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# LATHAM & WATKINS<sup>LLP</sup>

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November 16, 2007

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Dear Ms. Dortch:

Pursuant to Sections 1.774 and 69.701 *et seq.* of the Commission's rules, 47 C.F.R. §§ 1.774, 69.701 *et seq.*, Hawaiian Telcom, Inc. ("HT") hereby submits the enclosed Petition for Phase I Pricing Flexibility ("Petition"). Pursuant to Section 0.459(b) of the Commission's rules, HT requests confidential treatment of certain portions of the Petition. In support of this request, HT states as follows:

- (1) **Identification of the specific information for which confidential treatment is sought.** HT requests that the Commission afford confidential treatment to certain portions of Attachment C and E. These portions are redacted in the "public" version of this filing.
- (2) **Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission.** The information for which confidential treatment is sought is being submitted in conjunction with the HT's Petition for Phase I Pricing Flexibility, which is enclosed with this letter. The Petition is submitted in accordance with 47 C.F.R §§ 1.774 and 69.701 *et seq.* of the Commissions rules.
- (3) **Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged.** The information for which confidential treatment is sought is highly sensitive data regarding HT's revenues and operations. Public disclosure of this information could place HT at a competitive disadvantage vis-à-vis its competitors, and damage HT's position in the marketplace. The Commission has recognized that competitive harm can result from the disclosure of confidential business information that gives competitors insight into a company's costs, pricing plans, market strategies, and consumer identities. *See Pan American Satellite Corporation*, FOIA Control Nos. 85-219, 86-38, 86-41 (May, 2 1986).
- (4) **Explanation of the degree to which the information concerns a service that is subject to competition.** The information for which confidential treatment is sought concerns dedicated transport and special access services provided by HT. The market for these

services are subject to competition. Indeed, this filing itself demonstrates that competitive local exchange carriers ("CLECs") have collocated with HT's facilities and provide competing services.

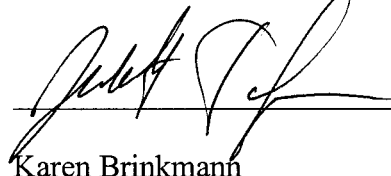
- (5) **Explanation of how disclosure of the information could result in substantial competitive harm.** A number of CLECs compete with HT in the market for dedicated transport and special access services. If the information for which confidential treatment is sought were disclosed, these CLECs would be able to access sensitive and confidential revenue information regarding operations at HT's wire centers, which could be used to target certain wire centers for collocation. Disclosing this information would give HT's competitors an unfair and unwarranted advantage competing vis-à-vis HT.
- (6) **Identification of any measures taken by the submitting party to prevent unauthorized disclosure.** The information for which confidential treatment is sought is not normally distributed, circulated, or provided to any party outside of HT. The company treats this information as sensitive information; thus only specialized personnel within the company have access to it.
- (7) **Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties.** The information for which confidential treatment is sought is not available to the public, and has not previously been disclosed to third parties.
- (8) **Justification of the period during which the submitting party asserts that material should not be available for public disclosure.** HT maintains that the information for which confidential treatment is sought should remain subject to confidential treatment indefinitely. Even historical data can be used to track trends or business decisions, and this information could then be used against the petitioner.
- (9) **Any other information that the party seeking confidential treatment believes may be useful in assessing whether its request for confidentiality should be granted.** HT notes that the information for which confidential treatment is sought falls under Exemption 4 of the Freedom of Information Act (FOIA), insofar as this information is (i) commercial or financial in nature; (ii) obtained by a person outside government; and (iii) privileged and confidential. *See Washington Post Co. v. U.S. Department of Health and Human Services*, 690 F.2d 525 (D.C. Cir. 1982)

Please contact the undersigned should you have any questions.

LATHAM & WATKINS LLP

Respectfully submitted,

HAWAIIAN TELCOM, INC.

A handwritten signature in black ink, appearing to read 'Karen Brinkmann', is written over a horizontal line.

