

December 9, 2020

via DMS e-file

Public Utilities Commission
of the State of Hawaii
465 South King Street
Honolulu, Hawaii 96813

Re: November 25, 2020 Commission Request for Feedback from Utilities and the
Consumer Advocate on the Suspension of Termination or Disconnection of
Regulated Utility Services Due to Non-Payment

Honorable Commissioners:

In response to your letter of November 25, 2020, Hawaiian Telcom, Inc. ("HTI"), Hawaiian Telcom Services Company, Inc. ("HTSC"), Inc. and Wavecom Solutions Corporation ("WC") or ("Companies"), are providing the attached response (Attachment A) to the Commission's request for feedback.

The information provided in Exhibit 1 regarding financial impacts of past due accounts is confidential. Disclosure of such information will likely cause competitive injury to the Companies. Competitors or potential competitors would be able to use the confidential information to gain an unfair competitive advantage in their business plans, as well as targeting marketing strategies, thus causing economic harm to the Companies.

As a result, confidential information is being submitted only to the Commission and to the Consumer Advocate, subject to Protective Orders of HTI, HTSC and WC Nos. 2016-PO-05, 2016-PO-01 and 2020-PO-1, respectively.

If you have any questions concerning this filing, please feel free to contact me at steven.golden@hawaiiantel.com.

Very truly yours,

/s/ Steven P. Golden

Steven P. Golden
Vice President, External Affairs

Enclosures

cc: Division of Consumer Advocacy (w/confidential attachment)

RESPONSES OF HAWAIIAN TELCOM, INC., HAWAIIAN TELCOM SERVICES
COMPANY, INC., AND WAVECOM SOLUTIONS CORPORATION TO THE PUBLIC
UTILITIES COMMISSION'S INQUIRIES
REGARDING SUSPENSION OF TERMINATION OR DISCONNECTION OF
REGULATED UTILITY SERVICES DUE TO NON-PAYMENT

1) Lifting the Suspension of Disconnection for Non-Payment

- a) Do you think the Commission should extend the disconnection suspension for all of your customers beyond December 31, 2020? If so, when do you think the suspension should subsequently be lifted (e.g., by a specific date, at the end of Pandemic, etc.)?
 - i) Alternatively, do you think the suspension should end for certain customer classes before others, and if so, which customer classes, and when?
- b) If the suspension is not extended beyond December 31, 2020, would your Utility request authority to voluntarily suspend disconnections?

RESPONSE:

- a) Hawaiian Telcom Inc. ("HTI"), Hawaiian Telcom Services Company, Inc. ("HTSC"), and Wavecom Solutions Corporation ("Wavecom") (collectively, "HT Companies" or "Companies") provide retail intrastate telecommunications services which are fully competitive, and should therefore be treated similar to providers of other fully competitive services rather than being treated similar to the Utilities providing non-competitive services regulated by the Commission. The majority of the Companies' customers can order telecommunications services from a variety of providers including cable companies, VoIP service providers, and wireless carriers, and when evaluating their needs, can easily opt to obtain service from another provider, often at a lower price. For most services provided by the traditional Utilities regulated by the Commission, customers do not have a choice of service providers. Extending the disconnection suspension will further compound customer indebtedness and financial impacts on the Companies. HTI, HTSC and

RESPONSES OF HAWAIIAN TELCOM, INC., HAWAIIAN TELCOM SERVICES
COMPANY, INC., AND WAVECOM SOLUTIONS CORPORATION TO THE PUBLIC
UTILITIES COMMISSION'S INQUIRIES
REGARDING SUSPENSION OF TERMINATION OR DISCONNECTION OF
REGULATED UTILITY SERVICES DUE TO NON-PAYMENT

Wavecom have extended timelines for payment arrangements during the pandemic to accommodate individual customer needs, providing them additional time to bring their accounts current. However, as a customer's debt grows, it becomes less likely that the debt will be collected. The Companies, in attempt to collect the outstanding debt, then refer the delinquent account to a collection agency, which harms a customer's credit standing. The HT Companies, as competitive providers, cannot indefinitely continue providing service to customers without receiving payment or the customer agreeing to a payment plan. (See the response to question 2 for further discussion on the impacts to the Companies.)

