

LINDA LINGLE
GOVERNOR



MARK E. RECKTENWALD
DIRECTOR

JAMES R. AIONA, JR.
LT. GOVERNOR

CLYDE S. SONOBE
CABLE TELEVISION ADMINISTRATOR

STATE OF HAWAII
CABLE TELEVISION DIVISION
DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS
335 MERCHANT STREET
P. O. BOX 541
HONOLULU, HAWAII 96809
(808) 586-2620
FAX (808) 586-2625

May 31, 2006

Alan M. Oshima, Esq.
Senior Vice President & General Counsel
Francis Mukai, Esq.
Vice President & Associate General Counsel
Hawaiian Telcom
P.O. Box 2200
Honolulu, Hawaii 96841

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

Dear Messrs. Oshima and Mukai:

On May 5, 2006, Hawaiian Telcom Services Company, Inc. ("**Applicant**") submitted an application for a cable franchise ("**Application**").

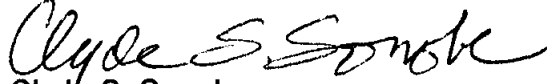
The Department of Commerce and Consumer Affairs ("**Department**") requires certain additional information in order to proceed with the processing of the Application under Chapter 440G, Hawaii Revised Statutes. Accordingly, please provide the required information set forth in the attached Department of Commerce and Consumer Affairs First Request for Clarification/Supplemental Information and Confidential Requests within 15 days from the date of this letter.

As you are aware, the Department may request additional information throughout the application process. Although the Department has not yet accepted the Application for filing, the Department will make a decision once the requested information is received and considered.

Alan M. Oshima, Esq.
Francis Mukai, Esq.
May 31, 2006
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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 cursive script that reads "Clyde S. Sonobe".

Clyde S. Sonobe
Cable Television Administrator

cc: Mark E. Recktenwald

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

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

May 31, 2006

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.

1. State the name, the location of its business office, mailing address and telephone number of Applicant.
2. Please provide information on where the Applicant was incorporated.
3. Please confirm that Applicant is seeking a cable franchise for the geographical area encompassing the island of Oahu, City and County of Honolulu.
 - a. Provide the census tract numbers for the proposed franchise area.
4. Please disclose the names, titles, addresses, telephone numbers and occupations of all persons who are authorized to represent, or to act on behalf of Applicant in matters pertaining to the Application.

- a. For each person so authorized, Applicant shall state the limits, if any, of the authority of the individual to make representations, or to act on behalf of Applicant with respect to matters pertaining to the Application.
5. State the length of the franchise term sought in the Application.
6. State the approximate month and year that Applicant intends to commence its proposed video service?
 - a. Will Applicant implement a pilot program before offering the proposed video service to the public? If yes, please describe the nature of the program and time frames for implementation.
7. On page 1 of Information Requirements, Applicant states that it and its sister company, Hawaiian Telcom, Inc. ("**HTI**"), together offer a range of telecommunications services and products. Describe the specific types of services and/or products offered by each of the two companies.
8. Does Applicant agree that it will timely file with the Federal Communications Commission ("**FCC**") all forms required by the FCC relating to the provision of its video service?
 - a. Provide copies of all forms, applications, and comments that Applicant has filed, or will file with the FCC as of April 30, 2006. This is an ongoing information request.
9. Does Applicant agree that it will timely file with the Department of Commerce and Consumer Affairs ("**DCCA**") all forms and reports required by the DCCA?
10. Does Applicant agree that it will comply with all applicable federal and state statutes and regulations?

11. Does Applicant agree that it will comply with all applicable governmental regulations regarding the use and occupation of public rights-of-way in the delivery of cable service or video service, including any police powers of the County in which the service is delivered?

12. Information Requirements Section. Page 1. Applicant refers to its sister company, HTI and itself, together as "Hawaiian Telcom." In the different sections of the Application, the use of the abbreviation "Hawaiian Telcom" varies and it is not clear whether the reference is to Applicant or its sister company, Hawaiian Telcom, Inc., or the reference is to the two companies together.
 - a. Is it Applicant's intention to refer to the two companies whenever it utilizes the term "Hawaiian Telcom" throughout all the different sections of the Application?

