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

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September 25, 2008

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

Re: Hawaiian Telcom, Inc. Petition for Waiver of Sections 54.309 and 54.313(d)(vi)  
of the Commission's Rules, WC Docket No. 08-4, Notice of *Ex Parte* Meeting

Dear Ms. Dortch:

On Wednesday, September 24, 2008, the undersigned counsel to Hawaiian Telcom, Inc. ("Hawaiian Telcom"), together with Alan Oshima, Senior Advisor and Member of the Board, Hawaiian Telcom Holdco, Inc., met to discuss the above-referenced Petition for Waiver (the "Petition") with Chairman Martin, Daniel Gonzalez, Chief of Staff, and Amy Bender, Acting Legal Advisor to the Chairman and, separately, with Commissioner Deborah Taylor Tate and her Legal Advisor, Greg Orlando. The substance of our discussions is set forth in the attached slides and the Petition.

In the meetings, Hawaiian Telcom explained that the Petition proposes a five year waiver to permit Hawaiian Telcom to receive universal service support for those wire centers where the company's costs as predicted by the Commission's non-rural high-cost proxy model exceed the national benchmark. If granted, this waiver would produce roughly \$6 million per year in high-cost support for Hawaiian Telcom, targeted to its highest-cost wire centers. That support would enable Hawaiian Telcom to upgrade its facilities serving those wire centers, generating badly needed economic benefits to customers in remote and historically underserved wire centers, chiefly on the islands of Molokai and Hawaii. Specifically, Hawaiian Telcom would be able to provide more robust and reliable voice service as well as substantially increased availability of broadband in these remote areas (as detailed in the Petition) at a speed and price similar to that available in Honolulu.

Hawaiian Telcom has worked closely with the staff of the Wireline Competition Bureau and the Hawaii Public Utilities Commission ("HPUC") to develop a mechanism for reporting detailed information on the company's use of the requested support and the resulting improvements in service availability to consumers in the affected wire centers. Today, the HPUC already employs rigorous reporting requirements covering historical and planned investments in connection with its annual process for certifying compliance by eligible telecommunications carriers ("ETCs") with the statutory requirements on the use of federal

universal service support. Hawaiian Telcom has committed to the preparation of such detailed reports for the HPUC covering the wire centers for which it would receive support if the Commission were to grant the Petition. In addition, Hawaiian Telcom is prepared to provide the Commission with results-oriented annual reports, on a confidential basis, of the yearly increases in broadband availability within the wire centers where it would receive support. These reports would demonstrate to the Commission the tangible benefits to consumers from the requested federal support, and would confirm that Hawaiian Telcom is meeting the specific deployment milestones described in its Petition.

In the meetings, Hawaiian Telcom urged the Commission to grant the Petition before the end of the calendar year, so that the benefits of the waiver can begin to flow as soon as possible. If the Commission grants the Petition before the end of November, Hawaiian Telcom would plan to begin facilities upgrades using the resulting universal service support as early as January 2009.

While Hawaiian Telcom lauds the Commission's efforts to achieve comprehensive universal service reform, grant of this Petition would bring greater benefit to Hawaii more quickly than would otherwise be possible. Moreover, the Petition would provide the Commission with valuable experience in targeting universal service support by wire center, while ensuring compliance with investment commitments tied to that support. Industry, the Joint Board and the Commission have proposed in various contexts that high-cost universal service reform be (i) targeted to smaller geographic areas, and (ii) tied to the deployment of broadband in unserved and underserved areas. Because Hawaii is served by a single non-rural incumbent local exchange carrier ("ILEC") with a single study area covering the entire state, isolated from the rest of the country and with many isolated wire centers presenting unique challenges for broadband deployment, it represents an excellent laboratory for the Commission to gain experience with those two objectives, at relatively modest cost. Hawaiian Telcom would welcome the opportunity to demonstrate successful implementation of support at the wire center level tied to verifiable infrastructure investment commitments. Hawaiian Telcom intends to provide the Commission with additional information about the underserved nature of these wire centers, on a confidential basis, in the coming days.

Hawaiian Telcom also emphasized that grant of the Petition would also confer important public safety benefits. Because of its isolated position in the middle of the Pacific Ocean, Hawaii plays a vital role in protecting U.S. strategic interests, but it is also uniquely vulnerable to frequent natural disasters, such as earthquakes, hurricanes, tsunamis, and volcanic eruptions, as well as foreign attack. Because deep ocean physically isolates each island, not only from the mainland but also from the other islands in the state, Hawaiian public safety and national security interests demand that Hawaiian Telcom's network provide reliable connections from other islands to Hawaii's only E-911 database, located on Oahu, and between military and civil defense locations throughout the islands. Additional undersea fiber transport capacity will therefore not only facilitate deployment of advanced telecommunications and information services, but also enhance the reliability of basic telecommunications capability in emergencies.

