

COMMUNITY ASCERTAINMENT AND RELATED ACTIVITIES

SUMMARY FOR

OCEANIC TIME WARNER CABLE FRANCHISE RENEWAL

ISLAND OF HAWAII

RESULTS AS OF OCTOBER 20, 2010



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GENERAL INTRODUCTION

The State of Hawaii, Department of Commerce and Consumer Affairs, Cable Television Division, (DCCA) is in the process of considering a request from Oceanic Time Warner Cable (Oceanic) to renew the company's two cable television franchises for the Island of Hawaii. As part of this consideration, DCCA is conducting an ascertainment of future cable-related community needs and interests, as well as studies and reviews related to the ascertainment. In its efforts, the State is following federal franchise renewal guidelines set out in the Cable Communications Policy Act of 1984, as amended in 1992 and 1996 (the Cable Act). The results of all of these activities are intended to form part of the basis for DCCA's anticipated negotiation of possible new franchises with Oceanic. This report is presented as complete for the purpose of triggering the ability of the DCCA to request an application for franchise renewal from the cable operator under the procedures specified in Hawaii State law and Hawaii Administrative Rules. However, this report is not intended to represent, necessarily, the conclusion of the assessment of community needs and interests relative to DCCA's rights and duties, as a local franchising authority, under the formal franchise renewal procedures described in the Cable Act. DCCA specifically reserves the right to conduct such additional needs assessment activities as it may deem appropriate, relative to the Cable Act formal process, and to finally conclude those activities at its own discretion, as provided for in the Act. The ascertainment has included the following principal elements, which are covered in the main sections of this report:

- Two open **public meetings**, consisting of public forums to gather public comment
- A written **community questionnaire**, made available to all members of the public through the public meetings, DCCA's website, and other means.
- Several direct **stakeholder interviews** with individuals and groups in the governmental, educational and non-profit sectors having particularly strong knowledge, history or interest with respect to the use of the cable system for community purposes
- A written **customer satisfaction survey** made available to all members of the public through the public meetings, DCCA's website, and other means.
- The solicitation of **written comment**, through letters and emails to DCCA

In addition, consistent with Cable Act guidelines DCCA has conducted the following background reviews related to the ascertainment activities:

- A **financial review** of Oceanic, to determine its financial capacity for carrying out future operations on the Island of Hawaii.

- An **engineering review** of the Oceanic Big Island cable system, focused on its current and future capacity for providing state-of-the-art services
- A **review of Oceanic's past compliance** with its obligations under the current franchises

To assist the State in these franchise renewal activities, DCCA is utilizing the services of the Certified Public Accounting and financial consulting firm of Merina & Company, LLP, (MCO) which is working with two subcontractors. This report represents the consultant's description of results of the principal ascertainment and related background study activities undertaken to date. The principal MCO personnel involved in assisting DCCA in this work is John Merina, CPA along with Merina & Company subcontractors Stephen Jolin of MuniCom, and engineer Brian Nordlund, P.E.

PUBLIC MEETINGS

Introduction

The franchise renewal ascertainment process included two open community ascertainment forums conducted by DCCA and the MCO consultant Stephen Jolin. Each forum included a presentation providing information about the franchising process, and an opportunity for attendees to give oral and written feedback. The forums were held at:

- Kona--King Kamehameha Kona Beach Hotel, July 20, 2010 (5pm-6:30pm)
- Hilo--Aging and Disability Resource Center, July 22, 2010 (5pm-6:30pm)

The forums were advertised in the local media, on the DCCA website, and on the PEG Access channels. At the Kona event, 7 people signed in for the forum and several of the attendees gave oral testimony or engaged in a general discussion. They included representatives of the PEG Access organization Na Leo 'O Hawaii, Oceanic Cable, and the general public. Five people signed in for the forum in Hilo, and several gave oral testimony or engaged in a general discussion. They included representatives of Na Leo 'O, Oceanic Cable, the general public, and State Representative Faye Hanohano. Several attendees at the forums, either during the forum or afterwards, completed written questionnaires on community needs and Na Leo 'O services, and on Oceanic customer service.

Summary of Oral Comments

Kona

Oral comments made at the Kona forum include the following:

- If East and West franchises are consolidated and benefit accrues, the benefit should be shared by Na Leo 'O. No degradation of Na Leo 'O PEG service should result.
- There should be more and better equipment and facilities provided in Kona, similar to what is provided in Hilo, since a majority of the tax base for the island comes from the Kona side, there is very active community production and training on the Kona side, and it is too far to drive to Hilo to use facilities there.
- Additional PEG facilities are needed at locations on the Kona side, to serve people at a distance from Kona itself.
- Channel 53, as well as 54, should be represented on the Na Leo 'O website.

- The ability to upload programs directly to the Oceanic headend from Kona should be re-established.
- The TV guide for the PEG channels needs to have less commercial content.
- Old PEG equipment needs to be replaced.
- Quality of Oceanic PEG transmission needs to be improved to ensure that quality of original programs is not lost en route to the viewer.
- Access to cable service generally needs to be improved on the island, as many still do not have cable.
- Kona Na Leo 'O staff is excellent.
- Better communication between Kona and Hilo should be established

Hilo

- Religious programming, and other community programming representing the expression of 1st Amendment privileges, should be encouraged on the PEG channels.
- Na Leo 'O staff needs to be more accommodating to producers and would-be producers from the community.
- PEG programming is too heavily devoted to government programs, and should represent more productions from community organizations and members of the public.
- PEG on the Island would benefit from a direct feed of programming from the State Capitol.
- Benefits from the cable franchise need to be more effectively provided to community organizations on the Island.

Introduction and Summary of Findings

Introduction

A Community Questionnaire was developed by DCCA and its consultants to elicit feedback regarding particular community needs, related to PEG Access, that might be fulfilled by the franchise renewal process, and to provide an opportunity for comment on the service provided by Na Leo 'O, the non-profit currently responsible for the delivery of PEG Access on the Big Island. The questionnaire includes a number of multiple choice questions, and also several questions that invite written comment. It was distributed at each of the two Public Meetings held by DCCA on the franchise renewal process, was posted on the DCCA web site, was made available in the DCCA office, and was advertised on PEG channels. In all, 6 completed questionnaires were received by DCCA prior to the August 31 deadline. In this part of the report, we summarize and present in some detail results of the completed questionnaires.¹

Summary of Findings

PEG-Related Community Needs

- 3 of the respondents thought the current number of PEG channels (5) was about right, with 2 suggesting it needs to be increased. One respondent had no opinion
- 4 respondents thought funding for PEG needs to be increased, and 1 thought it was about right. One respondent had no opinion
- 5 respondents said it is very important for PEG to keep up with commercial TV in new technologies, and one said it is not important.
- All 6 respondents said the cable system's capability of transmitting PEG programming from remote sites is very important to meet community needs.
- All 6 respondents said the availability of PEG programs live and in archive via the Internet is very important to meet community needs.
- On a scale of 1-5 (with 5 indicating the highest rating) respondents on average rated the importance P (public) programming at 4.2, E (education) programming at 3.5, and G (government) programming at 4.
- 4 of the respondents indicated an interest, for themselves or organizations they belong to, in making programs to show on a cable channel.

Written Comments on PEG and Na Leo 'O

Written comments submitted on the questionnaires, with respect to general PEG needs and Na Leo 'O's services, include the following:

¹ Respondents self-selected for this questionnaire, as part of their participation in ascertainment activities. Although survey results may reasonably be accepted as indicators for calling attention to issues and suggesting areas of special interest for respondents, no claims are made regarding the representativeness of the sample relative to the general population.

- Several expressions of Interest in specific types of PEG programming, e.g., geography programs, foreign language instruction, public service announcements, community programs, live coverage of community events
- Two expression of dissatisfaction with Na Leo ‘O organization, management and service, with the Kona operation and certain of its staff praised as desirable compared to the Hilo operation. Specific criticisms include: poor audio in programs, lack of information provided about Na Leo ‘O board meeting times and results, allegedly inappropriate substantial payment to a board member for producing a show; also, lack of friendliness, inadequate trainers, unresponsiveness and irresponsibility of staff, and too short hours of operation, at the Hilo facility
- A report of the difficulty of producing PEG programs under the constraints imposed on a non-profit organization
- An expression of the view that the Kona side of the Na Leo ‘O operation is like a “poor stepchild”—underfunded, understaffed, and thus underutilized
- Two compliments for Oceanic Cable
- A recommendation to extend PEG programming to more rural areas such as Puna, Ka’u, and South Kona
- An expression of interest in having Na Leo ‘O cover more types of community meetings
- Appreciation for Na Leo ‘O coverage of County Council and State Legislative meetings, and desire to see live transmissions, particularly of County Council meetings
- Appreciation of programming produced by community members, and generally for the community resource represented by Na Leo ‘O.
- Identification of needed improvements at Na Leo ‘O: better studio facilities with dedicated sound production, high definition cameras and editing software.
- An expression of dissatisfaction at the slowness with which the Na Leo ‘O website has been developed, and with its not yet working properly

A copy of the Community Questionnaire is included in Appendix E.

Introduction

As part of the franchise renewal ascertainment effort, DCCA arranged July meetings for its staff and consultants with key government, education and non-profit stakeholders in the renewal process—entities currently significantly involved in the use of cable resources, with a strong interest in the future direction of cable-related services. These included:

- Institutional (I-Net) Partners
- Hawaii Educational Networking Consortium (HENC)
- Na Leo 'O in Hilo
- Na Leo 'O in Kona
- Oceanic Cable

In addition, DCCA provided a briefing on the Hawaii franchising process to Hawaii Mayor William Kenoi; and State Representative Faye Hanohano attended the Public Forum held in Hilo.

Below are summaries of the results of the meetings, along with certain background information.

Interview Summaries

Institutional Network (I-Net) Partners (UH, ICSD, DOE, DCCA)

A. Participants: David Fujimoto – State Information and Communications Services Division; Gwen Nakahara – State Information and Communications Services Division; Chris Zane—University of Hawaii Information Technology Services; Les Miyamoto—Department of Education.

