

September 9, 2009

**VIA HAND DELIVERY**

Mr. Clyde S. Sonobe  
Administrator  
Cable Television Division  
Department of Commerce & Consumer Affairs  
King Kalakaua Building  
335 Merchant Street, Room 101  
Honolulu, Hawaii 96813

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2009 SEP - 9 P 3: 21  
CABLE DIVISION  
COMMERCE AND  
CONSUMER AFFAIRS

**Re: Department of Commerce and Consumer Affairs Request for  
First Request for Supplemental Information (IR) Dated 08/31/09**

Dear Mr. Sonobe:

Pursuant to your letter dated August 31, 2009, please find enclosed an original and two (2) copies of Applicant Time Warner Entertainment Company, L.P., through its Hawaii Division, Oceanic Time Warner Cable's Response to the Department of Commerce and Consumer Affairs First Request for Supplemental Information (IR) Dated August 31, 2009. Also enclosed is a CD with a copy of this submission in electronic form.

Also enclosed, in a sealed envelope, is an original and two (2) copies (and a CD) of materials labeled "Confidential," that contain information relating to the information request that Oceanic considers to be confidential, proprietary and/or competitively sensitive. Oceanic respectfully requests that the contents of the envelope marked "Confidential" not be disclosed to third parties outside of the Cable Television Division, Department of Commerce & Consumer Affairs, State of Hawaii, absent the prior written consent of Oceanic.

Thank you for your attention to this matter, and please contact me should you have any questions.

Very truly yours,

WATANABE ING LLP  


BRIAN A. KANG

Enclosures

cc: Oceanic Time Warner Cable (w/ Encls.)

**APPLICATION FOR RENEWAL OF OAHU CABLE TELEVISION FRANCHISE  
BY TIME WARNER ENTERTAINMENT COMPANY, L.P. THROUGH ITS  
HAWAII DIVISION, OCEANIC TIME WARNER CABLE**

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**APPLICANT TIME WARNER ENTERTAINMENT COMPANY, L.P.  
THROUGH ITS HAWAII DIVISION, OCEANIC TIME WARNER CABLE'S  
RESPONSE TO DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
FIRST REQUEST FOR SUPPLEMENTAL INFORMATION (IR)  
DATED AUGUST 31, 2009**

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1. Application II.E. Technology Change and Hawaii Cable System  
Infrastructure (Pg. 7)

If Applicant's cable system is to stay fully current for effectively providing state-of-the-art services for the future, describe Applicant's plans for any upgrades to its cable system and specifically address plans for each of the following:

- a. headend upgrades;
- b. construction projects;
- c. switch amplifiers upgrades;
- d. capitalization schedule, and
- e. enhancement of the 750 MHz system

Response: [Response redacted]

*Material that is confidential, proprietary, and/or competitively sensitive has been redacted from this response and has been filed with the Administrator of the Cable Television Division, Department of Commerce and Consumer Affairs, State of Hawaii, under seal and subject to letter dated September 9, 2009.*

*The information contained in the redacted material shall not be disclosed to any third parties outside of the Cable Television Division, Department of Commerce and Consumer Affairs, State of Hawaii, absent the prior written consent of Time Warner Entertainment Company, L.P., through its Hawaii Division, Oceanic Time Warner Cable.*

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Through its Hawaii Division, Oceanic Time Warner Cable  
Date of Application: July 21, 2009

[Continued response redacted]

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2. Application II.F Franchise Compliance Review (Pg. 9)

- a. State the specific steps Applicant will take to ensure that all reports required by HRS, HARs, and Decision and Orders are submitted on a timely basis.

Response: Applicant's Hawaii Division Vice President of Finance will have primary responsibility for ensuring timely compliance. Once all reports required by the renewed franchise are determined, all reports required by HRS, HARs and Decision and Orders will be entered into a master calendaring system, with appropriate tickler reminders also calendared well in advance of all deadlines. The Hawaii Division President or his designee, as necessary, will also monitor the timeliness of all reporting.