Hawaiian Telcom has carefully tailored the Petition to minimize its scope and ensure that it will have no effect on support provided to other carriers. Based on the unique

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circumstances facing Hawaiian Telcom, the clear public interest benefits the Petition would provide, and the lack of harm to any other carrier, Hawaiian Telcom urges the Commission to grant the Petition expeditiously.

Please contact the undersigned should you have any questions in this matter.

Very truly yours,

*/s/ Richard R. Cameron*

Karen Brinkmann  
Richard R. Cameron

cc: Kevin J. Martin, Chairman  
Deborah Taylor Tate, Commissioner  
Daniel Gonzalez  
Amy Bender  
Greg Orlando



**Hawaiian Telcom, Inc.**  
**Petition for Waiver of the Universal Service**  
**Rules Governing High Cost Model Support**  
**WC Docket No. 08-4**

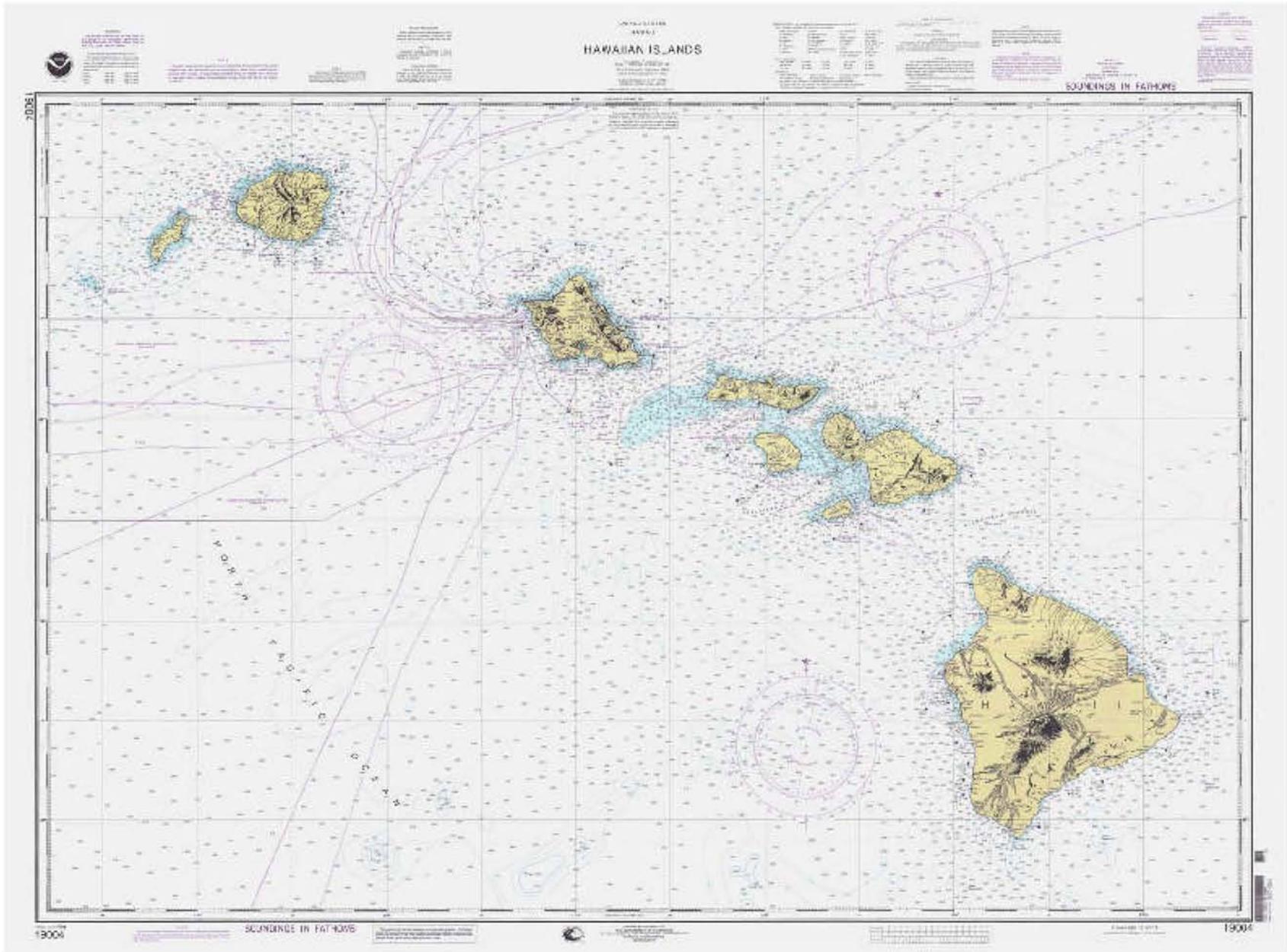
**September 24, 2008**

# The Waiver Request

- **Hawaiian Telcom (“HT”) faces a unique combination of challenges in providing telecommunications service in Hawaii.**
- **HT receives no support from the Commission’s high cost model mechanism applicable to non-rural carriers, despite very high costs in remote areas of the state.**
- **HT seeks a waiver to permit it to receive such support.**