B. Date: July 19, 2010

C. Current use of the cable system:

The State's I-NET is the principal network that provides for two-way broadband telecommunications capabilities among State government and educational institutions across all islands. On the Big Island, State and local government agencies are generally connected to the I-net, as are all University of Hawaii facilities; but only 6 of 36 Department of Education facilities are connected.

D. Anticipated needs and interests for the Big Island in the new franchise period:

- Preserve and maintain the existing network, providing for free hookups and hookups at the cost of labor and materials, as needed.
- Expand the network to facilities not currently served. For example, the remaining 30 schools should be hooked up to the I-Net, with bandwidth necessary for online testing, pop quizzes, video among the schools, and other services; likewise, the Health Department needs to be connected to hospitals, prisons, community health centers, with high bandwidth connection.

- Generally increase I-Net capacity to higher bandwidth for intra- and inter-island transmission for all users, to meet growing bandwidth needs.
- Replace and upgrade plant as it ages, more critical now with aging fiber.
- Achieve more timely response to requests to Oceanic for new connections, with the company adopting installation priorities identified by the State.

E. Estimated financial value of the services provided through the cable system:

The cost of replacing the I-net with other facilities would be very high (estimates are \$40M-\$50M for all the Islands). The alternative of assuming recurring costs for services from the phone company or other provider would also be prohibitively expensive.

F. Current services that would not be practically feasible without the support and resources of the cable system:

Significant portions of activity—involving classes, back-office systems, access to the Internet, etc.—in both higher education and K-12 education, would likely cease without the I-Net.

G. Importance to the organization to have the support of the cable company and its resources to carry out plans over the period of the new franchise:

The continued support of the cable company for the I-Net is rated at 10 on a scale of 1-10 by the user organizations. Presently, many of the basic functions of these institutions could not be carried on without it. It was noted that federal E-rate support for educational communications is uncertain and of limited practicality.

H. Other comments relevant to ascertaining community needs pertaining to the cable television franchise renewal:

The I-Net group wishes to ensure that the judicial branch of state and local government, as well as the facilities of the state hospital, are served by the I-Net statewide, including the Big Island.

Hawaii Educational Networking Consortium (HENC)

A. Participants: Marlon Wedemeyer – HENC Program Director; Philip Bossert – Consultant representing Hawaii Independent Schools; Hae Okimoto – Department of Education; Royd Liu – University of Hawaii Information Technology Services

B. Date: July 21, 2010

C. Current use of the cable system:

The University of Hawaii programs one channel for higher education and the Department of Education programs one channel for K-12. Independent schools submit programming for both channels. Hawaii Community College in Hilo is also able to put programming on the system. The programming includes credit courses, workforce development training, in-service training for school staff, and other educational offerings. Programming from Oahu is currently microwaved to the Big Island, and runs 24 hours per day on PEG channels 55 and 56. Feeds of Civil Defense and legislative programming are also passed along on the microwave. All schools on the Big Island are currently connected to the cable system.

D. Anticipated needs and interests related to the Big Island in the new franchise period:

- When the statewide digital educational channel mandated by the Oahu franchise is realized in the next 2-3 years, it should go directly from the Oahu UH facility, by fiber, to UH Hilo and then by fiber to the PEG facility for distribution of programming, eliminating the need for microwave
- Relieve HENC of responsibility for Civil Defense program transmission to the Big Island, giving the responsibility directly to Oceanic instead
- With new digital channel programming, schools on the Big Island will need to be provided with digital cable boxes, and also the ability to convert back to analog where necessary for internal campus transmissions
- HENC needs cooperation and technical support from Oceanic
- Educational channels, including digital channels, need to remain low on the cable spectrum—below channel 78.
- Video on Demand (VOD) should be made available for educational purposes statewide, including the Big Island

E. Estimated value of the services provided through the cable system:

- HENC now receives 25 percent of PEG funds (0.75 percent of cable TV gross revenue) through an agreement with the PEG organization O'lelo on the Island of O'ahu. HENC distributes these funds to constituent partners. Educational programming is provided to the Big Island without Na Leo 'O's directly providing funding to HENC.
- Higher education receives about 25 percent (estimated) of its video budget from HENC. The DOE receives about 33 percent (estimated) of its video budget from HENC.
- HENC currently receives no cable TV funds for capital expenditures.

F. Value of Cable services: current services that would not be practically feasible without the support and resources of the cable system:

The cable system is perceived to be the best practical means to make educational video accessible to the majority of Hawaii residents, including those on the Big Island. Expense and signal quality issues limit the feasibility of broadcast TV as an alternative. Accessibility to online courses is also somewhat limited, and in any case, the video quality would be inferior on the Internet. Television educational services, both credit and non-credit, would be severely curtailed without the use of the cable system; many services would become impossible to provide.

Na Leo 'O Community Television

A. Participants: Donna Dunham, Assistant General Manager, and Jon Sabati, Production Coordinator, at the Kona facility on July 20; Juergen Denecke, General Manager, at the Hilo facility on July 22.

B. Date: July 20 and 22, 2010

C. Current use of the cable system:

Na Leo 'O is responsible for public, educational and government access on the cable system on the Big Island and currently cablecasts five channels. Channel 52 is a government channel, 53 and 54 are community programming channels, 55 and 56 are educational channels programmed by DOE and the University of Hawaii. Na Leo 'O currently operates two Community Media Centers—a main facility in Hilo, and an additional site in Kona. At these facilities, members of the public or organizations can receive training and assistance in producing and editing video programming, and can use Na Leo 'O equipment. Currently, the two facilities are not connected by wire, and a microwave interconnection is infeasible because of the topography of the island. Programs made in Kona have to be driven by car, or mailed through Honolulu, to the Hilo facility for cablecasting.

D. Anticipated needs and interests in the new franchise period:

- Provide for an effective interconnect between the Hilo and Kona facilities. This may be a hard-wire connection, or could possibly be a high-speed internet connection.
- Provide for a connection between the Kona facility and locations in the north of the Kona side of the island
- Provide complimentary business class Road Runner service to Na Leo 'O
- Kona staff is also interested in having a direct connection of the Kona facility to Oceanic, so that programming could be cablecast from Kona
- Provide for additional media centers to serve currently underserved parts of the Island, similar to one developing at Kohala High School on the Kona side
- Maintain current or higher operating and capital support for Na Leo 'O operations
- Connect Civil Defense headquarters directly to Na Leo 'O
- Install bi-directional connections from public libraries and other selected sites in Kona, Hilo, Ka'u and Waimea, for live cablecasting of community events and meetings. Kona staff also indicated that a mobile production van could provide for cablecasting live from remote sites.
- Retain current channel numbering for the PEG channels

E. Estimated financial value of the services provided through the cable system:

- Na Leo 'O receives three percent of the gross subscriber revenue of the Big Island cable TV system. This amounted to approximately \$1,012,503 in 2009.
- Na Leo 'O currently receives an annual contribution from Oceanic for capital (\$125,000 in 2009). As a partial indication of the financial value its services, Na Leo 'O provided documents showing that in 2009, at the Hilo facility alone, the community's use of the studio, production and editing equipment—almost 1,000 hours of use—would be fairly

valued at approximately \$1.8 million. The actual cost of commercial training and production, and commercial air, time for the more than 8,000 hours of programming developed by Na Leo 'O in 2009, would be extremely high.

F. Current services that would not be practically feasible without the support and resources of the cable system:

Na Leo 'O, with all of its public, educational and government access services, would almost certainly not be able to exist without the support provided through the cable TV franchise. Na Leo 'O staff sees the value of cable company support as above 5 on a scale of 1 to 5.

G. Relevant documentation available:

- Please see letter from Juergen Denecke, Appendix A
- The Kona facility management has tentative plans to more particularly identify its needs and interests through the use of a consultant during the franchising process.

State Senators and Representatives

State senators and representatives who have previously expressed interest in the franchising process, because of their interest in the cable casting of legislative hearings, or in other statewide benefits of the cable system such as the I-Net infrastructure, PEG Access services, or Hawaii Public Broadcasting, have been kept informed of the Big Island process by DCCA management. Representative Faye Hanohano attended the public forum on the franchising process held in Hilo on July 22, 2010, and participated actively in the discussion among the attendees, DCCA staff, and the consultant. She specifically urged getting community benefits from the cable system out to community organizations on the Big Island, such as the Hawaiian Paradise Park Association.

Oceanic Cable

In addition to meeting with community cable stakeholders, DCCA management met with representatives of Oceanic cable to discuss the Big Island franchising process. Oceanic representatives included Norman Santos (VP of Operations), Russ Saiki (VP of Finance), Brian Kang (Watanabe, Ing, attorney representing Oceanic), and Alan Akamine (advanced services). The meeting resulted in the following understandings:

- The pattern established in the Oahu franchising process will generally be followed also for the Big Island process
- Oceanic's intention is to continue to use the Kona headend as backup for the entire state, with at least half the circuits redundant on each island
- Any PEG programming put on onto Oceanic's headend from the Big Island will be able to be sent statewide
- Oceanic would like to have a single, combined franchise covering the entire Big Island, and anticipates no differences in the overall pricing of residential services in different parts of the Island. Basic service prices may vary, as may I-Net costs in different areas.
- Some hubs on the Big Island, such as Mauna Lani, need to be upgraded

- Oceanic acknowledges the community's interest in providing for the origination of programming from Kona as well as Hilo

Managers from the Big Island Oceanic cable system operation also attended the public forums in Kona and Hilo.

Introduction and Summary of Findings

As part of the ascertainment of community needs and interests involved in the franchise renewal process, DCCA conducted a brief written survey of customer opinion on various topics related to services provided by Oceanic. The survey was distributed at each of the Public Meetings, placed in the DCCA web site, and made available at DCCA's office. Eight completed surveys were collected by DCCA through August 31, 2010, all of them from individuals who had been Oceanic cable subscribers for 2 years or more. Written surveys like this one involve self-selected respondents, and thus typically make no claim to statistical validity even when they involve large samples. However, they can be of help in identifying the nature of the concerns that have prompted a survey response.

The survey, with a summary of its results, is included among the appendices to this report. It includes questions regarding TV reception, telephone response; web and email customer service; repair service; billing; courtesy; consolidation of the two franchises on the Big Island; and comparison with phone and electric service.

