

**IN THE DEPARTMENT OF COMMERCE AND  
CONSUMER AFFAIRS, STATE OF HAWAII**

**TIME WARNER ENTERTAINMENT COMPANY, L.P.  
THROUGH ITS HAWAII DIVISION  
OCEANIC TIME WARNER CABLE**

**APPLICATION FOR RENEWAL OF CABLE FRANCHISE  
ISLAND OF OAHU, STATE OF HAWAII**

**EXHIBITS A - E**

**JULY 21, 2009**

**Application for Renewal of Cable Franchise**  
Applicant's Name: Time Warner Entertainment Company, L.P.  
Through its Hawaii Division, Oceanic Time Warner Cable  
Date of Application: July 21, 2009

**STATE OF HAWAII  
APPLICATION FOR RENEWAL  
OF CABLE TELEVISION FRANCHISE**

**I. Introduction**

In accordance with the State of Hawaii's Hawaii Administrative Rules ("HAR") (esp. §16-133-9 and §16-133-28 and 29), an applicant for a renewed cable television franchise is required to submit an application, in a form designated by the Director of the Department of Commerce and Consumer Affairs ("DCCA"). This Application represents that form, with respect to the 2007 notice of intent for franchise renewal by Time Warner Entertainment Company, L.P., dba Oceanic Time Warner Cable ("Oceanic") for the island of Oahu. Submission of the completed Application, and its acceptance by DCCA, are necessary State conditions for the requested renewal. However, the application process outlined in HAR does not relieve Oceanic of its obligations, or prejudice any of Oceanic's rights, under the renewal provisions of §626 of the federal Cable Communications Policy Act of 1984 as revised, nor other applicable law and regulation. In particular, the completed Application does not constitute a "renewal proposal" for the purposes of the formal renewal procedures described in the Cable Act. Acceptance of the Application by DCCA does not confer any franchise right, nor constitute agreement in whole or in part regarding any franchise provision. DCCA's acceptance is intended only as an acknowledgement of the substantial completeness of the Application and the information it contains, along with acknowledgement that Oceanic has fulfilled a necessary State condition for obtaining a renewal franchise as requested. Upon acceptance of the Application, it is DCCA's intention to draft a proposed franchise, incorporating provisions reflecting community needs and interests, and comments from the public hearing on the renewal application, to serve as the basis of negotiations aimed at establishing a mutually agreeable franchise document.

**II. General Information**

**A. Provide a summary of the application for renewal.**

Since 1969, residents on Oahu have relied upon Oceanic Time Warner Cable ("Oceanic") and its predecessors for reliable and quality cable television service. In its early days, Oceanic's system had 12 channels servicing what was then the rural community of Mililani. Today, Oceanic, as the Hawaii division of applicant Time Warner Entertainment Company, L.P. ("TWE"), offers over 400 video and music channels, and continues to provide local residents with innovative cable

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television, video, data, voice and other services through one of the most technologically-advanced systems in the industry. From continually improving and expanding its system and services, to employing the latest in high definition technology to bring local sports and other locally-produced programs directly to subscribers' homes, Oceanic -- through its over 900 employees -- has a solid record of stability, performance and commitment to the residents of Oahu.

As described in more detail below, Oceanic is fully prepared and committed to continuing its quality and innovative services to the residents of Oahu through the next franchise period. As with the current franchise period, the next period will see new technological advances, and Oceanic intends to continue its leadership and innovation within the cable television industry to provide innovative, quality and dependable service to all of its subscribers.

More than ever, advances in technology both within the cable television industry and in other areas, such as the Internet, will significantly affect how subscribers receive and enjoy information, entertainment and services. The convergence of technology will continue to evolve in new and exciting ways. Accordingly, in addition to employing new technology, Oceanic believes it will be equally important within the next franchise period to prudently and efficiently manage technology and resources for the long-term benefit of all of its subscribers. As discussed below, advances in digital technology, for example, provide opportunities to more efficiently manage the deployment of channels and services to benefit subscribers over the long-term. Similarly, subscribers' access to other sources of information and entertainment, such as the Internet, provide opportunities to consider various technologies to efficiently serve specialized community needs on a cost-effective basis.

Oceanic looks forward to continuing its tradition of providing dependable, quality and innovative cable television services to the residents of Oahu though a franchise that balances the interests of stakeholders with the flexibility to deploy and manage technology and resources in the best, long-term interest of all Oahu subscribers.

**B. Authorization**

State the names, addresses, and occupations of all persons who are authorized to represent or act on behalf of Applicant in those matters pertaining to the Application. For each person so authorized, Applicant shall state the limits, if any, of the Authority of the individual to make representations or act on behalf of Applicant with respect to matters pertaining to the application. The requirement to make such disclosure shall continue until the State shall have accepted or rejected Applicant's

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application or until Applicant withdraws its application.

Applicant Time Warner Entertainment Company, L.P., through its Hawaii Division, Oceanic Time Warner Cable, has authorized legal counsel and the following employees to represent or act on its behalf in those matters pertaining to this application:

Watanabe Ing LLP    999 Bishop Street, 23<sup>rd</sup> Floor  
Honolulu, HI 96813

The following Oceanic officers and employees are fully authorized to act on behalf of the Applicant per a Resolution duly adopted by the general partners of the partnership on October 5, 2004:

Nate Smith	President, Hawaii Division 200 Akamainui Street Mililani, HI 96789
Michael I. Goodish	Vice President, Network Technology, Hawaii Division 200 Akamainui Street Mililani, HI 96789
Mitzi Lehano	Vice President, Programming & Creative Services, Hawaii Division 200 Akamainui Street Mililani, HI 96789
Alan Pollock	Vice President, Marketing, Hawaii Division 200 Akamainui Street Mililani, HI 96789
Russell Saiki	Vice President, Finance, Hawaii Division 200 Akamainui Street Mililani, HI 96789
Norman Santos	Vice President, Operations, Hawaii Division 200 Akamainui Street Mililani, HI 96789

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Anne Butac

Treasurer, Hawaii Division  
200 Akamainui Street  
Mililani, HI 96789

C. History and experience

Provide a narrative account of Applicant's history and experience in the operation of the Oahu franchise.

Oceanic Cablevision

Applicant's presence in Hawaii dates back to 1992, when TWE commenced service in Hawaii doing business as Oceanic Cablevision on Oahu. Since then, TWE, through Oceanic, has amply demonstrated its ability to furnish efficient and dependable cable service. Applicant is a recognized cable industry leader in the areas of customer service, information technology, plant reliability and maintenance, marketing and employee development. Applicant, has consistently provided quality cable service to subscribers on Oahu and throughout the state.

Oceanic Cablevision's roots, in turn, trace back to the development of housing in central Oahu in the late 1960's. Castle & Cooke's Oceanic Properties constructed a 12-channel cable system for residents of Mililani. Oceanic Cablevision eventually became a separate business entity, operating the Mililani cable system and operating the Rainbow TV cable system which served portions of Manoa and Nuuanu on a lease-back arrangement with Hawaiian Telephone Company.

As a consequence of the FCC requirement that telephone companies divest their interests from the cable business, the State of Hawaii enacted a law enabling cable operators to use public-rights-of-ways to install cable plant. The State Department of Regulatory Affairs (now known as the Department of Commerce and Consumer Affairs) then divided the islands of Hawaii into franchise areas. These areas were awarded to individual cable operators based on the merits of the services they proposed to offer in the areas their respective cable systems would ultimately serve.

Oceanic Cablevision was awarded a franchise granting it authority to provide cable service in most of Metropolitan Honolulu, the entire Central Oahu area, and the North Shore between Kaena Point and Kahuku.

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During the period between 1970-74, Oceanic Cablevision's engineering activities involved planning and preparation to provide cable programming to supplement the local off-air broadcast stations; direct studio cable interconnects with broadcast stations; designation of the central origination and headend facilities; microware interconnect sites to distribute programming from Honolulu to outer Oahu communities; and designation of distribution and terminal equipment to deliver cable channels to subscribers.

Oceanic Cablevision was one of the first "urban build" systems to provide cable-exclusive programming in addition to broadcast stations in order to produce a marketable product. Even though customers in areas such as the North Shore and the deeper reaches of Manoa and Nuuanu valleys would often subscribe to cable television for improved reception, most residents in the populated areas of Oceanic's service area were looking for more than just improved broadcast reception and welcomed Oceanic Cablevision's expanded services.

Oceanic Cablevision's planning and engineering during the 1970's set the vision and foundation for Applicant's system that now exists today. The system currently provides approximately 250 digital and 75 analog channels of programming from a variety of sources (local broadcast stations, studio origination, satellite and other video sources), and comprises a network consisting of coaxial hardlines and optical fiber. Applicant now serves not only the original franchise area awarded to Oceanic Cablevision in the late 1960's, but has grown to include all areas of Oahu, including franchise areas that were previously served by Pacific Network (Kahala to Aina Haina), Waianae Cablevision (Makaha to Ewa plains), and TV Systems (Windward Coast from Laie to Waimanalo, Kalihi Valley to Pearl Harbor, and Palolo-Kaimuki). Applicant now passes over 410,000 homes on Oahu.

