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08/29/2006 08:04 AM

To: <Clyde.Sonobe@dcca.hawaii.gov>
cc: <Laureen.K.Wong@dcca.hawaii.gov>, "Gerry Silva" <gsilva@olelo.org>
Subject: Hawaiian Telcom Application

Aloha Clyde,

I wanted to follow up on two issues related to points raised by 'Olelo in our testimony regarding Hawaiian Telcom's cable franchise application. I am uncertain of the status of your departments consideration of Hawaiian Telcom's application at this time. However, I would like to take this moment to clarify 'Olelo's interest in Video on Demand (VOD) and Origination Sites.

Video On Demand

I want to clarify that 'Olelo has been and continues to be interested in VOD capability as another effective means for program distribution. The concern with regard to Oceanic Time Warner's proposal of VOD in place of a sixth PEG channel was the fact that at most, only 50% of cable subscribers were on Oceanic's digital system. However in Hawaiian Telcom's case, a 100% of its subscribers will be on their digital system and able to access VOD programming. It is our firm belief that with the increase in programming on the PEG access channels now and in the future, the community and the programs it creates merit and warrant a minimum of six PEG access channels and three VOD channels (portals).

Origination Sites

I also want to clarify that the request for origination sites relates to additional origination locations, and is not intended to duplicate existing sites. Some of the origination sites we want to consider are school campuses where Community Media Centers are located. These include Jarrett Middle School, Waianae High School, Kahuku Intermediate and High School. We would also want to be able to originate live programming from other locations such as Kapolei Hale, Kapiolani Band Stand, Convention Center, and other possible City, State, UH and DOE locations as may be determined. A primary consideration is that these connections are done in a way that allows data/programming to be received from all the sites simultaneously. The current architecture of the Oceanic Time Warner system does not readily allow for multiple, simultaneous live feeds to Olelo's headend. We hope to address this point regarding Time Warner's PEG architecture during the franchise renewal process.

I would appreciate an opportunity to discuss this with you further, should you determine it appropriate and necessary.

Mahalo,
Keali`i

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RUSS K. SAITO
Comptroller

CABLE DIVISION
COMMERCE AND
CONSUMER AFFAIRS
KATHERINE H. THOMASON
Deputy Comptroller

ICSD 07.0007

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September 15, 2006

MEMORANDUM

TO: Mr. Mark Recktenwald, Director
Department of Commerce and Consumer Affairs

FROM: Russ K. Saito
State Comptroller *Russ K. Saito*

SUBJECT: Comments on the Hawaiian Telcom Cable Franchise Application

We have reviewed the application submitted by Hawaiian Telcom (HT), and are concerned that the applicant has not committed to providing Institutional NETWORK (INET) services or anything closely resembling the INET services that the current franchisee, Oceanic Time Warner, provides. We recommend that HT be required to provide NET equivalent services as part of its franchise obligations.

State departments and agencies are heavy users of the INET, which is provided through the cable franchise agreement, for high speed connectivity into the State's Next Generation Network (NGN). The NGN connection for the King Kalakaua Building, home to the Department of Commerce and Consumer Affairs (DCCA), was provided through this agreement. State departments and agencies rely on the NET infrastructure to provide improved service to the general public as well as to perform their daily business functions more effectively. The State's current Internet connection to the "outside" world also transverses the INET, and services provided by State departments and agencies as well as services obtained from the Internet would be severely compromised without the use of NET.

The DAGS ICSD views HT's application for Oahu services as HT's first step towards future franchises on the other islands. If that becomes the case, it is even more important that DCCA place requirements on HT to provide INET comparable services to the State, Department of Education (DOE), and University of Hawaii (UH) who all share the INET infrastructure. The HT franchise agreement is likely to also set a precedent for Oceanic's future franchise negotiations. The statewide network connectivity that the State enjoys today would not be possible without the INET. Crucial disaster recovery scenarios could not be contemplated if not for the availability of the INET infrastructure.

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Requirements placed **on** HT to provide comparable INET services similar to those required of the current franchisee will complement the existing resources and allow the State as well as the DOE and UH to grow and expand its services to our citizenry. These provisions placed on HT will serve the “better good” and are a small price for HT to pay for the public right-of-ways they have been granted to provide voice services. In **turn**, the HT will provide the cable services they are seeking permission to provide.

If you or your staff has any questions, please call me at 586-0400 or Lester Nakamura, ICSD Administrator, at 586-1910.