 - b. If this is not Applicant's intention, please state which company(ies) Applicant is referring to **whenever** "Hawaiian Telcom" is used in the sections of the Application.

13. Information Requirements Section. Page 5. Description of Proposed System. Applicant states that its design utilizes Internet Protocol Television (IPTV) packet technology to deliver all-digital video services over Hawaiian Telcom's second-generation Digital Subscriber Line (DSL) facilities.
 - a. Is the reference to Hawaiian Telcom means HTI, Applicant's sister company?

 - b. If no, then which Hawaiian Telcom company has the second-generation Digital Subscriber Line (DSL) facilities?

 - c. Are there any agreements between Applicant and HTI, regarding Applicant's use of HTI's second-generation Digital Subscriber Line (DSL) facilities?

- i. Describe in detail the nature of any such agreements and provide copies of these agreements.

- d. When Applicant refers to the second-generation DSL service, is Applicant referring to the ADSL2+/VDSL2 high-speed Internet access service ("ADSL" service) described in its Application on page 3 of Form F?

- e. Does Applicant intend that the proposed video service will only be provided to subscribers within the franchise area who subscribe to HTI's second-generation DSL service?

- f. Will a subscriber be able to purchase Applicant's video service without being required to purchase the second-generation DSL service?
 - i. If no, please explain in detail why not.

- g. Does Applicant intend to offer telecommunications, video and information services on a bundled basis as an option to subscribers?
 - i. Please describe how services will be offered to potential subscribers. i.e., pricing and packaging.

- h. Are there geographical areas within the franchise area that do not have second-generation DSL service?
 - i. If yes, what are the plans and time frames to implement such service?
 - ii. Are there technical limitations that may prevent an area from receiving second-generation DSL service?

- i. Is there a need to upgrade the existing DSL service in order to provide the proposed video service?
 - i. If yes, describe in detail any necessary upgrades.
 - ii. What are Applicant's plans and time table regarding the build out of the necessary upgrades? Assuming that HTI is providing the DSL network, Applicant should still provide detailed information on the plans and time table regarding any build out.
 - iii. Provide detailed construction drawings of the upgrades pursuant to F.6.
 - j. Are there other means of providing the proposed video service to residents within the franchise area without second-generation DSL service?
14. Information Requirements Section. Page 6. Applicant states that it "intends to utilize the existing network infrastructure of Applicant's sister company, Hawaiian Telcom, Inc., to deliver video service, similar to how DSL service is ordered/accessed today."
- a. On page 5 of the Information Requirements, there is a diagram of Applicant's overall system design.
 - i. Does this diagram also include the existing HTI network infrastructure referred to in Applicant's response?
 - ii. If not, describe the existing network infrastructure of Applicant's sister company, HTI.
 - iii. Why is this structure preferred?

- b. Does this existing network infrastructure extend out to all areas/communities in the franchise area?
 - i. If no, provide a detailed deployment schedule.
 - c. If the existing network infrastructure is not HTI's second-generation DSL lines, then state whether there are any agreements between Applicant and its sister company, HTI, regarding Applicant's use of HTI's existing infrastructure.
 - d. State in detail the nature of any agreements and provide copies of these agreements.
15. State the public interest to be served by the issuance of a cable franchise to the Applicant.
16. Submit an organizational chart showing the relationship between the Applicant, HTI, and all principals and ultimate beneficial owners of the Applicant including all controlling/ownership entities in the chain of command. The organizational chart should show all vertical and horizontal affiliates by degree or extent of control/ownership interest.
17. Exhibit 1 purports to contain the audited consolidated financial statements of Hawaiian Telcom Communications, Inc. as of December 31, 2005. The attached Independent Auditors' Report appears to be incomplete. Provide a full and complete audited financial statement for Hawaiian Telcom Communications, Inc. of December 31, 2005, including all footnoted disclosures.
- a. In addition, provide a complete audited financial statement for Hawaiian Telcom Communications with footnoted disclosures for 2004.

