

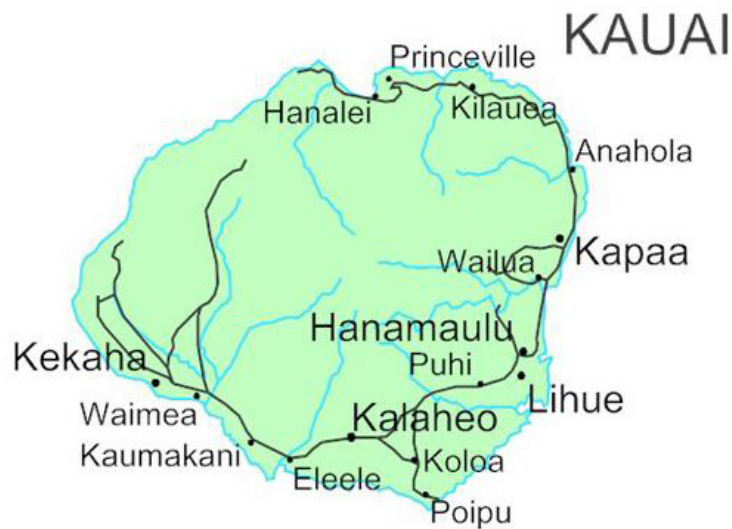
COMMUNITY ASCERTAINMENT AND RELATED ACTIVITIES

SUMMARY FOR

OCEANIC TIME WARNER CABLE FRANCHISE RENEWAL

COUNTY OF KAUA'I, HAWAII

RESULTS AS OF APRIL 5, 2016



Prepared for

STATE OF HAWAII, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

by

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COMMUNITY ASCERTAINMENT AND RELATED ACTIVITIES

SUMMARY FOR

OCEANIC TIME WARNER CABLE FRANCHISE RENEWAL

COUNTY OF KAUA'I, HAWAII

GENERAL INTRODUCTION

The State of Hawaii (State), Department of Commerce and Consumer Affairs, Cable Television Division (DCCA), is in the process of considering a request from Oceanic Time Warner Cable, LLC (Oceanic) to renew the company's cable television franchise for the County of Kaua'i. As part of the activities relative to this consideration, undertaken in accordance with federal franchise renewal guidelines set out in the Cable Communications Policy Act of 1984, as amended in 1992 and 1996 (the Cable Act), DCCA is conducting an ascertainment of future cable-related community needs and interests, along with certain studies and reviews related to the ascertainment. The results of all of these activities are intended to form part of the basis for DCCA's anticipated negotiation of a possible new franchise with Oceanic. This report is presented as complete for the purpose of triggering the ability of DCCA to request an application for franchise renewal from the cable operator under the procedures specified in Hawaii State laws (i.e., the Hawaii Revised Statutes) 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's formal process, and to finally conclude those activities at its own discretion, as provided for in the Cable 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;
- A series of 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; and
- The solicitation of **written comment**, through letters and emails to DCCA, resulting in a number of individual communications to the Department.

In addition, consistent with guidelines of the Cable Act, 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 in Kaua'i County;

- An **engineering review** of Oceanic’s cable system, focused on its current and future capacity for providing state-of-the-art services; and
- A **review of Oceanic’s past compliance** with its obligations under the current franchise.

To assist the State in these franchise renewal activities, DCCA is utilizing the services of the financial consulting firm Merina & Company, LLP (Merina & Company), working with two subcontractors. This report represents the consultant’s description of the results of the principal ascertainment and related background study activities undertaken to date. The principal Merina & Company agents involved in assisting DCCA in this work are Certified Public Accountant Tonya Moffitt, along with Merina & Company subcontractors Stephen Jolin of the municipal communications consulting firm MuniCom, and communications engineer Brian Nordlund.

PUBLIC MEETINGS

Introduction

The franchise renewal ascertainment process included two open community ascertainment forums conducted by DCCA and its consultants, to obtain public input. At the forums, DCCA was represented by DCCA Director Catherine P. Awakuni Colón, Cable Television Division (CATV or Division) Administrator Ji Sook (“Lisa”) Kim, Division staff members Glen Chock and Kyle Kagihara, and consultant Steve Jolin. The forums were held on Kaua’i, as detailed below:

- August 26, 2015, at 5pm at the Waimea Neighborhood Center in Waimea; and
- August 28, 2015, at 5pm at the Kaua’i County Building, Planning Committee Meeting Room in Lihue.

