

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FILED/ACCEPTED

In the Matter of

VERIZON COMMUNICATIONS INC.,

Transferor,

and

HAWAIIAN TELCOM  
COMMUNICATIONS, INC., as controlled  
by Carlyle Partners III Hawaii, L.P., CP III  
Coinvestment, L.P. and Carlyle Hawaii  
Partners, L.P.,

Transferee,

Application for Consent to Transfer  
Control of Submarine Cable Landing  
License

JAN 12 2011

Federal Communications Commission  
Office of the Secretary

File No. SCL-LIC-19921015-00008

**APPLICATION FOR AUTHORITY TO TRANSFER CONTROL  
OF SUBMARINE CABLE LANDING LICENSE**

Pursuant to An Act Relating to the Landing and Operation of Submarine Cables in the United States<sup>1</sup> and Section 1.767 of the Federal Communications Commission's ("FCC") rules,<sup>2</sup> Verizon Communications Inc., ("Verizon") hereby requests that the Commission consent to the transfer of control of the landing license for the Hawaii Interisland Cable System (File No. SCL-LIC-19921015-00008 (redesignated from S-C-

<sup>1</sup> 47 U.S.C. §§ 34-39 (the "Cable Landing License Act").

<sup>2</sup> 47 C.F.R. § 1.767.

L-93-003))<sup>3</sup> to Hawaiian Telcom Communications, Inc. (“HTCI”) (collectively referred to as “Applicants”). This License was inadvertently omitted from the applications previously submitted to and granted by the Commission in 2004<sup>4</sup> with regard to the transfer of control of Verizon Hawaii<sup>5</sup> and related assets to Paradise MergerSub, Inc. (“Paradise MergerSub”),<sup>6</sup> which has now been renamed HTCI. Verizon Hawaii subsequently changed its name to Hawaii Telcom, Inc. (“HTI”). Grant of this Application, together with a related application regarding a subsequent transfer of the License from HTCI (controlled by The Carlyle Group) to the former secured creditors of HTI,<sup>7</sup> will correct this omission and permit HTI to continue to operate the submarine

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<sup>3</sup> Hereinafter, the Hawaii Interisland Cable System will be referred to as the “submarine cable” and the FCC license associated with this system will be referred to as “the License.”

<sup>4</sup> *International Authorizations Granted*, Public Notice, Report No. TEL-00821, DA No. 04-2520, IBFS File Nos. ITC-ASG-20040630-00255 and ITC-ASG-20040630-00256 (rel. Aug. 12, 2004); *Streamlined Domestic Section 214 Granted*, Public Notice, DA 04-2451, WC Docket No. 04-234 (rel. Aug. 17, 2004), *pet. recon. den.*, *Application of Verizon Hawaii Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance) and Verizon Select Services Inc., and Paradise MergerSub, Inc. For Consent to Transfer Control of Verizon Hawaii Inc. and Certain Assets and Long Distance Customer Relationships Related to Interstate Interexchange Telecommunications Service in the State of Hawaii*, WC Docket No. 04-234, 19 FCC Rcd 24110 (Wir. Comp. Bur. 2004); *Wireless Telecommunications Bureau Assignment of License Authorization Applications, Transfer of Control of Licensee Applications, De Facto Transfer Lease Applications and Spectrum Manager Lease Notifications*, Public Notice, Report No. 1921 (Aug. 25, 2004).

<sup>5</sup> The submarine cable license at issue is currently listed in the FCC’s international license database under the name GTE Hawaiian Telephone Company. This entity changed its name to Verizon Hawaii prior to the transfer at issue in this Application.

<sup>6</sup> Paradise MergerSub was controlled by Carlyle Partners III Hawaii, L.P., CP III Coinvestment, L.P. and Carlyle Hawaii Partners, L.P. (collectively, “The Carlyle Group”).

<sup>7</sup> The License was similarly omitted from applications for a subsequent bankruptcy-related transfer of HTI, which was reviewed and approved by the FCC and which closed earlier this Fall. *Domestic Section 214 Authorization Granted; Domestic*

cable, which is essential to the provision of voice and broadband services among the Hawaiian Islands.<sup>8</sup>

## I. DESCRIPTION OF THE PARTIES

*Verizon.* Verizon is a diversified communications company that provides communications, broadband, and video services throughout the United States. No entity owns 10 percent or more of the equity in Verizon. Verizon and its corporate predecessor GTE Corporation owned and operated the submarine cable, along with other communications facilities and businesses in Hawaii, between 1967 and 2005.

*HTCI.* HTCI was formerly named Paradise MergerSub. Carlyle Partners III Hawaii, L.P., CP III Coinvestment, L.P. and Carlyle Hawaii Partners, L.P. (collectively, “The Carlyle Group”) held a 100 percent interest in Paradise HoldCo, the ultimate parent of Paradise MergerSub, at the time of the transfer from Verizon. A detailed description of Paradise MergerSub and an organizational chart are provided in Exhibit 1 hereto.<sup>9</sup>

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*Section 214 Application Filed for the Transfer of Control of Hawaiian Telcom, Inc. and Hawaiian Telcom Services Company, Inc., Debtors-In-Possession, WC Docket No. 10-41, DA 10-1746 (Wir. Comp. Bur., Sept. 15, 2010); International Authorizations Granted, Public Notice, Report No. TEL-01457, DA No. 10-1798, IBFS File No. ITC-ASG-20100122-00038 (rel. Sept. 23, 2010); Assignment of License Authorization Applications, Transfer of Control of Licensee Applications, De Facto Transfer Lease Applications and Spectrum Manager Lease Notifications, Designated Entity Reportable Eligibility Event Applications, and Designated Entity Annual Reports Action, Public Notice, Report No. 6390 (rel. Nov. 17, 2010). The application to correct this inadvertent omission is being filed contemporaneously.*

<sup>8</sup> HTI has requested Special Temporary Authority to continue to operate this cable while the Commission reviews this and the related transfer application. Hawaiian Telcom, Inc., Application for Special Temporary Authority to Continue to Operate Submarine Cable Facility, File No. SCL-STA-20110112-00001 (filed Jan. 12, 2011).

<sup>9</sup> Exhibit 1 at 5-7 and Att. A.