Karen Brinkmann

Jarrett S. Taubman

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Washington, D.C. 20004-1304

(202) 637-2200

Its Attorneys

cc: Deena Shetler (confidential version)

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of	)	
	)	
	)	
HAWAIIAN TELCOM, INC.	)	WCB/Pricing File No. _____
	)	
Petition for Phase I Pricing Flexibility	)	
Pursuant to Section 69.709 of the	)	
Commission's Rules	)	
	)	

**PETITION FOR PHASE I PRICING FLEXIBILITY**

Pursuant to the *Pricing Flexibility Order*<sup>1</sup> and Sections 1.774 and 69.701 *et seq.* of the Commission's rules,<sup>2</sup> Hawaiian Telcom, Inc. ("HT") hereby files this Petition for Phase I Pricing Flexibility for the State of Hawaii outside of the Honolulu Metropolitan Statistical Area (MSA). Specifically, HT seeks Phase I pricing flexibility for dedicated transport and special access services, other than channel terminations between HT's end offices and end-user customer premises ("Qualifying DT/SA Services"),<sup>3</sup> provided within HT's state-wide study area but outside of the Honolulu MSA (the "Hawaii Non-MSA Area"). As explained below, HT qualifies for Phase I relief pursuant to Section 69.709(b)(2) of the Commission's rules because approximately 32.62 percent of total revenues generated by Qualifying DT/SA Services provided in the Hawaii Non-MSA Area from January 1, 2006 through December 31, 2006 is attributable to wire centers located in the Hawaii Non-MSA Area in which competitors unaffiliated with HT have collocated,

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<sup>1</sup> *Access Charge Reform*, 14 FCC Rcd 14221 (1999).

<sup>2</sup> 47 C.F.R. §§ 1.774 and 69.701 *et seq.*

<sup>3</sup> Attachment A contains a list of those services that HT believes are Qualifying DT/SA Services.

and from which at least one such competitor uses transport facilities owned by a transport provider other than HT (“Qualifying Wire Centers”).

## **I. DISCUSSION**

### **A. Geographic Scope of Petition**

Pursuant to Section 69.707(b) of the Commission’s rules, HT seeks Phase I pricing flexibility for those parts of its state-wide study area that fall outside of the Honolulu MSA. A price cap LEC “may aggregate data for all the non-MSA regions in a single study area for which it requests pricing flexibility in its petition.”<sup>4</sup> HT’s study area covers virtually all of the State of Hawaii,<sup>5</sup> and the Honolulu MSA is the sole MSA within that study area. The Commission previously awarded HT’s predecessor-in-interest Phase II pricing flexibility for Qualifying DT/SA Services in the Honolulu MSA.<sup>6</sup> In this Petition, HT seeks Phase I pricing flexibility for Qualifying DT/SA Services in the non-MSA area located within HT’s study area (the “Hawaii Non-MSA Area”). The Hawaii Non-MSA Area consists of five islands: Hawaii, Kauai, Lanai, Maui, and Molokai. Attachment B contains a map showing the Hawaii Non-MSA Area.

### **B. Revenue Trigger for Phase I Pricing Flexibility**

Pursuant to Section 69.709(b)(2) of the Commission’s rules, a grant of Phase I pricing flexibility is appropriate where a price cap LEC demonstrates that, in the relevant geographic area, competitors unaffiliated with the price cap LEC have collocated:

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<sup>4</sup> 47 C.F.R. § 69.707(b)(2).

<sup>5</sup> HT’s study area excludes only two minor islands located in the State of Hawaii; one of these islands, Kahoolawe, is uninhabited, and the other, Niihau, is privately owned.

<sup>6</sup> The Commission previously awarded Verizon – HT’s predecessor-in-interest – Phase II pricing flexibility for Qualifying DT/SA Services in the Honolulu MSA. *See Petition of Verizon for Pricing Flexibility for Special Access and Dedicated Transport Services*, 17 FCC Rcd 5359 (2002).

[I]n wire centers accounting for 30 percent of the petitioner's revenues from dedicated transport and special access services other than channel terminations between LEC end offices and customer premises, determined as specified in § 69.725 of this part, and that at least one such collocator in each wire center is using transport facilities owned by a transport provider other than the price cap LEC to transport traffic from that wire center.<sup>7</sup>

As noted above, HT seeks Phase I pricing flexibility for Qualifying DT/SA Services in the Hawaii Non-MSA Area. Accordingly, a grant of Phase I pricing flexibility to HT is appropriate if HT satisfies the revenue threshold specified in Section 69.709(b)(2) with respect to the Hawaii Non-MSA Area.