The forums were advertised in the local media, on DCCA’s website, and on Ho’ike: Kaua’i Community Television’s (Ho’ike) access channels (Ho’ike is the public, educational and governmental (PEG) access organization on Kaua’i County). Attendees at the forums included representatives of Oceanic, and three members of the public. All were invited to give oral testimony, to complete a Customer Satisfaction Survey and a Questionnaire on Community Needs and Ho’ike Services, and to provide any additional written comments to DCCA by September 11, 2015.

Summary of Oral Comments

Oral comments, in summary, included the following from members of the public:

- Ho’ike PEG services are important, and the cablecast of the Police Commission meeting should be brought back, as it has been discontinued;
- The PEG channels should be listed in program guides, and their times made easier to find for viewers;
- Handicapped customers need better service from Oceanic technicians—e.g, written-out communications for deaf individuals;
- Oceanic should announce blackouts in advance, and broadcast when they are over with;
- Government programming is especially important to Kaua’i, and should include the programming coming from ‘Ōlelo on Oahu; and
- Double captioning—the simultaneous occurrence of closed and open captioning—should be eliminated by Ho’ike, so that the burden of eliminating it is not on the disabled person. The current practice places Ho’ike in violation of Federal Communications Commission (FCC) and Americans with Disabilities Act (ADA) requirements, preventing equal access for the disabled.

Oceanic's legal representative offered, in summary, the following testimony:

- A brief history of Oceanic's growth and progress on Kaua'i since 1969;
- A description of the upgrades and modern services provided;
- Examples of historical support for local community activities;
- Commitment to providing reliable and innovative services in the future, including expansion of digital, high-definition, and interactive services; and
- Plans for continued support for the Institutional Network (I-Net), Hawaii Public Television Foundation, dba PBS Hawaii (HPTF), and Ho'ike.

COMMUNITY QUESTIONNAIRE

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 services, that might be fulfilled by the franchise renewal process; and to provide an opportunity for comment on the service provided by Ho'ike. The questionnaire was available at the Public Meetings held by DCCA on the franchise renewal process, was posted on DCCA's website, was made available in DCCA's CATV office, and was advertised on PEG channels. Two completed Questionnaires were received prior to the September 11, 2015 deadline for submission.¹

Summary of Questionnaire Findings

PEG-Related Community Needs

- The current number of PEG channels is about right (1 response) or needs to be increased (1 response);
- Funding for PEG is about right (1 response), or needs to be increased (1 responses);
- It is very important for PEG to keep up with commercial TV in new technologies (2 responses);
- The cable system's capability of transmitting PEG programming from remote sites is very important (2 responses). The availability of PEG programs live and in archive via the Internet is very important to meet community needs (2 responses);
- On a scale of 1-5 (with 5 indicating the highest rating) one respondent rated the importance of Public programming as 2, the other 5; of Educational programming, one rated it 3, the other 4; of Government programming, both rated its importance as 5; and
- One respondent indicated an interest, for herself or organizations she belongs to, in making programs to show on a cable channel; the other did not know.

Written Comments on PEG and Ho'ike

In summary, the written comments provided on the Questionnaires, are as follows:

¹ Respondents to the Questionnaire are self-selecting, 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. Please note: the respondents did not answer all of the questions on the Questionnaire.

- Information about PEG programming times should be more easily accessible to all;
- The double captioning occurring for some PEG programming is unacceptable and needs to be eliminated;
- PEG operations need to be in compliance with FCC and ADA regulations;
- Particular Ho'ike programs most valued include: Government commissions, the Kaua'i Council, the Police Commission, replays of Kaua'i Performing Arts Center (KPAC) programs, especially musical programs; and
- Services and programs desired for the future include: better content listing and times, and the programs "For Kaua'i" and/or "Midweek."

STAKEHOLDER INTERVIEWS

Introduction and Summary of Findings

As part of the franchise renewal ascertainment effort, DCCA requested face-to-face or telephone meetings with representatives of key government, education, and non-profit organizations—stakeholders currently heavily involved in the use of cable resources, or for other reasons having a strong interest in the future direction of cable-related services in Kaua'i County.