3. Application IV. D. 2. b. Equitable Extension of Service Policy (Pg. 43)

Applicant's current policy for extension of service to underserved and underdeveloped areas will remain the same (i.e., extension of service to all areas where a minimum of 25 homes per mile of strand or conduit is developed). Provide either the number of homes, or the percentage of homes, on Oahu that are not served due to Applicant's 25 homes per mile line extension policy.

Response: On Oahu, steps have been taken over the term of the current franchise to continually extend plant to all areas that meet the minimum per mile requirement. There remains a few pockets on Oahu that have not yet met these requirements. In some cases, however, Applicant has extended plant to some reasonably accessible areas that have not technically met the minimum passing requirement. Areas on Oahu that currently do not receive service (which Applicant estimates constitutes less than one percent of homes) are remote and, for the most part, practically inaccessible.

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4. Application IV.H. Public, Educational, and Government (PEG) Access (Pg. 48)

Explain in more detail how the transition to newer technology now and in the future may or may not affect the future of PEG access channels.

Response: In the transition to newer technology, the future of PEG access channels will remain strong, and in fact can flourish to a greater degree by the provision of more channels in the digital spectrum and through the availability of programming through Applicant's digital advanced video on demand system.

The FCC policy towards a full digital spectrum will require a phased change in all programming, including in the delivery of PEG programming, as Applicant continues the migration of all analog channels to digital carriage over time. Applicant is aware, however, that during this transition, certain customers may not have digital access. Accordingly, Applicant plans to provide, at no charge, a digital set top box to subscribers who wish to view the digital PEG channels (and other analog channels that have migrated to the digital spectrum), and who require digital access during the transition period. In the increasingly expanding media environment, more digital channels, increased access to digital video on demand, and greater Internet bandwidth will allow for additional access to all PEG programming.

5. Application IV.H.2. Public, Educational, and Government (PEG) Access (Pg. 49)

- a. Clarify and elaborate in more detail what Applicant means by the statement: "Applicant proposes that provisions be included within the franchise order to adjust these amounts should changes be made to the provision of PEG services (i.e. PEG channels are converted to digital, video on demand is deployed for PEG programming, etc.)."

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- b. Does Applicant intend that PEG funding support should be increased or decreased depending upon the need to upgrade PEG technologies? Please explain the bases for your response.

Response: As noted in the application, Applicant proposes to initially continue to provide operating funding for the designated PEG entity at the three percent of gross revenue rate as required under the current franchise and annual capital payments to the designated PEG entity at a rate of \$3.00 per subscriber. In 2009, for example, these payments to 'Olelo Community Media will amount to approximately \$4.5 million and \$823,000 respectively, for a total of approximately \$5.3 million this year.

As noted above and in the application, however, the delivery of all analog programming, including the delivery of PEG programming, will transition to digital technology over a period of time, and other technologies, including digital video on demand, can assist in the efficient distribution of PEG programming. Since the transition to digital and other technology will occur over time (and there may be other technologies in the future that may impact the production and distribution of PEG programming), Applicant believes it is reasonable to have provisions included within the franchise order that permits the evaluation, and if appropriate, the adjustment of future operating and capital funding for the designated PEG entity.

If provisions are included within the franchise order to evaluate and adjust future operating and capital funding for the designated PEG entity as proposed, Applicant anticipates that adjustments in PEG funding may be increased or decreased over the term of the renewed franchise depending upon the results of the evaluation of the need to upgrade PEG technology. Applicant believes that factors relevant in adjusting the level of PEG funding include the impact of technological advances, including alternative means to distribute PEG programming (i.e. the Internet, greater availability of digital channels, and digital video on demand), operational efficiencies achieved through advances in technology, demand for services and PEG programming, and the management of resources.

While Applicant is committed to transitioning to a complete digital environment and expanding existing technology (including digital video on demand) for the benefit of all subscribers, including the PEG constituents,

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Applicant and subscribers should not necessarily and automatically fully bear all costs related to all technological upgrades that may be sought by the designated PEG entity. Any future consideration for an increase in funding should be balanced with the impact to all subscribers and an evaluation of the factors noted above.