18. Provide complete audited financial statements for each of the following companies: Applicant, Hawaiian Telcom, Inc., and Hawaiian Telcom Holdings, Inc. with footnoted disclosures for 2005 and 2004.
19. Provide the most recent unaudited financial statements for each of the four companies identified above (Applicant, Hawaiian Telcom, Inc., Hawaiian Telcom Communications, Inc., and Hawaiian Telcom Holdings, Inc.). This is an ongoing information request.
20. Form A. Ownership Disclosure. In its response to A.3. Applicant states that "Applicant, all shareholders and parties with any financial interest in Applicant, does not have any agreements or understandings **regarding the ownership or control** of the franchise or video system." Applicant's response does not fully address Question A.3. Please provide the following:
 - a. Applicant, including all shareholders and parties with any financial interest in the Applicant, must fully disclose all agreements and understandings with any person, firm, group, association or corporation with respect to the franchise. This includes agreements between local investors and national companies. This request is not just limited to any agreement or understanding regarding the ownership or control of the franchise or video system.
21. Please provide a detailed report by entity of Applicant's transactions with any affiliated entity, including HTI, for services provided to Applicant and the price for such services and the basis of the pricing.
22. Form B. Character Qualifications. For the ten-year period immediately preceding the filing of the Application, please provide the following information:
 - a. Has there been any formal investigations or examinations other than routine or customary audits, inspections and investigations, that terminated in any agreements, undertakings, consents or orders, resolutions, ordinances, or revocation, suspension or

alteration of a cable franchise involving Applicant, its affiliates or its sister company, HTI?

- b. Has Applicant or its sister company, HTI ever been unable to obtain a bond in connection with the construction or operation of its cable system or with the DSL network infrastructure to be utilized by Applicant to deliver the proposed video service?
23. Are there any guarantees by other affiliates of Applicant as to its financial obligations and/or liability? If so, please provide a detailed explanation of each guarantee.
24. This request is filed up separate cover. It refers to Exhibits D.1 and D.2, which have been labeled as confidential, proprietary and/or competitively-sensitive by Applicant.
25. In a recent Star Bulletin newspaper article on May 16, 2006, Hawaiian Telcom Communications, Inc., Applicant's parent, was reported to have a net loss of \$38.6 million for the first quarter of 2006. Please describe the losses of Hawaiian Telcom Communications, Inc.
 - a. This request is filed up separate cover. It refers to Exhibit D.1, which has been labeled as confidential t refers to Exhibits D.1 and D.2, which have been labeled as confidential, proprietary and/or competitively-sensitive by Applicant.
26. In Exhibit 1, Applicant provides the Supplemental Consolidating Statement of Cash Flows as of December 31, 2005, of Hawaiian Telcom Communications, Inc. ("**HTC**"). At the end of December 31, 2005, it appears that Applicant shows a negative cash and cash equivalents. Can Applicant demonstrate that it has adequate cash flow to meet debt service and operating expenses to meet the franchise requirements? Please provide a detailed explanation.

27. This request is filed up separate cover. It refers to Exhibit D.4, which has been labeled as confidential, proprietary and/or competitively-sensitive by Applicant.
28. Form E. Financial Pro Forma. Form E.1 has two (2) parts. Applicant provided information for only one part (page 3), and the other part (page 2) is missing. Please complete the attached Form E.1, page 2.
29. This request is filed up separate cover. It refers to Exhibit E. 4, which has been labeled as confidential, proprietary and/or competitively-sensitive by Applicant.
30. This request is filed up separate cover. It refers to Exhibits E. 1 and E. 4, which have been labeled as confidential, proprietary and/or competitively-sensitive by Applicant.
31. Form E. Form E.6 Sources and Uses of Funds. Form E.6 has two (2) parts. Applicant provided information for only one part (page 7) and the other part (page 6) is missing. Please complete the attached Form E.6, page 6.
32. This request is filed up separate cover. It refers to Exhibits E. 3, which has been labeled as confidential, proprietary and/or competitively-sensitive by Applicant.
33. Form E. Computation of Income Taxes. E.5. Confirm that Applicant will not be consolidating its federal income taxes with a parent company or other entity.
34. Form E. Employee Training and Certification. E.11. In this response, Applicant refers to Hawaiian Telcom several times. Does the term "Hawaiian Telcom" refer to Applicant, HTI or both companies?
 - a. Assuming that Hawaiian Telcom refers to HTI, specify whether there is an agreement between Applicant and HTI for construction

of copper facilities for use in the provision of Applicant's video service and provide a copy of any agreements.