- (l) Although the HT Companies believe that the disconnection suspension should be ended for most customers, the Companies are aware that such an action may severely impact specific groups of customers. These customers have already enjoyed the suspension of disconnections for regulated telecommunications services for eight months.

For HTI's wholesale customers, HTI recommends that the suspension of disconnections for telecommunications services be ended on December 31, 2020. HTI believes that it is unfair for it to subsidize other telecommunications carriers that purchase telecommunications services by prohibiting it from disconnecting service due to non-payment because

RESPONSES OF HAWAIIAN TELCOM, INC., HAWAIIAN TELCOM SERVICES
COMPANY, INC., AND WAVECOM SOLUTIONS CORPORATION TO THE PUBLIC
UTILITIES COMMISSION'S INQUIRIES
REGARDING SUSPENSION OF TERMINATION OR DISCONNECTION OF
REGULATED UTILITY SERVICES DUE TO NON-PAYMENT

HTI does not enjoy a similar benefit if it purchases telecommunications services from other telecommunications carriers.

For business customers which purchase telecommunications services from the HT Companies, the HT Companies recommend that that the suspension of disconnections for telecommunications services be ended on December 31, 2020. These business customers are not subject to suspension of disconnections or discontinuance of services in the event any of their customers, including HTI, HTSC, and Wavecom, do not pay them in a timely manner for the services they receive. Therefore, it is unfair that the HT companies cannot disconnect a business customer's service if they do not pay their bill or agree to a payment plan.

For residential customers, the Companies recommend that the suspension of disconnections for retail telecommunications services and wireless services be ended on December 31, 2020 except for

- (1) Any residential customer who is a recipient of state and/or federal Lifeline benefits; and
- (2) Any residential customer who notifies the HT Companies that they have been severely impacted by COVID-19, such as job loss or serious health impacts, and whose only phone service is and continues to be landline phone service provided by the Companies.

RESPONSES OF HAWAIIAN TELCOM, INC., HAWAIIAN TELCOM SERVICES
COMPANY, INC., AND WAVECOM SOLUTIONS CORPORATION TO THE PUBLIC
UTILITIES COMMISSION'S INQUIRIES
REGARDING SUSPENSION OF TERMINATION OR DISCONNECTION OF
REGULATED UTILITY SERVICES DUE TO NON-PAYMENT

In summary, given the unique market that the HT Companies compete in and the above aforementioned reasons, the HT Companies do not believe that the disconnection suspension for their customers should be extended beyond December 31, 2020 except for more vulnerable residential customers noted above.

- b) The HT Companies will continue to be sensitive to the needs of their customers during this difficult time. The HT Companies are committed to balancing both business needs with impact to the community, and will carefully evaluate any further changes to their current disconnection process, and currently, the Companies have no plans to request authority to voluntarily suspend disconnections.

2) Financial Impacts on Utilities

- a) How many of your Utility customers (of each customer class) have past due balances for utility service, and what is the total cumulative past due balance for all customers? Please break out past due balances by timeframe (e.g., past due by less than 30 days, by greater than 30 days, by greater than 60 days, by greater than 90 days, etc.), if available.
- b) How would an extension of the disconnection suspension for 1 month, 3 months, or 6 months, respectively, affect the financial condition of your Utility?
- c) What data and/or financial information does your Utility think would be helpful to provide to the Commission on a going-forward basis to help the Commission continue to make decisions around disconnection suspension and related issues?

RESPONSES OF HAWAIIAN TELCOM, INC., HAWAIIAN TELCOM SERVICES
COMPANY, INC., AND WAVECOM SOLUTIONS CORPORATION TO THE PUBLIC
UTILITIES COMMISSION'S INQUIRIES
REGARDING SUSPENSION OF TERMINATION OR DISCONNECTION OF
REGULATED UTILITY SERVICES DUE TO NON-PAYMENT

RESPONSE:

- a) See Confidential Exhibit I. The HT Companies elected not to establish a regulatory asset to capture costs associated with the suspension of disconnections of telecommunications services regulated by the Commission and therefore, the full cost will be borne by the HT Companies and will not be recovered from their customers.¹
- b) Unfortunately, it is not practical to estimate the dollar impact of various extensions of the disconnection suspension because the Companies cannot predict customers' eventual willingness to pay. The HT Companies need to be able to at least suspend customers prior to disconnection because it is a very effective tool in the collection process. Without the ability to suspend, customers often have little incentive to work with the Companies on any form of payment plan and will get deeper in debt, making it less likely that the balances summarized in 2a will be collected. These delinquent balances will continue to grow and eventually will need to be written off by the Companies. HTI, HTSC, and Wavecom are not able to sustain the level of negative impact to its operations for any extended period of time.

