NEIL ABERCROMBIE
GOVERNOR

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Email and U.S. Mail

January 21, 2014

Mr. Bob Barlow
President
Oceanic Time Warner Cable LLC
200 Akamainui Street
Mililani, HI 96789-3999

Dear Mr. Barlow:

Re: Amendment to December 18, 2013 Letter Order Regarding Collection of 5% Franchise Fees

On December 18, 2013, the Department of Commerce and Consumer Affairs ("**DCCA**") issued a letter order to Oceanic Time Warner Cable LLC ("**OTWC**") regarding the collection of 5% gross revenues for franchise fees. The DCCA hereby amends the December 18, 2013 Letter Order to clarify payment of the franchise fees.

Pursuant to Decisions and Orders ("**D&O**") Nos. 261, 291, and 346, the DCCA currently requires OTWC to pay Franchise Fees in an amount equal to approximately 4.64% of OTWC's annual gross revenues for its cable systems throughout the State to the following: (1) approximately 3% in annual Access Operating Fees ("**AOF**") to the various PEG Access Organizations in the State, (2) 1% to the Hawai'i Public Television Foundation, dba PBS Hawai'i ("**HPTF**"), and (3) approximately .64%[1] in Annual Fees to DCCA to administer HRS chapter 440G.

[1] Currently, .64% of OTWC's gross revenues equals approximately one percent (1%) of the income received from Subscribers for cable services rendered during the preceding year.

Under federal law, the State is entitled to franchise fees from cable operator(s) that in total do not exceed five percent (5%) of a cable system's annual gross revenues. 47 U.S.C. §542(b).

The Director affirms that effective for the bills received by subscribers in April, 2014 and thereafter, the Franchise Fee is raised from 4.64% of its annual gross revenues for each of OTWC's cable systems to the maximum 5% allowed under federal law. Accordingly, commencing January 31, 2015 and every January 31 thereafter, OTWC shall pay 5% of its annual gross revenues for each of its cable systems as follows:

1. Approximately 3% in annual AOFs to the various PEG Access Organizations in the State;

2. 1% annually to HPTF;

3. For the January 31, 2015 payment, OTWC shall pay FIVE HUNDRED THOUSAND AND NO/100 DOLLARS ($500,000.00) to 'Ulu'ulu: Henry Ku'ualoha Guigni Moving Image Archive of Hawai'i ("**HKG Archive**"),[2] subject to further order of the Director. Payment shall be made to the University of Hawai'i, for the HKG Archive Special Fund established by HRS section 304A-2180; and

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Under HAR section 16-132-2(d), "'income received from subscribers for cable services" means revenues derived from the supplying of regular subscriber service and includes installation fees, disconnect and reconnect fees and fees for regular cable benefits. The term does not include per-program or per-channel charges, leased channel revenues, advertising revenues and other income derived from the system.

[2] In 2012, the HKG Archive was designated as the official State archive for moving images. See, Act 90 (SLH 2012) and HRS section 304A-1864.

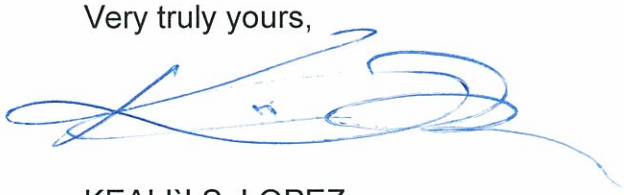
The HKG Archive, located at the University of Hawai'i, West Oahu, is a unique digital and material archive intended to perpetuate and share the special history and culture of Native Hawaiians and the people of Hawai'i. It is dedicated to the care of film, videotape, and audiovisual materials, as well as the preservation of Hawai'i's moving images. The HKG Archive converts videotapes and film footage to digital files kept on servers that are accessible to the public through a website portal.

The Director of DCCA has determined that providing a portion of the operational funding for the State's archive for moving images will help to preserve and maintain the HKG Archive collection, and thereby, support the State's interest in educating current and future generations about the history and culture of Hawai'i.

4. The remainder shall be paid to DCCA as the Annual Fee under HAR section 16-132-2.[3] In subsequent Letter Orders, pursuant to HAR section 16-132-2(c), DCCA shall adjust the remaining percentage so that OTWC pays no more than 5% of annual gross revenues.

Thank you for your assistance and cooperation in this matter. If you have any questions on the above, please contact Ms. Catherine Awakuni, Cable Television Administrator, at (808) 586-2620.

Very truly yours,



KEALI`I S. LOPEZ
Director

c: Brian Kang, Esq.
Department of the Attorney General

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[3] DCCA increased the Annual Fee paid to DCCA because the current Annual Fee of .64% is insufficient to cover DCCA's rising staffing costs and costs of other services to administer HRS chapter 440G.