**Applicant's Commitment to Oahu and the State of Hawaii**

Beginning in 1995, TWE, through Oceanic, continued to demonstrate its commitment to the State of Hawaii when it began to expand its cable services to the Neighbor Islands. In 1995, Applicant acquired the cable system previously operated by American Cable TV Investors 4, Ltd. in the West Hawaii area of the Big Island. Later that year, Applicant acquired the cable system serving the Lahaina areas of Maui previously owned by Daniels Communications Partners Limited Partnership. In 1996, Applicant expanded its services on the Big Island to include East Hawaii, when it acquired the cable system previously owned by Jones Spacelink. And, in 1999, Applicant acquired the cable systems serving Molokai, Lanai,

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portions of Maui, the Ka'u area of the Big Island, and the Hawaii Kai area of Oahu previously owned and operated by TCI of Hawaii. Finally in 2002, Applicant acquired the cable system serving the island of Kauai previously owned by G Force, LLC.

These cable system acquisitions required Applicant to invest substantial amounts in the State of Hawaii not only to acquire the cable systems, but also to subsequently upgrade them. Today, all of Applicant's cable systems in Hawaii have been upgraded to a total bandwidth of 750 MHz or a total analog channel capacity of approximately 75 channels with digital headroom for many more digital channels. In every case, Applicant has given its subscribers an expanded array of cable services, access to advanced services -- such as high speed Internet access and digital telephone service which were not previously available -- and improved signal quality and reception. By standardizing system capacity throughout its franchise areas in Hawaii, Applicant has brought equity to all of its subscribers in the State, rectifying perceived service inequities that might otherwise arise between more sparsely-populated areas (particularly in rural Oahu and on the Neighbor Islands) and the densely-populated areas of metropolitan Honolulu.

TWE, through Oceanic, has also taken its obligation to be a good corporate citizen very seriously. Over the course of its history in Hawaii, through Applicant's franchise commitments, Applicant has made available substantial amounts of funding for the Hawaii Public Broadcasting Authority, 'Olelo Community Television, and the various other public, educational and government access non-profit entities in the State. Applicant has also pledged and delivered on significant commitments to provide support for the State's institutional network, and has provided free cable service to schools and other public institutions on Oahu and in all of its other franchise areas.

Applicant's history of service and commitment to Oahu and the State of Hawaii as a whole amply demonstrates that Applicant has not only been a good corporate citizen, but has also been an industry-leading, innovative provider of cable communications services to its subscribers throughout Hawaii.

D. Describe the present Oahu cable system.

Applicant's cable system employs a hybrid fiber coaxial ("HFC") network. Applicant transmits signals on the system via laser-fed fiber optic cable from origination points known as "headends" and "hubs" to a group of

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distribution "nodes," and uses coaxial cable to deliver these signals from the individual nodes to the homes they serve. Time Warner Cable Inc. ("TWC") pioneered this architecture and received an Emmy award in 1994 for its HFC development efforts. HFC architecture allows the delivery of two-way video and broadband transmissions, which is essential to providing advanced video services like video on demand ("VOD"), Road Runner High Speed Online and Digital Phone. As of December 31, 2008, virtually all of the homes passed by Applicant's cable system were served by plant that had been upgraded to provide at least 750MHz of capacity.

**E. Technology Change and Hawaii Cable System Infrastructure**

Describe with particularity how: (1) the technical provision of cable service is likely to change over the period of the franchise; (2) the demand for services in the franchise area is likely to change over that same, period (for example, the capability of accommodating High Definition Television, two-way services to the home, high speed broadband, Internet service, data transmission, etc.); and (3) it can assist in affirmative development of the cable system infrastructure in Hawaii during the remaining term of the franchise.

The history of cable technology is one of rapid change. Applicant expects that the future will likely see a similar progression of new developments, services and associated technology. Applicant, in its current franchise cycle, has consistently been an industry leader in introducing new services that appeal to the "early adopter" characteristics of Hawaii. Video, high speed data, Internet access and interactive applications will continue to become more sophisticated as the market's demand for entertainment, information and convenience increases. The access and distribution networks that Applicant has built will continue to evolve and be upgraded to deliver the features that subscribers demand, be it through the combination of fiber and cable technology; optical, RF or baseband carriage; landline or wireless; set-top, modem, and mobile interface; connection to the television, home entertainment center, PC, telephone, and other devices that enable access to content desired by Applicant's customers.

Rapid change demands the ability to direct capital improvements in such a way that new (as well as legacy) equipment produces the broadest benefit to the customer while managing costs associated with the services. Applicant will continue to introduce new and improved technology to address the changing market, and at the same time optimize and transition legacy technology to satisfy those who are content with basic

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services.

Applicant believes that its network architecture is sufficiently flexible and extensible to support its current requirements. However, in order for Applicant to continue to innovate and deliver new services to its customers, as well as meet its competitive needs, Applicant anticipates that it will need to use the bandwidth available to its systems more efficiently over the next few years. Applicant believes that this can be achieved without costly upgrades.

For example, to accommodate increasing demands for greater capacity in its network, Applicant is deploying a technology known as switched digital video ("SDV"). SDV technology expands network capacity by transmitting only those digital and HD video channels that are being watched within a given grouping of households at any given moment. Since it is generally the case that not all such channels are being watched at all times by a given group of households, SDV technology frees up capacity that can then be made available for other uses. TWC received an Emmy award in 2008 for its efforts in the development of SDV technology. Applicant expects to continue to deploy SDV technology in the future.

Applicant's cable system currently uses a "conditional access" system to secure signals from unauthorized receipt, the intellectual property rights to which are controlled by the set-top box manufacturer. Historically, Applicant has relied primarily on set-top box suppliers to create the applications and interfaces Applicant makes available to its customers. CableLabs, a nonprofit research and development consortium founded by members of the cable industry, has put forward a set of hardware and software specifications known as "tru2way," which represent an effort to create a common platform for set-top box applications regardless of the box's operating system.

Several consumer electronics companies, including LG Corporation, Sony Corporation, Panasonic Corporation and Samsung Electronics, Co. Ltd., have contracted to produce televisions and other devices with tru2way technology and cable operators, including TWC, have agreed to support the technology in their operating areas. Applicant expects that tru2way-enabled televisions and other devices will be available by mid-2009.

Currently, Applicant's digital video subscribers must have either an Applicant-provided digital set-top box or a "digital cable-ready" television or similar device equipped with a conditional-access security card ("CableCARD"™) in order to receive digital video programming. However, a "digital cable-ready" television or similar device equipped with a

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CableCARD cannot request certain digital signals that are necessary to receive Applicant's two-way video services, such as VOD, channels delivered via SDV technology and Applicant's interactive program guide. In order to receive Applicant's two-way video services, customers generally must have an Applicant-provided digital set-top box. Tru2way-enabled televisions and other devices with tru2way technology will also be able to receive Applicant's two-way video services.

Please also see responses to Sections II.G. and II.H.

**F. Franchise Compliance Review**

DCCA through its consultant conducted franchise compliance reviews on the Applicant which reflect that the Applicant has complied with the terms of the existing franchise orders. (Please see "Compliance Review" in the consultant's report *Community Ascertainment and Related Activities*.)

Provide any comment or proposals regarding this section of the report.

The principal findings of the Compliance Review were: 1) Applicant is in full or substantial compliance with its franchise obligations to the State; 2) Applicant's financial position and results of operations amply demonstrate that it is in a firm and stable financial position; and 3) Applicant's system is technically sound, is in compliance with applicable FCC standards, and its operations, maintenance and repair activities are well-organized and performed with attention to detail and long-term reliability as a priority.

As it has during the current franchise period, Applicant intends to continue to diligently comply with all franchise requirements. The Compliance Review noted that some required reports were occasionally submitted past the scheduled due date, and Applicant intends to take necessary steps to ensure that all reports are submitted on a timely basis.

Through its planning, innovation and development of its system on Oahu and throughout the state, Applicant has demonstrated that it is fully committed to investing in Hawaii over the long term. As supported by the financial analysis in the Compliance Review, and the information provided in this application, Applicant is confident that it will continue to remain on solid financial ground for the foreseeable future, which will enable Applicant to continue to satisfy the ongoing need to reinvest and improve its system in order to fulfill its long-term obligations to its subscribers and relevant stakeholders.

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The Compliance Review notes that on May 20, 2008, Time Warner Inc. announced the spin-off of TWC. That transaction closed in the first quarter of 2009. The spin-off did not affect the ownership interests held by TWC in Applicant, and will not affect the operations of Applicant or any of the services provided pursuant to the Oahu franchise (or any other franchise in the State of Hawaii).

Finally, Applicant intends to continue its commitment to providing reliable and innovative services to its subscribers and relevant stakeholders through its ongoing operations, maintenance and repair programs. The Compliance Review suggests the continuing development of local network monitoring tools, and Applicant is committed to continuing its significant effort to implement and refine these tools in order to further improve repair response times and maintenance programs.

### **G. Innovations**

Please describe any cable-related innovations during the last ten years which Applicant has undertaken. These innovations may include technological or consumer service upgrades.

Over the past ten years, Applicant has continued its tradition of providing innovative and quality products and services to its subscribers in the areas of residential and commercial video, and high-speed data and voice services over its broadband cable systems. These innovations are summarized below:

#### **Residential Market**

##### **Video Services**

*Transmission technology.* Applicant's video subscribers receive service through a combination of digital and analog transmissions. Customers who receive any level of video service at their dwelling or commercial establishment via digital transmissions over Applicant's systems are referred to as "digital video subscribers".