## II. BACKGROUND AND DESCRIPTION OF PROPOSED TRANSACTION

The submarine cable at issue in this Application was licensed in 1993 to GTE Hawaiian Telephone Co.<sup>10</sup> As part of a larger transaction in which Bell Atlantic Corporation and GTE Corporation merged and were renamed Verizon, control of GTE Hawaiian Telephone Co. and its assets was transferred to Bell Atlantic Co. in 1999,<sup>11</sup> and GTE Hawaiian was renamed Verizon Hawaii. Verizon later agreed to transfer control of Verizon Hawaii and related assets to Paradise MergerSub, ultimately owned and controlled by The Carlyle Group. The FCC granted consent for license transfers associated with this transaction,<sup>12</sup> and the transfer to Paradise MergerSub was completed on May 2, 2005.

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<sup>10</sup> *GTE Hawaiian Telephone Co.; Application for a License to Land and Operate a High Capacity Digital Submarine Cable System wholly within the State of Hawaii, linking the islands of Kauai, Oahu, Maui and Hawaii*, 8 FCC Rcd 7605 (Com. Car. Bur. 1993).

<sup>11</sup> *Applications of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, For Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License*, CC Docket No. 98-184, Memorandum Opinion and Order, 15 FCC Rcd 14032, ¶ 440 (2000) (“Bell Atlantic/GTE Merger Order”).

<sup>12</sup> *International Authorizations Granted*, Public Notice, Report No. TEL-00821, DA No. 04-2520, IBFS File Nos. ITC-ASG-20040630-00255 and ITC-ASG-20040630-00256 (rel. Aug. 12, 2004); *Streamlined Domestic Section 214 Application Granted*, Public Notice, DA 04-2541, WC Docket No. 04-234 (Aug. 17, 2004), *pet. recon. den.*, *Application of Verizon Hawaii Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance) and Verizon Select Services Inc., and Paradise MergerSub, Inc. For Consent to Transfer Control of Verizon Hawaii Inc. and Certain Assets and Long Distance Customer Relationships Related to Interstate Interexchange Telecommunications Service in the State of Hawaii*, WC Docket No. 04-234, 19 FCC Rcd 24110 (Wir. Comp. Bur. 2004); *Wireless Telecommunications Bureau Assignment of License Authorization Applications, Transfer of Control of Licensee Applications, De Facto Transfer Lease Applications and Spectrum Manager Lease Notifications*, Public Notice, Report No. 1921 (rel. Aug. 25, 2004).

However, the License associated with the submarine cable was unintentionally omitted from the FCC applications to transfer the licenses associated with the Verizon Hawaii assets to Paradise MergerSub. The Applicants now seek to correct this inadvertent omission.

### **III. PUBLIC INTEREST BENEFITS OF THE PROPOSED TRANSACTION**

The instant transaction will produce public interest benefits without any countervailing public interest harms. Since 2005, HTI has been operating the submarine cable in the conduct of its retail and wholesale businesses, and it has leased capacity in the cable to third parties. Transfer of the License in accordance with this Application and the related transfer application will allow HTI to continue to provide local exchange and domestic interstate interexchange services without reduction, impairment, or discontinuance of service to any customer. The transfer will have no known immediate or substantial adverse effect on the service provided to residential, business, or wholesale customers in HTI's exchanges in Hawaii. There will be no reduction in the number of competitors or the level of competition in Hawaii. Further, the inadvertent omission of the License from prior transfer applications should not prevent the Commission from granting the instant Application.

### **IV. INFORMATION REQUIRED BY SECTION 1.767 OF THE COMMISSION'S RULES**

In support of this Application and in accordance with Section 1.767(a)(11) of the Commission's rules, the Applicants provide the following information:

#### **(1) Name, Address, and Telephone Number of Each Applicant**

Transferor:

Verizon  
Attn: Katharine R. Saunders

1320 North Court House Road  
9th Floor  
Arlington, VA 22201  
Tel: 703-351-3097  
Fax: 703-351-3655  
Email: Katharine.saunders@verizon.com

Transferee:

Hawaiian Telcom Communications, Inc.  
Attn: Mr. Steven Golden  
1177 Bishop Street  
Honolulu, Hawaii 96813  
Phone: 808-546-3877  
Fax: 808-546-8992  
Email: steven.golden@hawaiiantel.com

**(2) Government, State, or Territory Under the Laws of Which Each Applicant Is Organized**

Verizon is organized under the laws of the State of Delaware.

HTCI, formerly called Paradise MergerSub, is organized under the laws of the State of Delaware. HTI is a corporation organized under the laws of the State of Hawaii.

**(3) Contact Information**

Copies of all pleadings, correspondence, notices, and other communications should also be sent to Applicants' counsel as follows:

For the Transferor:

Katharine R. Saunders  
Verizon  
1320 North Court House Road  
9th Floor  
Arlington, VA 22201  
Phone: 703-351-3097  
Fax: 703-351-3655  
Email: Katharine.saunders@verizon.com

With copies to:

Nancy J. Victory  
Wiley Rein LLP  
1776 K Street, NW  
Washington, DC 20006  
Phone: 202-719-7344  
Fax: 202-719-7049  
Email: nvictory@wileyrein.com

For the Transferee:

John T. Komeiji, Esq.  
Leslie Alan Ueoka, Esq.  
Hawaiian Telcom Communications, Inc.  
1177 Bishop Street  
Honolulu, Hawaii 96813  
Phone: 808-546-1278  
Fax: 808-546-8992  
Email: john.komeiji@hawaiiantel.com  
Phone: 808-546-2898  
Fax: 808-546-7621  
Email: les.ueoka@hawaiiantel.com

With copies to:

Gregory J. Vogt, Esq.  
Law Offices of Gregory J. Vogt, PLLC  
2121 Eisenhower Ave.  
Suite 200  
Alexandria, Virginia 22314  
Phone: 703-838-0115  
Fax: 703-684-3620  
Email: gvogt@vogtlawfirm.com

**(4) –(7) inapplicable to transfer application**

**(8) Certification and Ownership Information Required by Sections 63.18(h)-(k) and (o) of the Commission’s Rules**

*Information requested by section 63.18(h):* The name, principal business, address, citizenship, and ownership interests of those entities controlling Paradise MergerSub at the time of the transaction, are provided in Exhibit 1.<sup>13</sup>

*Information requested by section 63.18(i):* Paradise MergerSub certified that it was not a telecommunications carrier at the time of the prior transfer from Verizon to Paradise MergerSub.<sup>14</sup>

*Information requested by section 63.18(j):* As noted above, Paradise MergerSub certified that it was not a telecommunications carrier at the time of the transfer from Verizon to Paradise MergerSub.<sup>15</sup> Therefore, Paradise MergerSub did not seek to provide international telecommunications services to any country where: (i) it was a foreign carrier in that country; or (ii) two or more foreign carriers (or parties that control foreign carriers) owned, in the aggregate, more than 25 percent of Paradise MergerSub and were parties to, or the beneficiaries of, a contractual relation affecting the provision or marketing of international basic telecommunications services in the United States.