**C. Section 1.774(a)(3) Showing**

Pursuant to Section 1.774(a)(3) of the Commission's rules,<sup>8</sup> HT provides the following information to demonstrate that it has satisfied the revenue threshold set forth in Section 69.709(b)(2):

- (i) ***Total Wire Centers in Hawaii Non-MSA Area.*** There are a total of 47 wire centers located in the Hawaii Non-MSA Area. Attachment C contains a complete list of these wire centers.
- (ii) ***Wire Centers Located in the Hawaii Non-MSA Area In Which Competitors Have Collocated.*** Competitors have collocated in 4 of the 47 wire centers located in the Hawaii Non-MSA Area. In each of these 4 wire centers, at least one such competitor uses transport facilities owned by a provider other than HT to transport traffic. These wire centers are therefore Qualifying Wire Centers. Attachment C identifies these Qualifying Wire Centers.

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<sup>7</sup> 47 C.F.R. § 69.709(b)(2).

<sup>8</sup> 47 C.F.R. § 1.774(a)(3).

- (iii) ***Identity of Collocated Competitors.*** Attachment C identifies, with respect to each Qualifying Wire Center, the collocated competitor(s) that use transport facilities owned by a provider other than HT to transport traffic from that wire center.
- (iv) ***Percentage of Revenues from Qualifying DT/SA Services Attributable to Qualifying Wire Centers.*** As indicated in Attachment C, approximately 32.62 percent of total revenues generated by Qualifying DT/SA Services from January 1, 2006 through December 31, 2006 provided in the Hawaii Non-MSA Area is attributable to Qualifying Wire Centers.

Attachment D describes the methodology used by HT in gathering the information requested by Section 1.774(a)(3). As demonstrated therein, HT's methodology is consistent with Section 69.725 of the Commission's rules.<sup>9</sup>

#### **D. Notice Required by Section 1.774(e)**

HT is required to provide notice to each collocating party upon which HT relies in this Petition of the information HT provides about that collocator, even if HT requests that this information be kept confidential. Attachment E sets forth HT's certification that it has provided the required notice to collocating parties on which this Petition relies, together with copies of the letters required by Section 1.774(e)(1)(ii) of the Commission's rules.<sup>10</sup>

## **II. CONCLUSION**

As described herein, approximately 32.62 percent of HT's total revenues generated by dedicated transport and special access services, other than channel terminations between HT's end offices and end-user customer premises, from January 1, 2006 through December 31, 2006 is

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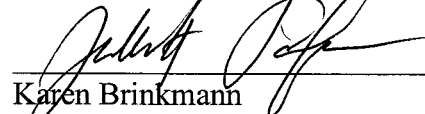
<sup>9</sup> 47 C.F.R. § 69.725.

<sup>10</sup> 47 C.F.R. § 1.774(e)(1)(ii).

attributable to wire centers located in the Hawaii Non-MSA Area in which competitors unaffiliated with HT have collocated, and from which at least one such competitor uses transport facilities owned by a transport provider other than HT. As this percentage exceeds the 30 percent revenue threshold specified in Section 69.709(b), HT qualifies for Phase I pricing flexibility. HT respectfully requests that the Commission grant HT such relief, which is consistent with Commission rules and policies adopted in the *Pricing Flexibility Order*, and would serve the public interest, convenience, and necessity.

Respectfully submitted,

HAWAIIAN TELCOM, INC.



Karen Brinkmann

Jarrett S. Taubman

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Its Attorneys

November 16, 2007



## **Attachments**

Attachment A:	Qualifying DT/SA Services
Attachment B:	Hawaii MSA and Non-MSA Areas
Attachment C:	Wire Center Collocation and Revenue Data for the Hawaii Non-MSA Area
Attachment D:	Description of Methodology
Attachment E:	Section 1.774(e) Certification

## **Attachment A: Qualifying DT/SA Services**

### **Special Access Basket**

Metallic

Telegraph

Voice Grade

Program Audio

Video Connect

Wideband Analog

Wideband Data

DDS

Fractional T1 (FT1)

European T1 (ET1)