Digital video subscribers using an Applicant-provided set-top box generally have access to an interactive program guide, VOD (discussed further below), music channels and seasonal sports packages. Digital video subscribers who receive premium services generally also receive "multiplex" versions of these services. Digital video subscribers will also have access to these services using a television enabled with tru2way™

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technology, which Applicant expects will be made available by third-parties in mid-2009.

*On-Demand services.* On-Demand services are available to digital video subscribers using a Applicant-provided set-top box or, when available, a tru2way-enabled television. Available On-Demand services include a wide selection of featured movies and special events, for which separate per-use fees are generally charged, and free access to selected movies, programs and program excerpts from broadcast and cable networks, music videos, local programming and other content. In addition, premium service (e.g., HBO) subscribers receiving services via an Applicant-provided digital set-top box generally have access to the premium service's On-Demand content without additional fees.

*Enhanced TV services.* Applicant has implemented, and is expanding, the use of VOD technology to introduce additional enhancements to the video experience. Start Over™ allows digital video subscribers using a Applicant-provided set-top box to restart select "in progress" programs airing on participating cable networks and broadcast stations directly from the relevant channel, without the ability to fast-forward through commercials. TWC received an Emmy award in 2007 for its Start Over service. Soon, Applicant will begin rolling out other enhanced TV features such as Look Back™, which utilizes the Start Over technology to allow viewing of recently aired programs, and Quick Clips™, which allows customers to view short-form content tied to the cable network or broadcast station then being watched. Applicant is also working to make available Catch Up, which will allow customers to view previously aired programs they have missed.

*HD television.* Applicant offers over 50 channels of high-definition ("HD") television, or HDTV, and expects to continue to add additional HD programming in the future. HD simulcasts (i.e., HD channels that are the same as their standard-definition counterparts but for picture quality) are provided at no additional charge, and additional charges apply only for HD channels that do not have standard definition counterparts. In addition to its linear HD channels, Applicant also offers VOD programming in HD and, on select channels, HD programming may soon be viewed using Start Over in HD.

*DVRs.* Set-top boxes equipped with digital video recorders ("DVRs") enable customers, among other things, to pause and/or rewind "live" television programs and record programs on the hard drive built into the set-top box. Applicant also offers HD DVRs, which enable customers to record HD programming.

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*High-speed Data Services.* Applicant offers residential high-speed data services to nearly all of its homes passed. Applicant's high-speed data services provide customers with a fast, always-on connection to the Internet. High-speed data subscribers connect to Applicant's cable systems using a cable modem, which Applicant provides at no charge or which subscribers can purchase on their own. Generally, subscribers pay a flat monthly fee based on the level of service received.

*Road Runner.* TWC offers four tiers of its Road Runner™ high-speed data service in all of its systems: Turbo™, Standard, Basic and Lite. Generally, each tier offers different speeds at a different monthly fee. Turbo offers subscribers speeds of up to 20 mbps downstream and 2 mbps upstream. Applicant provides Turbo subscribers with Powerboost™, which allows users to initiate brief download speed bursts when Applicant's network capacity permits, and it is in the process of rolling Powerboost out to its Standard subscribers. Applicant's Road Runner service provides communication tools and personalized services, including e-mail, PC security, parental controls, news groups and online radio, without any additional charge.

The Road Runner portal provides access to content and media from local, national and international providers and topic-specific channels, including entertainment, games, news, sports, travel, music, movie listings and shopping sites. In addition, in 2008, Applicant launched the Road Runner Video Store, which permits subscribers to rent or purchase television shows and movies for online viewing. Applicant provides high-speed data service over its HFC network using Data Over Cable Service Interface Specification ("DOCSIS"). Applicant has deployed DOCSIS 2.0, and soon plans to deploy DOCSIS 3.0, which will enable Applicant to deliver speeds significantly faster than currently achievable. In addition to Road Runner, Applicant provides its high-speed data subscribers with access to the services of certain other on-line providers, including Earthlink.

**Voice Services**

*Digital Phone.* Applicant offers its Digital Phone service to nearly all of its homes passed. Most Digital Phone customers receive unlimited local, in-state and U.S., Canada and Puerto Rico calling and a number of calling features, including call waiting, caller ID and Enhanced 911 ("E911") services, for a fixed monthly fee. Applicant also offers additional calling plans with a variety of options that are designed to meet customers' particular needs, including a local-only calling plan, an unlimited in-state calling plan and an international calling plan.

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**Commercial Market**

Applicant has provided video, high-speed data and network and transport services to commercial customers for over a decade. In late 2009, Applicant will begin selling Business Class Phone to small- and medium-sized businesses. The introduction of Business Class Phone enables Applicant to offer its commercial customers a bundle of video, high-speed data and voice services and to compete against bundled services from its competitors.

*Video Services.* Applicant offers commercial customers a full range of video programming tiers marketed under the "TimeWarnerCable Business Class" brand. Packages are designed to meet the demands of a business environment by offering a wide variety of video services that enable businesses to entertain customers and stay abreast of news, weather and financial information. Similar to residential customers, commercial customers receive video services through a combination of digital and analog transmissions.

*High-speed Data Services.* Applicant offers commercial customers a variety of high-speed data services, including Internet access, website hosting and managed security. These services are offered to a broad range of businesses and are marketed under the "Road Runner Business Class" brand. Commercial subscribers pay a flat monthly fee based on the level of service received. Due to their different characteristics, commercial subscribers are charged at different rates than residential subscribers.

*Commercial Networking and Transport Services.* Applicant provides dedicated transmission capacity on its network to customers that desire high-bandwidth connections among locations. Applicant also offers point-to-point circuits to wireless telephone providers and to other carrier and wholesale customers. Applicant's virtual private network, or VPN, services enable customers to use IP-based business applications for secure communications among geographically dispersed locations, while also providing customers high-speed access to the Internet, and provide secure access to the Internet for remote users, such as traveling employees and employees working from home or a remote location. Applicant also offers a variety of Ethernet services that are designed to provide high-speed, high-capacity connections among customers' local area networks, or LANs, within and between metropolitan areas.

*Service Bundles.* In addition to selling its services separately, TWC is focused on marketing differentiated packages of multiple services and

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features, or “bundles,” for a single price. Applicant offers bundled services to both its residential and commercial customers and, increasingly, these customers subscribe to two or three of Applicant’s primary services. Customers who subscribe to a bundle receive a discount from the price of buying the services separately as well as the convenience of a single monthly bill. Applicant also is continuing to develop services that are available only to customers who subscribe to a bundle. Applicant believes that bundled offerings increase its customers’ satisfaction with Applicant, increase customer retention and encourage subscription to additional features.

*Cross-platform Features.* In support of its bundled services strategy, Applicant continues to introduce features that operate across two or more of its services. For example, Applicant provides nearly two-thirds of its digital video subscribers who also subscribe to its Digital Phone service a Caller ID on TV feature that displays incoming call information on the customer’s television set, at no extra charge. Applicant has also introduced a feature called “PhotoShowTV that gives digital video subscribers who use both an Applicant-provided set-top box and subscribe to Applicant’s Road Runner high-speed data service the ability to create and share their personal photo shows and videos with other Applicant digital video subscribers using its VOD technology. In 2010, Applicant expects to launch remote DVR management, which will allow customers who subscribe to Applicant’s DVR service to use the Internet to program their DVRs, and a residential phone web portal, which will allow Digital Phone subscribers to use the Internet to modify Digital Phone features, make payments and listen to voicemail.

#### H. System Upgrade

Please describe future changes in the system or its operation which are currently budgeted, and any others which are planned or proposed by Applicant in the near and long term.

##### Near Term

- Digital bandwidth recovery state-wide to expand Switched Digital Video (SDV) capacity to 16-6MHz channel slots. Upon completion, approximately 50 HD and 180 SD video channels will be delivered to service groups of approximately 500-650 digital tuners on an on demand basis.
- Expanded HD offerings of approximately 75 HD channels.

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- Turbo and Turbo + High Speed Data capacity increases on a continued basis by reduction in service group sizes based on traffic demand.
- Expanded Start Over network offerings from 60 (in May) to 90 by end of 2009, including at least 21 HD channels. Expanded Look Back network offerings to a subset of the 90 Start Over channels based on programming rights.
- Tru2Way (OCAP) will be introduced system wide in compliance with FCC/TWC MOU. Tru2Way compliant set-tops will be initially Samsung, using TWC ODN Navigation Application as a guide.

*Longer Term*

- Digital video offerings will continue to grow with expanded HD offerings in linear networks, Start Over/Look Back and On Demand.
- Tru2Way applications will be developed as new interactive offerings. Other applications will be expanded on present SARA C/Compass user interface.
- High Speed Data standard and Turbo speeds will increase using multiple discrete data carriers and DOCSIS 3.0 technology.
- 3G/4G Wireless mobile data services are planned to be launched by early 2010.

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III. Affidavit

STATE OF HAWAII )  
CITY AND COUNTY OF HONOLULU ) ss.  
                                  )

This application is submitted by the undersigned who has been duly authorized to make the representations herein on behalf of the Applicant.

Applicant understands that representations in this application may be made part of or be relied upon in developing the Franchise Documents, and are enforceable against Applicant, in the event a franchise is renewed as a consequence of this application.

