

**SB 2015**

JAN 20 2010

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# A BILL FOR AN ACT

RELATING TO INTRASTATE TELECOMMUNICATIONS SERVICES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 269-16.85, Hawaii Revised Statutes, is  
2 amended to read as follows:  
3           " ~~[+] §269-16.85 [-] Local exchange~~ Retail intrastate  
4 services; fully competitive. (a) Notwithstanding section  
5 269-16.9 or any other law to the contrary, the public utilities  
6 commission shall treat ~~[the State's local exchange]~~ retail  
7 intrastate services, under the commission's classification of  
8 services relating to costs, rates, and pricing, as fully  
9 competitive and apply all commission rules in accordance with  
10 that designation. In addition, a telecommunications carrier  
11 shall not be required to obtain approval or provide any cost  
12 support or other information to establish or otherwise modify in  
13 any manner its rates, fares, and charges, or to bundle any  
14 service offerings into a single or combined price package;  
15 provided that a telecommunications carrier, except upon  
16 receiving the approval of the commission, shall not charge a  
17 higher rate for any retail telecommunications service than the



1 rate for the same service included in the telecommunications  
2 carrier's filed tariff. All rates, fares, charges, and bundled  
3 service offerings shall be filed with the public utilities  
4 commission for information purposes only.

5 (b) This section shall apply to retail rates charged for  
6 service to end-user consumers only and shall not apply to  
7 wholesale rates charged for services provided under section  
8 269-34 by a telecommunications carrier to another  
9 telecommunications provider, a wireless communications provider,  
10 a voice over internet protocol communications provider, or other  
11 similar communications provider.

12 (c) Nothing herein shall modify any requirements of a  
13 telecommunications carrier to provide lifeline telephone  
14 service, comply with carrier of last resort obligations, or  
15 comply with applicable service quality standards."

16 SECTION 2. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18 SECTION 3. This Act shall take effect on July 1, 2010.

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INTRODUCED BY: Randy H. Park  
Will Evers Naman Sakomfo  
Carol Johnson  
James J. ...  
Aundre J. ...  
John ...

**Report Title:**

Intrastate Telecommunications Services

**Description:**

Clarifies that the public utilities commission shall treat retail intrastate telecommunications services as fully competitive. Clarifies that the fully competitive designation shall not apply to services provided according to the statutory obligations of telecommunications carriers.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*



WRITTEN ONLY

TESTIMONY OF CARLITO P. CALIBOSO  
CHAIRMAN, PUBLIC UTILITIES COMMISSION  
DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE  
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION  
FEBRUARY 2, 2010

MEASURE: S.B. No. 2015

TITLE: Relating to Intrastate Telecommunications Services

Chair Baker 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 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.

**SB 2015**

**RELATING TO INTRASTATE TELECOMMUNICATIONS SERVICES**

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

**HAWAIIAN TELCOM**

**February 2, 2010**

Chair Baker and members of the Senate Commerce and Consumer Protection Committee:

I am John Komeiji, testifying on behalf of Hawaiian Telcom on SB 2015, Relating to Intrastate Telecommunications Services. Hawaiian Telcom strongly supports this measure.

The intent of SB 2015 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 SB 2015 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 SB 2015 and respectfully requests your favorable consideration. Thank you for the opportunity to testify.



**February 2, 2010**

**Senator Rosalyn Baker, Chair  
Committee on Commerce and Consumer Protection  
Hawaii State Capitol, Conference Room 229  
415 So. Beretania Street  
Honolulu, HI 96813**

**Re: SB 2015 – Intrastate Telecommunications Services – OBJECTION  
February 2, 2010, 9:00 A.M. - Conference Room 229**

**Dear Chair Baker:**

**I am a very small business owner writing to express my concerns about SB 2015, relating to Intrastate Telecommunication Services.**

**I rely on Hawaiian Telcom and wireless service providers to run data connections for my ATMs. Originally, I ran my ATMs exclusively on Hawaiian Telcom's lines, but because of the high costs have had to switch my low-volume machines to run off a wireless modem. This wireless connection costs me half of what I would pay monthly to Hawaiian Telcom.**

**I've tried to negotiate a lower rate with Hawaiian Telcom for my low-yielding equipment or a bundled rate for all my equipment by was not given that option. If Hawaiian Telcom is not regulated in this market, I'm afraid this would only double my costs for doing business in this state. Without any other providers, my costs could grow even higher.**

**Please do not make it harder for small businesses to survive in this state. Please do not pass this bill. Please vote no on SB 2015.**

**Sincerely,**

**Todd Carle  
Kona Kai ATM LLC**