Point to Point Fiber Optic Service

DS1

DS3

FiberConnect

Optical Networking Service

### **Trunking Basket**

Metallic

Voice Grade

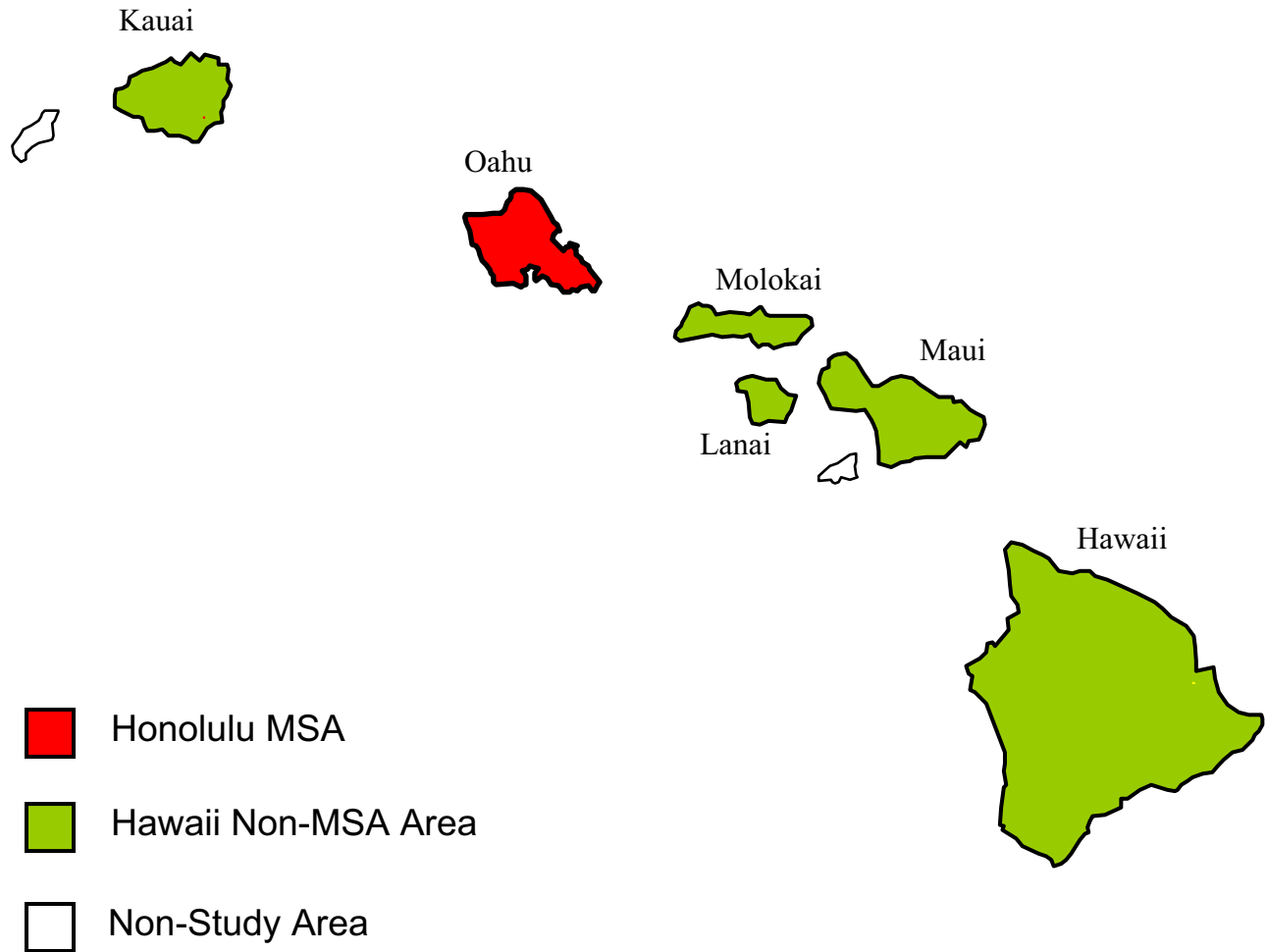
Fractional T1 (FT1)