Applicant recognizes that all representations made in this application are binding upon it and that inaccuracy of or failure to adhere to any such representations may result in revocation of any franchise that may be granted as a consequence of this application.

Consent is hereby given to the State to make inquiry into the legal, character, technical, financial and other qualifications of Applicant and any controlling entities by contacting any persons or organizations named herein as references, or by any other appropriate means.

The Applicant certifies and guarantees that the responses are within the financial capability of the proposed system, and to deliver a cable communications system which is consistent with the responses contained within this application.

The signatory hereto declares that the entire contents of this application are true and correct to the best of his knowledge, information and belief.

Time Warner Entertainment Company, L.P.  
Through its Hawaii Division, Oceanic Time Warner Cable

Affiant's Signature  
Affiant's Name  
Official Position

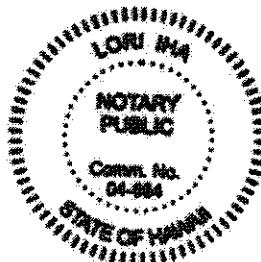
*Nate Smith*

Nate Smith  
President

Subscribed and sworn to before me  
This 21st day of July, 2009

*Lori Iha*  
Lori Iha  
Notary Public, State of Hawaii

My commission expires: 12/01/2012



Doc. Description: Application for  
Renewal of Cable Franchise  
Doc. Date: 7/21/09 No. Pages: 505  
Lori Iha  
Notary Public Name  
Notary Public Number  
Judi Crouch

**Application for Renewal of Cable Franchise**  
Applicant's Name: Time Warner Entertainment Company, L.P.  
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**IV. Qualifications**

As part of the franchise renewal process, DCCA wishes to obtain information regarding the financial, legal, technical and character qualifications of the Applicant.

**A. Legal and Ownership Qualifications**

**1. Ownership and Control Information**

Provide the following information for all principals, officers, directors of Applicant,\* and for beneficial owners of one percent or more of the outstanding stock or other ownership interest in Applicant. Beneficial owners include, but are not limited to individuals, corporations, partnerships, joint ventures and unincorporated associations. Beneficial owners also include all prospective owners, including those to whom offers to become owners have been made and the offer has not been rejected. To the extent that the information below is fully contained in SEC Form 10K filings, those filings may be submitted in lieu of the information below.

Name (if individual) \_\_\_\_\_

(if organized) \_\_\_\_\_

Complete Mailing Address \_\_\_\_\_

Nature of Interest: Partner  Officer  Stockholder/Owner

Director

Profession or occupation \_\_\_\_\_

Name of employer \_\_\_\_\_

Address of employer \_\_\_\_\_

Number of shares of each class of stock or ownership interest in Applicant (including stock options, stock subscriptions, and partnership options):  
\_\_\_\_\_  
\_\_\_\_\_

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\* If applicant is a subsidiary of another controlling entity, provide the requested information for all controlling entities.

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Method of payment for interest (cash, notes, services, etc.):\*\*

---

If shares are used for security to obtain funds to pay for them, disclose full details of the transaction: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Percentage of ownership of partnership, voting stock or equity interest:

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Applicant is a Delaware limited partnership authorized to do business in the State of Hawaii. The partners of TWE are:

- TWE GP Holdings LLC - 51.55% General Partner;
- Time Warner Cable LLC – 42.51% General Partner
- Time Warner NY Cable LLC – 3.75% Limited Partner; and
- Time Warner Cable LLC – 2.19% Limited Partner

Time Warner NY Cable LLC owns 100% of TWE GP Holdings LLC. TW NY Cable Holding Inc. is the 100% Common Equity Member of Time Warner NY Cable LLC.

Time Warner Cable LLC owns 100% of TW NY Cable Holding, Inc. Time Warner Cable Inc., the ultimate parent company of Applicant, owns 100% of Time Warner Cable LLC.

Time Warner Cable Inc. is a publicly traded company.

All of the above entities are Delaware entities and their principal office and mailing address is 60 Columbus Circle, New York, NY 10023.

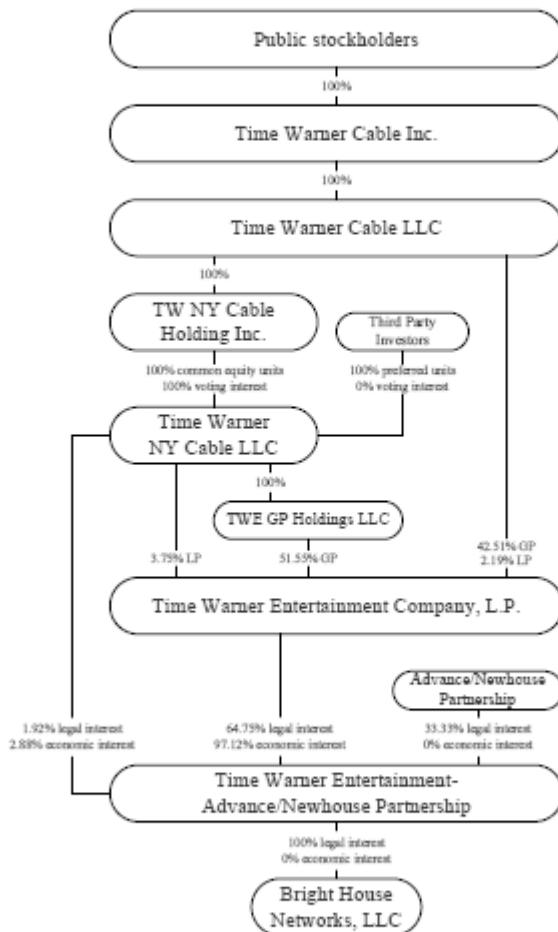
An organizational chart reflecting the foregoing and lists of the corporate officers and directors of each of the relevant entities are listed on the following pages. The officers of Time Warner Cable LLC are same as those of Time Warner Cable Inc. The mailing address for all of the officers and directors listed is c/o 60 Columbus Circle, New York, NY 10023. The ultimate parent of Applicant, TWC, is a publicly-traded company listed on the NYSE, stock symbol "TWC". Information on the number of shares of each class of stock owned by the officers and directors of TWC, if any, are listed in TWC's SEC Form 10-K (filed 02/20/09), attached as Exhibit A.

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\*\* If no, fully disclose terms thereof, including interest rate, repayment schedule and dedication or circling of future income stream, if any. If services, disclose the method of valuation.

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**Time Warner Cable  
Corporate Structure**  
as of 3/12/09



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**TIME WARNER ENTERTAINMENT COMPANY, L.P.**  
**CORPORATE OFFICERS**  
as of 4/1/09

Glenn A. Britt	President & Chief Executive Officer
Landel C. Hobbs	Chief Operating Officer
Robert D. Marcus	Senior Executive Vice President & Chief Financial Officer
Marc Lawrence-Apfelbaum	Executive Vice President, General Counsel & Secretary
Gerald D. Campbell	Executive Vice President, Technical Operations
Ellen East	Executive Vice President & Chief Communications Officer
Joan Gillman	Executive Vice President & President, Time Warner Cable Media Sales
William R. Goetz, Jr.	Executive Vice President, Northeast Region
Michael T. Hayashi	Executive Vice President, Architecture, Development and Engineering
Carol Hevey	Executive Vice President, Carolina Region
Sam Howe	Executive Vice President & Chief Marketing Officer
Michael L. LaJoie	Executive Vice President & Chief Technology Officer
Kevin J. Leddy	Executive Vice President, Technology Policy & Product Management
James Ludington	Executive Vice President, National Network Operations
Gail MacKinnon	Executive Vice President & Chief Government Affairs
Officer	
Tomas Mathews	Executive Vice President, Human Resources
Arthur Minson	Executive Vice President & Deputy Chief Financial Officer
Terrence D. O'Connell	Executive Vice President, Midwest Region
Stephen Pagano	Executive Vice President, West Region
Barry S. Rosenblum	Executive Vice President, Texas Region
Carl U. J. Rossetti	Executive Vice President & President, Time Warner Cable Ventures
Peter C. Stern	Executive Vice President & Chief Strategy Officer
Howard Szarfarc	Executive Vice President, New York City Region
Melinda Witmer	Executive Vice President & Chief Programming Officer
Satish Adige	Senior Vice President, Investments
Robert G. Benya	Senior Vice President, Interactive Video
Frank Boncimino	Senior Vice President & Chief Information Officer
James Braun	Senior Vice President, Product Management
David A. Christman	Senior Vice President, Deputy General Counsel, Chief Counsel, Corporate & Assistant Secretary
Steve Cook	Senior Vice President, Product Management
Michael Diamond	Senior Vice President, Marketing

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David Flessas	Senior Vice President, Technical Operations
Marissa Freeman	Senior Vice President, Marketing
James W. Jeffcoat	Senior Vice President, Corporate Services
Kevin MacDermott	Senior Vice President, Commercial Operations
Gary Matz	Senior Vice President, State Government Affairs
William F. Osbourn	Senior Vice President & Controller
Thomas Robey	Senior Vice President, Investor Relations
Asheesh Saksena	Senior Vice President & Deputy Chief Strategy Officer
Mark Schichtel	Senior Vice President, Tax
Matthew Siegel	Senior Vice President & Treasurer
Steven Teplitz	Senior Vice President, Government Affairs
Jeffrey M. Zimmerman	Senior Vice President, Deputy General Counsel & Chief Counsel, Litigation
Raj Kumar	Assistant Secretary
Riina Tohvert	Assistant Secretary
Susan A. Waxenberg	Assistant Secretary
Ellen Alderdice	Assistant Treasurer
Meredith Garwood	Assistant Treasurer