6. Application IV.H.3. Public, Educational, and Government (PEG Access (Pg. 50))

Applicant's response states that: "Applicant proposes that the number of PEG channels under the new franchise not exceed the five channels allocated under the current franchise, and that provisions be included within the franchise order to adjust the number of PEG channels as warranted by the availability or deployment of technology (i.e. video on demand, streaming video, etc.), the level of demand for PEG programming, and the long-term best interests of Oahu subscribers as a whole."

- a. Are the 5 channels referred to by Applicant analog or digital channels?
- b. Explain in detail Applicant's justification why it believes that five PEG channels are sufficient for PEG access.
- c. Explain in detail any plans Applicant has to transition the analog PEG channels to digital PEG channels.

Response: As noted above, Applicant intends to migrate (in phases, and over time) all current analog channels to digital transmission only. As part of the first phase of this transition, Applicant plans to retain three PEG channels within the analog spectrum, and migrate two of the existing PEG channels (along with a number of other channels currently in the analog line-up) to the digital spectrum. As part of this first phase (and in addition to the digital PEG channels) Applicant also plans to develop and implement a PEG video on demand system within the digital spectrum (similar to that proposed by Applicant in 2005), which would include a specified number of hours of PEG programming and permit subscribers to view PEG programming at their convenience.

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As noted above, during the migration of analog channels to digital channels, Applicant also plans to provide, at no charge, digital set-top boxes to all subscribers who require them to continue to view PEG programming and all other channels that have transitioned to the digital spectrum. All PEG channels (as with all existing analog channels) would eventually be moved to the digital spectrum in future phases.

In the context of the analog spectrum, Applicant believes that five analog PEG channels are sufficient for PEG access, and Applicant incorporates by reference its position and data with respect to 'Olelo Community Televisions' request for a sixth analog PEG channel as reflected in Decision and Order No. 326 (December 28, 2005) and Decision and Order No. 320 (June 8, 2005), and the record and files therein. Applicant believes that the retention of three PEG channels within the analog spectrum during the first phase of the digital transition is consistent with the number of analog PEG channels required by numerous other local franchising authorities in other jurisdictions, and is sufficient given the planned provision of the digital PEG channels, the proposed digital PEG video on demand system, and the provision of digital set-top boxes to subscribers during the transition period. In addition, and as noted above, all PEG channels (as with all analog channels) will eventually be migrated to the digital spectrum.

7. Application IV.I. Customer Service Operations (Pg. 50)

- a. Provide the specific process Applicant will follow regarding resolution of complaints and inquires referred by the DCCA.
- b. Once a complaint escalates, state the procedures the Applicant will follow to resolve the issue and timeframe objectives for resolution.

Response: Applicant's Hawaii Division Vice President of Operations will be responsible for receiving and tracking the progress of all complaints and inquiries referred by the DCCA. All complaints and inquiries received by the DCCA will be logged and calendared upon receipt and assigned to appropriate personnel for follow up and appropriate action. A future status check on each complaint and inquiry received from the DCCA will also be

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calendared and, if necessary, further status checks will be calendared for every two weeks thereafter until the complaint or inquiry is resolved or answered.

Once a complaint escalates, Applicant's Hawaii Division Vice President of Operations or his designee will confer with the DCCA on a plan for resolving and/or responding to the complaint and a time frame for resolution and/or response.

8. State Applicant's proposal for future support for Hawaii Public Broadcasting.

Response: Applicant intends to continue to provide support for the Hawaii Public Broadcasting Foundation at the one percent of gross revenue rate as required under the current franchise.

9. What are Applicant's intentions to support analog programming to subscribers after 2012?

Response: As noted above, and consistent with FCC policy, although Applicant intends to eventually migrate all existing analog channels to the digital spectrum, Applicant intends to provide a smooth transition for its subscribers through a phased migration. The least popular analog channels will generally be migrated first, followed generally by the more popular channels. As also noted above, Applicant plans to provide, at no charge, a digital set top box to subscribers who wish to view the analog channels that have migrated to the digital spectrum during the transition period.