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July 18, 2012

BY ELECTRONIC DELIVERY

Brian A. Kang, Esq.  
Watanabe Ing L.L.P  
999 Bishop Street, 23rd Floor  
Honolulu, Hawaii 96813

Dear Mr. Kang:

Re: Transfer/Assignment of Hawaii Cable Franchises from Time Warner Entertainment Company, L.P. to Oceanic Time Warner Cable LLC

The State of Hawaii Department of Commerce and Consumer Affairs ("DCCA") hereby confirms the July 10, 2012 delivery of the most recent information from Time Warner Entertainment Company L.P. ("TWE") and Oceanic Time Warner Cable LLC ("OTWC") regarding the application for transfer of control of TWE's Hawaii Cable Franchises. DCCA is reviewing this information to determine whether it is sufficient under the State's franchise approval requirements to begin the federally-mandated 120-day review period.

DCCA acknowledges that Time Warner Cable ("TWC") filed a Form 394, which TWE deemed an initial application for transfer of control, on March 20, 2012. This initial application included financial information for parent company TWC and a restructuring agreement. Federal law states that an application is not complete, however, until the applicant meets all the requirements of federal law, state law, and the relevant local franchise agreement, including providing all required information.<sup>1</sup> The purpose of Form 394 and the other required information is to ensure that the Local Franchise Authority (i.e., the DCCA in Hawaii) has sufficient information to verify the legal, technical,

<sup>1</sup> *Implementation of Sections 11 and 13 of the Cable Television Consumer Protection and Competition Act of 1992*, Memorandum Opinion and Order, 10 FCC 4654, 4675 ¶ 52 (1995).

operational and financial qualifications of the prospective transferee.<sup>2</sup> TWE's original submission was inadequate for this purpose because it did not contain sufficient information addressing the transfer approval requirements under Hawaii state law and under the terms of TWE's franchise agreements as well as sufficient information on OTWC itself (as it is our understanding that OTWC was only incorporated in February 2012). DCCA promptly informed TWE of the need for additional information on these issues upon receipt of the Form 394.

As you are aware from the Hawaii Cable Communications Systems Law, Hawaii Revised Statutes Chapter 440G, and the Hawaii Administrative Rules pertaining to review of applications by the Cable Television Division, no change of control of a cable system may occur without the prior approval of the Director.<sup>3</sup> The requested information was necessary in order to provide DCCA adequate basis on which to consider the several statutory factors including the legal, technical, operational, and financial ability of the applicant.<sup>4</sup> Without complete information in this regard, DCCA is unable to accurately assess whether the proposed transferee meets the statutory requirements for holding a cable franchise.

In addition, the terms of each of TWE's Hawaii Cable Franchises require that potential transferees provide sufficient information for DCCA to satisfy the obligations of the franchise by making a determination of whether the proposed transferee meets the threshold requirements for holding a cable franchise. Generally, the Hawaii Cable Franchises for TWE require application materials to be sufficient for DCCA to be able to determine that the party controlling the franchise is known, responsible, and accountable to the State.<sup>5</sup> The Oahu franchise agreement additionally requires TWE to inform DCCA of any material changes in general ownership that would affect the terms and conditions of the franchise order.<sup>6</sup>

Because TWE's original submission of the Form 394 did not contain all the information required under State and federal law and the Hawaii franchise agreements, it was insufficient for DCCA to make the required findings and thus, was not a "complete application" which begins the federally-mandated 120-day period. DCCA is currently reviewing all application materials submitted thus far to determine if the information now available is sufficient to permit it to begin its 120-day review process.

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<sup>2</sup> *Implementation of Sections 11 and 13 of the Cable Television Consumer Protection and Competition Act of 1992, Report and Order and Further Notice of Proposed Rulemaking, 8 FCC Rec 6828, 6840 (1993).*

<sup>3</sup> HRS § 440G-8.

<sup>4</sup> *See id.*; *see also* HRS § 440G-10.1(b)); HAR § 16-133-(a)(2)).

<sup>5</sup> *See e.g.* Decision and Order No. 241, Section IV (Franchise agreement for Maui); Decision and Order No. 291, Section IV (Franchise agreement for Maui).

<sup>6</sup> *See* Decision and Order No. 346, Section IX (TWE franchise agreement for Oahu).

Brian Kang, Esq.  
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If you have further questions on this matter, please contact Cable Television Administrator Donn Yabusaki or Staff Attorney Laureen Wong at 586-2620.

Sincerely,



KEALI'I S. LOPEZ  
Director  
Department of Commerce and  
Consumer Affairs

c: Bob Barlow, TWE  
Donn Yabusaki, CATV