*Information requested by section 63.18(k):* Paradise MergerSub certified that it was “owned by a private equity firm with extremely limited interests in the telecommunications industry.”<sup>16</sup> Therefore, Paradise MergerSub was not affiliated with any foreign carriers, and was therefore not affiliated with any foreign carriers that had market power in the named foreign country. *See* 47 C.F.R. § 63.10(a)(3).

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<sup>13</sup> Exhibit 1 at 5-7.

<sup>14</sup> Exhibit 1 at 8.

<sup>15</sup> Exhibit 1 at 8.

<sup>16</sup> Exhibit 1 at 9.



*Information requested by section 63.18(o):* Paradise MergerSub, pursuant to sections 1.2001 through 1.2003 of the Commission's rules, certified that it was not subject to a denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1998, 21 U.S.C. § 853a.<sup>17</sup>

**(9) Certification of Compliance with Routine Conditions**

Paradise MergerSub did not address the routine conditions associated with the License because the License was inadvertently omitted from the prior transfer application. However, had the cable License been included, Paradise MergerSub would have certified that it accepted and would abide by the routine conditions set forth in section 1.767(g) of the Commission's rules, 47 C.F.R. § 1.767(g).

**V. ELIGIBILITY FOR STREAMLINED PROCESSING**

Pursuant to Section 1.767(i) of the Commission's rules, Applicants request streamlined processing of the instant Application. The Application is eligible for streamlined processing pursuant to Section 1.767(k)(1) of the Commission's rules: As indicated previously, Paradise MergerSub was not affiliated with a foreign carrier in any of the submarine cable's destination markets because the cable landing points are entirely within the State of Hawaii.


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<sup>17</sup> Exhibit 1 at 7.

**VI. CONCLUSION**

For the foregoing reasons, Verizon and HTCI (formerly Paradise MergerSub) respectfully request that the Commission consent to the transfer of control of the submarine cable License as expeditiously as possible.

Respectfully submitted,

By:   
Karen Zacharia  
Vice President & Associate General  
Counsel  
Verizon  
1320 North Court House Road  
9th Floor  
Arlington, VA 22201  
Phone: 703-351-3193  
Fax: 703-351-3662  
Email: karen.zacharia@verizon.com

By: \_\_\_\_\_  
John T. Komeiji, Esq.  
General Counsel  
Hawaiian Telcom Communications,  
Inc.  
On behalf of HTCI, as controlled by  
Carlyle Partners III Hawaii, L.P., CP  
III Coinvestment, L.P. and Carlyle  
Hawaii Partners, L.P.  
1177 Bishop Street  
Honolulu, Hawaii 96813  
Phone: 808-546-1278  
Fax: 808-546-8992  
Email: john.komeiji@hawaiiantel.com

Verizon Communications Inc.

Hawaiian Telcom Communications, Inc


January 12, 2011

**VI. CONCLUSION**

For the foregoing reasons, Verizon and HTCI (formerly Paradise MergerSub) respectfully request that the Commission consent to the transfer of control of the submarine cable License as expeditiously as possible.

Respectfully submitted,

By: \_\_\_\_\_  
Karen Zacharia  
Vice President & Associate General  
Counsel  
Verizon  
1320 North Court House Road  
9th Floor  
Arlington, VA 22201  
Phone: 703-351-3193  
Fax: 703-351-3662  
Email: karen.zacharia@verizon.com

By:  \_\_\_\_\_  
John T. Komeiji, Esq.  
General Counsel of Hawaiian Telcom  
Communications, Inc.  
Hawaiian Telcom Communications,  
Inc.  
On behalf of HTCI, as controlled by  
Carlyle Partners III Hawaii, L.P., CP  
III Coinvestment, L.P. and Carlyle  
Hawaii Partners, L.P.  
1177 Bishop Street  
Honolulu, Hawaii 96813  
Phone: 808-546-1278  
Fax: 808-546-8992  
Email: john.komeiji@hawaiiantel.com

Verizon Communications Inc.

Hawaiian Telcom Communications, Inc

January 12, 2011

## Certificate of Service

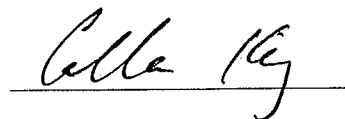
I, Colleen King, do hereby certify that I have on this 12th day of January, 2011, caused a copy of the foregoing "Application For Authority To Transfer Control of Submarine Cable Landing License" to be served by first class mail or electronic mail (\*designates electronic mail service only) upon the following:

U.S. Coordinator, EB/CIP  
U.S. Department of State  
2201 C Street, N.W.  
Washington DC 20520-5818

Office of Chief Counsel  
National Telecommunications & Information Administration  
U.S. Department of commerce  
14th St. & Constitution Ave., N.W.  
Washington, DC 20230

Defense Information Systems Agency  
Code RGC  
701 S. Courthouse Road  
Arlington, VA 222204

\* David Krech  
david.krech@fcc.gov  
\* George Li  
george.li@fcc.gov  
\* Jodi Cooper  
jodi.cooper@fcc.gov  
\* Adrienne Downs  
adrienne.downs@fcc.gov  
International Bureau  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, DC 20554

  
\_\_\_\_\_

# **EXHIBIT 1**

WC 04-234

DOCKET FILE COPY ORIGINAL

555 Eleventh Street, N.W., Suite 1000  
Washington, D.C. 20004-1304  
Tel: (202) 837-2200 Fax: (202) 837-2201  
www.lw.com

LATHAM & WATKINS LLP

FIRM / AFFILIATE OFFICES	
Boston	New Jersey
Brussels	New York
Chicago	Northern Virginia
Frankfurt	Orange County
Hamburg	Paris
Hong Kong	San Diego
London	San Francisco
Los Angeles	Silicon Valley
Milan	Singapore
Moscow	Tokyo
	Washington, D.C.