- b. Applicant's response in E.11 goes on to state that

Also relevant is Applicant's demonstrated expertise in building and maintaining complex IP data networks. Currently, Hawaiian Telcom has twelve personnel designated as either Cisco Certified Network Associates, Cisco Certified Network Professionals, or Cisco Certified Internetwork Experts. Applicant will leverage this expertise in its IP-based video business.

- i. Assuming that this response is describing HTI's personnel, how will Applicant leverage HTI's expertise in building and maintaining complex IP data networks?
- ii. Specify whether there is an agreement between Applicant and HTI on this matter and provide a copy of any agreements.
- iii. Please provide the number of personnel in the State specifically qualified in IPTV technology and system deployment who will be dedicated to operating and maintaining the proposed video system.
- c. Applicant's response in E.11 further states that Hawaiian Telcom will leverage its current organizational structure to support the video initiative. Does the term "Hawaiian Telcom" refer to Applicant, HTI or both companies?
- i. Specify whether there is an agreement between Applicant and HTI on this matter and provide a copy of any agreements.

35. Form F. Anticipated Construction Practices.
- a. F.3. Construction and Safety Standards. Applicant states that “[a]ll safety and security measures currently in place, will apply to the video business.” Is Applicant referring to the safety and security practices and procedures of HTI?
- i. Specify in detail the safety and security practices as they relate to Applicant’s cable service.
- ii. Provide a copy of any safety and security practices of HTI.
- b. Detailed Construction Drawings. F.6. Applicant states that the questions here are not applicable because it will be utilizing Hawaiian Telcom’s existing network. Does Applicant mean that it will be utilizing HTI’s existing network?
- i. Although Applicant claims that it will be utilizing Hawaiian Telcom’s existing network, Applicant should be aware of upgrades, line extensions and other major improvements within the next five years. Please provide response and requested information to Question F.6.
- ii. To accommodate Applicant’s use of HTI’s network for its video programming, will HTI be required to construct new facilities and lines?
- iii. Will HTI be required to install outside plant utility boxes to accommodate the additional equipment, electronics, wire, and/or fiber to accommodate Applicant’s use of its network?
- iv. Attach a map indicating the boundaries of the service areas to be constructed in each year of construction.

- c. F.7. Underground Policy. Applicant refers to Hawaiian Telcom having sharing agreements with electric companies and county and state governments regarding costs sharing for commonly used infrastructure. Does Applicant mean that HTI has these agreements or does it mean that Applicant itself has such agreements?
 - i. State Applicant's own policy regarding the undergrounding of cable, including cost sharing with other utilities and its sister company, HTI and any proposed arrangements with residential developers.
 - ii. Describe any agreements between Applicant and HTI or any other utilities for the use of the underground infrastructure, including Applicant's potential liability, and provide copies of such agreements.
- d. This request is filed up separate cover. It refers to Exhibit F.8(A), which has been labeled as confidential, proprietary and/or competitively-sensitive by Applicant.
- 36. This request is filed up separate cover. It refers to Exhibit F.8(A), which has been labeled as confidential, proprietary and/or competitively-sensitive by Applicant.
- 37. This request is filed up separate cover. It refers to Exhibit F.8(A), which has been labeled as confidential, proprietary and/or competitively-sensitive by Applicant.
- 38. This request is filed up separate cover. It refers to Exhibit F.8(A), which has been labeled as confidential, proprietary and/or competitively-sensitive by Applicant.
- 39. Does Applicant plan to provide video service to all areas of the franchise, including rural and homestead areas?

