



and expanded PEG access channels and programming from Na Leo 'O Hawaii, Inc., the PEG access entity serving the County of Hawaii.

TWE agrees to provide additional capital funds for PEG access facilities and equipment for the years 2000 and 2001, and at the request of the Director TWE will interconnect ten (10) additional INET sites to its cable system all at not cost or charge to the State or subscribers.

NOW, THEREFORE, it is hereby ordered that Decision and Order No. 185, regarding the cable franchise issued to Time Warner Entertainment Company, L.P. for the East Hawaii area of the island of Hawaii, shall be amended as follows:

(1) The former TCI of Hawaii, Inc. Ka'u cable system serving the Ka'u District of the island of Hawaii shall be a part of Time Warner Entertainment Company, L.P. ("TWE") franchise for the East Hawaii area of the island of Hawaii and consolidated and incorporated into TWE's East Hawaii System, and census tract 212 shall be a part of the franchise service area.

(2) TWE shall upgrade the Ka'u cable system as described hereinabove in connection with the upgrade of its East Hawaii System, and shall complete the Ka'u system upgrade by December 31, 2000 which is the completion date for the East Hawaii System upgrade as provided in section 3.1 of Terms and Conditions of Decision and Order No. 185. By September 1, 1999, TWE shall submit to the Director for approval an upgrade plan interconnecting or consolidating the Ka'u system with TWE East Hawaii system including detailed cost estimates and engineering plan, proposed construction schedule, and other items as may be required under section 3.1(c) of Terms and Conditions of Decision and Order No. 185. As noted in Decision and Order No. 241, it is anticipated that high speed Internet cable access and other new services will be available to TWE subscribers in Ka'u to the same extent that such services are made available to all subscribers throughout the franchise and service areas regardless of the delivery system, i.e., microwave or fiber, or both.

(3) In connection with said upgrade plan for the Ka'u system, TWE shall submit to the Director a report regarding the feasibility of extending cable service to the Ocean View and Discovery Harbor/Mark Twain areas of Ka'u, and all other unserved areas within the Ka'u area. The Director reserves the right to require TWE to extend cable service to any unserved community within that area.

(4) TWE's line extension policy of 25 homes per mile shall be applicable to the franchise and service area including rural or remote communities.

(5) In addition to sites identified and obligations set forth in section 5.1 of Decision and Order No. 185, TWE, within six months of a request by the Director, shall interconnect all schools and libraries within the service area to its cable system and

provide a cable drop and basic service to such schools and libraries all at no cost or charge to the State or subscribers.

TWE, at the request of the Director, shall install fiber optic lines, materials, and electronics for two-way broadband video, voice, and data capabilities, interconnecting network sites between its cable system and ten (10) additional sites to be determined by the Director all at no cost or charge to the State or subscribers over the term of the franchise.

TWE shall maintain and repair the fiber optic lines up to the termination points of each site at no charge or cost, and shall replace any such fiber optic lines at TWE's actual cost of labor and materials which cost shall be borne solely by the connected agency, school or library.

(6) Section 4.3 of Terms and Conditions of Decision and Order No. 185, relating to access channels, is amended by amending paragraph (b) thereof in its entirety, and shall read as follows:

(b) At the direction of the Director, TWE shall designate and reserve for activation to the Director or the Director's designee, at least two (2) additional full-time Access Channels one each for educational and governmental access or as otherwise designated by the Director, as the 750 Mhz upgrades progress. In other words, as additional channels become available on a node-by-node basis in connection with the upgrades, TWE shall reserve two of the newly available channels for PEG purposes for activation at the request of the Director. The Director, at any time, may require TWE and the designated access entity or organization to prepare a plan which shall include an assessment of the need for the additional Access Channels, how such additional Channels will be made available, and any other information the Director may require.

(7) Section 4.5 of Terms and Conditions of Decision and Order No. 185 relating to facilities and equipment is amended by amending paragraphs (a) and (b) thereof in their entirety, and shall read as follows:

(a) For the period May 31, 1996 through January 1, 2001, TWE shall provide to the Director or the Director's designee capital funds for public, educational, and governmental access facilities and equipment in accordance with the following schedule:

<u>Due Date</u>	<u>Amount</u>
May 31, 1996	\$20,000.00
January 1, 1997	\$26,645.00
January 1, 1998	\$0

January 1, 1999	\$95,867.00
January 1, 2000	\$75,000.00
January 1, 2001	\$75,000.00

(b) By April 30, 2000, TWE in consultation with the designated access entity or organization shall submit to the Director a schedule for the payment of capital for public, educational, and governmental access facilities and equipment for each year from January 1, 2002 through the remaining years of the franchise term. The Director may, in the Director's sole discretion, approve, deny, or modify the payment schedule.

(8) Section 4.9 of Terms and Conditions of Decision and Order No. 185, is amended in its entirety and shall read as follows:


4.9 Reopening of Access Requirements.

Notwithstanding any provision to the contrary, at any time during the term of the franchise, the Director may commence informal or formal proceedings for the purpose of addressing future public, educational, and governmental access, and cable-related community needs and interests, and the Director may take any action the Director deems necessary or appropriate.

Except as amended herein, the provisions of Decision and Order No. 185 and the terms and conditions attached thereto and incorporated therein are hereby ratified and shall remain in full force and effect, and the terms and provisions set forth herein including the incorporation of the Ka'u area described above into TWE's Hawaiian Cablevision of Hilo franchise shall be effective as of the date hereof.

Notwithstanding any provision to the contrary, in the event Decision and Order No. 241 is rendered null and void as provided therein, this Decision and Order shall likewise be deemed null and void, and Decision and Order Nos. 148, 150, 187, and 239 shall be in full force and effect. In such event, the Director shall have the right to take any and all action and to issue such orders as the Director deems necessary or appropriate to serve and protect the public interest with respect to the cable services within the subject franchise area in accordance with applicable law.

DATED: Honolulu, Hawaii, May 10, 1999.

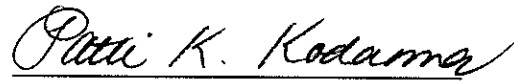
  
 KATHRYN S. MATAYOSHI  
 Director of Commerce and Consumer Affairs

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing DECISION AND ORDER NO. 242 was served upon the following parties at the address shown below by mailing the same, postage prepaid, on this 10th day of May 1999.

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FOR TIME WARNER ENTERTAINMENT COMPANY, L.P. dba  
Hawaiian Cablevision of Hilo

  
Patti K. Kodama  
Patti K. Kodama  
Secretary