June 21, 2004

**BY HAND DELIVERY**

Federal Communications Commission  
Wireline Competition Services, CPD214Appls.  
PO Box 358145  
Pittsburgh, PA 15251-5145

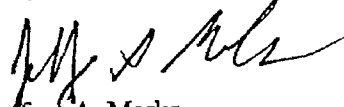
Re: Verizon Hawaii Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance) and Verizon Select Services Inc., Transferors, and Paradise MergerSub, Inc., Transferee, for Consent to Transfer Control of Verizon Hawaii Inc. and Certain Assets and Long Distance Relationships Related to Interstate Interexchange Telecommunications Service in the State of Hawaii

Ladies and Gentlemen:

Enclosed please find an original and five copies of the Application in the above captioned matter. Also enclosed is a Remittance Advice (FCC Form 159) and a check made payable to the Federal Communications Commission in the amount of \$860.00 to cover the required fee.

Please stamp and return to me the additional copy provided for that purpose. If you have any questions regarding this matter, please contact me at (202) 637-2120.

Very truly yours,

  
Jeffrey A. Marks

Enclosures

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

Application of

Verizon Hawaii Inc., Bell Atlantic Communications,  
Inc. (d/b/a Verizon Long Distance) and Verizon  
Select Services Inc.,

Transferors,

and

Paradise MergerSub, Inc.

Transferee,

For Consent to Transfer Control of Verizon Hawaii  
Inc. and Certain Assets and Long Distance Customer  
Relationships Related to Interstate Interexchange  
Telecommunications Service in the State of Hawaii

WC Docket No. \_\_\_\_\_

### **Consolidated Application for Consent to Transfer Control**

Pursuant to Section 214 of the Communications Act of 1934, as amended (the "Act"), 47 U.S.C. § 214, and Section 63.04 of the Commission's rules, 47 C.F.R. § 63.04, Verizon Hawaii Inc. ("Verizon Hawaii"), Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance) ("Verizon Long Distance") and Verizon Select Services Inc. ("VSSI") (collectively, "Verizon" or "Transferors"), hereby apply for the Commission's approval to transfer control of (1) Verizon Hawaii; and (2) the assets related to interstate interexchange telecommunications service and the interstate long distance customer relationships of Verizon Long Distance and VSSI in the State

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of Hawaii.<sup>1</sup> The proposed transferee is Paradise MergerSub, Inc. ("Paradise MergerSub" or "Transferee"), a holding company wholly owned by investment funds associated with The Carlyle Group.<sup>2</sup>

Through a *pro forma* transfer of control, Verizon Hawaii, an incumbent local exchange carrier ("LEC") serving approximately 700,000 access lines throughout the State of Hawaii, will become a subsidiary of an intermediate holding company, Verizon HoldCo LLC ("Verizon HoldCo"), which will be merged into Paradise MergerSub. As a result, Verizon Hawaii (with its name changed) will be a wholly-owned subsidiary of Paradise MergerSub. In addition, Verizon will transfer the assets and customer relationships of Verizon Long Distance and VSSI in Hawaii to a newly formed wholly-owned subsidiary of Verizon HoldCo, Verizon AssetCo. Upon completion of the proposed transaction, Verizon AssetCo (with its name changed) also will become a wholly-owned subsidiary of Paradise MergerSub. The proposed transactions will cause no interruption in service to customers. The planned transfer of control will have no known immediate or substantial adverse effect on the service provided to customers in Hawaii. No existing service will be discontinued, reduced or impaired as a result of the sale.

In accordance with the requirements of Section 63.04, the Applicants provide the following information:

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<sup>1</sup> Only VSSI and Verizon Long Distance assets and customers in Hawaii will be transferred as a result of this application. VSSI and Verizon Long Distance will retain authority granted by the Commission to provide interstate and international long-distance services.

<sup>2</sup> As described in more detail below, Paradise MergerSub is majority owned and controlled by Carlyle Partners III Hawaii, L.P. which is sponsored by T.C. Group, L.L.C. (together with its affiliates, d/b/a The Carlyle Group and referred to as "Carlyle").



**(1) Name, address and telephone number of each applicant.**

**Transferors:**

Verizon Hawaii Inc.  
1177 Bishop Street  
Honolulu, Hawaii 96813  
(212) 395-2121

Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance  
1320 North Court House Road  
Arlington, VA 22201  
(703) 526-3044

Verizon Select Services Inc.  
6665 N. MacArthur Boulevard  
Irving, Texas 75039  
(972) 465-5511

**Transferee:**

Paradise MergerSub, Inc.  
c/o The Carlyle Group  
1001 Pennsylvania Avenue, N.W.  
Suite 200  
Washington, D.C. 20004  
(202) 347-2626

**(2) State under which each applicant is organized.**

Verizon Hawaii is a corporation organized under the laws of the State of Hawaii.  
Verizon Long Distance, VSSI, and Paradise MergerSub each are corporations organized  
under the laws of the State of Delaware.

**(3) Legal counsel to whom correspondence concerning the application is to be addressed.**

**For Transferors:**

Joseph DiBella  
Assistant General Counsel  
Verizon Communications Inc.  
1515 North Court House Road  
Suite 500  
Arlington, VA 22201  
(703) 351-3037

**For Transferee:**

Karen Brinkmann  
Jeffrey A. Marks  
Latham & Watkins LLP  
555 Eleventh Street, NW  
Suite 1000  
Washington, DC 20002  
(202) 637-2200

**(4) Name, Address, Citizenship and Percentage Ownership of Entities that owns at least 10 percent of the equity of the applicant.**

**For Transferors**

Verizon Hawaii and VSSI are wholly-owned subsidiaries of GTE Corporation. More than 95% of GTE Corporation is owned by Verizon Communications Inc. The balance is owned by NYNEX Corporation, which is a wholly-owned subsidiary of Verizon Communications Inc. Verizon Long Distance is a wholly-owned subsidiary of Verizon Communications Inc. GTE Corporation is a corporation organized under the laws of New York. NYNEX Corporation is a corporation organized under the laws of Delaware. Verizon Communications Inc. is a publicly held corporation organized under the laws of Delaware. No entity owns 10 percent or more of the equity in Verizon Communications Inc. Verizon Communications Inc., NYNEX Corporation, and GTE

Corporation have their principal offices located at 1095 Avenue of the Americas, New York, NY 10036.