40. State Applicant's line extension policy. For example, the existing cable operator has a line extension policy of 25 homes per mile.
 - a. If Applicant presently does not have a line extension policy, what is Applicant's anticipated line extension policy, i.e., 25 homes per mile?
 - b. When does Applicant anticipate implementing a line extension policy?
 - c. If Applicant does not have a time frame to implement a line extension policy, state why not.

41. Form G. Is Applicant proposing a video system utilizing a relatively new technical design and not in common use by numerous other cable systems? If so, provide copies of any studies regarding provisions of the service in other communities, or any calculations relating to the reliability of service availability and similar factors.

42. Form G. Applicant states in its response to G.1(B), that the last mile access provided to subscribers will be by copper-based local loop facilities.
 - a. Will this copper loop impact the number of video and audio channels provided? If yes, describe impact.
 - b. The request is filed up separate cover. It refers to Exhibit H.1, which has been labeled as confidential, proprietary and/or competitively-sensitive by Applicant.

43. State Applicant's aid-to-construction policy. For example, the existing cable operator does not charge a subscriber for construction of a line if the premises is within 200 feet of the interconnection point.

44. Form G. Emergency Alert System. G.9. Applicant states in G.9 that when the middleware EAS server receives an emergency alert from the SAGE EAS decoder, it will notify the middleware clients and causes a force-tune of the clients to the appropriate alert channel.
- a. Will Applicant's emergency alert system capability permit emergency authorities, including the State and City and County of Honolulu emergency authorities, to provide for activation of emergency messages on all channels?
 - i. Please describe in detail this process.
 - b. Is Applicant willing to work with State and County civil defense should there be a need to notify Oahu residents of a countywide emergency?
 - i. If no, please explain why not.
45. Form G. Interactive Capability. G.15. Applicant's response does not address all questions raised in G.15. Please state the following:
- a. When will the interactive capabilities listed in Applicant's response be available and to whom will they be available?
 - b. What use levels are projected in terms of the numbers of subscribers?
46. Exhibit G.17. Please describe other alternative INET contributions not identified in Exhibit G.17, which Applicant is willing to provide.
47. Form G. Performance Tests. G.22. Exhibit G.22 refers to the final design and build of Applicant's super headend (SHE). When is it anticipated that SHE will be completed?

48. Form G. Statewide Interconnection. G.23. Applicant appears to impose on PEG access cable networks an obligation to transport PEG programming signals to HTSC's regional central office for interconnection with and carriage on HTSC's video network.
- a. Provide a construction plan and schedule for the required interconnections.
 - b. In G.23.A.b), Applicant states that its NTSC video feed service is 45Mb. Does Applicant mean that 45 megabytes per second ("Mb/s") and that this is the **per** channel limit, rather than the limit for all incoming PEG channels?
 - c. In G.23.A.c), Applicant proposes to allow interconnection to Olelo, Na Leo 'O Hawaii, Akaku, Hoike and DOE Channels.
 - i. Is Applicant also willing to allow interconnection to University of Hawaii Educational Access head end facility?
 - 1. If no, please explain.
 - ii. Applicant states that it intends to allow interconnection with the PEG access entity on Oahu. Applicant also mentions its interconnection with PEG access entities other islands (Hoike, Na Leo and Akaku). Please explain.
 - iii. Please confirm Applicant's commitment to provide a direct connection to the PEG access entity on Oahu for transmission of PEG programming to be carried on Applicant's video system.
 - 1. If no, please explain.