# The Waiver Request

- **HT requests a waiver that would:**
  - **Permit it to receive high cost model support for each wire centers where costs exceed the national benchmark;**
  - **Apply for a five year period; and**
  - **Have no effect on support provided to other carriers.**
- **Support would total approximately \$6 million/year.**
- **Support would flow primarily to the most remote islands in order to:**
  - **Improve the quality and reliability of basic POTS; and**
  - **Enable HT to deploy advanced telecommunications capability in remote areas.**



# Special Circumstances

- **Unique Natural Circumstances**
- **Unique Strategic Location**
- **Unique Vulnerability to Attack and Natural Disasters**
- **Unique Population Characteristics**
- **No Alternative Funding Sources**

# The Public Interest

- **HT could improve, modernize and harden its network, and improve service reliability.**
- **The Waiver would improve public safety.**
- **HT would expand availability of broadband.**
  - **Speeds generally faster than those proposed by Embarq.**
  - **Subject to rigorous and verifiable reporting requirements.**
- **Benefits would benefit historically underserved populations, particularly native Hawaiians.**
- **The impact on USF mechanisms would be negligible.**

# Our Customers Want Broadband!

Date: 28 August 2008

From: Michael F. Militano  
P.O. Box 711537  
Mountain View, Hi. 96771  
Phone # 808-968-1968

To: Gov. Linda Lingle                      State Sen. Russell Kokubun  
Sen. Daniel K. Inouye                  State Rep. Faye Hanohano  
Sen. Daniel K. Akaka                  Honorable Bob Jacobson  
Rep. Mazie Hirono                      Mayor Harry Kim

Subject: High Speed Internet Service

I was born in New Jersey. Raised in Alabama and I have been most places in this country. I now live in Hawaii.

I am 63 years old. I am a citizen of the United States of America. I served in the United States Air Force for 20 years. 8 of those years were spent outside these United States. 1 year in South East Asia. Upon completion of my military service I went to work for the United States Postal Service. Upon retirement we moved.

My wife and I live on the Big Island in the area known as Hawaiian Acres and we get the bare minimum services. We do not get: County water, Rural Mail delivery, complete phone service, cable service, high speed internet, or news paper delivery to our residence. The only internet service we get is from Hawaiian Telcom and that is only dial up. Of the services listed above I would like to address the issue of no availability of high speed internet service.

1) My wife, Carol J. Docherty, is a counselor at Pahoa Elementary School. She has her Masters. She would like to get her EDD and I would like to see her be able to do that. The problem is, the University Of Hawaii Hilo does not offer that degree. The only means available to her is ON LINE through Walden University or another accredited school. The course would take her about 2 years to complete.

Carol once tried to download a game from a web site. It took over six hours of download time can you imagine how long it would take her to download one lesson.

2) Most companies in this country use the internet to conduct their business. For example I pay my bills ON LINE. The last place we lived we had high speed internet and it took three to four minutes to pay bills. That was from booting up the computer to shutting down the computer. **TODAY I CAN PAY ALL MY BILLS IN ABOUT TWENTY FIVE MINUTES!!** Why? No access to high speed internet. When we need to go to Oahu, the least costly way to purchase an airline ticket is ON LINE. It takes about 15 minutes just to get the web site to open and that doesn't count finding the flight you need and then purchasing the ticket. I do not believe any of you would abide this situation.

Yes there is high speed internet service availability on Hawaii but it is not available to our area.

In 2009 the broadcast companies must begin broadcasting a DIGITAL SIGNAL. To insure that everyone gets the DIGITAL signal Congress has mandated the use of rebate coupons to buy converters. Who is paying for this program?

Why has Congress left, out in the rain, those of us who do conduct our lives, to differing extents, on the computer?

My resolution for this situation is to have available, high speed internet service for every area of Hawaii

# Broader Reform is not a Substitute

- **The Commission should grant HT's waiver even if it proceeds with broader reform.**
- **This waiver will give the Commission real-world experience with:**
  - **Targeting universal service support at the wire center level; and**
  - **Administering broadband deployment commitments in connection with such support.**