

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

In the Matter of

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

and

HAWAIIAN TELCOM, INC., as
controlled by its former secured creditors
Transferee.

Application for Consent to Transfer
Control of Submarine Cable Landing
License

FILED/ACCEPTED

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 States¹ and Section 1.767 of the Federal Communications Commission's ("FCC") rules,² Hawaiian Telcom Communications, Inc. ("HTCI"), as controlled by Carlyle Partners III Hawaii, L.P., CP III Coinvestment, L.P. and Carlyle Hawaii Partners, L.P. (collectively, "The Carlyle Group") hereby requests that the Commission consent to the transfer of control of the landing license for the Hawaii Interisland Cable System (File

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

² 47 C.F.R. § 1.767.

No. SCL-LIC-19921015-00008 (redesignated from S-C-L-93-003))³ to Hawaiian Telecom, Inc. (“HTI”), as controlled by its former secured creditors (collectively referred to as (“Applicants”)). This License was inadvertently omitted from the applications previously submitted to and granted by the Commission with regard to the bankruptcy reorganization of HTI and its subsidiaries.⁴ Grant of this Application, together with a related application regarding an earlier transfer of the License from Verizon Communications Inc. (“Verizon”) to HTCI,⁵ will correct this omission and permit HTI to

³ 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.”

⁴ Domestic Section 214 Authorization Granted; Domestic Section 214 Application Filed for the Transfer of Control of Hawaiian Telecom, Inc. and Hawaiian Telecom 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).

⁵ The License was similarly omitted from applications for the transfer of control of Verizon Hawaii and related assets, which was reviewed and approved by the FCC in 2004 and which closed in 2005. *See 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). The application to correct this inadvertent omission is being filed contemporaneously.

continue to operate the submarine cable, which is essential to the provision of voice and broadband services among the Hawaiian Islands.⁶

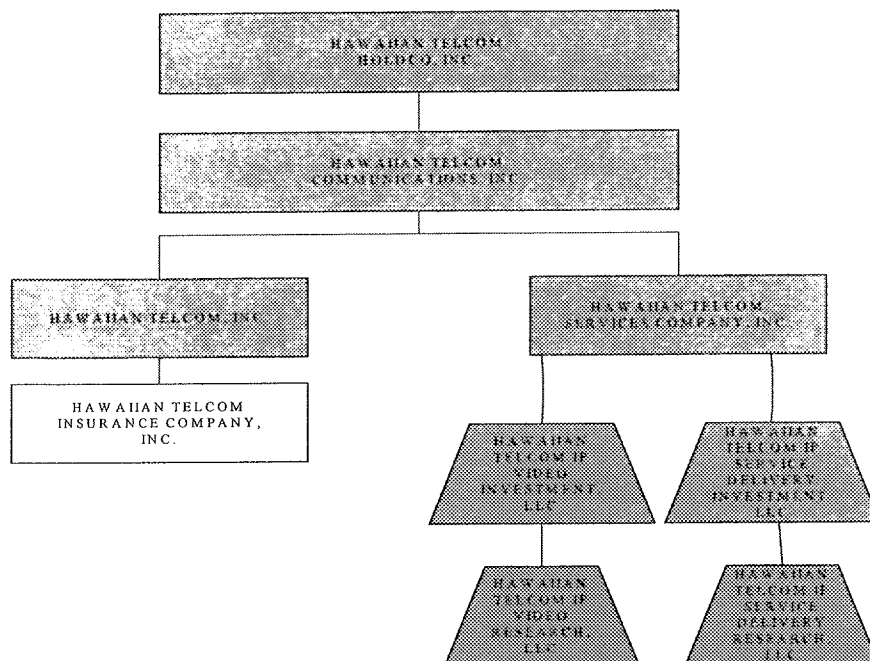
I. DESCRIPTION OF THE PARTIES

HTCI was formerly named Paradise MergerSub, Inc. (“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. Its subsidiary, HTI, is a diversified company that, along with its affiliates, provides local exchange, exchange access, wireless, and broadband services.

On December 1, 2008, HTCI’s parent company, Hawaiian Telcom Holdco, Inc. (“Holdco”), and its affiliates, filed for voluntary bankruptcy protection pursuant to Chapter 11 of the United State Bankruptcy Code. The court approved a Plan of Reorganization that would transfer ownership of Holdco from The Carlyle Group to HTI’s secured creditors on December 30, 2009.⁷ Under this Plan, HTI is 100 percent owned by HTCI, which in turn is 100 percent owned by Holdco. The corporate structure of HTI and its affiliates is shown in the following table:

⁶ HTI has requested Special Temporary Authority to continue to operate this cable while the Commission reviews this 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).

⁷ *In re Hawaiian Telcom Communications, Inc., et al.*, Ch. 11, Case No. 08-02005 (Bankr. D. Haw. Dec. 30, 2009) (Order Confirming the Joint Chapter 11 Plan of Reorganization of Hawaiian Telcom Communications, Inc. and its Debtor Affiliates).