At the date of this report, several of the requested meetings have taken place. In each meeting, CATV Administrator Kim, other staff members or consultants a) briefed the stakeholders on the cable franchising process, b) solicited key concerns and recommendations, and c) strongly urged stakeholders to submit subsequent written comments to DCCA for use in the process.

Below are the meetings held, with a summary of the stakeholders' comments, and the cable-related needs and interests to be addressed in the franchise renewal.

Meetings

State Senator Ronald Kouchi. An office meeting was held with Senator Kouchi on August 18, 2015.

- Local call centers, staffed with local people, are appreciated, and especially Oceanic's "call-back" feature;
- Oceanic has been responsive to service calls from the Senator;
- The cable system's "DVR technology" is appreciated;
- The Senator has not received complaints about Oceanic's performance;
- The local pay-per-view package for local sports on Kaua'i is not as good as in previous years;
- In the stakeholder's experience, Oceanic's service is better and timelier than Hawaiian Telcom's service;
- Kaua'i County Council hearings, despite their length, attract many viewers to Ho'ike channels;
- Ho'ike offers political candidates fair and equal opportunities to present their platforms; and
- When timing is an issue, it is better to offer Ho'ike programming with imperfect captioning than to delay a cablecast to improve the captioning.

State Representative Derek Kawakami. An office meeting was held with Representative Kawakami on August 12, 2015.

- North Shore pass of Kaua'i is lacking broadband service;

- Residents of Kaua'i currently have no real-time access to Oahu legislative hearings through the PEG provider, Ho'ike;
- There is a need for better explanations of taxes and other charges on subscribers' invoices;
- Public hearings for the franchising process should be held in Kapaa and/or Princeville;
- It is not ideal to schedule public hearings on Friday nights;
- School cafeterias would be good places for public hearings; and
- Feedback from the Representative's constituents indicates that Ho'ike is doing a good job.

Kaua'i County Mayor Bernard Carvalho. An office meeting was held on August 28, 2015 with Mayor Carvalho and staff, including Managing Director Nadine Nakamura and IT Manager Brandon Raines.

- The Kaua'i Creative Technology Center needs broadband to the site, and should be included on the I-Net. A feasibility study for the facility has been completed, and \$20 million in funding is being sought over next 1-2 years. Part of the facility's purpose is to allow Kaua'i residents to learn video and other media, it could potentially house Ho'ike operations, and it can be used as an emergency evacuation center;
- County is working with Ho'ike to cablecast board and commission meetings; would like assistance in meeting \$150,000 cost. Funding limitations have led to dropping cablecast of the Mayor's Show and Police Commission meetings;
- Oceanic should join the County for detailed long-range planning for the I-Net;
- Ho'ike should be able to stream County Council meetings over the Internet;
- Ho'ike should provide closed captioning services, obviating the need for the current outside provider, and lessen the cost and the burden for the County;
- The County should have a live feed drop, to enable live cablecasting of meetings;
- The County would like to see fiber put underground;
- Underserved communities should be included in any cable network expansion, including broadband;
- In any Oceanic/Charter Communications, Inc. (Charter) merger, Charter should be held to Oceanic's obligations, including I-Net;
- Broadband services are important on Kaua'i;
- Businesses should have suitable WiFi access;
- The University of Hawaii (UH) football pay-per-view package should be available for viewing, even if expensive; and
- Future public hearings should be put on neighborhood board agendas for increased turnout.

Ho'ike Managing Director J. Robertson. An office meeting was held on August 28, 2015 with Mr. Robertson, and Ho'ike Board of Directors members Michael Ratcliffe and Lee Anderson. Ho'ike Board Vice President Rod Green also attended briefly.

- Ho'ike works well with Oceanic, and appreciates its local management and staff;
- Ho'ike provides critical coverage of local life, including County Council meetings, other government activities, and timely local issues such as composting, "GMOs", sustainability, trash management, traffic, land use, sovereignty, religion, and issues of particular concern

to senior citizens. Ho'ike is currently also exploring working with the Department of Health on local health issues;

- The value of PEG programming is not in the number of viewers, but in its availability as a local voice;
- Ho'ike wishes to preserve its right to activate a 5th channel in the future;
- Specific Ho'ike programming should be included in the Oceanic channel guide;
- Broadband service for Ho'ike needs to be improved to provide for more bandwidth, less cost, the ability to serve as a WiFi hotspot for the community;
- For all channels, including digital, the quality of transmission for PEG programming must be equivalent to the quality on commercial broadcast channels;
- High Definition (HD) channels should be available for PEG programming, much of which is now created in HD;
- The role of Ho'ike PEG services must be protected and preserved in the light of the expansion of Internet-based television (TV) service (i.e., OTT video);
- Ho'ike is currently seeking better facilities and studio space, and desires assistance with this project;
- Ho'ike is in the process of improving its website; and
- A future public hearing on the franchise renewal should be held in Kapaa.

