motion at 9. IBEW further states that it "opposes any restructuring of the services that would be transferred to MergerSub as a result of this Application that does not assure that employees retained or hired continue to have their job security, work opportunities, and protection provided by the [CBA] to assure continued quality in local exchange telephone services." Ibid.

<sup>15</sup>See, Retiree's and IBEW's Motion at 4.

responsible for the pension, welfare, and other benefits programs for those who have retired" from Verizon Hawaii.<sup>16</sup> Applicants state that each Verizon Hawaii retiree was sent a letter informing them that their benefits will not change since their Vested Benefits are not part of the Merger Transaction. Accordingly, Applicants maintain that there is no basis for the Retirees to be granted intervenor or even participant status in this docket.

With regards to IBEW, Applicants claim that the IBEW "appears to have misunderstood the terms of the Merger Agreement including, most importantly, [MergerSub's] commitment to be bound by the current [CBA]", as set forth in Section 8.3(b) of the Merger Agreement.<sup>17</sup> Applicants contend that a large portion of IBEW's allegations for intervention are based on concerns regarding MergerSub's commitment to the terms of the CBA or "mischaracterization or misinterpretation" of certain provisions of the Merger Agreement.

Applicants also argue that IBEW's claim that all jobs created to establish "certain back office functions in Hawaii must be filled exclusively by represented employees instead of through the possible use of contractors" is mistaken.<sup>18</sup> Applicants state that IBEW's claim is not supported by the CBA and contend that any disagreement regarding this issue is subject to the grievance and arbitration process under the CBA and the

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<sup>16</sup>See, Opposition to Retirees' and IBEW's Motion at 2.

<sup>17</sup>See, Opposition to Retirees' and IBEW's Motion at 7.

<sup>18</sup>See, Opposition to Retirees' and IBEW's Motion at 9.

collective bargaining process, if necessary. Applicants further assert that the commission should not make any decisions regarding "any speculative reductions in benefits" since they are matters governed under the CBA, which are contractual in nature and not subject to the commission's regulations as the commission previously held.<sup>19</sup> Finally, Applicants contend that IBEW's allegations regarding reduced benefits are speculative and not relevant to this proceeding and that the IBEW's concerns regarding customer service is an issue that the Consumer Advocate is charged to protect. They argue that IBEW's intervention would unreasonably broaden the issues and is not warranted.

While the issues and concerns raised by the Retirees and IBEW are unique and important, they relate to contractual matters that are not subject to the commission's regulation of Verizon Hawaii.<sup>20</sup> Thus, the Retirees' and IBEW's allegations are not reasonably pertinent to and would unreasonably broaden the issues of this proceeding. Accordingly, the Retirees' and IBEW's Motion is denied.

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<sup>19</sup>Applicants also state that the commission lacks jurisdiction to act as an arbiter regarding labor disputes between the IBEW and Verizon Hawaii under State and federal laws. See, Opposition to Retirees' and IBEW's Motion at 9-10.

<sup>20</sup>This finding is consistent with our finding and determination regarding the motion to intervene filed by the IBEW, and Mr. Genovia and Mr. Hekekoa (along with a few other individuals) in Docket No. 98-0345. *In re GTE Corporation and Bell Atlantic Corporation*, Docket No. 98-0345, Order No. 16798 (January 25, 1999) ("Order No. 16798"). In that docket, GTE Corp. and Bell Atlantic Corporation ("Bell Atlantic") sought commission approval of the transfer of control of GTE Corp. to Bell Atlantic ("Docket No. 98-0345").

However, the Retirees' and IBEW's concerns are genuine and immediate and may, in some part, be solely based on misunderstandings of particular provisions of the Merger Agreement. Thus, we find it reasonable to permit the Retirees and IBEW (collectively, "Participants") to participate without intervention, pursuant to HAR § 6-61-56, in which their participation is limited to the following: (1) an opportunity to address issues solely pertaining to the effects of the Transfer of Control on the Vested Benefits of the Retirees and the terms and conditions of employment of IBEW members through joint information requests (two (2) sets only) to Applicants and a joint position statement for the commission's review and consideration; and (2) the ability to monitor this proceeding by receiving all pleadings, decisions, orders, and other documents filed with the commission in this docket.

D.

