



DEPARTMENT OF THE ATTORNEY GENERAL

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**COURT DISMISSES SANDWICH ISLES COMMUNICATIONS
LAWSUIT AGAINST THE PUBLIC UTILITIES COMMISSION**

HONOLULU – Attorney General Doug Chin announced that state circuit judge Rhonda A. Nishimura today dismissed a lawsuit filed by Sandwich Isles Communications against the Public Utilities Commission (PUC). Sandwich Isles, which provides phone and internet services to residents of Hawaiian home lands, sued the PUC to restore millions of dollars in federal subsidies that were suspended in 2015 by federal regulators. Judge Nishimura ruled from the bench, granting the PUC's motion to dismiss for lack of jurisdiction.

After federal regulators suspended subsidies to Sandwich Isles in 2015 and 2016, the PUC issued decisions declining to certify it as an eligible telecommunications carrier. Sandwich Isles must be designated as an eligible telecommunications carrier to receive a type of federal subsidy granted to communications companies to provide services to certain rural or other hard-to-reach geographic areas. After the PUC issued its decision, Sandwich Isles appealed to the circuit court.

The PUC declined to issue the certification in September 2016 because it was waiting for the results of a federal audit of the participation by Sandwich Isles in the federal subsidies program. The subsidy payments to Sandwich Isles were suspended by the Federal Communications Commission (FCC) in 2015 because of the audit and those subsidies are still suspended. In December 2016, as a result of the audit, the FCC ordered that Sandwich Isles pay substantial fines and repay the federal government more than \$27 million in overpayments.

Attorney General Doug Chin stated, “Given the federal audit and its findings, the Public Utilities Commission was right to act with caution in this situation.”

The FCC's orders are in the process of being implemented. Today's ruling does not impact those proceedings. A written order from Judge Nishimura is forthcoming.

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