LINDA LINGLE
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COMMISSIONER

STATE OF HAWAII
PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
465 S. KING STREET, #103
HONOLULU, HAWAII 96813

August 30, 2004

Mr. Harold J. Dias, Jr.
President
Hawaii State AFL-CIO
320 Ward Avenue, Suite 209
Honolulu, Hawaii 96814

Dear Mr. Dias:

Re: Docket No. 04-0140 -- Paradise MergerSub, Inc.; GTE Corporation; Verizon Hawaii Inc.; Bell Atlantic Communications, Inc.; and Verizon Select Services Inc. for Approval of a Merger Transaction and Related Matters.

This is in response to your letter dated July 1, 2004, setting forth your views and concerns with regards to the above-referenced Public Utilities Commission ("Commission") docket ("Letter"). Primarily, you requested that the Commission conduct public hearings on the matters of this docket.[1]

While the Commission has normally not held public hearings regarding these types of dockets, on August 6, 2004, the Commission in Order No. 21226 established a Public Comment Period to give all interested individuals an opportunity to voice their comments and concerns with regards to this docket.

Moreover, on August 16, 2004, the Commission in Order No. 21304 informed the parties and participants[2] to this docket that the Commission will hold public hearings regarding the matters

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[1]Paradise MergerSub, Inc.; GTE Corporation; Verizon Hawaii Inc. ("Verizon Hawaii"); Bell Atlantic Communications, Inc.; and Verizon Select Services Inc. (collectively referred to as "Applicants") jointly filed for Commission approval of the proposed transfer of control of Verizon Hawaii and certain other assets and the financing obligations associated with the transfer under specific state laws and Commission rules. These statues and Commission rules do not require or contemplate that a public hearing be held with regards to these types of matters—i.e., transactional dockets.

[2]The parties and participants to this proceeding are Applicants; the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs ("Consumer Advocate"); the United States Department of Defense and All Other Federal Executive Agencies; Pacific LightNet, Inc.; Time Warner Telecom of Hawaii, L.P., dba Oceanic Communications; Jeremiah C. Genovia; Charles K. Hekekia Jr.; and the International Brotherhood of Electrical Workers, Local 1357.

of this proceeding. In this order, the Commission determined that public hearings should also be used as a method to obtain public comments due to the great public interest generated on this matter. Public hearing dates, times, and location will be established by notice of public hearings to be issued shortly.[3]

By copy of this letter, we are forwarding your Letter to the Applicants and all other parties and participants to this docket for their records. Thus, your views and concerns will be made aware to the parties and participants to this proceeding.

Sincerely,

Ji Sook (Lisa) Kim
Commission Counsel

JSK:eh

c: Consumer Advocate (w/encl.)
William E. Kennard (w/encl.)
Joel K. Matsunaga (w.encl.)
Alan M. Oshima, Esq., (w/encl.)
Michael H. Lau, Esq.
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Herbert R. Takahashi, Esq., (w/encl.)
Stanford H. Masui, Esq.,
Danny J. Vasconcellos, Esq.
Rebecca L. Covert, Esq.
J. Douglas Ing, Esq. (w/encl.)
Pamela J. Larson, Esq.
Laura A. Mayhook, Esq. (w/encl.)
J. Jeffrey Mayhook, Esq.

[3]Order Nos. 21226 and 21304 can be viewed on the Commission's website at http://www.state.hi.us/budget/puc/puc.htm along with other matters of this docket.

HAWAII STATE AFL-CIO

320 Ward Avenue, Suite 209 • Honolulu, Hawaii 96814

Harold J. Dias, Jr.
President

Telephone: (808) 597-1441
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July 1, 2004

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PUBLIC UTILITIES COMMISSION

Mr. Carlito Caliboso
Chairperson, Public Utilities Commission
465 S. King Street, #103
Honolulu, HI 96813

Dear Mr. Caliboso,

On behalf of Hawaii's 69 unions and over 100,000 union members and even more family and friends I would like to request that the Commission schedule public hearings in regards to the proposed sale of Verizon Hawaii to the Carlyle Group.

As you know, the Carlyle Group is primarily a "Make-a-Quick-Buck" private equity investment firm with a long history of purchasing company's with the intent of a quick-turn around and re-sale for incredible profit.

Although we are not necessarily against the sale at this time, we are, however, very concerned of the negative impact this sale could have on the job and benefit security of Verizon Hawaii employees. We are equally concerned of Carlyle's commitment, or lack thereof to our communities and our State.

I feel it is imperative that we attain written assurances of the Carlyle Groups long-term commitment to its employees and the citizens of Hawaii prior to any PUC approval of the sale.

My self and my fellow union leaders and members look forward to the opportunity to share our concerns, in detail, at these public hearings.

I thank you ahead of time for your assistance and understanding.

Aloha and Mahalo,

Harold J. Dias, Jr.
President

c: Ivan Seiderberg, CEO, Verizon
William Kennard, Managing Director, Carlyle Group
John Sweeney, President, AFL-CIO