Asked for an overall rating of Oceanic service on the Big Island, 3 respondents rated it "Very Good," 4 respondents "Good," and 1 respondent "Fair."

COMPLIANCE REVIEW

In accordance with federal Cable Act guidelines, a compliance review has been undertaken on behalf of DCCA, examining the cable company's past adherence to the principal requirements set forth in the several documents which govern Oceanic's franchise obligations to the State for the Big Island. Among other documents we examined for this effort are the following:

- Provisions of Hawaii Revised Statutes
- Hawaii Administrative Rules
- D&O's of the DCCA, including 173, 185—with amendments in 241, 242, 261
- An 8/11/2000 DCCA Letter Order to Oceanic
- FCC regulations governing cable system technical standards
- DCCA's tracking system for cable company reporting requirements

In addition we interviewed DCCA staff, and looked for compliance issues in interviews with Na Leo 'O staff, HENC representatives, I-Net management, and Oceanic staff. We also made use of the engineering review completed by Brian Nordlund, which is part of this report.

A detailed outline of our findings is represented in the chart below. In brief, the cable company is in full or substantial compliance on all the requirements we examined; however some required reports were submitted late, and so noted.

**COUNTY OF HAWAII
OCEANIC CABLE COMPLIANCE CHART**

REQUIREMENT	SOURCE DOCUMENT(S)	COMPLY	NOTE
Annual Customer Satisfaction Survey	8/11/00 Letter (Ltr) Order	Yes	2007 (with time extension), 2008 , 2009 completed. Due 12/31 each year.
FCC CLI Test Results, 30 days from test	SS16-131-47, Hawaii Administrative Rules (HAR)	Yes	Regularly provided
Feasibility of Cable Service to Unserved Communities Report, annually	D&O 261	Yes (Late)	2007, 2008, 2009 [5 wks. late) completed. Due 12/31 each year.
Access Operating Fee to Na Leo 'O	D&Os 173, 185—with amendments in 241, 242, 261	Yes	Paid 1/31 of 2007, 2008, 2009. Amounts verified in periodic franchise fee reviews by Merina & Co.
Access Capital Funds Payment to PEG (\$125k/yr thru 1/31/2009)	D&Os 322, 335 (amends D&Os 173, 185)	Yes	Paid 1/31 of 2007, 2008, 2009
Report on Ownership- 1 or more %	SS16-131-43, HAR	Yes (Late)	Provided 2-5 months past due in years 2007-2008, approximately on time in 2009
Report on Financial Condition	SS16-131-44, HAR	Yes	Provided on time in years 2007-2009
Report on Construction Annually	SS16-131-45, HAR	Yes (Late)	Provided approximately 2 months late in 2007, 2008, approximately on time in 2009
Report on Complaints	SS16-131-46, HAR	Yes (Late)	Provided approximately 1-2 months late in years 2007-2008, approximately on time in 2009
Report on Proof-of-performance testing	SS16-131-47, HAR	Yes (Late)	Provided approximately 1-2 months late in years 2006-2008, approximately on time in 2009
Report on Production & Programming Activities	SS16-131-48, HAR	Yes	Provided on time in years 2007-2009,
Quarterly Reports-Sub act, revenues, personnel, service, etc.	SS16-131-50, HAR	Yes	Provided on time, or within a few days of on time in years 2007-2009
Monthly Customer Service Performance Report (FOR ALL SYSTEMS)	8/11/00 Letter Order	Yes	Provided on time, or within a few days of on time in years 2007-2009

Report on Construction Monthly	SS16-131-45, HAR	Yes	Provided on time, or within a few days of on time in years 2007-2009
Report on Interruptions-Major System Faults	SS16-131-49, HAR	Yes	Provided substantially on time in years 2007-2009
Provide 5 PEG access channels	D&Os 173, 241, 185, 261	Yes	
Implement revised Late Fee (Administrative Fee) procedure by 11/1/2000	8/11/00 Ltr Order	Yes	
Calculate franchise fee as % of subscriber monthly subscription, starting 1/1/2001	8/11/00 Ltr Order	Yes	
Do not pass on costs of 750 MHz upgrade to customers	8/11/00 Ltr Order	Yes	Was not included in subsequent rate requests
Provide 10 additional I-Net sites each for East and West Hawaii, at request of Director, at no charge	8/11/00 Ltr Order	Yes	
Improve signal quality to East Hawaii system	8/11/00 Ltr Order, HAR 440G	Yes	Engineering review found system well within FCC and industry standards
Provide discount for senior citizens in bulk MDUs from 10/1/2000	8/11/00 Ltr Order	Yes	No outstanding compliance issues. Discounts are available from Oceanic for bulk customers serving senior citizens.
Pay HPBA 1% of gross revenues annually, from 4/1/1993	D&O 261 (Amends 173, 185)	Yes	Amounts verified in periodic franchise fee reviews by Merina & Company, LLC.
Interconnect all schools and libraries to system, Provide cable drop and basic service, modem service when available, w/in 6 months of Director's request	D&Os 173, 241, 185, HRS 440-G, sec. 8.2	Yes	Every facility is either connected, or has declined.
Upgrade system to 750 MHz, minimum 80 channels, by 12/31/1997	D&Os 173, 185	Yes	Current activated capacity is 750 MHz on Hilo side, 870 MHz on Kona side
Connect additional I-Net sites at cost of labor & materials, at Director's request	D&Os 173, 185	Yes	Numerous schools have yet to request to be connected
Maintain and repair I-Net connections at no cost to State, replace at company's cost of labor and materials	D&Os 173, 185 as amended	Yes	No outstanding issues discovered; I-net group requests faster scheduling of connections, recognizes pole attachment delays may slow

			schedules
Pay franchise fees on annual gross revenues	D&Os 173, 241,185, HRS 440G as amended	Yes	Verified in annual reviews by Merina & Company.
Provide emergency override system, as specified	D&Os 173, 241, 185	Yes	Center is in State Civil Defense. State can initiate override. System allows crawl above existing video, with audio capability. Emergency messages from local radio stations can also be inserted. System follows State EAS requirements under FCC.
Put contact info for CATV Division on subscriber bills	D&O 173, 241, 185	Yes	
Maintain at least 2 customer service offices in Hilo, 1 in Kona, with specified hours and functions	D&Os 173, 241, 185	Yes	
Maintain publicly listed local telephone number for customer service, with specified hours and functions	D&O 173, 241, 185	Yes	
Provide installation service at specified minimum hours (8 hrs weekdays & Saturdays)	D&O 173, 241, 185	Yes	
Provide repair service at specified hours (8 hrs weekdays, 8 hrs. Sat, Sun, holidays)	D&O 173, 241, 185	Yes	
Provide specified broad categories of programming	D&O 173, 241, 185	Yes	
Provide and maintain fiber interface with HITS, upon notice from Director, at no charge	D&O 173, 241, 185	Yes	
Meet FCC system technical performance standards	FCC regs, Part 76, D&O 173, 241, 185, HRS 440-G, sec. 8.1	Yes	Engineering review confirmed FCC and industry standard compliance. In light of comments at public forums, PEG transmission quality may need to be further checked.
Meet FCC CLI (signal leakage) standards	FCC regs, Part 76, D&O 173, 241, 185, HRS 440-G, sec. 8.1	Yes	Engineering review included examination of October, 2009 CLI test results
Pay 1 % of Gross Revenues from standard service and below (.6% of gross Revenues) for DCCA Cable Division	D&O 261	Yes	Amounts verified in periodic franchise fee reviews by Merina & Company, LLP

administrative costs			
Maintain insurance, bonds, other sureties as required		Yes	
Timely filing of rates and charges for service, other required tariff information	SS16-131-27, HAR; HRS 440G-11	Yes	

Background

Chapter 440G of the Hawaii Revised Statutes (HRS), which is known as the Hawaii Cable Communications Systems Law, sets out the factors and requirements for renewal of a cable franchise. Specifically, § 440G-10 provides for the form of the application to be prescribed by the director of the Department of Commerce and Consumer Affairs (DCCA). This basic requirement is described in more detail in Hawaii Administrative Rules (HAR) Title 16, Chapter 133, Subchapter 3 *Special Procedure for Renewal Application*. HAR § 16-133-28(b) stipulates the facts required under HRS 440G-6, specifically, HRS § 440G-6(b) (2) which requires “The financial...qualifications of the applicant” be set forth to enable the director to make a decision on the cable franchise application. This section of our report responds to those requirements.

General Conclusion

Based on the information provided and the results of our analysis, we conclude that the financial status and performance of Oceanic Time Warner Cable (Hawaii) show a sound financial base and consistent profitable operating results. If history is an accurate roadmap to the future, Oceanic should be able to easily meet the requirements of the proposed franchise renewal.

It should be noted, however, that Oceanic is a division of a limited partnership known as Time Warner Entertainment Company, L.P. (TWE) which in turn is a subsidiary of Time Warner Cable, Inc. (TWC). In March 2009 TWC completed its spinoff from Time Warner, Inc. and became an independent, stand-alone company with no parent or controlling shareholder. Because of Oceanic’s status as a division of TWE, it has no separate legal status or existence. This corporate hierarchy gives rise to two significant issues affecting the island of Hawaii cable franchise:

- Oceanic’s resources are under the control of TWE’s management. Additionally, Oceanic’s assets are legally available for the satisfaction of debts of TWE and TWC.
- TWC incurred a significant amount of debt to accomplish the divestiture from Time Warner, Inc. This could cause impact the availability of free cash flow which could otherwise be used to expand and improve service offerings.

There are other risks which are common to the cable industry. These include:

- Loss of advertising and subscriber revenues due to the prolonged economic downturn.
- Inability to acquire, adopt, or develop existing or new technologies.
- Increased competition from traditionally non-cable service providers such as telecoms and other utility pole owners.
- Increase pole attachment costs.
- Imposition of new or increased taxes and/or fees from state and local governments experiencing budget shortfalls.