¹ See May 19, 2020 letter to the Commission filed by HT Companies concerning Order No. 37125 - *Addressing the Consumer Advocate's Request for Suspension of Termination or Disconnection of Regulated Utility Services Due to Non-Payment and/or Assessment of Other Charges During the COVID-19 Pandemic*.

RESPONSES OF HAWAIIAN TELCOM, INC., HAWAIIAN TELCOM SERVICES
COMPANY, INC., AND WAVECOM SOLUTIONS CORPORATION TO THE PUBLIC
UTILITIES COMMISSION'S INQUIRIES
REGARDING SUSPENSION OF TERMINATION OR DISCONNECTION OF
REGULATED UTILITY SERVICES DUE TO NON-PAYMENT

- c) The HT Companies believe the information provided in response to 2a would be helpful to provide on a going-forward basis for the Commission to continue to make decisions around disconnection suspension and related issues during the pandemic.

3) Protections for Customers (Including Those Experiencing Financial Hardship)

- a) What mechanisms exist, or are you considering implementing, for customers to alert your Utility that they are experiencing financial hardship or otherwise need special customer protections related to their utility bill or service?
- b) What types of payment plans is your Utility currently offering, or contemplating offering, to customers? Please include information regarding the proposed minimum and maximum lengths of these payment plans, including those that may be established specifically for vulnerable customers (e.g., customers experiencing financial hardship, low-income customers, customers with special medical needs, etc.).
- c) What, if any, specific customer protections is your Utility offering or contemplating offering to vulnerable customers (e.g., customers experiencing financial hardship, low-income customers, customers with special medical needs, etc.)?
- d) Are there other specific customer protections that you think should be extended or newly implemented?

RESPONSE:

- a) See response to 3b.
- b) The HT Companies work on payment plans with customers in a careful, multi-phased approach, taking into account that bill payment challenges are unique to the individual circumstances of each customer, including financial hardship, low-income, and medical needs. Under such circumstances, the Companies will:

RESPONSES OF HAWAIIAN TELCOM, INC., HAWAIIAN TELCOM SERVICES
COMPANY, INC., AND WAVECOM SOLUTIONS CORPORATION TO THE PUBLIC
UTILITIES COMMISSION'S INQUIRIES
REGARDING SUSPENSION OF TERMINATION OR DISCONNECTION OF
REGULATED UTILITY SERVICES DUE TO NON-PAYMENT

1. Send a written past due notification to residential customers who are 15 days past due and business customers who are 30 days past due, encouraging the customer to make payment arrangements,
2. Proactively call customers to work through payment arrangements for those customers who could not be reached via the letters when their account is 18 days past due.
3. Collaborate with customers to develop payment plans, and if needed, adjust their service plans in order to make payments more manageable. The default payment plan is to pay 50% of the amount past due within seven (7) days and to make the account current within 30 days. Agents are empowered to create custom payment arrangements for customers that include lower initial payment amounts, a longer timeframe for the account to become current, or a combination of both.
4. If the amount due balance is not paid within 19 days, the Companies may suspend service. If service is suspended, a written suspension notification is sent three (3) days after service is suspended, notifying the customer that payment needs to be made within 10 days of service suspension or their service will be disconnected.

RESPONSES OF HAWAIIAN TELCOM, INC., HAWAIIAN TELCOM SERVICES
COMPANY, INC., AND WAVECOM SOLUTIONS CORPORATION TO THE PUBLIC
UTILITIES COMMISSION'S INQUIRIES
REGARDING SUSPENSION OF TERMINATION OR DISCONNECTION OF
REGULATED UTILITY SERVICES DUE TO NON-PAYMENT

5. If service is disconnected, a written disconnection notification will be sent one (1) day after service is disconnected, notifying the customer of the balance due immediately or their account may be referred to a collections agency.