**Application for Renewal of Cable Franchise**  
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**TIME WARNER NY CABLE LLC**  
**DIRECTORS & OFFICERS**  
as of 3/12/09

**DIRECTORS:**

Landel C. Hobbs  
Robert D. Marcus

**CORPORATE OFFICERS:**

Glenn A. Britt	President
Landel C. Hobbs	Chief Operating Officer
Robert D. Marcus	Senior Executive Vice President
Marc Lawrence-Apfelbaum	Executive Vice President & Secretary
Gerald D. Campbell	Executive Vice President, Technical Operations
Ellen East	Executive Vice President & Chief Communications Officer
Joan Gillman	Executive Vice President & President, Time Warner Cable Media Sales
William R. Goetz, Jr.	Executive Vice President, Northeast Region
Carol Hevey	Executive Vice President, Carolina Region
Gail MacKinnon	Executive Vice President & Chief Government Affairs Officer
Terrence D. O'Connell	Executive Vice President, Midwest Region
Stephen Pagano	Executive Vice President, West Region
Barry S. Rosenblum	Executive Vice President, Texas Region
Howard Szarfarc	Executive Vice President, New York City Region
Melinda Witmer	Executive Vice President & Chief Programming Officer
Satish Adige	Senior Vice President, Investments
David A. Christman	Senior Vice President & Assistant Secretary
James Jeffcoat	Senior Vice President, Corporate Services
Gary Matz	Senior Vice President, State Government Affairs
William F. Osbourn	Senior Vice President & Controller
Mark Schichtel	Senior Vice President, Tax
Matthew Siegel	Senior Vice President & Treasurer
Jeffrey Zimmerman	Senior Vice President
John Fogarty	Vice President

**Application for Renewal of Cable Franchise**

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Riina Tohvert  
Susan A. Waxenberg  
Ellen Alderdice  
Meredith Garwood

Assistant Secretary  
Assistant Secretary  
Assistant Treasurer  
Assistant Treasurer

**Application for Renewal of Cable Franchise**  
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**TW NY CABLE HOLDING INC.  
DIRECTOR & OFFICERS**

Satish Adige	Director
Glenn A. Britt	President
Landel C. Hobbs	Chief Operating Officer
Robert D. Marcus	Senior Executive Vice President & Chief Financial Officer
Marc Lawrence-Apfelbaum	Executive Vice President & Secretary
Michael L. LaJoie	Executive Vice President & Chief Technology Officer
Carl U. J. Rossetti	Executive Vice President & President, Time Warner Cable Ventures
Satish Adige	Senior Vice President, Investments
David A. Christman	Senior Vice President & Assistant Secretary
William F. Osbourn	Senior Vice President & Controller
Matthew Siegel	Senior Vice President & Treasurer
Riina Tohvert	Assistant Secretary
Susan A. Waxenberg	Assistant Secretary
Ellen Alderdice	Assistant Treasurer
Meredith Garwood	Assistant Treasurer

**Application for Renewal of Cable Franchise**  
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**TIME WARNER CABLE INC.**  
**DIRECTORS & OFFICERS**  
as of 4/1/09

**Directors**

Carole Black  
Glenn A. Britt  
Thomas H. Castro  
David C. Chang  
James E. Copeland, Jr.  
Peter R. Haje  
Donna A. James  
Don Logan  
N.J. Nicholas, Jr.  
Wayne H. Pace  
Edward D. Shirley  
John E. Sununu

**Officers**

Glenn A. Britt	Chairman, President & Chief Executive Officer
Landel C. Hobbs	Chief Operating Officer
Robert D. Marcus	Senior Executive Vice President & Chief Financial Officer
Marc Lawrence-Apfelbaum	Executive Vice President, General Counsel & Secretary
Gerald D. Campbell	Executive Vice President, Technical Operations
Ellen East	Executive Vice President & Chief Communications Officer
Joan Gillman	Executive Vice President & President, Time Warner Cable Media Sales
William R. Goetz, Jr.	Executive Vice President, Northeast Region
Michael T. Hayashi	Executive Vice President, Architecture, Development and Engineering
Carol Hevey	Executive Vice President, Carolina Region
Sam Howe	Executive Vice President & Chief Marketing Officer
Michael L. LaJoie	Executive Vice President & Chief Technology Officer
Kevin J. Leddy	Executive Vice President, Technology Policy & Product Management
James Ludington	Executive Vice President, National Network Operations
Gail MacKinnon	Executive Vice President & Chief Government Affairs Officer
Tomas Mathews	Executive Vice President, Human Resources

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Arthur Minson	Executive Vice President & Deputy Chief Financial Officer
Terrence D. O'Connell	Executive Vice President, Midwest Region
Stephen Pagano	Executive Vice President, West Region
Barry S. Rosenblum	Executive Vice President, Texas Region
Carl U. J. Rossetti	Executive Vice President & President, Time Warner Cable Ventures
Peter C. Stern	Executive Vice President & Chief Strategy Officer
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David A. Christman	Senior Vice President, Deputy General Counsel, Chief Counsel, Corporate & Assistant Secretary
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Meredith Garwood	Assistant Treasurer

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**TWE GP HOLDINGS LLC  
OFFICERS**

Glenn A. Britt	President
Landel C. Hobbs	Chief Operating Officer
Robert D. Marcus	Senior Executive Vice President
Marc Lawrence-Apfelbaum	Executive Vice President & Secretary
Satish Adige	Senior Vice President, Investments
David A. Christman	Senior Vice President & Assistant Secretary
William F. Osbourn	Senior Vice President & Controller
Matthew Siegel	Senior Vice President & Treasurer
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2. General Ownership Information

To be completed by each organization or corporation which filled out Section IV.A above.

- a. List all principals, officers, corporate directors, and beneficial owners of one percent or more of your own stock or ownership interest.

(For each name below that is the name of an organization or corporation, complete a new Section IV.A for the entity until all ownership interests are identified at the level of individual owners of one percent or more).

Name of Organization: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

<u>Name</u>	<u>Address</u>	<u>Capacity</u>	<u>Ownership (Percent)</u>
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Please see response to Section IV.A.

3. Additional Information

- a. Is Applicant directly or indirectly controlled by another corporation or legal entity?

Yes. Applicant is controlled by TWC, its ultimate parent company. Please also see response to Section IV.A.

- b. Provide a current organizational chart including any parent organizations and affiliates controlled by Applicant, showing the relationship between the Applicant, franchise holder and all principals and ultimate beneficial owners of the Applicant including all controlling/ownership entities in the change of command. The organizational chart should show all vertical and horizontal affiliates by degree or extent of control/ownership interest.

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Please see response to Section IV.A. (organizational chart).

- c. Detail agreements or procedures, if any, which assure that policy and operational control over the proposed cable television system shall remain vested in Applicant. Also provide complete description of all entities and organizations which may comprise or be part of or related to controlling business entity.

Ultimately, Applicant's officers and directors will be responsible for directing Applicant's operations (please see Section IV.A.1 for listing of officers and directors). However, local Oceanic personnel (please see Section II.B for listing) will continue to manage and be responsible for day-to-day operations.

**4. Obligations of the Applicant**

- a. Is any owner of any equity interest obligated or expected to be obligated to repay, guarantee or otherwise be responsible for any outstanding debt of Applicant? If recourse exists with respect to the assets of some but not all equity owners, disclose details of different treatment.

Since Applicant is a limited partnership, the respective general partners, as noted in TWC's SEC Form 10-K (Exhibit A), will be liable for the obligations of the Applicant. Please also see response to Section IV.A.

- b. Is Applicant obligated or expected to be obligated to repay, guarantee or otherwise be responsible for any outstanding debt of any equity interest in the Applicant? If recourse exists with respect to the assets of some but not all equity owners, disclose details of different treatment.

No. Please see response to Section IV.A.4.a.

**5. Ownership Disclosure**

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- 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 ownership and control of the franchise, including but not limited to agreements regarding the management or day-to-day business of any material portion of the Applicant's cable operations. This includes agreements between local investors and national companies. Failure to reveal such agreements will be considered withholding of pertinent information and will be considered cause to withhold or revoke award of the franchise.

Please see TWC's SEC Form 10-K (Exhibit A) for ownership disclosure information.

- b. Please append copies of any written agreements made regarding the ownership or control of the cable system. Use the space provided to outline any oral agreements or understandings regarding the ownership or control of the cable system. Indicate the existence and description (including price and time-of-exercise provisions) of stock options, buy-out agreements, buy-back or exchange of stock (or other interests) or options that could affect the ownership structure of Applicant. Treat specifically the possible effects on the interests of minority owners and local investors. (A "local investor" shall mean any individual who resides within the State of Hawaii or any corporation, partnership or business association owned or controlled by any individual(s) who reside in such area.)

Applicant does not have any written or oral agreements or understandings regarding the ownership or control of the cable system.

- c. Provide all agreements, documents or other materials covering relationships, interest rights and responsibilities for ownership entities other than a corporation, including but not limited prospectuses, offering statements, solicitations and repayment agreements.

None.

**Application for Renewal of Cable Franchise**  
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- d. Please provide the most recent Form 10-K, if any, for all related or controlling entities of Applicant.