2. Would Applicant cover the costs for the direct connection so that there would be no on-going reoccurring costs to the PEG access provider? If no, please explain.
 - d. In G.23.A.d), Applicant states that its proposed activation schedule to interconnect cable systems will be determined by service activation schedule for regional areas. Please explain further detail what Applicant intends.
 - i. Assuming that Applicant's system is required to interconnect with the PEG access entity on Oahu and the HITS, what is the proposed activation dates.
49. Form H. Proposed Signal Carriage and Channel Allocations. Will channel lineup be the same for all areas within the franchise?
- a. The request is filed up separate cover. It refers to Exhibit H.1, which has been labeled as confidential by Applicant.
 - b. H.8. Provide a copy of Applicant's agreement with United Telesystems, Inc. for video content programming.
 - c. The PEG access entity on Oahu, Olelo, has 6 analog channels currently in use. Is Applicant willing to provide 6 analog access channels to the Director, or the Director's designee on Oahu?
 - i. If not, please explain.
 - d. In its response to Question H.4, Applicant does not provide a short narrative description of each video service proposed. Please provide.

50. Form I. Customer Service and Rates. In Applicant's response to question I.1, there is reference to Hawaiian Telcom. Identify which company is being referred to.
- a. Applicant refers to established customer service groups and standards of Hawaiian Telcom and states that Applicant will leverage Hawaiian Telcom's current customer support organizational structure to support its video initiative in all areas of customer service. Question I.1 asks for a detailed description of Applicant's customer service standards. Again, please provide a description and specifically address standards and procedures for installation, billing (including the names and telephone numbers of persons responsible for billing questions), handling of complaints (including the names and telephone numbers of persons responsible for complaint resolution), repairs, discontinuing or changing service, telephone and other service.
 - b. Does Applicant have a customer service manual for employees? Or is Applicant utilizing Hawaiian Telcom, Inc.'s customer service manual?
 - i. Please provide a copy of the customer service manual.
 - c. When Hawaiian Telcom, Inc. took over all customer service responsibilities on April 1, 2005 from the previous owner, Verizon Communications, some customers had problems reaching Hawaiian Telcom, Inc.'s customer service agents. If Applicant plans to utilize Hawaiian Telcom, Inc.'s customer support structure to support its video initiative, describe how Hawaiian Telcom, Inc.'s customer service department will handle the additional demand? Describe in detail Applicant's contingent plans, if any.
 - d. Please confirm whether Applicant's customer service standards meet federal cable television customer service standards as set forth in 47 CFR Sec. 76.309, 47 CFR Sec. 76.1602, and 47 CFR Sec. 76.1603.

51. The request is filed up separate cover. It refers to Exhibit I.3, which has been labeled as confidential, proprietary and/or competitively-sensitive by Applicant.
52. The request is filed up separate cover. It refers to Exhibit I.4, which has been labeled as confidential, proprietary and/or competitively-sensitive by Applicant.
53. Please provide detailed anticipated start-up costs for the proposed video service along with a time frame for recovery of those costs.
54. 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 amount Applicant proposes for the annual access operating fee payments to the Director or the Director's designee for PEG access purposes;
 - i. If this proposed payment is based on a percentage of revenue, explain how the percentage will be calculated.
 - b. The amount Applicant proposes for the annual capital fund payments to the Director or the Director's designee for PEG access purposes.
 - i. Please explain how Applicant will calculate this annual amount.
55. Please confirm that Applicant shall provide a cable drop and basic cable service at **no cost** to any school or institution of higher education within its service area, provided that service is actually being delivered within a reasonable distance from the school or institution of higher education which may request service.

56. State the legal basis (including reference to decisions of other similar franchises awarded in other jurisdictions) for applying different standards (such as the extent of service area coverage requirements and INET contribution) than were and are currently being applied to the existing cable operator?

RATES AND CHARGES (N)