**For Transferee**

An organizational chart for Transferee is attached at Attachment A. Transferee Paradise MergerSub, Inc. is a wholly-owned subsidiary of Paradise HoldCo, Inc. ("Paradise Holdco"). Carlyle Partners III Hawaii, L.P. ("CP III Hawaii") and the affiliated investment partnerships shown on Attachment A (Carlyle Partners III Hawaii A, L.P., Carlyle Hawaii Partners, L.P., and Carlyle Hawaii Partners II, L.P., collectively, the "Carlyle Partnerships") at closing will hold a 100 percent interest in Paradise HoldCo. Although the exact equity ownership held by each of the Carlyle Partnerships is not yet finalized, it is anticipated that each of Carlyle Partners III Hawaii, L.P., Carlyle Partners III Hawaii A, L.P., and Carlyle Hawaii Partners II, L.P. will have a greater than 10 percent interest in Paradise HoldCo, and that no other entity will hold a 10 percent or greater direct or indirect equity interest in Paradise HoldCo.

Each of the Carlyle Partnerships is controlled by TC Group III, L.P., its sole general partner. Alien limited partners of the Carlyle Partnerships will in no event own more than 25 percent of Transferee, and this alien ownership will be widely dispersed among dozens of entities, with the largest alien limited partnership interest equating to less than 3 percent of the Transferee. The alien limited partners all are insulated in accordance with Commission insulation criteria, and thus have no authority regarding the day-to-day management of the Transferee.<sup>3</sup> In addition, the vast majority of these limited

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<sup>3</sup> See *Corporate Ownership Reporting and Disclosure by Broadcast Licensees*, 58 Rad. Reg. 2d (P & F) 604, ¶ 27 (1985); *recon.* 1 FCC Rcd 802 (1986). Although these criteria were developed in the context of media multiple ownership rules, they have been applied in the

partners are organized in World Trade Organization (“WTO”) member countries.<sup>4</sup> The Commission presumes that foreign investment by individuals or entities from WTO member countries raises no competitive concerns.<sup>5</sup>

The sole general partner of TC Group III, L.P. is TC Group III, L.L.C. TC Group III, L.P. also has one limited partner, a U.S. citizen. The sole member of TC Group III, L.L.C. is TC Group, L.L.C. The sole managing member of TC Group, L.L.C. is TCG Holdings, L.L.C. (“TCG Holdings”).

Each of these entities is organized under Delaware law and their address is c/o The Carlyle Group, 1001 Pennsylvania Avenue, N.W., Suite 200, Washington, D.C. 20004.

TCG Holdings is managed by a committee comprised of three managing members: William E. Conway, Jr., Daniel A. D’Aniello and David M. Rubenstein.<sup>6</sup> Each of these individuals is a United States citizen. Their principal place of business is

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context of transfers of control of telecommunications carriers. *See, e.g., Application of XO Communications, Inc. for Consent to Transfer Control*, 17 FCC Rcd 19212, n. 66 (2002).

<sup>4</sup> The non-WTO limited partners will indirectly own in the aggregate less than 2 percent equity interest in the Transferee.

<sup>5</sup> *Loral/Intelsat Applications for Consent to Assignment*, 19 FCC Rcd 2404 at ¶ 22 (2004) (citing *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, 12 FCC Rcd 23891, ¶¶ 9, 50, 111-112 (1997)).

<sup>6</sup> In addition, thirty individuals (or domestically organized entities owned by U.S. citizens) are members (but not managing members) of TCG Holdings and hold equity interests in TCG Holdings. Four of the individual non-managing members of TCG Holdings are not United States citizens – two are citizens of France, one is a citizen of Australia and one is a citizen of Japan (each WTO-member countries). All other members of TCG Holdings are U.S. citizens. The members of TCG Holdings that are not U.S. citizens hold, in the aggregate, less than 2.20 percent of the equity interest of TCG Holdings.

c/o The Carlyle Group, 1001 Pennsylvania Avenue, N.W., Suite 200, Washington, D.C.  
20004.

**(5) Certification pursuant to sections 1.2001 through 1.2003 that no party to the application is subject to a denial of Federal benefits.**

By their signatures below, the Transferors and Transferee certify that no party to the application is subject to a denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

**(6) Description of the transaction.**

On May 21, 2004, GTE Corporation and Verizon HoldCo LLC ("Verizon HoldCo") entered into an Agreement of Merger (the "Merger Agreement") with Paradise HoldCo, Inc. ("Paradise Holdco") and Paradise MergerSub. GTE Corporation currently owns one hundred percent of the stock of Verizon Hawaii and one hundred percent of the membership interest of Verizon HoldCo.

Prior to the effective time of the merger, (i) GTE Corporation will transfer the stock of Verizon Hawaii, an incumbent LEC, to Verizon Holdco and (ii) Verizon will cause VSSI, and Verizon Long Distance to assign certain assets related to interstate interexchange telecommunications service and interstate long distance customer relationships in the State of Hawaii to Verizon AssetCo, an entity to be formed by and wholly owned by Verizon HoldCo.<sup>7</sup>

Pursuant to the Merger Agreement, Verizon Holdco will be merged with and into Paradise MergerSub, and Paradise MergerSub will be the sole surviving company and succeed to and assume all the rights and obligations of Verizon HoldCo (including

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<sup>7</sup> The long-distance assets consist primarily of customer presubscriptions and accounts receivables related to those customers.

owning all of the stock of Verizon Hawaii and Verizon AssetCo), with certain limited exceptions as set forth in the Merger Agreement. A corporate organizational chart depicting the transaction is attached as Attachment A.

**(7) Description of the geographic areas in which the transferor and transferee (and their affiliates) offer domestic telecommunications services, and what services are provided in each area.**

Verizon Long Distance and VSSI provide domestic interexchange services in the State of Hawaii and in other areas of the United States. Verizon Hawaii provides local exchange service and exchange access service in the exchanges listed in Attachment B. In addition, affiliates of the Transferors provide a variety of local exchange services, exchange access services, and interexchange services, both wireline and wireless, in domestic telecommunications markets throughout the United States.