LETTERS, EMAILS, WRITTEN COMMENTS

Introduction and Summary of Findings

DCCA solicited written comments from the public as part of its effort to ascertain community needs and interests relative to the franchise renewal process. Requests were made for written feedback at the community forums, at stakeholder interviews, on DCCA's website, and in other communications. Ho'ike also made efforts of its own to publicize the opportunity for written feedback in the renewal process. Letters received are included in an Exhibit to this Report. Listed below are letters received by the date of the preparation of this Report, with comments and the identification of cable-related needs and interest to be addressed in the franchise renewal.

Garret T. Yoshimi, Vice President for IT and CIO of The University of Hawaii, Sept. 8, 2015. Mr. Yoshimi also represents the interests of the Department of Education (DOE) and the East-West Center, insofar as they participate with UH in the Hawaii Educational Networking Consortium (HENC).

- Support and cooperation of DCCA and CATV is appreciated;
- Working relationship with Oceanic through the I-Net agreement has enabled the I-Net to connect public schools, libraries, university campuses and education centers, and state government facilities throughout Hawaii. This agreement should be preserved through the franchise renewal process; and
- UH participates in HENC with DOE and the East-West Center to provide Educational Access programming on the PEG channels. This service should be supported in the franchise renewal.

CUSTOMER SURVEY

Introduction and Summary of Findings

As part of the ascertainment of community needs and interests involved in the franchise renewal process, DCCA made available a brief written survey of customer opinion on various topics related to services provided by Oceanic. The survey was made available at two Public Meetings, placed on DCCA's website, and made available at DCCA's CATV office. At the time of this writing, one completed Survey was received by DCCA.² A copy of the Survey is included in an Exhibit to this Report.

The completed survey received was from a current cable TV subscriber on Kaua'i, who has subscribed for more than two years. She rated Oceanic service "good" or "very good" in nearly all relevant categories, including TV reception, repair service, billing, and courtesy. A problem with TV reception was resolved by Oceanic technicians satisfactorily. In a telephone contact with the company, however, it took the respondent more than a minute to reach a customer service representative. The respondent's overall rating of Oceanic's performance was the highest available: "very good."

² Written surveys like this one involve self-selected respondents, and thus typically make no claim to statistical validity. However, they can be useful for identifying the nature of the concerns about the cable company that have prompted a survey response.

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. Among other documents we examined for this effort are the following:

- Provisions of Hawaii Revised Statutes, especially sections in 440G-7, 440G-8 ,440G-10.1, and 440G-12;
- Hawaii Administrative Rules, especially chapters 16-131, 16-132;
- Decision and Orders (D&Os) issued by DCCA, including D&O Nos. 291, 319, 355, and 356;
- An August 11, 2000 DCCA Letter Order to Oceanic, and additional Letter Orders through 2014;
- FCC regulations governing cable system technical standards; and
- DCCA's tracking system for cable company reporting requirements.

In addition we interviewed DCCA staff, spoke with Oceanic and Ho'ike representatives, and 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 most of the requirements we examined. However , several compliance matters invite attention:

- Many required reports were submitted late, and are so noted;
- Oceanic has not been offering senior discounts in bulk accounts, although a few dozen subscribers have been grandfathered in to discounts that were offered under previous franchises; and
- Two areas of the technical performance of the system need to be addressed by Oceanic, and may call for further investigation
 - The part of Oceanic's cable system served by the Kilauea Optical Transport Network (OTN) needs to be reconfigured to address reliability issues caused by the current OTN platform; and
 - Five of the test points from the July/August Proof of Performance Submission, reviewed during our engineering assessment, showed signal distortion issues, with significantly degraded carrier to Composite Second Order Beat and/or carrier to Composite Third order Beat readings, relative to FCC standards.

