BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF HAWAII

In the Matter of the Application of)

VERIZON HAWAII INC.

DOCKET NO. 03-0069

For Approval to Sell its Property at 855 Umi Street, Honolulu.

DECISION AND ORDER NO. 20701

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DEPT. OF CONSUMER ASSAGRACY
DESTRUCTION OF A FARRS

STATE OF HAWAII

Filed <u>Dec. 4</u>, 2003 At <u>8:00</u> o'clock <u>A</u>.M.

Chief Clerk of the Commission

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DECISION AND ORDER

I.

Background

The commission previously approved the sale of VERIZON HAWAII INC.'s 855 Umi Street property in Honolulu to Paradise Cruise Ltd.¹ Now, Verizon Hawaii Inc. requests the issuance of a new decision and order, based on a change in circumstances.² Specifically, since Paradise Cruise Ltd. is unable to complete the purchase, Verizon Hawaii Inc. has secured a new buyer, Pineridge Farms Inc.

Verizon Hawaii Inc. represents that:

1. With the exception of the sales price, the two purchase agreements, with Paradise Cruise Ltd. and Pineridge Farms Inc., respectively, "are virtually the same."

¹See Decision and Order No. 20194, filed on May 27, 2003.

²See Verizon Hawaii Inc.'s letter, dated November 17, 2003.

³The purchase agreement, dated October 13, 2003, and first addendum thereto, dated October 17, 2003, with Pineridge Farms Inc., are attached as Exhibits II and III to Verizon Hawaii Inc.'s new request.

2. The sale of its 855 Umi Street property "will benefit ratepayers by reducing the Company's rate base and eliminate ongoing utility, maintenance and insurance costs for the property."

With a scheduled closing date in December 2003, Verizon Hawaii Inc. requests expedited commission action.

Verizon Hawaii Inc. served a copy of its new request upon the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate").

The Consumer Advocate does not object to Verizon Hawaii Inc.'s new request. The Consumer Advocate states:

- 1. Since Paradise Cruise Ltd. is unable to complete the purchase, Verizon Hawaii Inc. "placed the property on the market and found another prospective buyer, i.e., Pineridge Farms."
- 2. Except for the sale price, which is within the range of the property appraisal, the purchase agreement between Verizon Hawaii Inc. and Pineridge Farms Inc. is virtually the same as the purchase agreement between Verizon Hawaii Inc. and Paradise Cruise Ltd.

II.

Sale of the 855 Umi Street Property

Hawaii Revised Statutes (HRS) § 269-19 prohibits a public utility from selling its utility property "without first

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^{&#}x27;Consumer Advocate's letter, dated November 25, 2003.

having secured from the public utilities commission an order authorizing it so to do."

Verizon Hawaii Inc. represents that: (1) the subject property is no longer needed to conduct its utility operations; (2) its operations will not be adversely affected from the property's sale to Pineridge Farms Inc., or the relocation of its field technicians, cable pressurization group, and assignment provisioning center, from the property; and (3) the purchase price, which is under confidential seal, is not below the property's appraised value.

The commission finds the sale of the subject property to Pineridge Farms Inc., at the agreed upon purchase price, reasonable and consistent with the public interest. The commission approves the sale, pursuant to HRS § 269-19.

III.

Orders

THE COMMISSION ORDERS:

- 1. The sale of Verizon Hawaii Inc.'s 855 Umi Street property in Honolulu to Pineridge Farms Inc., is approved.
- 2. The gain from the subject sale shall be:

 (A) recorded in an above-the-line deferred credit account; and

 (B) amortized over a five-year period, beginning in the year of sale.
- 3. Verizon Hawaii Inc. shall promptly notify the commission and Consumer Advocate of the closing of the subject sale, and the net gain realized from the sale.

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4. Verizon Hawaii Inc. shall conform to all of the commission's orders set forth above. Its failure to adhere to the commission's orders shall constitute cause to void this decision and order, and may result in further regulatory actions as authorized by law.

DONE at Honolulu, Hawaii this 4th day of December, 2003.

PUBLIC UTILITIES COMMISSION OF THE STATE OF HAWAII

By Carloto F. Calkond

Carlito P. Caliboso, Chairman

Mynthet musa

Wayne H. Kimura, Commissioner

By Mul Exawd

Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:

Michael Azama

Commission Counsel

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CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing <u>Decision and Order No. 20701</u> 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: December 4, 2003