PLNI' Motion

PLNI is a facilities-based competitive local exchange carrier ("CLEC") providing telecommunications services throughout the State.<sup>21</sup> PLNI represents that it: (1) has invested millions of dollars in its telecommunications network, (2) competes with Verizon Hawaii, which benefits Hawaii businesses and consumers through competitive rates and the deployment of advanced telecommunications services, and (3) fully supports the

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<sup>21</sup>PLNI provides switched and dedicated transport private line services, intrastate private line and switched services, and inter-island toll service. See, PLNI's Motion at 5.

commission's goal of fostering competition in the State's telecommunications market.

As a CLEC operating in the State, it purchases loops and other services from Verizon Hawaii.<sup>22</sup> PLNI contends that its service is dependent on Verizon Hawaii's back office systems, procedures, and processes.

PLNI opposes the Application.<sup>23</sup> Primarily, PLNI is troubled with Applicants statement that tens of million of dollars of capital will be used to design and implement state-of-the-art back-office systems in the State.<sup>24</sup> PLNI contends that a state-of-the-art back-office is a substantial undertaking costing considerable time and funds. PLNI states that the proposed Merger Transaction will directly and materially impact its services to its customers and that Applicants proposal to install a "state-of-the-art back[-]office threatens an increase in the rates businesses, customers, and competitors will pay . . . and, to the detriment of competition, will open the door to diminished efficiency of the incumbent network's back-office services."<sup>25</sup>

PLNI maintains that the Consumer Advocate, a party to this proceeding, is charged with "advocating the consumers' best interest" and is not positioned to adequately represent PLNI's interests since its interests, as a CLEC, differ from that of the

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<sup>22</sup>See, PLNI's Motion at 6.

<sup>23</sup>The reasons for its opposition are enumerated on pages 10 through 13 of PLNI's Motion.

<sup>24</sup>See, PLNI's Motion at 7.

<sup>25</sup>See, PLNI's Motion at 7-8. Internal quotes omitted.

general public. PLNI states that it is well-positioned to assist the commission in developing a sound record.

Applicants, in its Opposition to Competitors' Motions, articulate that PLNI failed to meet the requirements for intervention. They first contend that PLNI's allegations in support of its intervention all relate to interconnection issues which would broaden the scope of the issues and unduly delay the proceedings. Applicants also allege that the issues raised by PLNI are contractual in nature and not regulatory matters that the commission must address. Moreover, Applicants state that PLNI failed to articulate how it intends to assist the commission in this proceeding and that circumstances have changed since PLNI's predecessor and other CLECs were allowed to intervene in Docket No. 98-0345, the GTE Corp./Bell Atlantic merger proceeding. However, if the commission decides to allow PLNI some level of participation, Applicants suggest that we impose specific measures to mitigate any unreasonable delays. Among other things, Applicants recommend that we limit PLNI's participation for the "purpose of determining whether the system interfaces for CLEC interconnection as proposed by MergerSub will be comparable to the interfaces currently provided by Verizon Hawaii."<sup>26</sup>

The Transfer of Control of Verizon Hawaii, the State's sole incumbent local exchange carrier ("ILEC"), is significant. In Docket No. 98-0345, the commission found that the "merger of the only ILEC in the [S]tate is of sufficient importance to

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<sup>26</sup>See, Opposition to Competitors' Motion at 9.

warrant a thorough review and that the Competitors'<sup>27</sup> expertise in the telecommunications field would assist us in developing a sound record."<sup>28</sup> Nothing in the record of this docket dissuades the commission from making a similar finding.

PLNI's allegations primarily relate to the re-establishment of the ILEC's back-office functions and services and how the proposed Transfer of Control will impact competition in the State. Its interests in this proceeding are significant and clear, given its dependence on the ILEC for provisioning its services to its customers. Thus, PLNI's interests differ from that of the general public and cannot be fully represented by the Consumer Advocate, a party to this proceeding.<sup>29</sup> We find PLNI's allegations and concerns to be reasonably pertinent to the matters of this proceeding and will not unreasonably broaden the issues already presented. Accordingly, we conclude that PLNI's Motion should be granted.

The commission finds it unnecessary to specifically limit PLNI's intervention, at this time, as recommended by Applicants. However, PLNI is reminded that its intervention in this proceeding is based on its allegations and concerns regarding the impacts of the proposed Transfer of Control on

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<sup>27</sup>In Docket No. 98-0345, "Competitors" refer to certain Hawaii CLECs that filed motions to intervene in the proceeding, including PLNI's predecessor (GST Telecom Hawaii, Inc.) and Oceanic. See, Order No. 16798 at 1-2.