Specific Findings

Subscriber Information

Oceanic's Market Penetration (Hilo and Kona)			
	2009	2008	2007
Number of homes passed	75,942	74,797	72,092
Number of subscribers	48,149	48,413	47,959
Penetration	63.4%	64.7%	66.5%

Oceanic's Market Penetration (Hilo)			
	2009	2008	2007
Number of homes passed	37,333	36,607	35,283
Number of subscribers	23,752	23,579	23,249
Penetration	63.6%	64.4%	65.9%

Oceanic's Market Penetration (Kona)			
	2009	2008	2007
Number of homes passed	38,609	38,190	36,809
Number of subscribers	24,397	24,834	24,710
Penetration	63.2%	65.0%	67.1%

Time Warner Cable's Market Penetration (in thousands)			
	2009	2008	2007
Number of homes passed	27,128	26,789	26,526
Number of subscribers	12,859	13,069	13,251
Penetration	47.4%	48.8%	50.0%

Oceanic's market penetration is very healthy at around 65% and compares quite favorable with the total company's average which is in the 48% range. Oceanic's market penetration, as well as its parent, TWC, is in a slight but steady decline. The significant penetration achieved by Oceanic is clearly the result of a lack of competition, however, while a portion of the steady decline can be attributed to the national economy, there has been some inroads being made by other delivery models.

Oceanic's Average Monthly Basic Revenue per Subscriber (Hilo and Kona)			
	2009	2008	2007
Average total revenue per month	\$1,839,433	\$1,790,737	\$1,684,361
Number of subscribers	48,149	48,413	47,959
Average monthly subscriber revenue	\$38.20	\$36.99	\$35.12

Oceanic's Average Monthly Basic Revenue per Subscriber (Hilo)			
	2009	2008	2007
Average revenue per month	\$913,469	\$877,328	\$820,394
Number of subscribers	23,752	23,579	23,249
Average monthly subscriber revenue	\$38.45	\$37.21	\$35.29

Oceanic's Average Monthly Basic Revenue per Subscriber (Kona)			
	2009	2008	2007
Average revenue per month	\$925,964	\$913,409	\$863,967
Number of subscribers	24,397	24,834	24,710
Average monthly subscriber revenue	\$37.95	\$36.78	\$34.96

Average revenue per month per subscriber is fairly consistent from year to year and also between the two franchise areas. The minor fluctuations in the average monthly revenues is attributable to stops and starts during the month and varying levels of uncollectable accounts.

Time Warner Cable's Average Monthly Basic Revenue per Subscriber			
	2009	2008	2007
Average revenue per month	\$519,200,000	\$526,200,000	\$525,191,667
Number of subscribers	12,859,000	13,069,000	13,251,000
Average monthly subscriber revenue	\$40.38	\$40.26	\$39.63

Oceanic's average monthly basic revenue per subscriber is about 10% less than the company as a whole on average over the last three years. Oceanic believes that in Hawai'i there are a large number of bulk accounts which, because they are discounted considerably, will impact the average monthly subscriber revenue when compared to company-wide averages. Approximately 17% of Oceanic's subscribers are bulk accounts.

Financial Information

We analyzed Oceanic's financial statements for the most recent three years to provide a gauge as to the company's financial position and the results of its operations. These statements had been subject to review by the auditor's of Time Warner Cable, Inc. who issued their independent accountant's review report on them.

Balance Sheets (Hilo and Kona)			
	2009	2008	2007
Cash receivables and prepaid expenses	\$ 4,641,159	\$ 4,680,657	\$ 4,684,882
Property, plant, and equipment, net	44,709,010	47,220,513	26,641,115
Intangible assets, net	20,478,597	20,536,390	20,594,182
Total assets	\$69,828,766	\$72,437,560	\$71,920,179
Accounts payable	\$ 5,350,723	\$ 5,703,674	\$ 5,355,895
Deferred revenue	4,539,366	4,296,422	4,202,802
Long term liabilities	41,700	17,904	6,986
Total liabilities	9,931,789	10,018,000	9,565,684
Net assets	59,896,977	62,419,560	62,354,495
Total liabilities and net assets	\$69,828,766	\$72,437,560	\$71,920,179

Income Statement and Change in Net Assets (Hilo and Kona)			
	2009	2008	2007
Revenues	\$55,378,363	\$52,563,383	\$47,150,044
Cost of revenues	20,778,096	18,714,117	16,265,766
Selling, general, and administrative	12,764,884	12,340,969	10,281,441
Depreciation and amortization	6,843,500	7,091,985	6,464,416
Operating income	14,991,883	14,416,612	14,138,422
Interest and taxes	5,951,755	5,825,863	6,132,449
Net income	9,141,732	8,590,749	8,005,973
Net assets, beginning of year	62,419,560	62,354,495	41,608,947
Payments to parent company	11,664,315	8,525,684	6,260,425
Net assets, end of year	\$59,896,977	\$62,419,560	\$62,354,495

Balance Sheets (Hilo)			
	2009	2008	2007
Cash, receivables, and prepaid expenses	\$ 2,234,829	\$ 2,191,641	\$ 2,036,291
Property, plant, and equipment, net	19,201,304	20,227,962	19,970,634
Intangible assets, net	3,153,114	3,180,300	3,207,485
Total assets	\$24,589,247	25,599,903	\$25,214,410
Accounts payable	\$ 2,437,178	\$ 2,310,169	\$ 2,054,317
Deferred revenue	2,166,720	2,023,965	1,941,245
Long term liabilities	32,977	11,372	6,135
Total liabilities	4,636,875	4,345,506	4,001,697
Net assets	19,952,372	21,254,397	21,212,713
Total liabilities and net assets	\$24,589,247	\$25,599,903	\$25,214,410

Income Statement and Change in Net Assets (Hilo)			
	2009	2008	2007
Revenues	\$26,587,948	\$24,648,402	\$ 21,575,975
Cost of revenues	10,120,120	8,912,441	7,683,179
Selling, general, and administrative	6,085,387	6,132,538	5,050,105
Depreciation and amortization	2,924,638	3,243,593	2,960,747
Operating income	7,457,803	6,360,130	5,881,944
Interest and taxes	2,930,953	2,650,802	2,723,728
Net income	4,526,850	3,709,328	3,158,216
Net assets, beginning of year	21,254,397	21,212,713	2,112,609
Payments to parent company	5,828,875	3,667,644	3,058,112
Net assets, end of year	\$19,952,372	\$21,254,397	\$ 21,212,713

Balance Sheets (Kona)			
	2009	2008	2007
Cash and receivables	\$ 2,406,330	\$ 2,489,016	\$ 2,648,591
Property, plant, and equipment, net	25,507,706	26,992,551	6,670,481
Intangible assets, net	17,325,483	17,356,090	17,386,697
Total assets	\$45,239,519	\$46,837,657	\$46,705,769
Accounts payable	\$ 2,913,545	\$ 3,393,505	\$ 3,301,578
Deferred revenue	2,372,646	2,272,457	2,261,557
Long term liabilities	8,723	6,532	851
Total liabilities	5,294,914	5,672,494	5,563,987
Net assets	39,944,605	41,165,163	41,141,782
Total liabilities and net assets	\$45,239,519	\$46,837,657	\$46,705,769

Income Statement and Change in Net Assets (Kona)			
	2009	2008	2007
Revenues	\$28,790,415	\$27,914,981	\$ 25,574,069
Cost of revenues	10,657,976	9,801,676	8,582,587
Selling, general, and administrative	6,679,497	6,208,431	5,231,336
Depreciation and amortization	3,918,862	3,848,392	3,503,669
Operating income	7,534,080	8,056,482	8,256,478
Interest and taxes	3,020,802	3,175,061	3,408,721
Net income	4,614,882	4,881,421	4,847,757
Net assets, beginning of year	41,165,163	41,141,782	39,496,338
Payments to parent company	5,835,440	4,858,040	3,202,313
Net assets, end of year	\$39,944,605	\$41,165,163	\$ 41,141,782

This condensed financial information shows that Oceanic is and has been in a stable financial position with regard to maintaining its level of assets and not incurring any appreciable level of debt. Its operations reveal a steady level of modest growth in revenues, expenses, and operating income. **Free cash flow** is a significant measure of a company's ability to service debt, invest in capital improvements, and reward its owners. In this instance, free cash flow can be gauged by the amount cash available for the Big Island franchises to make payments to TWC. The data clearly indicates that both Oceanic franchises on Hawaii generate a steady

stream of cash flow and has been able to significantly increase what it transfers to its parent company.

It is noteworthy that transfer payments to its parent company, Time Warner Enterprises, L.P., increased significantly in 2007. While this has not greatly impacted its financial position, this should be carefully monitored in future years to insure that Oceanic maintains the stable financial position necessary to provide the level of service mandated under the renewed franchise agreement.

There are also a number of ratios available which can provide insight into financial condition and results of operations. While these are not a guarantee of future performance they do enable us to make conclusions about the management of the cable provider.

We will compare the applicants to their parent company and compare the parent company to its peer group.

Oceanic Time Warner (Hilo and Kona)			
	2009	2008	2007
Net profit margin	16.43%	16.38%	16.95%
Operating ratio	39.48%	40.82%	43.64%
Asset turnover	79.37%	72.51%	65.65%
Return on assets	13.04%	11.88%	11.13%
Current ratio	47.92%	47.00%	47.92%
Debt to equity	16.50%	16.16%	15.41%

Oceanic Time Warner (Hilo)			
	2009	2008	2007
Net profit margin	16.92%	15.04%	14.81%
Operating ratio	38.80%	39.02%	41.02%
Asset turnover	108.13%	96.09%	85.71%
Return on assets	18.29%	14.45%	12.70%
Current ratio	50.00%	51.16%	50.00%
Debt to equity	23.00%	20.66%	18.87%

Oceanic Time Warner (Kona)			
	2009	2008	2007
Net profit margin	15.97%	17.56%	18.75%
Operating ratio	40.01%	42.40%	45.70%
Asset turnover	63.72%	59.62%	54.82%
Return on assets	10.18%	10.47%	10.28%
Current ratio	46.43%	43.86%	46.43%
Debt to equity	13.25%	13.83%	13.63%

Time Warner Cable, Inc.			
	2009	2008	2007
Net profit margin	5.99%	(42.70)%	7.04%
Operating ratio	35.22%	(49.08)%	35.99%
Asset turnover	40.89%	35.92%	28.19%
Return on assets	2.45%	(15.34)%	1.98%
Current ratio	71.06%	231.78%	45.86%
Debt to equity	402.87%	162.06%	128.09%

Peer Group			
	2009	2008	2007
Net profit margin	9.18%	6.11%	7.48%
Operating ratio	36.99%	41.93%	30.64%
Asset turnover	35.66%	33.99%	38.81%
Return on assets	3.27%	2.08%	2.29%
Current ratio	57.45%	50.27%	52.97%
Debt to equity	228.21%	250.69%	240.59%

Net profit margin is computed by dividing net income by total revenues. This provides a measure of the company's bottom line profit. Oceanic Hilo and Kona have demonstrated a stable profit history as has their parent except for 2008. TWC elected to recognize a potential impairment of its cable franchise rights in 2008 which significantly impacted its profits for that year. Absent that election, TWC would have reported a net profit margin of 9.4% in 2008. The companies in the peer group did not make an equivalent election. In addition, the cable franchise industry tracked the general downturn in the economy in 2008 which can be seen in

the peer group results. The Hawaii franchises have experienced better than average net profit margins as compared to both TWC and TWC's peer group.