Transferee is not currently a telecommunications carrier. Transferee is affiliated with WCI Cable, Inc. ("WCI"), an FCC licensee that owns and operates a submarine fiber-optic cable connecting Alaska with the continental U.S. as well as certain terrestrial facilities in Alaska, all of which it operates on a non-common-carrier basis.<sup>8</sup> WCI does not have any facilities in Hawaii.<sup>9</sup> Transferee's affiliation with WCI stems from TC

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<sup>8</sup> See *Alaska Northstar Communications, L.L.C. Transferor, and WCI Cable, Inc. Transferee; Application for Modification of Submarine Cable Landing Licenses*, 12 FCC Rcd 20330, ¶¶ 2-3 (1997) (describing WCI's facilities as non-common carrier).

<sup>9</sup> Carlyle affiliates are parties to applications recently filed with the Commission for transfer of control of PanAmSat Licensee Corp. (a non-common carrier Title III licensee) to Carlyle Partners III Telecommunications, L.P. See Public Notice, *The News Corporation Limited and The DIRECTV Group, Inc. (Transferors) and Constellation, LLC, Carlyle PanAmSat I, LLC, Carlyle PanAmSat II, LLC, PEP PAS, LLC and PEOP PAS LLC (Transferees) Seek Approval to Transfer Control of FCC Licenses and Authorizations Held by PanAmSat Licensee Corp.*, IB Docket No. 02-209, DA 04-1605 (rel. Jun. 2, 2004). Further, on June 21, 2004, Carlyle announced that Carlyle affiliates entered an agreement to acquire a 60 percent interest in DDI

Group, L.L.C. (discussed above and depicted on Attachment A as part of Transferee's organizational structure), which is the 100 percent indirect owner of the general partner of Carlyle Venture Partners II, L.P. and its parallel investment partnership, which in turn collectively hold an 85 percent equity interest in WCI.

**(8) Statement on how the application fits into one or more of the presumptive streamlined categories or why it is otherwise appropriate for streamlined treatment.**

The application is eligible for presumptive streamlined treatment under sections 63.03(b)(1)(ii) and 63.03(b)(2)(ii) of the Commission's rules.

As explained in the Commission's *Streamlining Order*, streamlined treatment will be "presumptively accorded" to "proposed transactions where one party provides no domestic telecommunications services." *Implementation of Further Streamlining Measures for Domestic Section 214 Authorizations*, 17 FCC Rcd 5517, ¶ 3 (2002) ("*Streamlining Order*"); see 63.03(b)(1)(ii). The Commission explained that "a transaction is unlikely to raise public interest concerns where the transferee is not a telecommunications carrier because in such situations there is not likely to be an increase in concentration in a particular market." *Id.*, ¶ 29. The Transferee is owned by a private equity firm with extremely limited interests in the telecommunications industry, none of which provides services in the State of Hawaii. Transferee and its affiliates are not domestic telecommunications providers. WCI has FCC authority to own and operate a non-common carrier submarine fiber-optic cable connecting Alaska with the continental U.S. as well as certain terrestrial facilities in Alaska. However, WCI is not a

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Pocket, a provider of wireless voice and data services in Japan, with closing of the transaction anticipated in the fourth quarter 2004.

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“telecommunications carrier” as defined in the Act (47 U.S.C. § 153(44)) because WCI provides its services on a non-common carrier basis. Therefore, the planned merger will not increase concentration in any market for telecommunications services.

Under section 63.03(b)(2)(ii), an application for transfer of control is presumptively entitled to streamlined treatment if “the applicants are a dominant carrier and a non-dominant carrier that provides services exclusively outside the geographic area where the dominant carrier is dominant.” Transferor Verizon Hawaii is classified by the Commission as a dominant carrier in the State of Hawaii. Verizon Long Distance and VSSI comply with the separate affiliate requirements of section 272 of the Act and therefore are classified as nondominant carriers. *See Regulatory Treatment of LEC Provision of Interexchange Services Originating in the LEC's Local Exchange Area and Policy and Rules Concerning the Interstate, Interexchange Marketplace*, 12 FCC Rcd 15756, ¶ 6 (1997).

As described above, Transferee and its affiliates are not “telecommunications carriers.” If WCI were considered to be a telecommunications carrier (which it is not), it would be classified as nondominant pursuant to section 61.3(y) of the Commission’s rules because it has not been found to be dominant. In addition, WCI does not provide service in the area where Verizon Hawaii is considered dominant. As a result of the transaction there will be no increase in market concentration in the Hawaii local exchange or long-distance markets, and thus the transaction raises no public interest concerns.

The Commission has found that where a dominant carrier seeks to combine operations with a nondominant carrier that operates exclusively outside the geographic



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area where the dominant carrier is dominant, the application will be presumptively streamlined if the transferee's market share in the interstate, interexchange market following the transaction would be less than 10 percent.<sup>10</sup> Here, the transferee will have less than 10 percent of the interstate, interexchange market following the transfer of interexchange customers in Hawaii from Verizon Long Distance and VSSI.

The Commission also has found that all applications would be eligible for streamlined treatment regardless of whether they fit into one of the categories that are presumptively entitled to streamlined treatment. *See id.*, ¶ 34. This application should be given streamlined treatment because it involves a simple transfer of control to an investment interest that does not provide telecommunications services in the State of Hawaii. As discussed below, Carlyle is a respected private equity firm with a proven track record and it is committed to the success of the Hawaii telecommunications businesses that it seeks to acquire. Through its subsidiaries, Transferee will continue providing service with all of the property, rights, privileges, powers and franchises that the Verizon Hawaii held in Hawaii to provide local exchange and exchange access service prior to the transfer. It also will continue providing the same interexchange services that Verizon Long Distance and VSSI provides at the time of closing. No customer will lose service or be adversely affected as a result of the transaction. Thus, the transaction raises no competitive or public interest concerns and this application should be afforded streamlined treatment.

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<sup>10</sup> *See* 47 C.F.R. 63.03(b)(2); *see also Streamlining Order* at ¶¶ 30, 31. The Commission also applies a second test where a transaction proposes to combine the telephone exchange services and/or exchange access services of two nondominant carriers. *See id.*, ¶ 30. That test does not apply here, as none of the parties to the transaction is a nondominant provider of telephone exchange services or exchange access services.

