



NEIL ABERCROMBIE  
GOVERNOR

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LT. GOVERNOR

STATE OF HAWAII  
CABLE TELEVISION DIVISION  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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ADMINISTRATOR

January 26, 2011

John T. Komeiji, Esq.  
Senior Vice President & General Counsel  
Francis K. Mukai, Esq.  
Associate General Counsel & Secretary  
Hawaiian Telcom Services Company, Inc.  
1177 Bishop Street  
Honolulu, Hawaii 96813

Re: In re Application of Hawaiian Telcom Services Company, Inc.  
For a Cable Franchise

Dear Messrs. Komeiji and Mukai:

On November 5, 2010, Hawaiian Telcom Services Company, Inc. ("**Applicant**") submitted a new application for a cable franchise ("**Application**"). On December 16, 2010, Applicant submitted its Responses to the Department of Commerce and Consumer Affairs' ("**Department**") First Request for Clarification/Supplemental Information dated December 3, 2010.

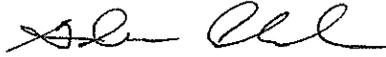
The Department requires additional information in order to complete the processing of the Application under Chapter 440G, Hawaii Revised Statutes. Under separate cover, the Department is also requesting that Applicant provide its responses to information requests pertaining to confidential information. Accordingly, please provide the required information set forth in the attached Department of Commerce and Consumer Affairs Second Request for Clarification/Supplemental Information and Confidential Requests on or before February 8, 2011.

As you are aware, the Department may request additional information throughout the application process. The Department will make a decision on the Application once the requested information is received and considered.

John T. Komeiji, Esq.  
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Thank you for your cooperation and attention to this matter. If you have any questions, please feel free to call me.

Sincerely,

A handwritten signature in black ink, appearing to read "Glen Chock". The signature is fluid and cursive, with a large initial "G" and "C".

Glen Chock  
Acting Cable Television Administrator

cc: Everett Kaneshige, Deputy Director

APPLICATION OF  
HAWAIIAN TELCOM SERVICES COMPANY, INC.  
FOR A CABLE FRANCHISE

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
SECOND REQUEST FOR CLARIFICATION/SUPPLEMENTAL INFORMATION

January 26, 2011

Each question should be answered separately, and copies of source documents should reference the question being answered. The certification provided by the Hawaiian Telcom Services Company, Inc. ("**Applicant**" or "**HTSC**") in the Application concerning the accuracy of the information is also applicable to the Applicant's responses to these questions.

The Applicant shall answer each question fully and completely, and to the extent the question or any subpart thereof is not applicable, the Applicant should explain why it is not applicable. This is an ongoing request for information. If any of the requested documents are executed or finalized, or updated and amended after the date Applicant submits its response and during the franchise application process, then Applicant shall provide these documents immediately to the Department.

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- A. DCCA-IR-C. Referring to III.G (page 8 of the Application). Hawaii Administrative Rules §16-133-9(a)(5) require Applicant to supply "proposed plans and schedule of expenditures for or in support of the use of public, educational and governmental access facilities." Applicant's response to DCCA-IR-C is not sufficient since Applicant fails to provide a specific monetary amount. Please provide the specific information requested. In providing this information, it may be appropriate to base your proposed contributions on the subscriber and revenue projections that you provided in Confidential Form B-1 and B-2, as long as you clearly disclose that these projections formed the basis for your proposal and the manner in which the projections were used to calculate your proposed contributions. In addition, it would also be appropriate to provide revised Forms B-3, B-4 and B-5 reflecting the proposed contributions.
1. State Applicant's proposed plans and schedule of expenditures for or in support of the use of public, educational, and governmental (PEG) access channels and facilities including the following:

- a. The specific amount Applicant proposes, at a minimum, for the annual access operating fee payments to the Director or the Director's designee for PEG access purposes. If this proposed payment is based on a percentage of revenue, explain how the percentage will be calculated.
  - b. The amount Applicant proposes, at a minimum, for the annual capital fund payments to the Director or the Director's designee for PEG access purposes. Explain how Applicant proposes to calculate this amount.
- B. DCCA-IR-D. Referring to III.H (page 9 of the Application). Applicant's response to DCCA-IR-D is not sufficient since Applicant fails to provide a specific monetary amount. Please provide the specific information requested. In providing this information, it may be appropriate to base your proposed contributions on the subscriber and revenue projections that you provided in Confidential Form B-1 and B-2, as long as you clearly disclose that these projections formed the basis for your proposal and the manner in which the projections were used to calculate your proposed contributions. In addition, it would also be appropriate to provide revised Forms B-3, B-4 and B-5 reflecting the proposed contributions.
1. State Applicant's proposed plans and a specific schedule of expenditures for and in support of Hawaii Public Broadcasting. If this proposed payment is based on a percentage of revenue, explain how the percentage will be calculated.
- C. In its response to DCCA-IR-E, Applicant states that there are no unaudited financial statements solely for Applicant, Hawaiian Telcom, Inc., or Hawaiian Telcom Communications, Inc. Please provide any unaudited in-house prepared financial statements for Applicant.
- D. DCCA-IR-F. Provide the most recent forecast of the non-video services presented by Applicant and/or its parent corporation(s) to creditors, or investors.
- E. DCCA-IR-I. Equitable Extension of Service (page 43 of the Application). Applicant's response does not appear to provide a description of Applicant's proposed policy about making its multichannel video services available to "all subscribers" in the franchise area. Please articulate your policy toward satisfying this goal during the term of the initial franchise.

- F. DCCA-IR-K. Cable Drop to Schools (page 44 of the Application). Applicant's response does not provide an adequate alternative to the requirement that cable operators provide cable drops to schools or institutions of higher education. Please note that the requirement to provide a cable drop to each school is a statutory requirement (see § 440G-8.2(e)). If Applicant seeks a waiver of this requirement, Applicant must propose an alternative contribution and an explanation regarding why such alternative contribution would better service the public interest. For its proposed alternative service, Applicant must include a formulaic method of determining how many or which facilities might receive the service.
- G. DCCA-IR-J. For a customer who is to pay for a long drop, how are the additional construction costs calculated? Is there an average value for a standard entrance, which is subtracted from the actual total costs, to determine an incremental charge? Please summarize the method used to calculate the additional costs and indicate if this method will differ depending on the number of services (voice, data, video) being purchased.
- H. DCCA-IR-L. Referring to Applicant's statement on page 48 of the Application) in response to the question stated below:
1. Application Question: "List all public buildings (including educational and library buildings) that will be capable of receiving service."  
  
Response in Application: "The Applicant's video service will be available for any public building with qualified second-generation DSL service."

In light of Applicant's response to DCCA-IR-L, that "it is not feasible to identify and list all such public buildings," please explain the basis for Applicant's initial response in the Application. Please also explain why it is not feasible to identify and list all such public buildings. The Department is reluctant to accept the Applicant's representation that it cannot determine which public buildings have access to Applicant's second-generation DSL service.