<sup>28</sup>See, Order No. 16798 at 12.

<sup>29</sup>Under HRS § 269-51, the Consumer Advocate is tasked to represent, protect, and advance the interests of consumers, including small business, of utility service.

competition of telecommunications services in the State. We caution PLNI that its status in this docket may be reconsidered if we later determine that PLNI is either unreasonably broadening the issues of this proceeding or unduly delaying it.

E.

Oceanic's Motion

Oceanic is another facilities-based CLEC and a competitor of the State's ILEC, Verizon Hawaii.<sup>30</sup> Oceanic asserts that it has invested millions of dollars in infrastructure and equipment in the State and that it fully supports the commission's goal of fostering competition in the State's local telecommunications market.

Oceanic's network must be interconnected with that of Verizon Hawaii to provide local exchange services to its customers.<sup>31</sup> Thus, Oceanic is dependent on the systems, procedures, and processes of Verizon Hawaii and its current parent.<sup>32</sup> Oceanic states that it is "concerned about how the planned change of control of Verizon Hawaii will impact the required interfaces between systems and operations and the effect that any resulting changes to these systems and operations will

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<sup>30</sup>Oceanic provides dedicated transport private line and certain business switched services, and intrastate private line and switch services, including inter-island toll service. See, Oceanic's Motion at 3.

<sup>31</sup>See, Oceanic's Motion at 4.

<sup>32</sup>Ibid.

have upon Oceanic, its local telecommunications services, and customers."<sup>33</sup> Oceanic is also concerned, among other things, that it will take longer to test and implement the necessary back-office systems and operations than Applicants plan. It is ultimately concerned that the planned transition and any resulting operational changes will affect competition in the State, presently and in the future.

Oceanic represents, among other things, that its interests as a CLEC are not represented by the Consumer Advocate who represents the interests of the general public. Moreover, it contends that it will endeavor to assist the commission in developing a sound record by evaluating how the proposed merger will affect the operations of CLECs. Oceanic argues that its participation in this proceeding will not unreasonably broaden the issues or delay the proceedings.

Applicants' opposition to Oceanic's Motion set forth in the Opposition to Competitors' Motions, substantially mirrors Applicants' objections to PLNI's Motion, which are summarized above.

Similar to PLNI, Oceanic is primarily concerned with how the proposed Transfer of Control will impact competition of telecommunications services in the State, and how the transaction will affect its services, which are dependent on Verizon Hawaii. Its interests are genuine and understandable. Similar to PLNI, we find that Oceanic's interests will not be sufficiently

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<sup>33</sup>Ibid.

represented by any other parties.<sup>34</sup> Consistent with our findings regarding PLNI's Motion, we also find Oceanic's concerns to be reasonably pertinent to and will not unreasonably broaden the issues already presented. Accordingly, we conclude that Oceanic's Motion should be granted.

We also find it unnecessary to limit Oceanic's intervention in this proceeding, as requested by Applicants. However, Oceanic is also reminded that its intervention in this proceeding is based on its concerns regarding the impacts of the proposed Transfer of Control on competition of telecommunications services in the State. We also advise Oceanic that its status in this docket may be reconsidered if we later determine that its involvement is either unreasonably broadening the issues of this proceeding or unduly delaying it.

#### IV.

##### Comment Period

As noted above, Applicants filed the Application for commission approval of the Transfer of Control under HRS §§ 269-17, 269-17.5, and 269-19 and HAR Title 6, Chapter 61, Subchapters 6, 9, 10, and 11 and Title 6, Chapter 80, Subchapter 2. These statutes and commission rules do not require or contemplate a public hearing in this type of docket. However, we recognize that the matters of this docket are of considerable interest to the general public and that soliciting public comments on this matter may be helpful and beneficial. Thus, in

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<sup>34</sup>See, HRS § 269-51.

the interest of eliciting comments from any and all interested individuals, we find it reasonable and in the public interest to establish a comment period for the matters of this docket ("Comment Period").