The common stock of Holdco is now held by over one hundred different entities, most of whom hold less than 4 percent ownership interests.⁸ These shareholders include both domestic and foreign owners, the vast majority of which are from companies organized under the laws of World Trade Organization member countries. A petition for declaratory ruling regarding HTI's foreign ownership has recently been granted by the Commission.⁹

⁸ Holdco common stock is publicly traded and for at least two years after October 28, 2010, is subject to restrictions preventing any person that controls 4.75 percent or more of the stock from acquiring any additional shares without prior approval from the Holdco board of directors. *In re Hawaiian Telecom Communications, Inc., et al.*, Ch. 11, Case No. 08-02005 (Bankr. D. Haw. Aug. 28, 2009) (Order Confirming Disclosure Statement, *et al.*) ("Disclosure Statement Order"), Ex. 1 at 111, *available at* <http://www.kccllc.net/documents/0802005/0802005090828000000000010.pdf>.

⁹ See International Authorizations Granted, Public Notice, DA No. 10-1798 at 2 (Sept. 23, 2010).

On September 15, 2010, the FCC authorized the transfer of HTI's FCC licenses in accordance with the Plan of Reorganization.¹⁰ The transfer was completed and HTI emerged from bankruptcy on October 28, 2010.¹¹

II. BACKGROUND AND DESCRIPTION OF PROPOSED TRANSACTION

The submarine cable at issue in this Application was licensed in 1993 to GTE Hawaiian Telephone Co.¹² 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 1999,¹³ 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

¹⁰ *Domestic Section 214 Authorization Granted; Domestic 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).

¹¹ *Debtors and Debtors in Possession Notice of Occurrence of Effective Date of Chapter 11 Plan of Reorganization, In re Hawaiian Telcom Communications, Inc., et al.*, Ch. 11, Case No. 08-02005 (Bankr. D. Haw. Oct. 28, 2010), *available at* <http://www.kccllc.net/documents/0802005/08020051010280000000000008.pdf>.

¹² *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).

¹³ *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").

associated with this transaction,¹⁴ and the transfer to Paradise MergerSub was completed on May 2, 2005.¹⁵ As noted previously, the License associated with the submarine cable was unintentionally omitted from these FCC applications. Accordingly, a transfer application is being filed contemporaneously to correct this inadvertent omission.

The License was similarly omitted from bankruptcy-related transfer applications filed later by HTI at the FCC. The Commission reviewed and approved those applications earlier this year,¹⁶ and the transaction was completed on October 28, 2010. This Application has been filed to correct the inadvertent omission of the License from these bankruptcy-related transfer applications.

¹⁴ *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); *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).

¹⁵ As noted above, Paradise MergerSub was subsequently renamed Hawaiian Telcom Communications, Inc.

¹⁶ *Domestic Section 214 Authorization Granted; Domestic 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).

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.¹⁷

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 and Transferee:

Hawaiian Telcom Communications, Inc.
Hawaiian Telcom, Inc.

¹⁷ As noted previously, the Commission has granted a petition for declaratory ruling under 47 U.S.C. § 310(b)(4) of the Communications Act that allows indirect foreign ownership of HTI and its affiliates of up to 100 percent, provided that less than 25 percent of such indirect foreign ownership is from non-WTO member companies. International Authorizations Granted, Public Notice, DA No. 10-1798 (Sept. 23, 2010). Therefore, HTI's indirect, diversified foreign ownership is in the public interest.

Attn: Mr. Steven Golden
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(2) Government, State, or Territory Under the Laws of Which Each Applicant Is Organized

HTCI is a corporation 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 and 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.
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2121 Eisenhower Ave.
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Alexandria, Virginia 22314
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Fax: 703-684-3620
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(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 interest of the sole entity that indirectly controls a ten percent or greater interest in Transferee are as follows:

Cerberus Series Four Holdings, LLC
299 Park Avenue
New York, NY 10171
U.S. company incorporated in Delaware
Principal business is private equity investment
Ownership interest in Holdco was 10.3 percent as of October 28, 2010

Information requested by section 63.18(i): HTI certifies that it is not a foreign carrier within the meaning of section 63.09(d) of the Commission's rules nor is it affiliated with any foreign carriers within the meaning of section 63.09(e) of the Commission's rules.

Information requested by section 63.18(j): HTI certifies that it does not seek to provide international telecommunications services to any country where: (i) it is a foreign carrier in that country; or (ii) two or more foreign carriers (or parties that control foreign carriers) own, in the aggregate, more than 25 percent of HTI and are parties to, or the beneficiaries of, a contractual relation affecting the provision or marketing of international basic telecommunications services in the United States. HTI certifies that it does not seek to provide international telecommunications services to countries where it controls foreign carriers.

Information requested by section 63.18(k): HTI certifies that it is not affiliated with any foreign carriers, and is therefore not affiliated with any foreign carriers that have market power in the named foreign country. *See* 47 C.F.R. § 63.10(a)(3).

Information requested by section 63.18(o): HTI certifies, pursuant to sections 1.2001 through 1.2003 of the Commission's rules, that it is 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.

(9) Certification of Compliance with Routine Conditions

HTI certifies that it accepts and will abide by the routine conditions set forth in section 1.767(g) of the Commission's rules, 47 C.F.R. § 1.767(g).

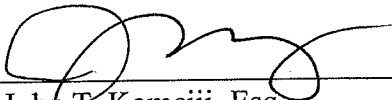
V. ELIGIBILITY FOR STREAMLINED PROCESSING


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, HTI is 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.

VI. CONCLUSION

For the foregoing reasons, HTI respectfully requests that the Commission consent to the transfer of control of the submarine cable License as expeditiously as possible.

Respectfully submitted,

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
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Email: john.komeiji@hawaiiantel.com

Hawaiian Telcom Communications, Inc.

Hawaiian Telcom, Inc.

January 6, 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
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