Operating ratio considers income before earnings, interest, taxes, and depreciation and amortization in relation to revenues. It is a more focused measure of a company's profitability from providing its products and services because it factors out items which downstream managers have no control over. Both Oceanic Big Island franchises and TWC have shown very stable and sufficient operating profits over time and in relation to comparable companies in the cable industry. Again, TWE would have shown positive results except for the impairment charge. Without that charge, TWE would have reported an operating ratio of 37.43%.

Asset turnover is annual turnover ratio designed to reflect a company's efficiency in managing their assets. Simply put, the higher the yearly turnover rate, the better. Oceanic Hilo and Oceanic Kona has performed significantly better in this area than both its parent and the peer group. This is most likely the result of the parent company, like the peer group, carry large amounts of acquisition related assets such as goodwill, etc. which don't directly contribute to revenue generation and which are not recognized on the local franchisee's books.

Return on assets illustrates how well management is employing the company's total assets to make a profit. The higher the return, which is calculated by multiplying asset turnover by the previously calculated net profit margin, the more efficient management is in utilizing its asset base. The ROA ratio is calculated by comparing net income to average total assets, and is expressed as a percentage. The parent company's and its peers low results are, again, a reflection of non-performing acquisition related assets. When ROA is recalculated to factor out TWE's 2008 impairment charge, TWE's return on assets would have been 3.38% which compares favorably to other cable TV companies.

Current ratios are a popular financial ratio used to test a company's liquidity (also referred to as its current or working capital position) by deriving the proportion of current assets available to cover current liabilities. The concept behind this ratio is to ascertain whether a company's short-term assets (cash, cash equivalents, marketable securities, receivables and inventory) are readily available to pay off its short-term liabilities (trade payables, accrued expenses, lines of credit, and the current portion of term debt. In theory, the higher the current ratio, the better. In this case both Oceanic Hilo and Oceanic Kona have achieved results comparable to TWC and TWC, in turn, has results comparable to its peer group. This is likely the result of Oceanic transferring much of its free cash to its parent company. The abnormal results for TWC in 2008 are a result of a cash surplus being held to subsequently redeem capital stock as a part of its spin-off from its parent company. The subsidiaries would be expected to maintain a minimum level of cash to meet ongoing operating expenses and other current requirements, which they have done.

Debt to equity is leverage ratio that compares a company's total liabilities to its total equity. This is a measurement of how much suppliers, lenders, creditors and obligors have committed to the company versus what the parent has committed. The results shown here reflect the fact most of the corporate debt is held at the parent company level and not at the individual subsidiaries level.

A FINAL NOTE

In the analysis we have provided above, Oceanic's financial position and results of operations amply demonstrate that the cable operator has been on a firm financial footing and has enjoyed excellent operating results. While this would seem to bode well for the future, various factors could adversely affect the operations and/or financial position of Oceanic. Some of these, as detailed in TWC's SEC 10K filing include:

- Economic slowdowns
- Changes in the parent company's plans and strategies for achieving those plans
- The impact of further acquisitions or dispositions
- Decreased ability to attract capital to finance growth
- Changes in the regulatory environment.

Accordingly, it is vital that Oceanic's and TWC's performance and financial position be continuously monitored over the life of the franchise in order to insure subscribers continue to receive the number and quality of services mandated of the cable operator.

Project Background

To aid the state of Hawaii Department of Commerce and Consumer Affairs (DCCA) review the requested renewal of DCCA's Franchise Agreement with Oceanic Time Warner, Merina & Company, LLP, through subcontractor Brian Nordlund, P.E., has conducted an engineering review of the system's design and performance. Much of the information gathered for the technical assessment was the result of written information provided by Time Warner Oceanic (the Company), interviews with Company staff, and a field inspection performed on June 28, 2010 through July 1, 2010. The study incorporates documentation provided by Oceanic Time Warner Cable System (the Company), personnel interviews, and inspection of the system.

Because the cable television franchise is up for renewal, this study has been commissioned to provide officials with an independent assessment of the system's technical quality and the service the public has been, and may continue to receive from the Company. The Company provided a number of documents and other information to aid this effort, including the following:

- System technical overview and upgrade history
- Channel lineup
- FCC proof-of-performance test results
- FCC signal Leakage test results

For this review, the following Oceanic / Time Warner Cable personnel have been helpful in providing the technical information necessary and in providing escorted tours of the Company facilities:

Lorene Hough
General Manager

Blaine Oyama
System Engineering Manager

Wayne Iokepa
Technical Operations Manager

Inspection of the system took place between June 29, 2010 and July 1, 2010, with Wayne Iokepa, the Company's Technical Operations Manager, serving as the Company's technical representative. Quality of construction and maintenance of the system were witnessed, and system performance was verified with the help of System Engineering Manager Blaine Oyama.

Company personnel were very cooperative and helpful throughout this process.

System Profile/Overview

Oceanic Time Warner serves the island of Hawaii franchise areas from two Headends, one in Kona and one in Hilo. Prior to Time Warner, the Kona system operated under Sun Cablevision. The Hilo system was Jones Spacelink, then Intercable prior to being acquired by Time Warner. The Kau / Pahala system, originally operated as a separate system, was owned by McCaw Cable Vision, Followed by Chronicle Cable, then by TCI.

Construction of the hybrid fiber-coax upgrade of the cable system started in 1996. The activated capacity of the Hilo system is 750 MHz. The activated capacity of the Kona system is 870 MHz. Newer parts of the system have been constructed to 870 MHz, and with nodes capable of operating at 1000 MHz. Internet service has been offered since 1999/2000. Starting in 2002, digital programming content began being transmitted from Oahu.

Inter-island content is carried to the big island over fiber optic cable that is exclusively used by Oceanic Time Warner Cable for its requirements. The inter-island fiber has been in use since 2005. The fiber provides two-way capabilities, supporting advanced services such as Video on Demand (VOD) and high-speed data.

The franchisee serves its subscribers with two tiers of analog cable service (Basic and Standard Service), and various digital television packages including High Definition channels, Pay Per View (PPV), and Video On Demand (VOD) services. The following table summarizes the channels offered in the two parts of the system, as of the date of the assessment:

	Hilo System	Kona System
Basic Analog Channels	21	22
Standard Analog Service	74	74
Digital Value Service	125	125
Digital Variety Pak	181	181

Also, both systems offer a number of digital premium, music and Pay-per-View channels.

The current hybrid fiber optic coaxial plant was installed in the late 1990’s. It uses two fiber backbones. One extends from the Hilo Headend, South to Pahoe, Kalapana, and Volcano; and North as far as Honoka’a. The Kona fiber backbone extends from Naalehu, at the South end of the island, to Waimea and Kahua Ranch. A map of the fiber backbone is included in Appendix A. Existing node areas typically serve 500 homes. As advanced services become more prevalent, more bandwidth is allocated per customer. As a result, new construction is designed to serve approximately 250 homes per node.



Figure 1: Headend Building in Kona

Customers served by the cable system represent a larger than typical market penetration. The system serves 63% of the homes passed by the network. Although this represents a slight decline from previous years, this penetration level is much higher than many markets on the mainland and reflects well on the value of services as compared to satellite based offerings.

Emergency Alert System

The emergency alert system (EAS) has two off-air monitoring feeds: one from KHLO - 850 AM, the second from KBIG – 97.9 FM (Hilo) and 106.1 FM (Kona). Also, Civil Defense authorities can dial into the system to record and trigger alerts. An appropriately targeted alert message triggers the EAS system to overlay the audio onto analog channels on the cable system. Because of technical limitations of digital technology, the digital channels are handled differently. The EAS system also triggers a command to be sent to all digital set-top converters, to change channels to a local analog channel (called a “force-tune”). Once the box has tuned to the local analog channel, the analog message will be available to the viewer. This is a common method used throughout the cable industry in order to meet EAS requirements.

System Reliability

As with most cable systems, reliability is primarily a function of two factors: the availability of electric service to power the equipment and survivability of the cable plant. Aerial cable plant is especially susceptible to storm damage, which is an unavoidable reality in coastal areas (especially in the state of Hawaii). Since cable plant and the electric facilities generally follow the same routes and use the same utility poles, damage to the cable plant can present a double impact: not only can cable plant be damaged, disconnecting some area of the cable system from service, but a simultaneous power outage may have an even larger effect, disconnecting electric service from cable equipment that might have otherwise stayed in service.

System outages are inevitable from time to time. Therefore, to maintain minimal outage time, diagnosing and responding to outages should be a priority. The Franchisee uses a system to monitor the status of cable modems used by customers throughout the system. It is generally a sound approach to assume that if the cable system is experiencing an outage, the cable modems will also fail, providing an early warning to the cable operator. Using this method also allows technical personnel to analyze the location of failed cable modems, in order to diagnose the outage location. Although this is a relatively simple network monitoring scheme, it is used by many cable operators and it can be very effective.

Backup Power Systems

Since electrical outages can have such a large impact, backup generators and battery backup systems can play an important role in maintaining reliable service. This can be especially important where the Franchisee is a provider of telephone service. In fact, the existing system does have significant backup power resources, helping to maintain service through power outages. The Headends use backup generators, as do nine of the eleven hubs. Since the node areas are quite small, it is not very likely that a customer will still have power while the nearby node serving them is without power. However, it is important to realize that telephone services, offered through the cable system, may be essential precisely because of a power outage. Therefore, as the Company pursues



Figure 2: Generator at Mauna Lani Hub

growth in the area of telephone service, it is important that they place a priority on expanding and maintaining their backup power systems.