Please see TWC's SEC Form 10-K (Exhibit A).

**6. Future Ownership Issues**

Provide a complete description of any pending or planned changes in the ownership structure of the Applicant including such changes pending or planned for any ownership interests in the Applicant or any of its parent companies.

No pending or planned changes to Applicant's ownership structure are contemplated at this time.

**B. Character Qualifications**

Please provide the following information about Applicant and any controlling entities (hereinafter collectively referred to in this section as "Applicant"). Please identify all controlling entities for which information is provided.

For the ten-year period immediately preceding the filing of the application, please provide the following information as to Applicant:

1. Has any court entered any judgment, decree or order which determined that Applicant engaged in any activity that involved:
  - a. unfair or deceptive trade practices, perjury, fraud, dishonesty, organized crime or racketeering; or
  - b. violation of applicable federal, state, or local cable communications law or rules; or
  - c. violation of cable franchise provisions; or
  - d. violation of the rules, regulations, codes of conduct, or ethics of a self-regulatory trade or professional organization?
  - e. If so, please describe each such judgment, order or decree and provide a copy thereof.

**Application for Renewal of Cable Franchise**

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No.

2. Has any administrative entity made any finding or entered any order or decree which determined that Applicant engaged in any activity that involved:
  - a. unfair or deceptive trade practices, perjury, fraud, dishonesty, organized crime or racketeering; or
  - b. violation of applicable federal, state, or local cable communications laws or rules; or
  - c. violation of cable franchise provisions; or
  - d. violation of the rules, regulations, codes of conduct, or ethics of a self-regulatory trade or professional organization?
  - e. If so, please describe each such finding, order or decree and provide a copy thereof.

Except as provided below, there have been no instances where an administrative entity made any finding or entered any order or decree which determined that Applicant engaged in any of the activities listed in Section IV.B.2.:

FCC Proceedings Relating to SDV Technology

In 2008 and 2009, the FCC's Enforcement Bureau ("Bureau") issued a series of notices of apparent liability ("NALs") and orders addressing Applicant's use of SDV technology. The following is a summary of the proceedings.

On August 22, 2008, the Bureau issued an NAL tentatively finding that Applicant's SDV deployment constituted a service change about which Applicant was required to notify the DCCA pursuant to Section 76.1203(c) of the FCC's rules, but that Applicant had failed to do so. In response, Applicant explained that its use of SDV to deliver certain channels did not trigger—and thus did not violate—this notice requirement, because Applicant did not change the number, tiering, or placement of any channels. Rather, Applicant's deployment of SDV simply required that a small

**Application for Renewal of Cable Franchise**

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number of customers obtain additional equipment to view the SDV-delivered channels, requiring disclosure only under Applicant's annual equipment compatibility notice obligation—with which Applicant indisputably applied and which it supplemented with advance notice to affected subscribers.

On October 15, 2008, the Bureau issued two additional NALs, each tentatively finding that Applicant's SDV deployment violated (1) the right of consumers to attach navigation devices, pursuant to Section 76.1201 of the FCC's rules, and (2) Applicant's obligation to transmit virtual channel tables to unidirectional digital cable products ("UDCPs"), pursuant to Section 76.640(b)(1) of the FCC's rules. The Bureau also ordered Applicant to issue refunds to UDCP customers who could not view SDV-delivered programming and to inform the Bureau of its intended methodology for doing so.

Applicant filed petitions seeking reconsideration and a stay of the refund requirements, asserting that the imposition of a penalty without a final finding of liability violated due process and FCC procedures. Applicant also responded to the substance of the allegations. Regarding the first, Applicant explained that the Bureau merely found that Applicant had impaired the use of navigation devices, while the FCC's rule prohibits only those actions that prevent a subscriber from attaching or using a navigation device—which Applicant did not do. Applicant also explained that the Bureau's view effectively would require that all uses of a device be preserved in perpetuity, thus impeding innovation and undermining important FCC goals. Regarding the second allegation, Applicant explained that the virtual channel requirement, by its terms, does not apply to two-way services like SDV, and that such a requirement would not make sense in any event since UDCP customers could not access or use such virtual channel tables.

On January 19, 2009, the Bureau issued three forfeiture orders, finding Applicant liable for failing to provide notice of its SDV deployment, and finding Applicant liable for the other violations noted above and ordering again that Applicant issue refunds. The Bureau did not rule on Applicant's previously filed petitions for reconsideration and a stay of

**Application for Renewal of Cable Franchise**

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that refund requirement. Applicant sought reconsideration and a stay with respect to each of these forfeiture orders, relying on the arguments it set forth in its earlier filings. The Bureau also issued two NALs based on Applicant's failure to comply with the prior refund requirement. Applicant responded that this requirement was unlawful and that Applicant was entitled to a ruling on its good faith defense before it could be enforced.

On April 14, 2009, the Bureau on its own motion stayed indefinitely the portions of its orders requiring that Applicant issue refunds in connection with its SDV deployment. On June 26, 2009, the FCC issued an Order on Review vacating the forfeiture orders and NALs relating to Applicant's implementation of SDV, but affirmed the forfeiture order relating to the Bureau's finding that the migration of programming to an SDV platform constitutes a "change in service" requiring 30-day advanced written notice to the DCCA. Applicant is currently evaluating its options with respect to the remaining notice forfeiture order.

Copies of the relevant NALs and orders filed on January 19, 2009 and the FCC's Order on Review filed on June 26, 2009 referenced above are collectively attached as Exhibit B.

*Agreement with State of New York Bureau of Consumer Frauds and Protection Rochester Regional Office*

In May, 2005, Applicant's parent, TWC, reached an agreement with the Attorney General of the State of New York Bureau of Consumer Frauds and Protection Rochester Regional Office regarding certain alleged promotional advertising, rates and billing practices for the provision of free residential high-speed Internet, cable television and digital telephone services to residents in Rochester, New York for limited periods and under certain conditions. The New York attorney general raised concerns that certain advertisements allegedly did not fully disclose certain conditions to subscribers and that certain billing practices allegedly resulted in overcharges. Without admitting any wrongdoing, TWC agreed to certain remedial relief, restitution and civil penalties to resolve the matter.

**Application for Renewal of Cable Franchise**

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3. Has Applicant or any of its officers, directors, or management employees been convicted of any felony criminal offense, which involved perjury, misrepresentation, fraud, theft, or bribery? If so, please provide full information concerning each such condition.

No.

4. Has any cable television franchise held by Applicant been suspended or revoked? If so, please state the relevant circumstances for each such suspension or revocation.

No.

5. Has any application submitted by Applicant for a new cable television franchise been denied or withdrawn after receipt of a formal or informal notice of intent to deny? If so, please state the relevant circumstances for each such denial or withdrawal.

No.

6. Has any application for a transfer of a cable television franchise to Applicant been denied or withdrawn after receipt of a formal or informal notice of intent to deny? If so, please state the relevant circumstances for each such denial or withdrawal.

Except as provided below, there have been no instances where an application for a transfer of a cable television franchise to Applicant has been denied or withdrawn after receipt of a formal or informal notice of intent to deny and not superseded by subsequent action by the community:

Separation from Time Warner Inc.

In 2008, Applicant's parent, TWC, sought regulatory approvals for its planned separation from Time Warner Inc. As part of that effort, TWC sent FCC Form 394s to approximately 754 local franchising authorities ("LFAs") without prejudice to TWC's position that the transaction would not result in any change of control that required LFA approval. Three LFAs (all in North Carolina) denied consent: Chatham County, Town of Hillsborough and Town of Spring Hope. A fourth LFA in North Carolina, the Town of Dorchest, also

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subsequently denied consent; however, the system in that area was subsequently sold by Applicant.

Following the denials, TWC continued to work with the North Carolina communities to discuss their concerns. The Town of Hillsborough and Chatham County subsequently rescinded their denials.

**Time Warner / Adelphia / Comcast Transaction**

In connection with FCC Form 394 filings relating to the Time Warner / Adelphia / Comcast transaction, which closed in July, 2006, four communities (all in North Carolina) ultimately elected to exercise a right of first refusal under their franchise to purchase the cable system within their community: Cornelius, Davidson, Mecklenburg County, and Mooresville.

7. Has any application submitted by Applicant for a renewal of a cable franchise been denied or withdrawn after receipt of a formal or informal notice of intent to deny? If so, please state the relevant circumstances for each such denial or withdrawal.

No.

**C. Financial Qualifications**

1. Applicant's Financial Statements (HAR §16-131-44(4))

Provide the latest audited financial statements of the Applicant that have been audited by an independent Certified Public Accountant. Such audited financial statements are to be full disclosure financial statements prepared in accordance with Generally Accepted Accounting Principles and contain at a minimum, Balance Sheets, a Statement of Income, a Statement of Changes in Equity, a Statement of Cash Flows, and a full set of related footnotes.

Please see pages 88-138 of TWC's SEC Form 10-K (Exhibit A) for Applicant's parent (TWC's) 2008 audited financial statements. Applicant no longer has audited financial statements.

## **Application for Renewal of Cable Franchise**

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Through its Hawaii Division, Oceanic Time Warner Cable

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### 2. Source of Financing

Describe in detail financing plans for any new construction, expansion and the continuing operation of the Applicant's cable system. Document the debt or financing that is to be provided by any funding organization. If the funding is to be provided through any parent, then the ability to obtain financing and sources of the parent must be documented.

