

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. 22590

Filed June 30, 2006
At 9:45 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.

per
Charles R. Huascope

I.

Background

On March 16, 2005, the commission issued Decision and Order No. 21696 conditionally approving the merger transaction and other related matters described in the joint application of Paradise; GTE CORPORATION; Verizon Hawaii; BELL ATLANTIC COMMUNICATIONS, INC., dba VERIZON LONG DISTANCE; and VERIZON SELECT SERVICES (collectively, "Applicants") ("Merger Transaction").²

Commission approval of the Merger Transaction was conditioned on, among other things, Applicants and HT Communications' affiliates adhering and agreeing to comply with the terms and conditions of the Stipulation, with additional enumerated conditions. The commission stated that "Applicant's decision to effectuate the proposed Merger Transaction constitutes Applicants' acceptance and agreement with the conditions and requirements of our approval."³ Under the terms of the Stipulation, the Stipulation will "expire ninety (90) days following the actual implementation of all systems and processes

²Applicants' application was filed on June 21, 2004. Aside from Applicants, the "Parties and Participants" to this proceeding are: (1) the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS; (2) the UNITED STATES DEPARTMENT OF DEFENSE AND ALL OTHER FEDERAL EXECUTIVE AGENCIES; (3) PACIFIC LIGHTNET, INC. ("PLNI"); (4) Oceanic; (5) JEREMIAH C. GENOVIA; (6) CHARLES K. HEKEKIA, JR.; and (7) the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 1357.

³See Decision and Order No. 21696, filed on March 16, 2005 ("Decision and Order No. 21696") at 58.

for provisioning wholesale service orders ("Cut-over")," i.e., June 30, 2006.⁴

A.

Oceanic's Investigation Request

Oceanic filed its Investigation Request under the dispute resolution procedures in Section V of the Stipulation. Specifically, Oceanic requests that the commission institute an investigation of whether Hawaiian Telcom's wholesale back-office systems and processes comply with the Stipulation. As part of the investigation, Oceanic requests that an independent audit of the operational readiness of Hawaiian Telcom's back-office systems, processes, and documentation be performed, and that the commission take such action to ensure compliance with the Stipulation. Moreover, Oceanic requests that the terms of the Stipulation be extended until the commission's investigation is completed and Hawaiian Telcom has fully complied with the terms of the Stipulation.

On June 26, 2006, PLNI submitted a filing in support of Oceanic's request to extend the term of the Stipulation, which is set to expire on June 30, 2006. Additionally, PLNI expressly reserved its right to participate in any further proceedings resulting from Oceanic's Investigation Request.

⁴See Decision and Order No. 21696, Exhibit 1 at 3.

B.

Hawaiian Telcom's Extension Request

On June 29, 2006, Hawaiian Telcom filed a letter requesting an enlargement of time, until July 31, 2006, to file its response to Oceanic's Investigation Request ("Response"), pursuant to Hawaii Administrative Rules ("HAR") § 6-61-23 ("Extension Request"). Hawaiian Telcom states that it is continuing its daily efforts to address and resolve the matters raised in Oceanic's Investigation Request, and that it has begun the process of gathering the appropriate parties and documents to respond to Oceanic's allegations. However, Hawaiian Telcom states that it will not be able to properly respond to Oceanic's Investigation Request within the time allotted since: (1) several key individuals involved in the wholesale back-office systems implementation and related matters are currently out of town, and, thus, have not had a sufficient opportunity to review Oceanic's Investigation Request and to discuss it with other members of Hawaiian Telcom's team; and (2) Bearing Point, Inc., the primary contractor responsible for the design and implementation of the back-office systems and processes and who will be providing much of the information necessary for Hawaiian Telcom's Response, needs additional time to gather the necessary information.

