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January 14, 2010

STATEMENT OF
DIRECTOR LAWRENCE M. REIFURTH

Decision and Order No. 346
In the Matter of the Application of Time Warner Entertainment Company, L.P.
For the 2009 Renewal of Cable Franchise for the Island of Oahu,
City and County of Honolulu

This Statement is issued contemporaneously with Decision and Order No. 346 (“Order”), which awards a renewed non-exclusive cable franchise of twenty years to Time Warner Entertainment Company, L.P. (“TWE”) for cable television services on the island of Oahu.

The Order grants TWE a right to use public rights of way, and, as a result, affords TWE substantial economic benefits. In exchange, the Order requires TWE to utilize the latest technology to provide a wide diversity of information sources and services to the public. The length of the franchise term is tied directly to the degree to which TWE meets its franchise obligations and is responsive to the needs and interests of the community, and is subject to periodic confirmation of that progress.

The Order affords the opportunity for substantial benefits to TWE, the State and residents of Oahu. With the advent of the internet over the last franchise term, Oahu businesses and residents have come to rely on cable services more than ever. Although state regulation of internet services and cable rates remains prohibited by federal law, there are many other aspects of TWE’s franchise operation that the Order does address.

During each five-year interval of the franchise term, TWE is required to submit reports relating to technology, capital contributions, and Institutional Network ("INET") matters. These reports will address the status of each matter and developments that will have an impact on the State and its residents. In addition, TWE will also reach an agreement with the State regarding the specific technological upgrades and contributions to the community that will be provided by TWE during the subsequent five-year period.

During the initial five-year period, TWE will provide the following:

- An increase in the number of public, educational, and governmental (PEG) and other government and education channels from six to fourteen.
 - This includes maintaining the six channels currently utilized by 'Ōlelo, the current PEG access organization
 - It also includes the addition of the following eight channels:
 - A statewide digital channel for 'Ōlelo, the current PEG access organization, to be programmed on a first-come, first-served basis
 - A statewide digital channel with a direct connection from Honolulu Hale for the City and County of Honolulu
 - A statewide digital channel with a direct connection from the State Capitol for the Executive and Legislative branches of State government
 - A statewide digital channel for the UH and DOE
 - A video on demand channel servicing Oahu for the UH and DOE
 - A statewide digital channel for Hawaii county (subject to its franchise renewal)
 - A statewide digital channel for Maui county (subject to its franchise renewal) and
 - A statewide digital channel for Kauai county (subject to its franchise renewal)
- Continued funding to 'Ōlelo for PEG access services
- Continued funding for the Hawaii Public Television Foundation – PBS Hawaii
- Free high-speed broadband service (Roadrunner) to all 288 DOE schools (including charter schools) statewide primarily to facilitate online student testing
- Twenty additional free interconnections to the State's INET for government or educational use

TWE will also immediately undertake a conversion of most of its analog programming channels to digital. As part of this conversion, TWE will provide, at no charge, a digital set-top box or similar device to subscribers who do not have digital access, but who

wish to view basic service tier programming that has been converted to digital. Subscribers should not experience any disruption, degradation or loss of service.

These commitments by TWE warrant the issuance of a franchise renewal term of twenty years, subject to ongoing supervision and review by the State.

In granting a renewal of TWE's cable franchise, the Director acknowledges that a number of important issues were raised in the public comment process for TWE's renewal application including such issues as (1) the method of calculating the number of PEG channels that are warranted on Oahu, (2) the capital funding necessary for the current PEG access organization to convert to digital production equipment, (3) the continued use of a consolidated PEG Access Organization to manage PEG channels in the State, and (4) the relationship between the current PEG access organization and the Hawaii Educational Networking Consortium (HENC). These and other issues are still pending before the DCCA and, if specific action is warranted, will be addressed in separate proceedings.