Applicant believes that cash generated by, or available to, Applicant and its parent should be sufficient to fund its capital and liquidity needs for the foreseeable future. For example, there are no significant maturities of TWC's long-term debt prior to February 2011. TWC's sources of cash include cash provided by operating activities, cash and equivalents on hand, borrowing capacity under its committed credit facilities and commercial paper program, as well as access to capital markets. TWC's unused committed capacity was \$3.688 billion as of March 31, 2009, reflecting \$396 million of cash and equivalents and \$3.292 billion of available borrowing capacity under TWC's \$5.875 billion Revolving Credit Facility. Please also see TWC's SEC Form 10-K (Exhibit A).

### 3. Terms of Financing

Provide details of the terms of any financing arrangements with Applicant's parent company or any other affiliated entities, if any.

Applicant does not contemplate a need for financing arrangements.

### 4. Operator Liability

Will any other entity besides the Applicant be legally liable for the obligation and performance of the Hawaii system?

If the Applicant proposes that persons or entities other than the Applicant shall be legally liable for the obligations and performances of the Oahu system, provide complete financial data for said persons or entities or indicate where such data is located in the application, and state clearly the degree to which they will incur such liability.

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Since Applicant is a limited Partnership, the respective general partners, as noted in TWC's SEC Form 10-K (Exhibit A) will be liable for the obligations of the Applicant.

**5. Documentation of Financial Viability**

Provide an annual report and FCC Form 10K for Applicant's parent company.

Please see TWC's SEC Form 10-K, attached as Exhibit A and TWC's 2008 Annual Report to Stockholders, attached as Exhibit C.

**6. Contact in Outside Audit Firm**

For Applicant, any parent company, and the principals, provide the name, title, address and telephone number of an appropriate contact person in each outside audit firm utilized within the past five years.

TWC's outside independent auditor is Ernst & Young, LLP ("E&Y"). Applicant's outside auditor is the Honolulu office of Ernst & Young, LLP. The Partner in charge of the Honolulu office is Michael Ching, CPA. Ernst & Young LLP's Honolulu office address is 1001 Bishop Street, Suite 2400, Pauahi Tower, Honolulu, HI 96813.

**7. Subscriber and Service Projections**

**a. Basis of Subscriber Penetration**

Explain how Applicant's subscriber and penetration figures are obtained.

[Response redacted]

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*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.*

b. Projected Growth of Other Services

Describe in detail the development and projected growth of any service other than basic and pay cable. Be specific on the sources and growth of each component of revenues from all "other" services.

Please see response to Section II.G for description of development of other services currently provided (or to be provided) by Applicant. Additionally, a 20-year projection of subscription levels, revenues, operating costs and other pertinent data is attached as Exhibit D.

[Response redacted]

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**D. Technical Qualifications and Plans**

1. In separate studies done by DCCA and its consultants during the renewal, the financial and technical qualifications of the Applicant have been addressed, through an examination of the Oceanic's system and technical operations, and existing information on the financial resources and operations of Oceanic and its corporate parents. (i.e., see consultant's report to DCCA, *Community Ascertainment and Related Activities*, January 30, 2009). In addition, pursuant to HAR §16-131-43 through §16-131-50, Oceanic has submitted periodic reports, and DCCA has regularly monitored Oceanic revenues and system technical performance information throughout the term of the current franchise.
2. The following specific additional information is requested, regarding current and planned system design and operations:
  - a. Residential system
    - i. Provide details on the following for cable television service to residential subscribers:
      - 1) Capacity, design, technology, performance and architecture;

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The capacity and design of the Applicant's system remains virtually intact, as the original HFC technology continues to support the demand for more channels and greater HSD bandwidth. The HFC technology also supports current and future advanced services through the continued leveraging of moving fiber further into neighborhoods, while decreasing the size of the service areas to less than the original 500 home design in the original HFC plan. As the fiber reach is increased, the overall system reliability also continues to increase (as reflected by smaller and shorter term outages), as fewer active devices (amplifiers) are needed to reach the residential customers.

2) Service area;

Applicant anticipates that service areas will continue to get smaller as fiber moves closer to the home, thus producing increased bandwidth, reliability and performance. The HFC system is now moving towards fiber to 250 home nodes, and the need for bandwidth based on usage and customer demand has moved many areas to 125 home nodes. Where necessary, Applicant has also begun to install fiber to the premises, but will not fully deploy this final step unless the HFC options for capacity and bandwidth are fully exhausted.

3) Underground policy;

Applicant's underground policy for the system will remain unchanged. The system will continue to follow the generally accepted practice of undergrounding for all new residential subdivisions, while also participating in all new undergrounding efforts as prescribed by the State of Hawaii, City and County of Honolulu and various utilities and special projects needs.

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- 4) Construction plans and construction complaint resolution;

Applicant plans to continue to: 1) construct new HFC plant in accordance with the available amplifier technology that is available at the time of construction (currently 870MHZ); 2) construct new nodes to no fewer than 250 homes passed per node as demand requires; and 3) move fiber into smaller pockets based on demand where necessary. Construction standards will continue to comply with all existing applicable laws and standards as set forth for such work according to the national electrical codes and the State of Hawaii.

- 5) Interconnection;

Applicant will continue to make all of the necessary interconnections as required by the franchise, and will maintain the current interconnection for voice, video and data, while increasing the interconnection standards as demand requires.

- 6) System monitoring and maintenance.

Maintenance of the system will continue to comply with all FCC rules and regulations for leakage and system performance. In addition, as a part of the ongoing visual plant inspection, all plant is visually inspected every 6 months for unusual elemental wear and tear, and is replaced or upgraded as necessary. System monitoring has been upgraded and expanded, and all devices in the home (digital converters and modems) are continuously monitored from the main office to check for outages and system degradation, including non-performing devices, through a Network Status Monitor that is manned 24 X 7 X 365. Customer service representatives also have the ability to access in-home information while the customer is on the line to determine any remedies that can be observed and transmitted while the call is taking place.

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- b. Equitable Extension of Service policy -- provide the following information concerning policies related to the extension of cable television service to residential subscribers:
- i. Describe your proposed policy about cable service being available to all subscribers in the franchise area.

Applicant's current policy for extension of service to underserved and underdeveloped areas will continue to remain the same. Applicant will extend the HFC architecture to all areas where a minimum of 25 homes per mile of strand or conduit is developed, and the Applicant monitors underdeveloped areas yearly to determine if any new construction of homes has occurred to meet the criteria for minimum extensions of plant. Currently, all areas on Oahu have been built out, and all new urban construction meets the foregoing requirement. Additionally, Applicant will extend a service drop without charge to a resident for up to 200' and will provide an estimate for a service drop installation only for the additional cost beyond the 200' limit.

- ii. Comment on policy requiring cable service to be coextensive with telephone and electric service, and other service providers such telecommunication services.

While electric service is necessary before the Applicant can extend the system into a service area (because some form of sustainable power is required to keep the HFC plant operable), Applicant may elect to service a community without telephone service as long as the prescribed 25 homes per mile criteria is met.

- iii. Describe plans to provide cable service to those portions of the franchise area which are presently without service.

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As noted above, Applicant will continue to construct HFC plant to all new developments in the franchise area that meet the 25 home per mile criteria as set forth above.

- c. Discuss analog and digital channel capacity plans, both short-term and long-term, including specific information regarding the degree of flexibility for adapting the existing and anticipated future system to changing capacity requirements.

Distribution technology is rapidly evolving from analog to digital due to digital information processing flexibility, quality and distribution efficiency. Within the constraints of the existing franchise, Applicant has made use of distribution bandwidth such that analog video channels reside between 50MHz and 550MHz and provide for the basic and standard analog services. Between 550MHz and 790MH, only digital video, high speed data and telephony carriers reside.

The 240 MHz band is in the process of grooming to allow for better efficiency of use to allow for expanded video and data offerings that include more High Definition channels, more Start Over and Look Back and VOD capability, and higher down stream high speed data offerings for 2009 and beyond.

In 2009, Hawaii television broadcasters converted to digital transmission. Per FCC mandate, Applicant will continue to distribute SD broadcasters in analog and carry HD broadcasters both in analog and simulcast HD. This mandate is scheduled to sunset in 2012. As more digital program networks are added -- especially in higher bandwidth consuming HD, there will be a need to recover bandwidth below 550MHz and replace analog channels with digital.

The anticipated strategy for bandwidth recovery will be to transition the lesser-viewed analog channels to digital-only distribution and provide the viewer with means to tune those channels either via digital directly to the television or through a device that converts the digital channel back to analog at the set. Growing distribution of digital channel offerings -- whether SD or HD -- will be either through dedicated linear

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digital channels (if highly viewed) or switched (if lesser viewed). The recovery of analog bandwidth will be an evolutionary process that follows the growth of HD and other video channel offerings as well as expansion of high speed data speeds to Applicant's customers. Ultimately, the entire analog band will be converted to digital, resulting in a far more efficient use of distribution bandwidth than exists at present.