Any interested person may submit comments on the Application by sending written comments to the commission by mail addressed to: Public Utilities Commission, State of Hawaii, 465 South King Street, Room No. 103, Honolulu, Hawaii, 96813. Electronic comments may be submitted to the commission by e-mail at [Hawaii.PUC@hawaii.gov](mailto:Hawaii.PUC@hawaii.gov). All comments should reference Docket No. 04-0140. The Comment Period will begin from the date of this order and end at 4:30 p.m. on Thursday, September 30, 2004. Comments received in this manner will be made available for public review and information on the commission's website at [www.hawaii.gov/budget/puc/puc.htm](http://www.hawaii.gov/budget/puc/puc.htm), under the subject matter heading "Telecommunications", and at the commission's Honolulu and neighbor island district offices.<sup>35</sup> In this manner, we hope to give the general public a greater opportunity to participate and voice their concerns in these proceedings.

The Application and the exhibits filed in support of the Application will be made available for public review and inspection during regular business hours at the commission's Honolulu and neighbor island offices and are available on our

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<sup>35</sup>The commission's Honolulu office address is set forth above. The addresses for our neighbor island district offices are: (1) for Kauai, 3060 Eiwa Street, Room No. 302-C, P.O. Box 3078, Lihue, Hawaii, 96766; (2) for Maui, State Office Building No. 1, 54 S. High Street, Room No. 218, Wailuku, Hawaii, 96793; and (3) for Hawaii, 688 Kinoole Street, Room No. 106-A, Hilo, Hawaii, 96720.

website at [www.hawaii.gov/budget/puc/puc.htm](http://www.hawaii.gov/budget/puc/puc.htm), under the subject matter heading "Telecommunications".

Based on the above, we conclude that a Comment Period, from the date of this order until 4:30 p.m. on Thursday, September 30, 2004, should be established to receive public comments on the matters of this docket.

V.

Procedural Proposal

The Procedural Proposal sets forth the issues, schedule, and other procedural matters to govern the proceedings in this docket. However, the Procedural Proposal only involved Applicants and the Consumer Advocate. Due to the decisions and determinations made in this order, we find the Procedural Proposal to be premature and conclude that the Procedural Proposal should be denied to give other participants, granted intervenor and participant status in this order, an opportunity to review and comment on the Procedural Proposal.

VI.

Orders

THE COMMISSION ORDERS:

1. PLNI's Leave Request filed on July 23, 2004, and Oceanic's Leave Request filed on July 26, 2004, are granted.
2. DoD/FEA's petition to intervene, filed on July 12, 2004, is granted.

3. Retirees' and IBEW's joint motion to intervene, filed on July 9, 2004, is denied. Instead, Participants (i.e., Retirees and IBEW) are permitted to participate in this docket, pursuant to HAR § 6-61-56, subject to the limitations set forth in Section III.C of this order.

4. PLNI's motion to intervene, filed on July 12, 2004, is granted.

5. Oceanic's motion to intervene, filed on July 12, 2004, is granted.

6. A Comment Period, as described in Section IV of this order, is established to receive public comments on the matters of this docket. Comments received in the prescribed manner will be made available for public review and information in the mode described in Section IV of this order.

7. The Procedural Proposal filed by Applicants and the Consumer Advocate is denied.

8. Applicants are directed to meet informally with the DoD/FEA, PLNI, Oceanic, Participants, and the Consumer Advocate to formulate the issues, a regulatory schedule, and all procedural matters necessary to govern the proceedings of this docket in a stipulated procedural order. The stipulated procedural order shall be filed with the commission within twenty (20) days of the date of this order for the commission's review and approval. If unable to stipulate to such an order, each participant to this proceeding shall submit proposed procedural orders for the commission's review and consideration within twenty (20) days of the date of this order.

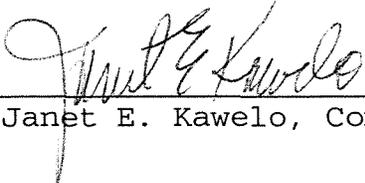
9. The individuals and entities granted intervenor and participant status in this docket are subject to and must abide by the terms and conditions of the Protective Order.

DONE at Honolulu, Hawaii AUG 06 2004.

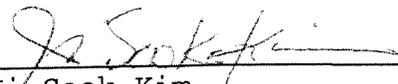
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By   
Carlito P. Caliboso, Chairman

By   
Wayne H. Kimura, Commissioner

By   
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:

  
Ji Sook Kim  
Commission Counsel

04-0140.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 21226 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

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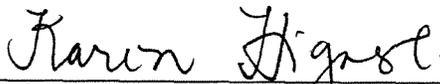
(Certificate of Service - Continued)

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DATED: AUG 06 2004