Channel Plan/Chart

The current channel offerings include 69 analog channels and 5 Public Education & Government (PEG) channels available in two tiers (Basic and Standard), 181 digital channels, plus a large number of premium and special interest channels, such as music, sports, and movies. Among the digital offerings are 66 music channels, 67 high-definition (HD) channels, and a large number of premium channels in standard and high definition. Also, there are a number of on-demand and pay per view channels in both standard and high definition. A listing of channels provided in the analog lineup is provided in **Appendix A**. The digital lineup is shown in **Appendix B**. The lineup is typical of the cable industry in upgraded markets, where digital technology provides the capacity to carry a large number of channels for the viewer, including traditional programming, on demand, and pay per view.

Public, Education & Government Programming

Among the channels are the Public, Educational, and Government (PEG) channels, which are managed by the Na Leo 'O organization. The following channels are currently in operation:

- Channel 52: Government
- Channel 53: Public Access
- Channel 54: Public Access
- Channel 55: University of Hawai'i
- Channel 56: Department of Education

Na Leo 'O has production and training facilities in Hilo and in Kona. For this report, Juergen Denecke, General Manager provided a tour of the Hilo facility, where he is responsible for impressive studio and production hardware, including computerized playback systems and non-linear digital editing workstations. The organization offers training to those members of the public who are interested in video production and editing. Those interested in a career or hobby in the industry would be well served to take advantage of the resources provided by the Na Leo 'O organization.

Hospitality Services

The Company provides services to the hospitality industry in the Kona area. These specialized services, including pay per view and high speed data, are fed from the Mauna Lani Hub, which functions as a small-scale Headend, feeding hotels, resorts, condominiums, and homes. The Company began serving hotels in 1997 with tape-based machines. The current system is digital and offers far more programming choices.



Figure 3: Na Leo HAWAI'I Digital Playback System

The Mauna Lani Hub also has a generator system capable of operating the facility for several days without commercial electric power.

Two-Way Services

The Company offers both Internet and telephone services over the cable system. Connectivity to the Internet is over dedicated fiber from each Headend. Data services, marketed under the Roadrunner name,

Residential telephone service has been offered since 2008 and is based on Voice over Internet Protocol (VoIP) technology, carried by the Roadrunner data network. Business telephone services are provided using a more traditional TDM system.



Figure 4: Mauna Lani Hub

Institutional Network (I-Net)

The Institutional Network (I-Net) connects to the state Information and Communication Services Division (ICSD) to serve government and to the University of Hawaii (UH) to serve schools and public libraries. The I-Net uses dense wave division multiplexed (DWDM) gigabit Ethernet as well as the legacy synchronous optical network (SONET) equipment.

Leakage Test

Leakage testing is required to prove that a cable system does not have the potential to interfere with aeronautical radio communications. Moreover, test results are also a good indicator of system condition and maintenance. The documentation provided by OTWC includes the Hilo flyover test from October 2009 (see **Figure 5**), and the Kona flyover test, also from October 2009 (see **Figure 6**). The results of the leakage test show a sound system, well within Federal Communications Commission (FCC) requirements.

1. Generator level input into calibration antenna	6.55 millivolts
2. Receiver adjustment to force a 10 uV/m reading	0 dB
3. Measure signal level of peak video carrier in aeronautical band at test point, and set generator level one dB higher.	
4. Number of sample points	7,574 points
5. Number of points > 10 uV/m	0 points
6. Minimum leakage	1.32 uV/m
7. Maximum leakage	9.21 uV/m
8. Average field intensity	2.16 uV/m
9. Percentage of points < 10 uV/m	100 %
F.C.C. requirements status: PASSED	

Figure 5. Summary results of the latest FCC required fly-over test, Hilo System

1. Generator level input into calibration antenna	6.55 millivolts
2. Receiver adjustment to force a 10 uV/m reading	0 dB
3. Measure signal level of peak video carrier in aeronautical band at test point, and set generator level one dB higher.	
4. Number of sample points	7,811 points
5. Number of points > 10 uV/m	12 points
6. Minimum leakage	1.32 uV/m
7. Maximum leakage	16.38 uV/m
8. Average field intensity	2.49 uV/m
9. Percentage of points < 10 uV/m	99.84 %
F.C.C. requirements status: PASSED	

Figure 6. Summary results of the latest FCC required fly-over test, Kona System

FCC Proof-of-Performance

Cable systems serving more than 1,000 customers are required to conduct proof-of-performance testing at least two times per year and at intervals not to exceed 7 months. The results from the most recent test, from January of 2010, were inspected at the Hilo and Kona Headends and found to largely be in compliance with current FCC performance requirements.

Technical Observations

Signal testing was performed at seven representative locations, each of which corresponds to an official FCC test point in the system. Testing was observed at the following FCC Proof of Performance test point locations:

- Huapala
- Keaukaha
- Moku
- Waipio
- Holualoa, Node 1018
- Holualoa, Node 2028
- Waikoloa, Node 4006

Signal quality at each of these locations was found to typically fall well within FCC requirements and industry standards (one reading revealed a condition requiring attention, which was investigated immediately).

A summary of the results of these tests is provided, for the designated test channels, in **Appendix D**.



Figure 6: Test Point on Node 2028 (Kona)

Conclusion

The Oceanic Time Warner Cable systems have been found to be technically sound. System performance and quality levels are within FCC requirements. Operations, Maintenance, and repair activities are well organized and performed with attention to detail and long term reliability as a priority. There is consistency in the operation of the Hilo and Kona systems, providing a uniform level of quality and reliability across both Franchise areas. It is understood that there is some interest in merging the Franchise areas. From a technical perspective, this would appear to be a relatively simple transition for the Franchisee.

APPENDICES

APPENDIX A. Letters to DCCA

Letter from Juergen Denecke

APPENDIX B. Channels Offered by Oceanic Time Warner Cable

Analog Channel Lineup

Digital Channel Lineup

APPENDIX C. System Map and Test Results

Fiber Backbone Map

Signal Test Results Performed June 28, 2010 to July 1, 2010 Oceanic Time Warner Cable System

APPENDIX D. Customer Service Survey and Results

APPENDIX E. Community Questionnaire

Appendix A

Letters to DCCA

Letter from Juergen Denecke

NA LEO O HAWAII, INC.

In Hilo: 91 Mohouli Street, Hilo, Hawaii 96720

Tel: (808) 935-8874 Fax: (808) 961-3621 e-mail: NALEO001@hawaii.net

In Kona: 74-5565 Luhia Street, Suite C-1a, Kailua-Kona, Hawaii 96741

Tel: (808) 329-9617 Fax: (808) 329-9630

2010 AUG 30 P 2: 38

August 25, 2010

Mr. Clyde Sonobe
CATV Administrator
CATV Division, DCCA
PO Box 541
Honolulu, HI 96809

Ref: TWE County of Hawaii Franchise Renewal

Dear Mr. Sonobe,

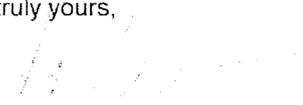
Na Leo O Hawaii has evaluated its anticipated needs and requests that you consider the following when issuing the Department's Decision and Order for Franchise Renewal.

- Continuation of operational contributions at the current or higher percentage rate.
- As technology evolves, capital contributions requirements reviewed every five years.
- Request a no cost bi-directional connection from Civil Defense headquarters to Na Leo facilities
- Request retention of the current 10M/bps connection between Na Leo O Hawaii facilities in Kona and Hilo, but at no cost or reduced cost to Na Leo O Hawaii. Current charge to Na Leo is greater than \$48,000 per annum.
- Request bi-directional connections from public libraries and selected Kona, Hilo, Ka'u and Waimea sites. This would allow real time cable casting of legislative, county, community events and public hearings. Inasmuch as no specific sites are used currently, especially in Kona, sites would be selected later. For example, when Legislators held a time sensitive hearing in Kona on unemployment, it was held in a pavilion near the airport, necessitating taping of the proceedings for use in Hawaii County and at a caucus of Honolulu legislators.

- Request that current channel number assignments be retained. People have again become used to the channel assignments and their respective programming after the last switch several years ago. Na Leo is also concerned about plans for the conversion of channels from analog to digital and how that might effect Na Leo O Hawaii's equipment requirements and channel placement.

Thank you for considering Na Leo O Hawaii's requests and concerns.

Very truly yours,



Juergen Denecke
General Manager

Appendix B

Channels Offered by Oceanic Time Warner Cable on Island of Hawaii

Appendix B, Analog Channel Lineup

STANDARD CHANNEL LINE UP

643-2337

643-2100 Customer Service

January 2010

2	QVC	27	Product Information Network	67	Soap Net
3	KHON (FOX)	28	* EWTN M-F 6pm-12am, Sat. 12am-11:30am, 7pm-12am	68	Lifetime
4	Program Guide	29	USA Network	69	Discovery Channel
5	KFVE	30	The Golf Channel	70	Animal Planet
6	+ KPXO	31	Fox Sports Net West II	71	The Learning Channel
7	KGMB (CBS)	32	Nickelodeon	72	The History Channel
8	KHNL (NBC)	33	Disney Channel	73	National Geographic Channel
9	BITV	34	abc Family	74	Art & Entertainment
10	KHET (PSS)	35	Cartoon Network	75	Comedy Central
11	KWHE (Independent Religious)	36	TV Land	76	Spike TV
12	KITV (ABC)	37	Sch-Fi Channel	78	Cspan II
13	CHN Headline News	38	MSNBC		M-F 4a-4p, 8&S 5a-5p
14	CNN	39	CNBC		M-F 4p-4a, S&S 5p-5a
15	Fox News Channel	40	Bravo		
16	OC 16	41	FX		
17	MTV	42	American Classic Movies		
18	VH1	43	TNT		
19	tru TV	44	Turner Classic Movies		
20	Fox Sports Net West	45	TES		
21	ESPN 2				
22	ESPN				
23	ESPN News Show/News				
24					
				47	VERSUS
				48	C-Span
				49	Game Show Network
				50	Discovery Health Network
				51	FITTV
				52	NA LEO Public Access
				53	NA LEO Public Access
				54	NA LEO Public Access
				55	NA LEO Public Access
				56	NA LEO Public Access
				57	Home Shopping Network
				58	Travel Channel
				59	Home & Garden TV
				60	Food Network
				61	E! Entertainment
				62	Oxygen Network
				63	Hallmark Channel
				64	Lifetime Movie Network
				65	Style
				66	WE Network
					Basic
					Standard Service
					East Hawaii Only
					Full time in West Hawaii
					+ West Hawaii Only