It is Hawaiian Telcom's understanding, through its discussions with Oceanic and PLNI, that Oceanic is willing to extend the filing deadline of Hawaiian Telcom's Response until July 14, 2006, and that PLNI is deferring to Oceanic on this

matter. Hawaiian Telcom states that it had previously scheduled a meeting for July 12, 2006 (for which both Oceanic and PLNI have confirmed they will be attending), to review, clarify, and respond to various issues and concerns regarding its wholesale back-office systems and processes following Cut-over, much of which were raised in Oceanic's Investigation Request. Hawaiian Telcom states that an extension until July 14, 2006, will not provide it sufficient time to adequately respond or to incorporate any of the solutions achieved as a result of the July 12, 2006 meeting.

Hawaiian Telcom contends that any extension of time to formally respond to Oceanic's Investigation Request will not delay the ultimate goal of all parties (i.e., the resolution of the remaining process issues) since it will continue to meet with the competitive local exchange carriers ("CLECs") and work with its consultant to resolve these issues. Moreover, recognizing that the Stipulation expires on June 30, 2006, Hawaiian Telcom states that it is agreeable to allowing the Stipulation to remain in "full force and effect" until further order of the commission.

II.

Discussion

A.

Extension to File Response to Oceanic's Investigation Request

HAR § 6-61-23(a)(1) provides the commission with the discretion, for good cause shown, to enlarge a period by which a required act must be completed, if a written request is made

before the expiration of the period originally prescribed. As the commission, in effect, adopted the terms and conditions of the Stipulation in Decision and Order No. 21696, filed on March 16, 2005, any request to amend the terms of the Stipulation or for relief from any of the requirements of the Stipulation, must be approved by the commission.

Under Section V of the Stipulation, Hawaiian Telcom has ten (10) days from the filing of Oceanic's Investigation Request to file its Response to the request (i.e., until July 3, 2006). Upon review, the commission finds good cause to approve Hawaiian Telcom's Extension Request. Under the facts and circumstances described in Hawaiian Telcom's Extension Request, approval of an extension of time to file Hawaiian Telcom's Response until July 31, 2006, appears to be reasonable. Hawaiian Telcom will need time after the scheduled July 12, 2006 meeting with the CLECs (including Oceanic and PLNI) to incorporate any solutions from the meeting and fully respond to the concerns and issues raised by Oceanic. Requiring Hawaiian Telcom to respond earlier, under the circumstances, could result in the submittal of information that may later need to be updated or revised, which may delay resolution of this matter. Based on the foregoing, the commission concludes that Hawaiian Telcom's Extension Request should be approved.

B.

Extension of the Stipulation

Given that the commission is approving Hawaiian Telcom's Extension Request, the commission finds it reasonable and in the public interest to extend the term of the Stipulation until further order of the commission. Oceanic requested an extension of the Stipulation in its Investigation Request. Hawaiian Telcom does not oppose extending the term of the Stipulation until further order of the commission. Since the commission is granting Hawaiian Telcom additional time to file its Response, and given the concerns and issues raised in Oceanic's Investigation Request regarding Hawaiian Telcom's back-office systems and processes, an extension of the term of the Stipulation is appropriate, as the parties may benefit by the collaborative process set forth in the Stipulation. Based on the above, the commission concludes that the term of the Stipulation should be extended until further order of the commission.

III.

Orders

THE COMMISSION ORDERS:

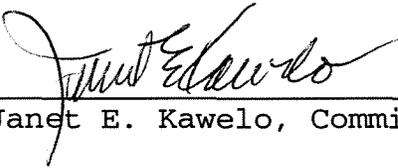
1. Hawaiian Telcom's Extension Request is approved.
2. The term of the Stipulation is extended until further order of the commission.

DONE at Honolulu, Hawaii this JUN 30 2006.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By (EXCUSED)
Wayne H. Kimura, Commissioner

By 
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:


Ji Sook Kim
Commission Counsel

04-0140.cc

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 22590 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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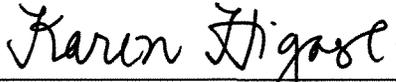
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DATED: JUN 30 2006