



LATE

February 2, 2010

Honorable Rosalyn Baker
Senate Committee on Commerce and Consumer Protection

RE: SB 2015 – Relating to Intrastate Telecommunications Services - Concerns
CPN Committee – February 2, 2010, Conference Room 229, 9 AM

Aloha Chair Baker, Vice Chair Ige, and members of the Committee:

I am Cliff Miyake, General Manager for tw telecom (“TWTC”), which has operated in Hawaii since 1994, providing voice, Internet and data networking, and managing nearly 25,000 access lines to state and local governments, military, and businesses in the State. Thank you for the opportunity to share our concerns on SB 2015, and to request an amendment to the bill.

We feel that this bill swings the pendulum too far in favor of Hawaiian Telcom (“HT”) will stifle competition among smaller providers like TWTC. HT claims they need this bill to be fully competitive. Last year, you passed SB603, to change PUC rules making intrastate local exchange service “fully competitive.” This benefits HT to allow them to file any rate changes without having to go through a 30-day comment period with PUC.

We had concerns when this change was made because HT is the monopoly provider, which has been given access and control of all public rights-of-way, easements, pole lines and conduits. Unlike HT, which is the Incumbent Carrier, TWTC and other smaller carriers do not share in these rights and have to apply for permission and pay to gain access to connect to conduits and pole lines through HT or Hawaiian Electric Company.

This year HT is emerging from bankruptcy, shedding \$8 million in debt. PUC has approved HT’s reorganization plan. HT has gained full level of competition in the retail residential market already. Why do we now need a bill that will go too far and remove the level of protection that would give them the advantage to price the competition out of business?

If passed, this bill gives them the unfair advantage of raising wholesale rates to competitors, while at the same time lowering rates they can charge. In states where deregulation was removed, we have seen the Incumbent Carriers lower their rates to squeeze out competition. The result ultimately is that rates increase once competition is removed.

Healthy competition provides more choices and lower rates for consumers. Don’t strip other carriers of regulation and protection to the wholesale market.

We believe this bill, if passed, would erode those exceptions for wholesale rates. Therefore, we are requesting that the committee not amend section (b).

For these reasons, we respectfully request members of the committee to amending this bill accordingly.

Sincerely,

/s/

Cliff Miyake

General Manager

tw telecom - Hawaii

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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