DS1

DS3

Optical Networking Service

**Attachment B: Hawaii MSA and Non-MSA Areas**



**Attachment C: Wire Center Collocation and Revenue Data**  
**for the Hawaii Non-MSA Area**

# Attachment C:

## Wire Center Collocation and Revenue Data for the Hawaii Non-MSA Area

Island	Wire Center	Wire Center Name	Revenues from Qualifying DT/SA Services	Collocator(s) w/ Alternative Transport
Hawaii	AHMLHIQARS0	ANAEHOOMALU		
Hawaii	HILOHIMNDS2	HILO		
Hawaii	HNAUHICORS1	HONAUNAU		
Hawaii	HNKAHICORS1	HONOKAA		
Hawaii	HNMUHICORS1	HONOMU		
Hawaii	KEAUHICORS1	KEAAU		
Hawaii	KHAEHICORS1	KAWAIHAE		
Hawaii	KHLAHICORS1	KOHALA		
Hawaii	KHOUHICODS1	KEAUHOU		
Hawaii	KLAOHICORS1	KALAOA		
Hawaii	KLKKHICORS0	KEALAKEKUA		
Hawaii	KMLAHICODS2	KAMUELA		
Hawaii	KONAHICODS1	KONA		
Hawaii	KWLNHICODS1	KAWAILANI		
Hawaii	LAUPHICORS1	LAUPAHOEHOE		
Hawaii	MTVWHICORS1	MT. VIEW		
Hawaii	NLHUHICORS1	NAALEHU		
Hawaii	PAAUHICORS1	PAAUULO		
Hawaii	PHLAHICORS1	PAHALA		
Hawaii	PHOAHICORS2	PAHOA		
Hawaii	PPKUHICORS1	PAPAIKOU		
Hawaii	VOLCHICORS1	VOLCANO		
Hawaii	WKLOHICORS1	WAIKOLOA		
Kauai	HNPEHICORS1	HANAPEPE		
Kauai	KILAHICORS1	KILAUEA		
Kauai	KKHAHICORS1	KEKAHA		
Kauai	KLHOHICORS1	KALAHEO		
Kauai	KLOAHICORS1	KOLOA		
Kauai	KPAAHICODS2	KAPAA		
Kauai	LHUEHIMNDS0	LIHUE		
Kauai	PRCVHICODS1	PRINCEVILLE		
Kauai	WMEAHICORS0	WAIMEA		
Maui	HAKUHICORS1	HAIKU		
Maui	HANAHCODS0	HANA		
Maui	KIHEHCODS1	KIHEI		

# Attachment C:

## Wire Center Collocation and Revenue Data for the Hawaii Non-MSA Area

Island	Wire Center	Wire Center Name	Revenues from Qualifying DT/SA Services	Collocator(s) w/ Alternative Transport
Maui	KLUHICODS1	KAHULUI		
Maui	KULAHICORS1	KULA		
Maui	LHNAHICODS1	LAHAINA		
Maui	MKWOHICODS1	MAKAWAO		
Maui	NPLIHICORS0	NAPILI		
Maui	PAIAHICORS1	PAIA		
Maui	WLKUHIMNDS0	WAILUKU		
Lanai	LNCYHIMNDS0	LANAI CITY		
Molokai	KKAIHIMNDS1	KAUNAKAKAI		
Molokai	KLPUHICORS1	KUALAPUU		
Molokai	MNLOHICORS1	MAUNALOA		
Molokai	ULPEHICORS1	UALAPUE		
Wire Centers in Hawaii Non-MSA Area w/ Collocators using Alternative Transport				4
Total Wire Centers in Hawaii Non-MSA Area				47
DT and SA Revenue in Competitive Wire Centers				
Total DT and SA Revenue in Non-MSA				
%Competitive Wire Center' Revenue to Non-MSA Total for DT & SA				32.62%

## **Attachment D: Description of Methodology**

Hawaiian Telecom, Inc. (“HT”) used the following methodology in determining that it has satisfied the revenue threshold set forth in Section 69.709(b)(2) of the Commission’s rules, thereby qualifying for Phase I pricing flexibility:

**First**, HT identified those wire centers located within the non-MSA portion of HT’s study area<sup>1</sup> (the “Hawaii Non-MSA Area”). That study area contains one MSA – the Honolulu MSA – which consists of the island of Oahu. The Hawaii Non-MSA Area includes five Hawaiian islands: Hawaii, Kauai, Lanai, Maui, and Molokai. HT accessed the Central Location Online Entry System (CLONES), a database system owned and maintained by Telcordia and used worldwide, to obtain a list of wire centers located in the Hawaii Non-MSA Area, as well as the Common Language Location Identifier (CLLI) associated with each wire center. Attachment C contains a complete list of these wire centers.

**Second**, HT identified those wire centers located in the Hawaii Non-MSA Area in which competitors have collocated, and from which at least one such competitor uses transport facilities owned by a provider other than HT to transport traffic ( “Qualifying Wire Centers”). HT’s Network Planning and Sales Departments reviewed internal records to determine which wire centers located in the Hawaii Non-MSA Area are Qualifying Wire Centers. These same records are used by HT to meet its internal network planning and reporting needs and thus possess high indicia of reliability. HT’s Network Engineering Department visited each Qualifying Wire Center to confirm the presence of a collocator. Attachment C identifies each Qualifying Wire Center.