	<u>Retail</u> <u>Rate</u>	<u>Franchise</u> <u>Fee</u>	<u>Hawaii</u> <u>GE Tax</u>	<u>Total</u> <u>Charge</u>
RESIDENTIAL				
A. Connection Fees and Other One-time Charges				
1. Cable Service: (Cable, FM, Music Choice)				
1st Outlet (Connect)	\$44.00	\$1.76	\$1.91	\$47.67
1st Outlet (Reconnect)	\$30.00	\$1.20	\$1.30	\$32.50
Each Additional Outlet (same trip)	\$18.00	\$0.72	\$0.78	\$19.50
Each Additional Outlet (separate trip)	\$30.00	\$1.20	\$1.30	\$32.50
Relocate Outlet (Inside/Outside)	\$30.00	\$1.20	\$1.30	\$32.50
Additional Cable (field - no other work)	\$30.00	\$1.20	\$1.30	\$32.50
Supersedure	\$5.00	\$0.20	\$0.22	\$5.42
Transfer Service (in 30 days) (max 4 outlets)	\$30.00	\$1.20	\$1.30	\$32.50
Reconnect Non Pay (in 30 days - inside)	\$30.00	\$1.20	\$1.30	\$32.50
Reconnect Non Pay (outside only)	\$12.00	\$0.48	\$0.52	\$13.00
VCR Installation (if only work done)	\$12.00	\$0.48	\$0.52	\$13.00
A/B Switch (if only work being done)	\$12.00	\$0.48	\$0.52	\$13.00
Converter (Replacement) (Analog or Digital)	\$300.00	\$12.00	\$13.00	\$325.00
Hand-held Unit (Replacement)	\$10.00	\$0.40	\$0.43	\$10.83
Addressable Hand-held Unit (Replacement) Digital	\$10.00	\$0.40	\$0.43	\$10.83
Amplifier	\$65.00	\$2.60	\$2.82	\$70.42
Field Collection/Release Charge	\$10.00	\$0.40	\$0.43	\$10.83
Administrative Fee	\$5.00	none	\$0.21	\$5.21
Returned Check Charge	\$15.00	none	\$0.62	\$15.62
Converter Pick-up	\$12.00	\$0.48	\$0.52	\$13.00
Converter Upgrade/Exchange (Field- only Work done)	\$24.00	\$0.96	\$1.04	\$26.00
Service Call (\$36.50 hr.)	\$36.50	\$1.46	\$1.58	\$39.54
Subscriber Request (Time & Day)	\$60.00	\$3.20	\$3.47	\$66.67
2. Premium Service:				
Office Only (per order)	\$2.00	\$0.08	\$0.09	\$2.17
B. Monthly Charges				
1. Cable Service - Analog:				
1st Outlet				
Basic Service	\$12.13	\$0.49	\$0.53	\$13.14
Standard Service (Inc. Basic Service @ \$12.13/mo. & Value Service @ \$29.57/mo.)	\$41.70	\$1.67	\$1.81	\$45.17
Non-addressable cable box	\$0.19	\$0.01	\$0.01	\$0.21
Primary addressable cable box w/o remote	\$7.04	\$0.28	\$0.31	\$7.63
Additional addressable cable box w/o remote	\$3.84	\$0.15	\$0.17	\$4.16
Primary addressable cable box with remote	\$7.20	\$0.29	\$0.31	\$7.80
Additional addressable cable box with remote	\$4.00	\$0.16	\$0.17	\$4.33
Cable Card	\$3.10	\$0.12	\$0.13	\$3.36
Duplicated Service (Per Add'l Cable Box)	\$8.00	\$0.32	\$0.35	\$8.67

Total Charge does not include variable FCC Regulatory Fees
 Relocate Outlet & Each Additional Outlet - \$30.00 charge if separate visit
 Duplicate Service Fee includes add'l cable box plus premium services on primary box
 Franchise Fee is 4% on all cable charges plus 1% on cable installation and
 Standard and Basic charges.

RATES AND CHARGES (N) (Cont'd)