Appendix B, Digital Channel Lineup

OCEANIC INTERACTIVE DIGITAL CHANNEL LINEUP

STANDARD SERVICE		DIGITAL VARIETY PAK		PREMIUM PACKAGES		SHOWTIME	
1	2	15	16	610	611	612	613
3	4	17	18	614	615	616	617
5	6	19	20	618	619	620	621
7	8	21	22	622	623	624	625
9	10	23	24	626	627	628	629
11	12	25	26	630	631	632	633
13	14	27	28	634	635	636	637
15	16	29	30	638	639	640	641
17	18	31	32	642	643	644	645
19	20	33	34	646	647	648	649
21	22	35	36	650	651	652	653
23	24	37	38	654	655	656	657
25	26	39	40	658	659	660	661
27	28	41	42	662	663	664	665
29	30	43	44	666	667	668	669
31	32	45	46	670	671	672	673
33	34	47	48	674	675	676	677
35	36	49	50	678	679	680	681
37	38	51	52	682	683	684	685
39	40	53	54	686	687	688	689
41	42	55	56	690	691	692	693
43	44	57	58	694	695	696	697
45	46	59	60	698	699	700	701
47	48	61	62	702	703	704	705
49	50	63	64	706	707	708	709
51	52	65	66	710	711	712	713
53	54	67	68	714	715	716	717
55	56	69	70	718	719	720	721
57	58	71	72	722	723	724	725
59	60	73	74	726	727	728	729
61	62	75	76	730	731	732	733
63	64	77	78	734	735	736	737
65	66	79	80	738	739	740	741
67	68	81	82	742	743	744	745
69	70	83	84	746	747	748	749
71	72	85	86	750	751	752	753
73	74	87	88	754	755	756	757
75	76	89	90	758	759	760	761
77	78	91	92	762	763	764	765
79	80	93	94	766	767	768	769
81	82	95	96	770	771	772	773
83	84	97	98	774	775	776	777
85	86	99	100	778	779	780	781
87	88	101	102	782	783	784	785
89	90	103	104	786	787	788	789
91	92	105	106	790	791	792	793
93	94	107	108	794	795	796	797
95	96	109	110	798	799	800	801
97	98	111	112	802	803	804	805
99	100	113	114	806	807	808	809
101	102	115	116	810	811	812	813
103	104	117	118	814	815	816	817
105	106	119	120	818	819	820	821
107	108	121	122	822	823	824	825
109	110	123	124	826	827	828	829
111	112	125	126	830	831	832	833
113	114	127	128	834	835	836	837
115	116	129	130	838	839	840	841
117	118	131	132	842	843	844	845
119	120	133	134	846	847	848	849
121	122	135	136	850	851	852	853
123	124	137	138	854	855	856	857
125	126	139	140	858	859	860	861
127	128	141	142	862	863	864	865
129	130	143	144	866	867	868	869
131	132	145	146	870	871	872	873
133	134	147	148	874	875	876	877
135	136	149	150	878	879	880	881
137	138	151	152	882	883	884	885
139	140	153	154	886	887	888	889
141	142	155	156	890	891	892	893
143	144	157	158	894	895	896	897
145	146	159	160	898	899	900	901
147	148	161	162	902	903	904	905
149	150	163	164	906	907	908	909
151	152	165	166	910	911	912	913
153	154	167	168	914	915	916	917
155	156	169	170	918	919	920	921
157	158	171	172	922	923	924	925
159	160	173	174	926	927	928	929
161	162	175	176	930	931	932	933
163	164	177	178	934	935	936	937
165	166	179	180	938	939	940	941
167	168	181	182	942	943	944	945
169	170	183	184	946	947	948	949
171	172	185	186	950	951	952	953
173	174	187	188	954	955	956	957
175	176	189	190	958	959	960	961
177	178	191	192	962	963	964	965
179	180	193	194	966	967	968	969
181	182	195	196	970	971	972	973
183	184	197	198	974	975	976	977
185	186	199	200	978	979	980	981
187	188	201	202	982	983	984	985
189	190	203	204	986	987	988	989
191	192	205	206	990	991	992	993
193	194	207	208	994	995	996	997
195	196	209	210	998	999	1000	

Channels in caps subject to change

Appendix C

System Map and Test Results

Fiber Backbone Map

Signal Test Results – Performed June 28, 2010 to July 1, 2010

Oceanic Time Warner Cable System

Appendix C, Fiber Backbone Map



Appendix C, Signal Test Results

Summary of test requirements:

Video: Greater than 0 dBmV

Audio: Delta to Video must be between -10 and -17 dBc

C/N: Must be greater than 43 dB

Hum: Must be less than 3%

Observed Field Test Results:

Test Point: Huapala (Hilo)

Channel	Video, dBmV	Audio, dBmV	Delta, dBc	C/N, dB	Hum, %
2	12.9	-2.3	15.2	44.6	0.3
13	12.6	-0.8	13.4	44.2	0.4
18	11.3	-1.7	13.0	44.2	4.3*
28	12.3	-1.4	13.7	44.7	0.9
35	12.9	-0.8	13.7	44.4	0.5
56	12.6	-0.5	13.1	43.9	0.7
60	14.0	0.9	13.1	44.5	0.7
65	14.3	0.3	14.0	44.8	0.7
78	12.4	-1.5	13.9	43.9	0.7

* Note: The high hum level was investigated immediately at the Headend to find and resolve.

Test Point: Keaukaha (Hilo)

Channel	Video, dBmV	Audio, dBmV	Delta, dBc	C/N, dB	Hum, %
2	7.6	-8.1	15.7	45.8	0.6
13	8.1	-6.7	14.8	46.3	0.8
18	7.0	-6.5	13.5	45.2	0.8
28	8.0	-5.9	13.9	44.8	1.4
35	7.0	-7.3	14.3	44.5	0.7
56	7.5	-7.4	14.9	43.9	0.6
60	7.6	-6.1	13.7	44.5	0.7
65	8.2	-6.3	14.5	44.5	0.9
78	9.4	-5.2	14.6	45.5	0.4

Test Point: Moku (Hilo)

Channel	Video, dBmV	Audio, dBmV	Delta, dBc	C/N, dB	Hum, %
2	17.1	1.1	16.0	45.3	1.0
13	15.8	0.8	15.0	45.3	1.2
18	15.6	2.0	13.6	45.6	1.3
28	15.7	2.0	13.7	45.1	0.9
35	15.2	1.1	14.1	44.5	0.7
56	15.6	0.6	15.0	45.0	0.6
60	16.1	2.2	13.9	44.9	0.9
65	15.8	2.3	13.5	44.9	1.2
78	17.3	2.8	14.5	44.4	1.0

Test Point: Waipio (Hilo)

Channel	Video, dBmV	Audio, dBmV	Delta, dBc	C/N, dB	Hum, %
2	10.6	-4.0	14.6	44.5	0.8
13	9.0	-5.6	14.6	44.5	0.7
18	9.6	-4.5	14.1	44.3	0.7
28	9.8	-4.0	13.8	44.1	1.8
35	7.9	-6.2	14.1	43.6	0.6
56	10.4	-4.3	14.7	43.9	0.8
60	10.2	-3.9	14.1	43.7	1.0
65	9.8	-4.8	14.6	43.5	1.1
78	9.1	-4.9	14.0	44.1	0.5

Test Point: Holualoa, Node 1018 (Kona)

Channel	Video, dBmV	Audio, dBmV	Delta, dBc	C/N, dB	Hum, %
4	18.3	4.7	13.6	48.4	0.7
16	17.9	4.4	13.5	47.8	0.6
21	18.3	4.7	13.6	48.3	0.6
29	18.8	4.9	13.9	48.1	0.6
34	18.5	5.5	13.0	48.0	0.6
50	15.7	2.0	13.7	45.8	0.6
60	15.2	2.0	13.2	46.6	0.9
67	17.4	3.4	14.0	47.5	0.4
75	16.2	2.7	13.5	46.7	0.6

Test Point: Holualoa, Node 2028 (Kona)

Channel	Video, dBmV	Audio, dBmV	Delta, dBc	C/N, dB	Hum, %
4	16.0	2.0	14.0	46.6	0.5
16	15.4	2.1	13.3	47.3	0.6
21	16.0	2.6	13.4	46.4	0.8
29	14.1	0.3	13.8	46.6	0.9
34	14.4	1.0	13.4	45.2	0.6
50	16.1	2.5	13.6	46.0	0.4
60	17.1	3.4	13.7	46.9	0.6
67	17.1	3.3	13.8	46.3	0.5
75	17.8	4.3	13.5	46.8	0.7

Test Point: Waikoloa, Node 4006 (Kona)

Channel	Video, dBmV	Audio, dBmV	Delta, dBc	C/N, dB	Hum, %
4	18.4	4.4	14.0	47.5	0.5
16	15.1	0.9	14.2	47.2	0.8
21	14.1	0.9	13.2	47.6	0.7
29	13.3	-0.4	13.7	47.1	0.6
34	13.1	0.0	13.1	46.7	0.5
50	12.4	-1.3	13.7	45.8	0.7
60	12.1	-1.8	13.9	46.7	0.7
67	12.1	-1.6	13.7	46.3	0.8
75	12.3	-1.2	13.5	46.1	0.7

Appendix D

Customer Service Survey and Results

The Department of Commerce and Consumer Affairs, State of Hawaii, is currently in a renewal process for a possible new franchise agreement with the cable TV provider, Time Warner Entertainment Company, L.P. dba Oceanic Time Warner Cable (“Oceanic”) for the island of Hawaii. Your comments and input are important to us in this process. We ask your help in completing this survey and sending it to the address below. Thank you very much for your time and effort.