**Third**, HT identified its total revenues generated by dedicated transport and special access services, other than channel terminations between HT’s end offices and end-user customer premises (“Qualifying DT/SA Services”)<sup>2</sup>, from January 1, 2006 through December 31, 2006 by wire centers located in the Hawaii Non-MSA Area (“Hawaii Non-MSA DT/SA Revenues”). HT identified these revenues using data from two sources, as follows: (i) data with respect to revenues billed from January 1, 2006 through March 31, 2006 was sourced from records previously obtained from Verizon, which performed billing and collection services for HT during this period; and (ii) data with respect to revenues billed from April 1, 2006 through December 31, 2006 was sourced from third-party vendor Communications Data Group (CDG), which manages HT’s billing systems using CDG’s Carrier Access Billing System (CABS).

In order to associate revenues with specific wire centers, HT examined the CLLI code associated with each billed channel record. Channel records with no associated CLLI code were disregarded. Where the CLLI code associated with a record was incomplete, the CLLI code containing the first six characters of the incomplete code was substituted (this situation commonly arises with respect to “remotes” that are collocated with a wire center).

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<sup>1</sup> HT’s study area excludes only two minor islands located in the State of Hawaii; one of these islands, Kahoolawe, is uninhabited, and the other, Niihau, is privately owned.

<sup>2</sup> Attachment A contains a list of those services that HT believes are Qualifying DT/SA Services.

Generally: (i) where a channel record identified a single wire center (i.e., CLLI), 100 percent of associated revenue was attributed to that wire center; and (ii) where a channel record identified two wire centers (i.e., CLLIs), 50 percent of associated revenue was attributed to each of these wire centers. More specifically, pursuant to Section 69.725(a) of the Commission's rules,<sup>3</sup> HT attributed revenues derived from entrance facilities and channel terminations between any of its wire centers and an IXC POP to the serving wire center. HT attributed revenues derived from other recurring charges, such as muxing and bridging, to the serving wire center. Pursuant to Section 69.725(c) of the Commission's rules,<sup>4</sup> HT attributed revenues from rate elements not directly mapped to a single wire center (i.e., Interoffice Channel Mileage) to the wire centers at each end of the circuit on a 50/50 basis. HT considered each leg of a multi-point multiplexed bridged circuit as a separate and distinct point-to-point circuit, with the revenue equally split between the wire centers at each end of such circuits.

HT excluded from the Hawaii Non-MSA DT/SA Revenues those revenues attributable to channel terminations to the end user. Using data sourced from Verizon and CABS, HT generated a report identifying each HT circuit, circuit number and circuit location identifier (CKL) code. HT then manually reviewed this report, and in particular the CKL code associated with each circuit, in order to separate circuits serving end user locations from those serving IXC POP locations. HT uses the identifier "CKL 1" to designate channel terminations between the serving wire center and an IXC POP. Therefore, revenues associated with the "CKL 1" identifier were included as Hawaii Non-MSA DT/SA Revenues. All other CKL identifiers are used to designate channel terminations between the serving wire center and the end user's premises. Therefore, revenues associated with these identifiers were excluded. Attachment C lists the revenues associated with each wire center, and with the Hawaii Non-MSA Area generally.

**Fourth**, HT identified the percentage of the Hawaii Non-MSA DT/SA Revenues attributable to Qualifying Wire Centers. HT used the methodology described above to attribute rate elements to specific wire centers. HT then dividing the total revenues attributed to Qualifying Wire Centers by the total Hawaii Non-MSA DT/SA Revenues to obtain 32.62 percent, which exceeds the revenue threshold set forth in Section 69.709(b)(2) of the Commission's rules.

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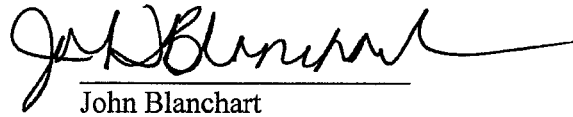
<sup>3</sup> 47 C.F.R. § 69.725(a).

<sup>4</sup> 47 C.F.R. § 69.725(c).



**Attachment E: Section 1.774(e) Certification**

Pursuant to § 1.774(e) of the Commission's rules, I, John Blanchart, hereby certify that I have sent letters to the collocating parties upon which Hawaiian Telcom relies in this filing, informing them of the information about them that is included in this petition. The letters were mailed First Class via United States Postal Service on November 14, 2007. A copy of each of the letters is attached.

  
John Blanchart

November 14, 2007

**[LETTERS REDACTED]**