	Retail Rate	Franchise Fee	Hawaii GE Tax	Total Charge
Digital Services				
Digital Cable Package (includes DCS, DES & IGMC)	\$15.00	\$0.60	\$0.65	\$16.25
Digital Cable Service (includes IGMC)	\$11.00	\$0.44	\$0.48	\$11.92
Digital Encore Service (includes IGMC)	\$11.00	\$0.44	\$0.48	\$11.92
Interactive Guide & Music Choice (IGMC)	\$4.00	\$0.16	\$0.17	\$4.33
Duplicated Service	\$8.00	\$0.32	\$0.35	\$8.67
Digital Premium Package				
		# of channels		
HBO Multiplex		6		
Cinemax Multiplex		4		
Showtime Multiplex		8		
Starz Multiplex		5		
The Movie Channel Multiplex		3		
One multiplex service**	\$13.95	\$0.56	\$0.60	\$15.11
Two multiplex services**	\$20.95	\$0.84	\$0.91	\$22.70
Three multiplex services**	\$27.95	\$1.12	\$1.21	\$30.28
Four multiplex services**	\$34.95	\$1.40	\$1.51	\$37.86
Five multiplex services**	\$41.95	\$1.68	\$1.82	\$45.45
Digital Premium Services				
Chinese Channel **	\$13.95	\$0.56	\$0.60	\$15.11
Filipino Channel **	\$13.95	\$0.56	\$0.60	\$15.11
NGN 2	\$17.95	\$0.72	\$0.78	\$19.45
NGN 3	\$9.95	\$0.40	\$0.43	\$10.78
NGN Combo (includes NGN 1 & 2) **	\$24.90	\$1.00	\$1.08	\$26.97
NGN Plus (includes NGN 1 & 3) **	\$17.95	\$0.72	\$0.78	\$19.45
NGN Combo Plus (includes NGN 1, 2 & 3) **	\$24.90	\$1.00	\$1.08	\$26.97
Playboy **	\$14.95	\$0.60	\$0.65	\$16.20
Spanish **	\$7.00	\$0.28	\$0.30	\$7.58

COMMERCIAL

Connection Fees and Other One-time Charges

Connection charges may be negotiated with each business establishment, based on the number of outlets to be wired, possible line extensions or non-standard wiring and type of service rendered. Time and material costs apply.

B. Monthly Charges (Residential Service Provided to Commercial Establishment)

1. Cable Service

a. Commercial (used to generate revenue, bars, restaurants, etc.)

1st Outlet

Standard Service \$62.95 \$2.52 \$2.73 \$68.20

2nd Outlet \$15.75 \$0.63 \$0.68 \$17.06

3rd Outlet+ \$5.25 \$0.21 \$0.23 \$5.69

Multiple Outlets To be negotiated

Music Choice \$29.95 \$1.20 \$1.30 \$32.45

Hawaiian Music \$19.95 \$0.80 \$0.86 \$21.61

The Filipino Channel \$19.95 \$0.80 \$0.86 \$21.61

b. Commercial (private, not used to generate revenue)

1st Outlet

Standard Service \$41.70 \$1.67 \$1.81 \$45.17

2nd Outlet \$15.75 \$0.63 \$0.68 \$17.06

3rd Outlet+ \$5.25 \$0.21 \$0.23 \$5.69

Music Choice \$29.95 \$1.20 \$1.30 \$32.45

Hawaiian Music \$9.95 \$0.40 \$0.43 \$10.78

The Filipino Channel \$19.95 \$0.80 \$0.86 \$21.61

C. Monthly Charges (Business Services - i.e., data, financial, bulk, etc.)

May be negotiated with each applicant.

The subscriber will be advised of applicable taxes. The company reserves the right to pass through any fees or taxes imposed upon the company.

FCC Community Unit Identifier	
H10001	Waianae
H10003	Hawaii Kai
H10004	Central Oahu
H10006	East Honolulu
H10008	Honolulu
H10007	Kalihi
H10008	Kalihi
H10009	Kaneohe
H10010	Paiaole
H10012	North Shore
H10041	Ewa District
H10043	Hickam AFB
H10057	Ahulimanu
H10058	Alamano
H10059	Enchanted Hills
H10060	Hauula
H10061	Iwila
H10062	Lake
H10063	Kaawa
H10064	Kaimuki
H10065	Kahala
H10066	KMAO
H10067	Kapahulu
H10068	Maunawili
H10069	Moanalo
H10070	Pearl Harbor
H10071	Salt Lake
H10072	Waimanalo

Total Charge does not include variable FCC Regulatory Fees

Duplicate Service Fee includes add'l cable box plus premium services on primary box

**Price if Digital Cable Service is ordered, otherwise \$4 more for Interactive Program Guide which includes 41 Music Choice channels