**COUNTY OF KAUA'I FRANCHISE
OCEANIC CABLE COMPLIANCE CHART**

REQUIREMENT	SOURCE DOCUMENT(s)	COMPLY	NOTE
General			
Statement of no violation of franchise order, annually by 4/30	D&O 291	Yes (late)	Provided on time in 2012, 1-2 weeks late in 2013 and 2014
Financial			
Pay franchise fees on annual gross revenues	Hawaii Revised Statutes (HRS) Chapter 440G, as amended	Yes	DCCA currently collects full 5% of gross revenues, with 3% going to PEG, 1% to HPTF, and the remaining 1% going to DCCA and/or other entities as directed by DCCA.
Pay Access Operating Fee of 3% of gross revenues to Ho'ike, by 1/31 annually	D&O 291, various Letter (Ltr) Orders through 2014	Yes	
Pay Access Capital Funds Payment to Ho'ike, \$3/subscriber	D&O 345, various Letter Orders through 2014	Yes	
Implement revised Late Fee (Administrative Fee) procedure by 11/1/2000	8/11/00 Ltr Order, D&O 291	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	D&O 291, 8/11/00 Ltr Order	Yes	
Provide discount for senior citizens in bulk Multiple Dwelling Units (MDUs) from 10/1/2000	D&O 291, 8/11/00 Ltr Order	No	There are currently 69 subscribers with senior discounts, grandfathered from Derby Cable; but no senior discounts are now offered by Oceanic.

Pay HPTF 1% of gross revenues annually	D&O 291	Yes	
Pay 1 % of Gross Revenues from standard service and below (0.6% of gross Revenues) for DCCA CATV administrative costs	Hawaii Administrative Rules (HAR) §16-132-2,	Yes	DCCA currently collects full 5% of gross revenues, with 3% going to PEG, 1% to HPTF, and the remaining 1% going to DCCA and/or other entities as directed by DCCA.
Maintain insurance, bonds, other sureties as required		Yes	Compliance representation was made by Oceanic.
Timely filing of rates and charges for service, other required tariff information	HAR §16-131-27; HRS §440G-11	Yes	
Construction/ Technical/ I-Net			
Consolidate headends, upgrade system to 750 MHz or 75 analog channels, with digital capability, fiber to node architecture, by 12/31/2003. Upgrade to be equivalent in capacity and design to Maui and Big Island, provide standby power.	D&O 291	Yes	
Connect I-Net sites , at request of Director, at West Kaua'i Visitor & Technology Center, main fire station, main police station, State hospital in Waimea, public schools and libraries, (plus 10 additional sites on the islands), at no charge to State or subscribers; additional sites to be provided at cost of labor and materials.	8/11/00 Ltr Order, D&O 291	Yes	
Connect and provide broadband Internet access to all public schools, public libraries, UH, community colleges, Kaua'i Civil Emergency Operating center at no cost to subscribers or State; at request of Director,	D&O 291	Yes	Recent additions include middle and elementary schools.

following upgrade, also to the main fire station, main police station, State hospital in Waimea, and Kaua'i County Building.			
Maintain and repair existing I-Net connections at no cost to State, replace at company's cost of labor and materials	D&O 291	Yes	
Continue to work with DCCA to expand I-Net for benefit of State and Oceanic Kaua'i	8/11/00 Ltr Order, D&O 291	Yes	Currently working on establishing inter-island fiber connection to increase capacity from 10 gig to 100 gig.
Provide emergency override system, and standby power with upgrade	D&O 291	Yes (provisional for standby power)	Emergency alert system currently operates from KSSK (Oahu), also from the NOAA Weather Station, and from KQNG (Kekaha). Provides for audio override with visual crawl. Generator at headend and hubs for standby power. However, currently there are batteries only at Kilauea OTN, providing inferior backup and reliability. Tech review suggests installing a full hub or eliminating the site and serving the area from the existing hub.
Meet FCC system technical performance standards	47 C.F.R. §76.601 – 76.640 (2016), HRS §440-G-8.1	Yes (provisional)	The technical review shows broad compliance, but attention needed, as most test points indicate non-linear signal distortions. Specifically: 5 test points show a significantly degraded Composite Second Order(CSO) and or Composite Triple Beat (CTB) reading.
Meet FCC CLI (signal leakage) standards	47 C.F.R. §76.601 – 76.640 (2016), HRS §440G-8.1	Yes	Generally exceed FCC requirements.