**(9) Identification of all other Commission applications related to the same transaction.**

The Transferee will file the required notice of transfer of customer base pursuant to section 64.1120(e) of the Commission's rules. In addition, Verizon Hawaii holds several Title III licenses, and separately is seeking approval for transfer of those licenses to the Transferee pursuant to Section 310 of the Act.<sup>11</sup>

**(10) Statement whether the applicants are requesting special consideration because either party to the transaction is facing imminent business failure.**

The parties are not requesting special consideration of the application.

**(11) Identification of any separately filed waiver requests being sought in conjunction with the transaction.**

No waivers requests are being filed. The transaction includes the entire study area served by Verizon Hawaii Inc. and, therefore, no study area waiver is required.

**(12) A statement showing how grant of the application will serve the public interest, convenience, and necessity, including any additional information that may be necessary to show the effect of the proposed transaction on competition in domestic markets.**

The proposed transaction serves the public interest because it will provide benefits to the customers of Verizon Hawaii, Verizon Long Distance, and VSSI in Hawaii without any countervailing public interest harms.

The Transferee is owned and controlled by an investment fund associated with Carlyle, a global private equity firm with more than \$18 billion under management across 23 funds. Since its founding in 1987, Carlyle has invested in excess of \$10.5 billion of equity in more than 300 transactions. Carlyle has a proven track record of successful investments in the

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<sup>11</sup> To the extent that this transaction involves a transfer of the Transferors' international long-distance customers or assets, the applicants separately will seek all necessary Commission consents for such transfer.

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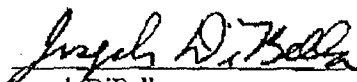
telecommunications sector and has enabled many of the companies in its portfolio to access efficient sources of capital over time. Carlyle is committed to the success of the local and long-distance businesses that it proposes to acquire from Verizon.

This is a transfer of control under which the Transferee will continue to provide local exchange and domestic interstate interexchange services after the closing of the transaction without reduction, impairment, or discontinuance of service to any customer. The planned transfer of control will have no known immediate or substantial adverse effect on the service provided to customers in these exchanges in Hawaii. There will be no reduction in the number of competitors or the level of competition in Hawaii as a result of the transfer of control to the Transferee. Furthermore, the Transferee and its affiliates do not currently provide local or long-distance telephone service in the State of Hawaii, and thus the transaction poses no competitive concerns

Payment in the amount of \$860.00, along with FCC Form 159, was transmitted to the Federal Communications Commission, Wireline Competition Services CPD214Appls., P.O. Box 358145, Pittsburgh, PA 15251-5145 for delivery this date.

An original and 5 copies of this Application are enclosed for filing. To acknowledge receipt, please stamp and return one copy of this Application enclosed for that purpose. Please contact the undersigned with any inquiries concerning this Application.

Respectfully submitted,



Joseph DiBella  
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Attorney for Verizon Hawaii Inc., Bell Atlantic  
Communications, Inc. (d/b/a Verizon Long  
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Attorneys for Paradise MergerSub, Inc.

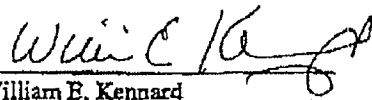
Dated: June 21, 2004

An original and 5 copies of this Application are enclosed for filing. To acknowledge receipt, please stamp and return one copy of this Application enclosed for that purpose. Please contact the undersigned with any inquiries concerning this Application.

Respectfully submitted,

\_\_\_\_\_  
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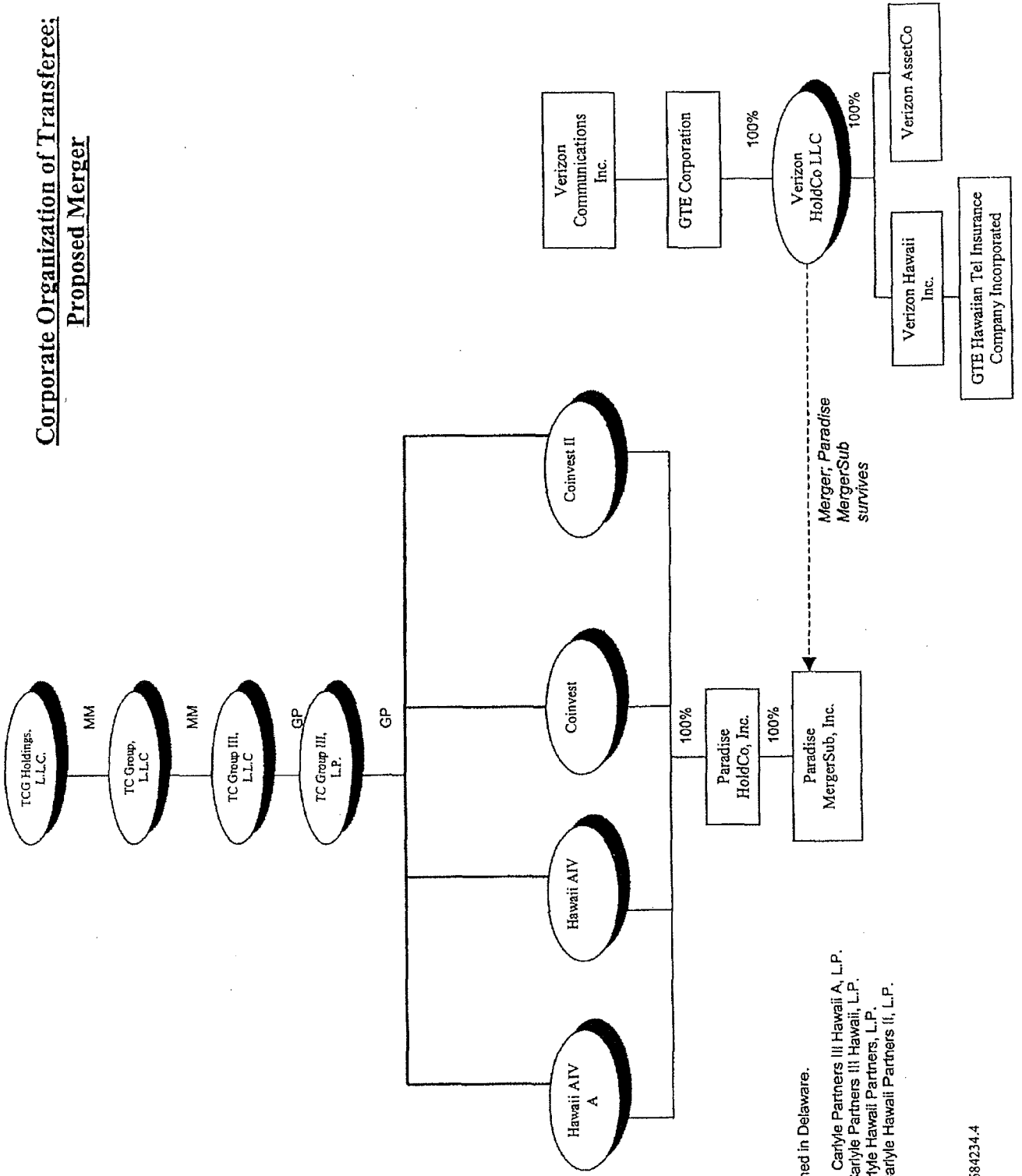
Dated: June 21, 2004

