

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of)  
)  
BELL ATLANTIC COMMUNICATIONS, INC., )  
dba VERIZON LONG DISTANCE )  
)  
For Approval of its Plan L Service )  
Bundled Service Option. )  
\_\_\_\_\_)

DOCKET NO. 03-0128

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

DECISION AND ORDER NO. 20589

Filed Oct. 23, 2003  
At 10:00 o'clock A.M.

Karen Higashi  
Chief Clerk of the Commission

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Docket No. 03-0128  
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DECISION AND ORDER

I.

Background

BELL ATLANTIC COMMUNICATIONS, INC., dba Verizon Long Distance ("Verizon Long Distance"), requests the commission's approval to revise its tariff to offer its Plan L Service Bundled Service Option in the State of Hawaii.<sup>1</sup> Verizon Long Distance makes its request in accordance with Hawaii Revised Statutes ("HRS") § 269-39(a) and Hawaii Administrative Rules ("HAR") § 6-80-35(e).

Verizon Long Distance served copies of the application upon the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate"). The Consumer Advocate does not object to the commission's approval of Verizon Long Distance's application.<sup>2</sup>

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<sup>1</sup>See Verizon Long Distance's application, filed on May 9, 2003, as amended on September 25, 2003.

<sup>2</sup>Consumer Advocate's position statement, filed on October 15, 2003.

II.

Plan L Service Bundled Service Option

A.

Verizon Long Distance currently offers Plan L Service, an optional calling plan for residential customers' outbound direct-dialed calls. For a monthly recurring charge of \$5.95, customers can make inter-island calls for \$0.08 per minute.

B.

For its Plan L Service, Verizon Long Distance proposes to offer a Bundled Service Option that customers may subscribe to *only if* they also subscribe to a qualifying local package offered by Verizon Hawaii Inc., Verizon Long Distance's affiliated local exchange provider. Verizon Hawaii Inc. offers the following qualifying local packages: (1) Local Package and Local Package Standard (Docket No. 02-0068); (2) Local Package Plus (Docket No. 02-0415); and (3) Local Package Basic (Docket No. 03-0067). Basic local service is provided as part of each of these local package offerings.

The \$5.95 monthly charge for the Plan L Service is waived for local package subscribers who also opt for the Bundled Service Option. Such subscribers can make inter-island calls for \$0.08 per minute, and receive discounted rates for toll-free, travel card, and international calls.

III.

A.

Verizon Long Distance's Position

Verizon Long Distance states, in support of its application:

1. Customers see value in bundling services and products and in obtaining a lower price for the overall package.
2. The pricing structure of the Plan L Service Bundled Service Option "will not affect the regulated revenues of Verizon Hawaii because local non-competitive services are not used to subsidize long distance services."
3. Verizon Long Distance maintains: (A) separate officers, directors, and employees from Verizon Hawaii Inc.; and (B) separate books and accounting records from Verizon Hawaii Inc.

Thus, Verizon Long Distance and Verizon Hawaii Inc. will book the revenues and costs associated with the provision of their service offerings solely in their respective accounts. In addition, the waiver of the \$5.95 monthly recurring charge will be borne solely by Verizon Long Distance.

These separation requirements, mandated by the federal Telecommunications Act of 1996, will ensure that the revenues from Verizon Hawaii Inc.'s noncompetitive, basic local service offering, will not subsidize Verizon Long Distance's long distance service.

B.

Consumer Advocate's Position

The Consumer Advocate does not object to the commission's approval of the application, based on its understanding that: (1) Verizon Long Distance and Verizon Hawaii Inc. will maintain separate books and accounting records; and

(2) the Bundled Service Option is reflected and recorded only in Verizon Long Distance's books in order to preclude any subsidization by Verizon Hawaii Inc.'s basic local service.

#### IV.

##### Discussion

The commission allows the Plan L Service Bundled Service Option to take effect, as proposed. The commission finds that Verizon Long Distance has met its requisite burden under HRS § 269-39(a) and HAR § 6-80-35(e). Local package subscribers will have the opportunity to "add on" the Bundled Service Option, thereby providing such subscribers with a meaningful choice.

The commission notes that Verizon Long Distance, in its application, refers to its Plan L Service synonymously as the 5 Cent Long Distance Plan. Its proposed tariff, however, consistently refers to the Plan L Service; it does not mention or refer to the 5 Cent Long Distance Plan.

The applicable rate is \$0.08 per minute for long distance inter-island calls. The commission finds misleading and inaccurate Verizon Long Distance's reference to the 5 Cent Long Distance Plan. Verizon Long Distance, in its tariff filing, shall not mention or refer to the 5 Cent Long Distance Plan.

V.

Orders


THE COMMISSION ORDERS:


1. Verizon Long Distance's proposed tariff changes are approved, effective upon the filing of this decision and order.

2. Verizon Long Distance shall promptly file its approved tariff sheets for the Plan L Service Bundled Service Option, consistent with the terms of this order, incorporating the applicable issued and effective dates.


DONE at Honolulu, Hawaii this 23rd day of October, 2003.

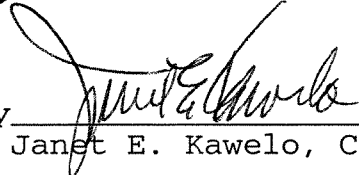
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By   
Carlito P. Caliboso, Chairman

By   
Wayne H. Kimura, Commissioner

APPROVED AS TO FORM:

  
Michael Azama  
Commission Counsel

By   
Janet E. Kawelo, Commissioner

03-0128.sl

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 20589 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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Karen Higashi

DATED: October 23, 2003