Provide technical and picture quality for PEG channels at least equivalent to that provided for the local broadcast television stations on Oahu	9/14/2014 Ltr Order	Yes	Reported in FCC testing, confirmed with Ho'ike
Connect with Hawaii Interactive Television System (HITS) system, no cost to State	D&O 291	Yes	
Interconnect all schools and libraries to system, provide cable drop and basic service, w/in 6 months of DCCA Director's request	HRS §440G-8.2	Yes	
PEG Access/ Local Origination			
Provide 2 additional access channels (for total of 4)	D&O 291	Yes	Ho'ike programs 2 channels, system distributes 2 education channels, Ho'ike reserves option of using one additional channel as needed.
Provide digital boxes to view channels 355 and 356 to analog subscribers at no cost	D&O 356	Yes	
Include in renewal application provision for digital channel and maintenance for delivery of Kaua'i Community College programming, at no cost to the State, UH, or Ho'ike	D&O 356	n/a	Obligation to be evaluated upon receipt of renewal proposal from Oceanic.
Provide and maintain video transport from Kaua'i Community College to Ho'ike Lihue facility, upgrade if necessary for digital	D&O 356	Yes	Ho'ike confirms good quality of current link.
Provide, at no cost to the State or Ho'ike, a bi-directional Ethernet connection between Ho'ike Lihue facility and another Ho'ike branch facility, subject to reasonable cost	D&O 356	n/a	The connection has not been requested by letter order as of the date of this Report.

provisions, upon issuance of a letter order from DCCA			
Cablecast public service announcements (PSAs) (250 in 2012, 1,000 in 2013) provided by Ho'ike	D&O 356	n/a	Ho'ike has not provided PSAs for cablecast.
Provide at least 30-day notice (with best efforts to give earlier notice) to Ho'ike, with copy to DCCA, and consult with Ho'ike, if any PEG channel is planned to migrate to digital tier	D&O 356	n/a	No channels have been moved to digital since this requirement was established.
Provide consistent PEG channel locations on all islands.	D&O 291	Yes	
Meet commitment to provide Local Origination Programming	D&O 291	Yes	
Customer Service			
Perform Annual Customer Satisfaction Survey, including Kaua'i, report annually by Dec. 31	D&O 291, 8/11/00 Ltr Order	Yes (late)	2012, 6 wks late; 2013, 3 ½ mos. late; 2014, early.
Maintain customer service office for Kaua'i, staffed, with convenient hours	D&O 291	Yes	
Maintain publicly listed local telephone number for customer service, with specified hours (10 hrs. weekdays, 6 hrs. Saturday, other times answering service	D&O 291	Yes	Calls routed through Oahu call center, available 24/7.
Provide installation service, and repair service, at specified minimum hours (8 hrs./day weekdays and Saturdays, except	D&O 291	Yes	Repair and install services are provided 8-5 (9 hrs.) Monday through Friday, 8-1:30 (5 ½ hrs.) Saturday, with 2-hr appointment

holidays)			window.
Provide local help desk support for high speed Internet access service	D&O 291	Yes	Phone, installation and repair services same as for cable services.
Provide subscribers prior notice of imposition of late fee for delinquency	D&O 291	Yes (provisional)	DCCA has not received significant complaints regarding this obligation, and thus has not had occasion to conduct detailed investigations.
Meet or exceed FCC Customer Service Standards	D&O 291	Yes (provisional)	DCCA has not received significant complaints regarding this obligation, and thus has not had occasion to conduct detailed investigations.
Reports			
Report FCC CLI Test Results, 30 days from test	HAR §16-131-47,	Yes	
Report feasibility of Cable Service to Unserved Communities, annually	D&O 291	Yes (late)	2012, 4wks late; 2013, 5wks late; 2014, 3 mos. late
Report on Ownership- 1 or more %	HAR §16-131-43	Yes (late)	2012, 12 mos. late; 2013, 5 ½ mos. late; 2014, 12 mos. late
Report on Financial Condition	HAR §16-131-44	Yes	
Report on Construction Annually	HAR §16-131-45	Yes (late)	2012 and 2013, on time; 2014, 8 mos. late
Report on Complaints	HAR §16-131-46	Yes (late)	2012 and 2013, on time; 2014, 8 mos. late
Report on Proof-of-performance testing	HAR §16-131-47		
Report on Production & Programming Activities	HAR §16-131-48	Yes (late)	2012, on time; 2013, 5 ½ mos. late; 2014 on time
Quarterly Progress Reports for Local Help	8/11/00 Ltr Order	Yes (late)	2012, 3 mos. late; 2013 and 2014 on time