Customer agents are available to assist customers with payment arrangements 24 hours a day, seven (7) days a week.

c) See responses to 3b and 1a.

d) See response to 1a.

4) Customer Engagement

- a) What communications regarding the disconnection suspension and other customer protections (including those provided by outside sources, such as COVID-19 relief funds) have you provided to your customers during the Pandemic?
- b) When and how is your Utility planning to notify customers, if you have not already, that they are at risk for disconnection or termination of regulated utility services upon the lifting of the suspension?
- c) How is your Utility communicating payment plans (or, planning to communicate payment plans) and other options to customers who are at risk for disconnection? Are you currently conducting, or planning to conduct, this outreach prior to any lifting of the suspension?

RESPONSE:

- a) The HT Companies' strategy during the pandemic is to communicate specifically to affected customers, tailoring communications as much as possible to address the type and volume of services to which customers subscribe, since customers can bundle products from different Companies. As a result, rather than using

RESPONSES OF HAWAIIAN TELCOM, INC., HAWAIIAN TELCOM SERVICES
COMPANY, INC., AND WAVECOM SOLUTIONS CORPORATION TO THE PUBLIC
UTILITIES COMMISSION'S INQUIRIES
REGARDING SUSPENSION OF TERMINATION OR DISCONNECTION OF
REGULATED UTILITY SERVICES DUE TO NON-PAYMENT

mass advertising, tactics have been targeted, including letters and phone calls by the Companies' customer service agents.

Consumer protection information can be found on the Companies' website

(<https://blog.hawaiiantel.com/connections/covid-19-financial-assistance-programs>). This information is also distributed via customer email newsletters,

and is referenced by customer service agents during conversations with customers.

In addition to direct communication with customers, the HT Companies have also assisted the community by providing over \$200,000 in corporate contributions and in kind services directly for COVID-19 relief to community health centers, response and recovery funds, food drives and distributions, economic development and job retention initiatives, and community support services for children, low income, elderly and veterans. This support is in addition to the Companies' normal corporate giving.

- b) Should the suspension be lifted, customers would be notified in advance that they are at risk of suspension and/or disconnection before their service is affected. See the response to 3b.
- c) See the response to 4a. The HT companies plan to continue this process of working with customers on payment plans even if the suspension is lifted.

RESPONSES OF HAWAIIAN TELCOM, INC., HAWAIIAN TELCOM SERVICES COMPANY, INC., AND WAVECOM SOLUTIONS CORPORATION TO THE
PUBLIC UTILITIES COMMISSION'S INQUIRIES REGARDING SUSPENSION OF TERMINATION OR DISCONNECTION OF REGULATED UTILITY SERVICES
DUE TO NON-PAYMENT

Confidential Exhibit 1
Response to Question 2(a) Financial Impact Upon Utilities

Hawaiian Telcom, Inc., Hawaiian Telcom Services Company, Inc., and Wavecom Solutions Corporation
Accounts Past Due¹

Number of Customers

Customer Type	Less than 30 Days	30 Days Past Due	60 Days Past Due	90 Days Past Due	120 Days Past Due	150 Days Past Due	180 Days Past Due	210 Days Past Due	240 Days Past Due	TOTAL
Residential										
Business										
Government										
Wholesale										
TOTAL										

Past Due Balances²

Customer Type	Less than 30 Days	30 Days Past Due	60 Days Past Due	90 Days Past Due	120 Days Past Due	150 Days Past Due	180 Days Past Due	210 Days Past Due	240 Days Past Due	TOTAL
Residential										
Business										
Government										
Wholesale										
TOTAL										

¹ The information in this Exhibit include the combined data of Hawaiian Telcom, Inc., Hawaiian Telcom Services Company, Inc., and Wavecom Solutions Corporation, as of December 8, 2020.

² Includes regulated and bundled services, which include both regulated and non-regulated services.

FILED

2020 Dec 09 PM 16:17

PUBLIC UTILITIES
COMMISSION

The foregoing document was electronically filed with the State of Hawaii Public Utilities Commission's Document Management System (DMS).