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**ATTACHMENT A**  
**CORPORATE ORGANIZATION OF TRANSFEREE;**  
**PROPOSED MERGER**

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**Corporate Organization of Transferee:  
Proposed Merger**



**Notes:**  
All entities formed in Delaware.

Hawaii AIV A: Carlyle Partners III Hawaii A, L.P.  
 Hawaii AIV: Carlyle Partners III Hawaii, L.P.  
 Coinvest: Carlyle Hawaii Partners, L.P.  
 Coinvest II: Carlyle Hawaii Partners II, L.P.

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**ATTACHMENT B**

**VERIZON HAWAII  
LIST OF CENTRAL OFFICES BY ISLAND**



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**Verizon Hawaii**  
**List of Central Offices By Island**

OAHU

Aiea  
Aiea Haina  
Barbers Point  
Capehart  
Ewa  
Ewa Beach  
Honolulu  
Kaaawa  
Kahaluu  
Kailua  
Kaimuki  
Kakaako  
Kalihi  
Kaneohe  
Kapolei  
Keahi  
Koko Head  
Laie  
Makaha  
Makakilo  
Manoa  
Milliani  
Milliani Mauka  
Moanalua  
Mokapu  
Nanakuli  
Pearl City  
Punahou  
Puuloa  
Puunui  
Royal Kunia  
Soda Creek  
Sunset Beach  
Wahiawa  
Waialua  
Waianae  
Waikiki  
Waimanalo  
Waipahu

HAWAII

Anaehoomalu  
Hilo  
Honaunau  
Honokaa  
Honomu  
Kalaoa  
Kamuela

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Kawaihae  
Kawailani  
Keaau  
Kealahou  
Keauhou  
Kohala  
Kona  
Laupahoehoe  
Mountain View  
Naalehu  
Paauilo  
Pahala  
Pahoa  
Papaikou  
Volcano  
Waikoloa

KAUAI

Hanapepe  
Kalaheo  
Kapaa  
Kekaha  
Kilauea  
Koloa  
Lihue  
Princeville  
Waimea

MAUI

Haiku  
Hana  
Kahului  
Kihei  
Kula  
Lahaina  
Makawao  
Napili  
Paia  
Wailuku

MOLOKAI

Kaunakakai  
Kualapuu  
Maunaloa  
Ualapue

LANAI

Lanai City

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READ INSTRUCTIONS CAREFULLY  
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION  
REMITTANCE ADVICE

Approved by OMB  
3060-0589  
Page 1 of 1

(1) LOCKBOX # 358145			
<b>SECTION A - PAYER INFORMATION</b>			
(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) <b>Latham &amp; Watkins, LLP</b>		(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) <b>\$860.00</b>	
(4) STREET ADDRESS LINE NO. 1 <b>555 11th St. NW</b>			
(5) STREET ADDRESS LINE NO. 2 <b>Suite 1000</b>			
(6) CITY <b>Washington</b>		(7) STATE <b>DC</b>	(8) ZIP CODE <b>20004</b>
(9) DAYTIME TELEPHONE NUMBER (include area code) <b>202-637-2200</b>		(10) COUNTRY CODE (if not in U.S.A.)	
<b>FCC REGISTRATION NUMBER (FRN) REQUIRED</b>			
(11) PAYER (FRN) <b>0011062460</b>			
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C) COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(13) APPLICANT NAME <b>Paradise MergerSub, Inc.</b>			
(14) STREET ADDRESS LINE NO. 1 <b>1001 Pennsylvania Avenue, NW</b>			
(15) STREET ADDRESS LINE NO. 2 <b>Suite 200</b>			
(16) CITY <b>Washington</b>		(17) STATE <b>DC</b>	(18) ZIP CODE <b>20004</b>
(19) DAYTIME TELEPHONE NUMBER (include area code) <b>2023472626</b>		(20) COUNTRY CODE (if not in U.S.A.)	
<b>FCC REGISTRATION NUMBER (FRN) REQUIRED</b>			
(21) APPLICANT (FRN) <b>0011062460</b>			
COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE <b>CUT</b>	(25A) QUANTITY <b>1</b>	
(26A) FEE DUE FOR (PTC) <b>\$860.00</b>	(27A) TOTAL FEE <b>\$860.00</b>		
(28A) FCC CODE 1		(29A) FCC CODE 2	
(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY	
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE		
(28B) FCC CODE 1		(29B) FCC CODE 2	
<b>SECTION D - CERTIFICATION</b>			
<b>CERTIFICATION STATEMENT</b> I, _____, certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief.			
SIGNATURE _____		DATE _____	
<b>SECTION E - CREDIT CARD PAYMENT INFORMATION</b>			
MASTERCARD _____ VISA _____ AMEX _____ DISCOVER _____			
ACCOUNT NUMBER _____		EXPIRATION DATE _____	
I hereby authorize the FCC to charge my credit card for the service(s)/authorization herein described.			
SIGNATURE _____		DATE _____	

SEE PUBLIC BURDEN ON REVERSE

FCC FORM 159

FEBRUARY 2003 (REVISED)