Desk Support for Internet Access			
Quarterly Reports-Sub act, revenues, personnel, service, etc. Due 1/31, 4/30, 7/31, 10/31	HAR §16-131-50, D&O 291	Yes (late)	The report due April 30 was 13 days late in 2013. Reports due in 2012 and 2014 were on time.
Monthly Customer Service Performance Report (FOR ALL SYSTEMS)	D&O 291, 8/11/00 Ltr Order	Yes (late)	Consistently late 2012-2014
Report on Construction Monthly	HAR §16-131-45	Yes	
Report on Interruptions-Major System	HAR §16-131-49	Yes	

FINANCIAL REVIEW

Background

HRS Chapter 440G, which is known as the Hawaii Cable Television Systems law, sets out the factors and requirements for renewal of a cable franchise. Specifically, HRS §440G-10 provides for the form of the application to be prescribed by the director of the DCCA (Director)Department. This basic requirement is described in more detail in 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, technical, and other 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 Kaua’i franchise (Oceanic Kaua’i) 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 Oceanic Kaua’i 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 impact the availability of free cash flow which could otherwise be used to expand and improve service offerings; and
- In March 2012, Time Warner Entertainment Company, L.P.’s (TWE) informed the Department of its parent company’s intent to restructure the company, and asked the Department to consent to TWE’s request to assign/transfer its Hawaii cable franchises for the Island of Oahu, Island of Kaua’i, East Hawaii (Hilo), West Hawaii (Kona), County of Maui (excluding Lahaina), and Lahaina from TWE to Oceanic. After careful consideration, the Department granted TWE’s request. The applicable Decision & Order (No. 355) may be found on the Department’s CATV website.”

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 satellite services, telecoms and other utility pole owners;
- Increase pole attachment costs; and
- Imposition of new or increased taxes and/or fees from state and local governments experiencing budget shortfalls.

SPECIFIC FINDINGS

Subscriber Information

Oceanic Kaua'i's Market Penetration			
	2014	2013	2012
Number of homes passed	37,311	36,432	36,124
Number of subscribers	23,022	23,563	23,712
Penetration	61.70%	64.68%	65.64%

Oceanic Kaua'i's market penetration is very healthy at around 62%. The significant penetration achieved by Oceanic Kaua'i 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 Kaua'i's Average Monthly Basic Revenue per Subscriber			
	2014	2013	2012
Average total revenue per month	\$2,818,584	\$2,730,750	\$2,637,000
Number of subscribers	23,022	23,563	23,712
Average monthly subscriber revenue	\$122.43	\$115.89	\$111.21

Average revenue per month per subscriber is fairly consistent from year to year.

Time Warner Cable's Average Monthly Basic Revenue per Subscriber			
	2014	2013	2012
Average revenue per month	\$863,916,667	\$902,333,334	\$936,666,667
Number of subscribers	10,992,000	11,393,000	12,218,000
Average monthly subscriber revenue	\$78.60	\$79.20	\$76.66

Oceanic Kaua'i's average monthly basic revenue per subscriber is about 49% more than the company as a whole on average over the last three years. Oceanic Kaua'i 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 16% of Oceanic Kaua'i's subscribers are bulk accounts.

Financial Information

Oceanic Kaua'i's financial statements for the most recent three years were analyzed 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 auditors of TWC who issued their independent accountant's review report on them.

Balance Sheets			
	2014	2013	2012
Cash receivables and prepaid expenses	\$ 1,069,000	\$ 1,325,000	\$ 972,000
Property, plant, and equipment, net	19,556,000	18,496,000	19,677,000
Intangible assets, net	37,840,000	37,840,000	37,840,000
Total assets	\$ 58,465,000	\$ 57,661,000	\$ 58,489,000
Accounts payable	\$ 1,432,000	\$ 997,000	\$ 1,747,000
Deferred revenue	182,000	122,000	74,000
Long term liabilities	-	6,000	46,000
Total liabilities	\$ 1,614,000	\$ 1,125,000	\$ 1,867,000
Partners' Capital	\$ 56,851,000	\$ 56,536,000	\$ 56,622,000
Total liabilities and partners' capital	\$ 58,465,000	\$ 57,661,000	\$ 58,484,000