1. RESPONDENT STATUS

Are you a current cable TV subscriber on Oahu?

Yes	No
8	0

If yes, how long have you subscribed to cable TV?

2 years or less	More than 2 years
0	8

(If you are not a current cable TV subscriber, go directly to question 10, Questions for Non-Subscribers)

2. RECEPTION

a.) Have you experienced repeated or prolonged problems with your cable TV picture or sound (such as shadows, waves, graininess, picture breaking up, outages, etc.) any time during the past 2 years?

Yes	No
3	5

b.) If yes, did Oceanic resolve your problem to your satisfaction?

Yes	No
2	1

c.) How would you rate overall, everyday quality of your cable TV reception? (Please check only one.)

Very good	Good	Fair	Poor	Very Poor
3	5	0	0	0

3. TELEPHONE

a.) Have you attempted to call Oceanic in the last two years?

Yes	No
5	3

(If no, go directly to question 4, Web & Email Contact)

b.) When you last tried to call Oceanic, did you get a busy signal?

Yes	No
1	3

c.) Once connected, how long did you have to wait before you actually spoke with a live customer service representative?

No wait at all	0
Less than 30 seconds	1
30-60 seconds	4
More than a minute	0
I was never connected	0

4. WEB AND EMAIL CONTACT

a.) In the past two years, have you used the “Help Desk” feature on Oceanic’s website to contact the company for customer service issues?

Yes	No
0	8

(If no, go directly to question 5, Service)

b.) On average, how many business days was it before you received an e-mail response from Oceanic?

One	n/a
Two	n/a
Three	n/a
More than three	n/a
Never heard back	n/a

c.) How would you rate the overall effectiveness of Oceanic’s response to your issue(s) via the web/email Help Desk service?

Very good	Good	Fair	Poor	Very Poor
n/a	n/a	n/a	n/a	n/a

5. SERVICE

a.) In the past two years, has a service technician visited your home to make a repair or to correct a problem?

Yes	No
3	5

(If no, go directly to question 6, Billing)

b.) What was the problem?

No picture (or no sound) at all	0
Poor quality reception or other problem	3

c.) Were you offered an appointment at a specific time or at least within a 4-hour period of the business day?

Yes	No
2	1

d.) Did Oceanic keep the scheduled appointment?

Yes	No
2	1*

*Respondent said “but it was ok,” as tech kept him informed of progress getting to appointment.

e.) How many visits to your home did it take for the service technician to make the repair or correct the problem? (Please check only one.)

One	3
Two	n/a
Three	n/a
More than Three	n/a
Problem was never corrected	n/a

6. BILLING

a.) Do you find your bills from Oceanic to be clear, concise, and understandable?

Yes	No
8	0

b.) Do you find your bills from Oceanic to contain all information reasonably necessary to indicate what you are being charged for?

Yes	No
7	1

c.) Have you had a billing problem in the past two years?

Yes	No
1	7

(If no, go directly to Question 7, Courtesy)

If yes:

How would you rate Oceanic’s handling of your billing problem?

Very good	Good	Fair	Poor	Very Poor
n/a	n/a	n/a	n/a	n/a

7. COURTESY

In your telephone and in-person contacts with Oceanic, how would you describe the courtesy with which you were treated?

Very good	Good	Fair	Poor	Very Poor
4	2	2	0	0

8. OVERALL RATING

How would you rate the performance of Oceanic overall?

Very good	Good	Fair	Poor	Very Poor
3	4	1	0	0

9. COMPARISON WITH OTHER SERVICES

Of the following service providers, which would your rank 1st, 2nd and 3rd for overall service and performance? (Answer if you are a cable TV subscriber or have been one previously.)

	Cable Co.	Phone Co.	Electric Co.
Rated #1	4	1	0
Rated #2	1	3	1
Rated #3	0	1	4

10. QUESTIONS FOR NON-SUBSCRIBERS

a.) Why don't you subscribe to cable TV?

Don't watch much TV	n/a
Cable is too expensive	n/a
Cable programs not interesting to me	n/a
Used to subscribe, but unhappy with the service	n/a
Subscribe to DBS service (Dish Network or DirecTV) instead	n/a
Other (Please specify)	n/a

b.) What would cause you to subscribe to cable TV in the future?

Lower rates	n/a
More variety of service packages	n/a
Better company customer service policies	n/a
Ability to get line extended to residence	n/a
Other (Please specify)	n/a

11. FRANCHISE CONSOLIDATION FOR THE ISLAND OF HAWAII

Oceanic has requested that the Department consolidate the East and West Hawaii franchises and grant one franchise renewal for the entire island of Hawaii. Oceanic contends this change would bring increased operational and administrative efficiencies for all stakeholders. If adequate steps are taken to ensure specific needs and interests of all areas of the island are ascertained and considered in developing a consolidated franchise, would you be in favor of the Department issuing one franchise renewal for the island of Hawaii?

Yes	No
4	3

12. FINAL COMMENT

Do you have any final comment to make? (Summarize comment, use extra sheet if necessary.)

Responses included 1 comment requesting more channels on the basic tier, 1 comment urging that Oceanic give more community benefits to organizations in their franchise area, such as Hawaiian Paradise Park Association, 1 comment urging cable rates more competitive with Dish Network and Direct TV, 1 comment contending that consolidation of franchises would be to the disadvantage of the Kona side of the island, 1 comment indicating the respondent was not in favor of consolidation if it meant Oceanic techs would need to come to Kona all the way from Hilo.

Please fill out online at <http://hawaii.gov/dcca/>, or return hard copy, fax or scanned .pdf file to: DCCA-CATV, P.O. Box 541, Honolulu, HI 96809. Phone (808) 586-2620, Fax (808) 586-2625. E-mail: cabletv@dcca.hawaii.gov

Appendix E
Community Questionnaire

Oceanic Cable Television East & West Hawaii Franchise Renewal

Questionnaire on Community Needs and Na Leo 'O Hawaii's Services

Residence: Are you a resident of the City & County of Hawaii? ___ Yes ___ No

Part A – Community needs. Select the response for each question that best represents your opinion.

1. The number of channels (3 for Na Leo, 1 for Higher Ed., 1 for DOE) currently used for programming about and by local schools, government agencies, community agencies and individuals by Na Leo is:

- ___ about the right number, given community needs
- ___ insufficient; more channels are needed to meet community needs
- ___ more than enough; fewer channels would meet community needs
- ___ no opinion

2. The financial support provided by Oceanic which is “passed through” to subscribers for public, education, and government access facilities, equipment, and services is:

- ___ about the right amount, given community needs
- ___ insufficient; more support is needed to meet community needs
- ___ more than enough; a lesser amount would meet community needs
- ___ no opinion

3. As cable service develops in the direction of digital and high definition transmission, how important is it that public, education and government access (Na Leo's) programming is provided to viewers with convenience of access, signal quality, and other technical features comparable to those which are provided for broadcast stations (KHNL, KHON, KITV, KGMB, etc.) and other popular commercial programming?

- ___ *very* important
- ___ *somewhat* important
- ___ *not* important
- ___ no opinion

4. The current or existing capability of the cable system to transmit live or recorded video programming provided via the Na Leo channels from various sites around Hawaii is:

- ___ *very* important to meet community needs
- ___ *somewhat* important to meet community needs
- ___ *not* important to meet community needs
- ___ no opinion

5. The availability of public, education and government access programs via live or archived video streaming via the Internet (currently provided through Na Leo at www.naleo.tv) is:

- very* important to meet community needs
- somewhat* important to meet community needs
- not* important to meet community needs
- no opinion

6. On a scale of 1 to 5, (5 being the highest), what is your level of interest in having available for viewing the following types of local programs?

Local government meetings, legislative sessions, county council meetings, neighborhood board meetings, special events, schedules and information about various services? _____

Secondary or higher institutional educational programs (UH/DOE), classes, events, long distance learning and other instructional programs? _____

A variety of shows produced by local citizens and organizations on topics of their choice. For example: local hula recitals or performing arts programs; forums for local political candidates; health, nutrition, cooking and fitness shows; local documentaries; video news coverage of community events; a bulletin board of community events; etc. _____

7. Do you, or organizations you belong to, find it of interest to have facilities, equipment and support available for producing television shows about your organization's activities, to show on a local cable PEG access channel (e.g., channels 52, 53, 54, 55, 56)?

Yes No Don't Know

8. Are there any other matters that you believe should be addressed through the franchise renewal process to help assure that the Oceanic cable system meets community needs? If so, please comment below (use back of last page if necessary):

Part B – Na Leo services. Public, education, and government access services on Hawaii are currently delivered by Na Leo ‘O Hawaii Inc.

1. Are you or your organization an active user of Na Leo services? __ Yes __No

1a. If yes, provide any comments you may have on which Na Leo services are especially helpful to you and/or what Na Leo might do to better assist your productions (use back of last page if necessary):

1b. If no, what services would Na Leo have to provide for you to consider utilizing Na Leo facilities and services?

2. What types of current Na Leo programming (or names of specific programs), if any, do you value most (use back of last page if necessary)?

3. Are there other services or programming you would like Na Leo to offer to better address community needs (use back of last page if necessary)?

4. Provide any other comments you may have on how current Na Leo services do or do not help to meet community needs (use back of last page if necessary):

Part C – Other comments. If you have any additional comments not addressed above regarding community needs that you believe should be addressed in the franchise renewal process please note them in the space below (use back of last page if necessary):

Please complete this questionnaire and **return it during this community forum.** If you did not personally participate in the forum, but have seen it on a cable access channel or are completing the questionnaire with an explanation from a forum participant, please fill it out and return it no later than **August 31, 2010** via mail, fax or scanned e-mail attachment to:

**DCCA-CATV, P.O. Box 541, Honolulu, HI 96809.
Phone (808) 586-2620, Fax (808) 586-2625.
E-mail: Cabletv@dcca.hawaii.gov**

Thank you very much for your participation in the cable franchise renewal process. Please indicate your name, address and phone # below for possible follow-up purposes:

Name: _____ Phone: _____

Address: _____

If you represent an organization, an institution, or a division of government please indicate its name below; otherwise write "individual"):