The process of transition will be capital intensive, requiring expanded signal processing at system head ends, hubs and at the home. It will also require staging over time to allow for adapting the reception capability at the home with the distribution capacity of the network. In effect, this process will be analogous to that which the broadcasters underwent to move from analog to digital distribution. The difference for Applicant will be that the federal government will not be subsidizing the customer for purchasing tuning adaptors, and Applicant will continue to provide for that adaptation as part of its end commitment.

d. Description of Video Services

For each video service, provide a short narrative description. Identify each service by cable channel number and identification of call letters, service name or network or general description, and tier of service. If Applicant proposes to have shared channels, describe the daily time division and the proposed duration of each sharing.

Please see description of video services attached as Exhibit E.

E. Emergency Alert System

Describe your existing and/or proposed Emergency Alert System including make and model numbers of equipment. Indicate whether system will override all audio and video channels or only audio channels. Also indicate how the system will be activated and from where.

The Oahu system utilizes the TFT 911 encoder/decoder and Vela controller, which receives and processes EAS alerts from state civil defense and other civil authorities. Applicant inserts the alerts via a

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“pointer” crawl message over existing video, along with an audio message. These messages tell subscribers to tune to Applicant’s details channel (Ch. 48 on Oahu) for full details of the alert. Applicant also plans to modify the system where certain channels will have the full detailed alert via crawls over existing video, and audio message (*i.e.*, no “pointer” crawls).

**F. Institutional network (INET)**

1. Provide details on the following for the INET:

a. Capacity, design, technology, performance and architecture;

Over the current franchise period, Applicant has cooperated with the State in continuously improving and extending the INET, and Applicant intends to continue this working relationship consistent with the standards and acceptable practices developed in the past. The system uses a dark fiber that is single mode for the INET’s purposes, and is ring-star configured as requested by the State. Applicant intends to continue to construct additional INET sites based on this configuration at cost to the State. The terminal equipment, which is the primary factor in consideration of the capacity of the system, is selected and installed by the State, and can be changed or upgraded by the State to improve system performance. The system will continue to be supported by the Applicant, and every effort will be made to continue to work collaboratively with the State in the extension, performance and design of the INET.

b. Interconnection;

Interconnection will continue to be supported by the Applicant, and the interconnection points as specified by the State will also continue to be supported. The limitations on interconnections will continue to be geographical and under the constraint of available infrastructure for fiber connectivity.

c. Technical support;

The Applicant will continue to maintain an ample supply of qualified technicians for the purpose of maintaining the INET from a physical

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plant perspective, as well as to assist in optimizing and expanding the INET. All such personnel will be available on a 24 X 7 X 365 basis.

d. Construction plans;

The Applicant will continue to respond in a timely manner to the State's requests for installation, maintenance and new construction regarding the INET. The Applicant will also provide to the State reliable estimates where necessary to allow the State to fully develop the INET through the term of the franchise.

e. Staffing; and

Adequately trained staff will continue to be available during working hours and off hours to construct, maintain and optimize the INET facilities. Such personnel will be available to respond on a 24 X 7 X 365 basis.

f. System monitoring and maintenance.

Active monitoring of the INET infrastructure is (and will continue to be) accomplished by monitoring parallel fiber strands along the INET fiber routes. This monitoring is being performed by the JDSU Optical Network Monitor System, and is supported by the system Network Operations center on a continuous basis.

2. Provide details on future technology and expansion of INET. At a minimum, please address items/issues identified in the report *Community Ascertainment and Related Activities*, dated January 30, 2009.

As noted above, the Applicant will continue to work collaboratively with the State to expand, maintain, monitor and optimize the INET as during the current franchise period.

G. Local Origination Programming

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Provide details on Applicant's plans for future local origination programming.

Applicant will continue to expand its reach and coverage of OIA, PacWest, ILH and HHSAA sporting events, mostly in high definition. In 2009, Applicant acquired a satellite uplink truck enabling expanded telecasts from diverse communities across the State. OIA schools are recognized in Applicant's School Spirit Personal Pride program and the teachers through Applicant's Outstanding Educator initiative. More and more Hawaii athletes receive recognition and college scholarships due to the exposure they receive on OC16 telecasts, which are aired live in Hawaii and worldwide via Applicant's OC16.TV website.

Applicant's *100% local, 100% original* guideline has enabled Applicant to allow aspiring local producers opportunities to be on air and to continually improve their craft. To date, Applicant works with over 38 local producers who air their shows on OC16. These producers have won video awards and recognition by national organizations.

Applicant continues to add high quality local entertainment programming, and is approached by top producers and community groups to produce and air concerts and specials. Applicant has sent OC16 talent and personnel to produce a Kuwait special requested by the Schofield Army base command and will again produce and air the Miss Hawaii and Miss Teen Hawaii pageants. Applicant reaches out to the community with Wedding of a Lifetime and other special events including an upcoming video contest urging students to enter their "Make Hawaii Better" videos.

The OC16.tv web site has grown in popularity worldwide and continues to update and add new features such as local news, surf reports and weather, a coupon page offering local merchant discounts, the sale of OC16 and other Hawaiian merchandise, clips of local programs that can be seen on hand-held devices, and numerous other features. Applicant and OC16 have been recognized for its community involvement and local programming that reaches out to Hawaii and the world.

**H. Public, Educational, and Government (PEG) Access**

**1. PEG Access Transmission and Distribution Network**

Provide information on the following for PEG access:

- a. Capacity, design, technology, performance, architecture;

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PEG channels on Oahu are managed by 'Olelo Community Television. Under the current franchise, there are five PEG channels, and a 6<sup>th</sup> channel has been awarded on a temporary basis. Please see the Community Ascertainment and Related Activity report dated January 30, 2009 for technical information on the current PEG channels.

- b. Interconnection and technical support;

Interconnection and technical support is expected to remain consistent with that presently provided.

- c. Construction plans; and

Applicant does not anticipate any changes to present sites.

- d. System monitoring and maintenance.

System monitoring and maintenance are consistent with that provided for standard analog services.

2. Provide Applicant's plan for operating funding and capital payments for facilities and channels for access facilities.

Applicant intends to continue to provide operating funding for the designated PEG entity at the three percent of gross revenue rate as required under the current franchise. Applicant intends to provide annual capital payments to the designated PEG entity at a rate of \$3.00 per subscriber. 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.)

3. Proposed plans for PEG access --at a minimum, please address items/issues identified in the report *Community Ascertainment and Related Activities*, dated January 30, 2009.

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While the Community Ascertainment and Related Activities Report dated January 30, 2009 indicates that some stakeholders believe that the financial resources and bandwidth provided to the PEG entity should be increased, Applicant believes that the financial resources and bandwidth provided to the PEG entity must be evaluated within the context of existing and future technology, the demand for PEG programming, and the long-term interests of all Oahu subscribers. There are currently five PEG channels and a temporary sixth channel. 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.

I. Customer service operations

Please provide details concerning specific standards and practices with respect to location of offices, staffing, installation, repair, telephone response, billing, handling of complaints, service cancellation and changes.

Applicant believes that improving customer care contributes to customer satisfaction and lasting customer relationships, which results in increased penetration and retention of its services. Applicant's customer care strategy is focused on four key components, including:

- *Continuous Technical Improvement.* Applicant focuses on continuous improvement in network performance through technology and operational enhancements, including deploying redundant fiber networks, high capacity optical transport and IP elements, next generation DOCSIS services and support for two-way customer premise equipment. Operationally, advanced work force management and remote network surveillance and restoration tools provide for increased efficiencies in dispatching Applicant's technicians and resolving customer-reported issues quickly. The Applicant further maintains an advanced monitoring system that allows for advanced recognition of outages and further enhances the customer experience allowing for most calls to be answered via a tele-technical presence insuring first call resolution of service issues.

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- *Ease of Access.* Applicant provides customers several means of gaining information, answering questions, placing orders and reporting service trouble. Multiple platforms, including phone conversation, web based interactions (chat and email) and interactive interfaces all contribute to making Applicant easy to access and do business with. The Applicant plans no further expansion of its remote locations (offices); however through using the U.S. Postal service and through exploration with other "mail" type delivery mechanisms, the outreach to customers is expanding in the areas of equipment exchanges and simple installations of CPE.
- *First Call Resolution.* Applicant enables front line employees to solve customer inquiries quickly and on the first call with targeted answers and solutions to customer questions, problems and needs with desktop tools, improved care network capabilities and enhanced troubleshooting capabilities. Further, the Applicant has enlisted the help of offshore (USA) call centers to handle overflow calls of a non-technical nature to better establish a local presence for the resolution of service and installation ticketing.
- *Expand Capacities.* Applicant provides additional care capacity to support customer inquiries, order placement and trouble reporting, and ensures that each call center has the means to route high call volumes to alternative supporting centers in an efficient and seamless manner. Additionally, in times of predicted high volumes of calls, other offshore call centers are able to tie seamlessly into the operation to provide support as demand dictates.

### J. Other

Provide Applicant's comments and proposals regarding the report *Community Ascertainment and Related Activities*, dated January 30, 2009 not already covered above.

Over the years, Applicant has diligently and substantially complied with all the material terms of its existing franchise and with applicable law. Applicant's efforts have gone far beyond the minimum requirements of its existing franchise and beyond that which would be expected of a good corporate citizen. Applicant's continuous introduction of innovative new technologies reinforces the Applicant's commitment to provide subscribers with reliable and greater breadth of programming and other service enhancements.

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In support of this application, Applicant relies upon this complete submission and the entire record and file maintained at the Department of Commerce and Consumer Affairs, Cable Television Division, pertaining to Applicant.

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