

WRITTEN ONLY

TESTIMONY OF CARLITO P. CALIBOSO
CHAIRMAN, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
FEBRUARY 1, 2010

MEASURE: H.B. No. 2360

TITLE: Relating to Intrastate Telecommunications Services

Chair Herkes and Members of the Committee:

DESCRIPTION:

This bill clarifies that the public utilities commission shall treat retail intrastate telecommunications services as fully competitive.

POSITION:

The Commission does not object to this bill, but suggests that if the Committee decides to pass this bill, the word "telecommunications" be included in the amended provision to make it clear that this provision applies to telecommunications services.

COMMENTS:

- Currently, the sentence to be amended states that "the public utilities commission shall treat the State's local exchange intrastate services, under the commission's classification of services relating to costs, rates, and pricing, as fully competitive and apply all commission rules in accordance with that designation."
- The bill deletes the phrase "the State's local exchange" and replaces it with "retail," which may unintentionally remove the reference to telecommunications services.
- The Commission suggests that if the Committee decides to pass this bill, that the word "telecommunications" be included in the amended sentence to read as follows: "the public utilities commission shall treat retail intrastate telecommunications services, under the commission's

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classification of services relating to costs, rates, and pricing, as fully competitive and apply all commission rules in accordance with that designation.”

Thank you for the opportunity to testify.

HB 2360

RELATING TO INTRASTATE TELECOMMUNICATIONS SERVICES

**JOHN KOMEIJI
SR. VICE PRESIDENT & GENERAL COUNSEL**

HAWAIIAN TELCOM

February 1, 2010

Chair Herkes and members of the House Consumer Protection and Commerce Committee:

I am John Komeiji, testifying on behalf of Hawaiian Telcom on HB 2360, Relating to Intrastate Telecommunications Services. Hawaiian Telcom strongly supports this measure.

The intent of HB 2360 is to further level the regulatory playing field for both voice and data intrastate telecommunications services in Hawaii by classifying "retail" intrastate services as fully competitive and to define the scope of "retail" services. As you are aware, in the last legislative session SB 603 was passed and later enacted as Act 180, SLH 2009. Act 180 requires that the Public Utilities Commission treat the State's local exchange intrastate services as fully competitive. While Act 180 has enabled Hawaiian Telcom to offer Hawaii consumers a more timely selection of competitive local exchange retail products and service offerings in the same manner as other service providers who are either unregulated or not subject to the same level of regulatory oversight, it does not adequately cover all competitive retail services.

The competitive retail services currently not covered by Act 180 include private lines (dedicated lines to transmit primarily data between customer locations, such as ATMs) and special assemblies such as large bundles combining private line and/or regular local exchange services. At least eight other companies, including Time Warner Cable, tw Telecom, and Wavecom Solutions, provide similar private line services and therefore, these products and services should also be deemed fully competitive as they are normally subject to bid by other service providers as well as Hawaiian Telcom.

We believe that the proposed amendment to HRS 269-16.85(a) to cover these competitive retail products and services is consistent with the intent of Act 180 to benefit Hawaii consumers by recognizing and providing greater competition in the marketplace. To further clarify the difference between retail and wholesale rates, the proposed amendment to HRS 269-16.85(b) specifically identifies wholesale rates as those charged for services described in HRS 269-34, which were established to facilitate the introduction of competition into the State's telecommunications marketplace.

It should be noted that the proposed amendments will not affect any existing consumer safeguard requirements. A telecommunications carrier is still required to provide lifeline telephone service and to comply with carrier of last resort obligations, as well as applicable service quality standards.

Hawaiian Telcom is subject to many laws and requirements that were enacted long ago, some as early as 1913 when the incumbent local exchange carrier was a monopoly. Consumers today have the freedom to choose from a wide array of telecommunications providers for competitive products and services. We believe that HB 2360 will further facilitate competition in the marketplace by providing Hawaiian Telcom with the same ability as other less regulated carriers to offer consumers what they demand: more innovation, competitive pricing, and timely introduction of new products and services.

Hawaiian Telcom fully supports HB 2360 and respectfully requests your favorable consideration. Thank you for the opportunity to testify.