

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 SoundDeal.)
_____)

DOCKET NO. 01-0440

ORDER NO. 20230

Filed June 13, 2003
At 9:00 o'clock A .M.

Karen Higashi
Chief Clerk of the Commission

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HIV OF CONSUMER ATTORNEY
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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. 01-0440
For Approval of Changes to its) Order No. 20230
Tariff to Introduce SoundDeal.)

ORDER

I.

By Decision and Order No. 19221, filed on February 26, 2002, as modified by Order No. 19295, filed on April 10, 2002, the commission:

1. Approved VERIZON HAWAII INC.'s SoundDeal package, nka the Local and Toll Package, for a one-year promotional period, from April 22, 2002 to April 21, 2003; and

2. Instructed Verizon Hawaii Inc. to file, no later than 30 days prior to the expiration of the one-year promotional period, "a report of aggregate inter-island toll minutes of use data for its SoundDeal customers, on a month-to-month basis."

On December 6, 2002, Verizon Hawaii Inc. filed: (1) its preliminary usage report, covering the period from April through November 2002; and (2) transmittal number 02-82.

By transmittal number 02-82, Verizon Hawaii Inc. requested approval to grandfather its Local and Toll Package, "such that the package will no longer be available to new customers" after January 6, 2003. Based on its monitoring of the

inter-island toll usage, Verizon Hawaii Inc. found that "the per customer usage has grown to a level significantly higher than what the Company had originally anticipated." Thus, it was necessary to discontinue the offering of Local and Toll Package to new customers.

At the same time, Verizon Hawaii Inc. proposed to allow the existing customers to continue subscribing to the Local and Toll Package, beyond April 21, 2003, if the customer so chooses. Once the existing customers transition off of the Local and Toll Package, Verizon Hawaii Inc. proposed to discontinue this package in toto.

By Order No. 19946, filed on January 3, 2003, the commission approved transmittal number 02-82, thereby allowing Verizon Hawaii Inc. to grandfather the Local and Toll Package, effective January 6, 2003. Concomitantly, the commission instructed Verizon Hawaii Inc. to file: (1) a plan to phase-out the existing subscribers from the Local and Toll Package; or (2) a position statement justifying why, based on the data set forth in its preliminary usage report, the existing subscribers should be allowed to continue with this promotional program, on a permanent basis.

On January 23, 2003, Verizon Hawaii Inc. filed its phase-out plan for the commission's review. In addition, Verizon Hawaii Inc. requested an extension of time, from May 1 to May 15, 2003, to file its final toll usage report.

By Order No. 20137, filed on April 21, 2003, the commission: (1) instructed Verizon Hawaii Inc. to re-file, by May 30, 2003, an updated phase-out plan;¹ and (2) granted Verizon Hawaii Inc. an extension of time, until May 15, 2003, to file its final toll usage report.

On May 15, 2003, Verizon Hawaii Inc. submitted its final toll usage report. In its transmittal letter, Verizon Hawaii Inc. states that: (1) the Local and Toll Package was offered for only a brief period of time, with limited promotional advertising; thus (2) "the customer base is relatively small and comprised largely of 'early adopter' customers rather than a broad base of customers."

On May 27, 2003, in Docket No. 02-0415, the commission conditionally approved Verizon Hawaii Inc.'s Local Package Plus offering, for a one-year promotional period.²

On May 30, 2003, Verizon Hawaii Inc. submitted its updated phase-out plan to the commission.

¹The commission noted that Verizon Hawaii Inc.'s proposed phase-out plan was based on certain assumptions that had not materialized. In addition, the commission rejected as inconsistent Verizon Hawaii Inc.'s proposal to allow certain remaining subscribers "to continue subscribing to LTP on a permanent basis[.]"

²See Decision and Order No. 20195, filed on May 27, 2003.

II.

A.

The Local and Toll Package provides to the remaining residential subscribers the following fully competitive, noncompetitive, and non-regulated services, as a combined, single package:

<u>Fully Competitive</u>	<u>Noncompetitive</u>	<u>Non-Regulated</u>
Inter-island toll	Residential (R1) Touch calling Custom calling features (up to 14 maximum)	Basic voicemail

The flat monthly rate for the Local and Toll Package is \$39.95.

The Local Package Plus offers residential customers primarily the same services as Local and Toll Package, plus unlimited directory assistance (a noncompetitive service), at a flat monthly rate of \$49.95.³

B.

As part of its updated phase-out plan, Verizon Hawaii Inc. proposes to migrate its remaining Local and Toll Package subscribers to the Local Package Plus program. The latter package, Verizon Hawaii Inc. reasons, "provides a package of services that most closely resembles Local and Toll Package."

³The custom calling features available under both packages slightly differ.

Verizon Hawaii Inc. intends to inform its affected subscribers, by written notice, that: (1) the Local and Toll Package "will be ending and that customers will need to select another plan or set of services to take its place[;]" and (2) "if they do not select another plan or set of services, the Company will automatically switch them to LPP." In addition, Verizon Hawaii Inc. will: (1) not assess any nonrecurring charges for any changes associated with the transition; and (2) prepare its customer service representatives to process orders and respond to inquiries involving the phase-out of the Local and Toll Package.

Under Verizon Hawaii Inc.'s updated timetable, it intends to complete the mandatory phase-out within 5-1/2 months from the commission's conditional approval of Local Package Plus, i.e., by November 13, 2003.

C.

Upon review, Verizon Hawaii Inc. is instructed to implement forthwith its updated phase-out plan. Its written notice shall clearly explain that the affected subscribers have the option of choosing either Local Package Plus, another commission-approved bundled service package, or an individually tailored set of services, without incurring any nonrecurring charges associated with the phase-out of the Local and Toll Package.

III.

THE COMMISSION ORDERS:

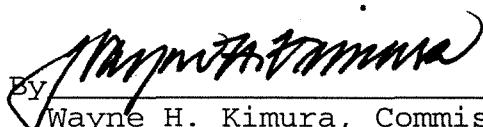
1. Verizon Hawaii Inc. shall implement forthwith its updated phase-out plan, filed on May 30, 2003.

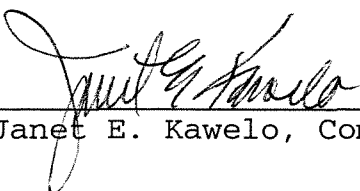
2. Verizon Hawaii Inc. shall file: (A) copies of its written notice or notices issued to its Local and Toll Package subscribers; and (B) a final report, once the phase-out of the Local and Toll Package program is completed. Two copies of all filings shall be served upon the Consumer Advocate.

DONE at Honolulu, Hawaii this 13th day of June, 2003.

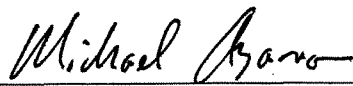
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
Wayne H. Kimura, Commissioner

By 
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:


Michael Azama
Commission Counsel
01-0440.ac

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 20230 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 13, 2003