Income Statement and Change in Net Assets			
	2014	2013	2012
Revenues	\$ 33,823,000	\$ 32,769,000	\$ 31,644,000
Cost of revenues	12,054,000	11,474,000	9,852,000
Selling, general, and administrative	8,562,000	8,691,000	8,251,000
Depreciation and amortization	2,668,000	2,853,000	2,637,000
Operating income	10,539,000	9,751,000	10,904,000
Interest and taxes	3,852,000	3,628,000	4,101,000
Net income	6,687,000	6,123,000	6,803,000
Net assets, beginning of year	56,536,000	56,622,000	55,905,000
Payments to parent company	6,372,000	6,209,000	6,086,000
Net assets, end of year	\$ 56,851,000	\$ 56,536,000	\$56,622,000

This condensed financial information shows that Oceanic Kaua'i 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 Oceanic Kaua'i to make payments to TWC. The data clearly indicates that Oceanic Kaua'i generates a steady stream of cash flow and has been able to increase what it transfers to its parent company.

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 Oceanic Kaua'i to TWC their parent company and compare TWC the parent company to its peer group.

Oceanic Kaua'i			
	2014	2013	2012
Net profit margin	19.77%	18.69%	21.50%
Operating ratio	39.05%	38.46%	42.79%
Asset turnover	57.85%	56.83%	54.10%
Return on assets	11.44%	10.62%	11.63%
Current ratio	66.23%	118.41%	53.38%
Debt to equity	2.84%	1.99%	3.30%

Time Warner Cable, Inc.			
	2014	2013	2012
Net profit margin	8.90%	8.83%	10.08%
Operating ratio	35.24%	35.59%	38.35%
Asset turnover	47.03%	45.82%	42.94%
Return on assets	4.19%	4.05%	4.33%
Current ratio	51.50%	41.03%	91.59%
Debt to equity	504.98%	594.88%	583.91%

Peer Group			
	2014	2013	2012
Net profit margin	9.47%	8.97%	8.82%
Operating ratio	31.43%	30.02%	30.43%
Asset turnover	53.06%	52.56%	49.32%
Return on assets	5.02%	4.72%	4.35%
Current ratio	83.62%	72.13%	105.34%
Debt to equity	302.18%	316.51%	297.44%

Net profit margin is computed by dividing net income by total revenues. This provides a measure of the company's bottom line profit. Oceanic Kaua'i has demonstrated a stable profit history as has its parent TWC. TWC's peer group also maintained stable net profit margins. Oceanic Kaua'i has 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 Kaua'i and TWC have shown very stable and sufficient operating profits over time and in relation to comparable companies in the cable industry. TWC's peer group has also shown a fairly stable operating ratio as well.

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 Kaua'i 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, carrying 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 (ROA) 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. Oceanic Kaua'i has performed significantly better in this area than both its parent and the peer group. The low results of the parent company and the peer group, is again, a reflection of non-performing acquisition related assets.

Current ratio is 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 Oceanic Kaua'i has achieved

results not comparable to TWC and its peer group. This ratio is dependent on current assets and liabilities. In 2013, Oceanic Kaua'i had additional current assets and less current liabilities than in 2012 and 2014. In this case Oceanic Kaua'i has outperformed TWC in 2014 and 2013 and the peer group in 2013. The subsidiary 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 subsidiary level.

A FINAL NOTE

In the analysis we have provided above, Oceanic Kaua'i'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 Kaua'i. Some of these, as detailed in TWC's SEC 10K filing include:

- Increased competition from video, high-speed data, networking and voice providers, particularly direct broadcast satellite operators, telecommunications carriers, companies that delivery programming over broadband internet connections, and wireless broadband and phone providers;
- TWC's ability to deal effectively with the current challenging economic environment or further deterioration in the economy, which may negatively impact customers' demand for TWC's services and also result in a reduction in TWC's advertising revenue;
- TWC's continued ability to exploit new and existing technologies that appeal to residential and business services customers and advertisers;
- Changes in the regulatory and tax environment in which TWC operates, including, among others, regulations of broadband internet services, "net neutrality" legislation or regulation and federal, state, and local taxation; and
- Changes or delays in, or impediments to executing on, TWC's plans, initiatives, and strategies, including the proposed Comcast merger.

The Comcast merger referred to in the bullet point above was terminated on April 29, 2015. The FCC is in the process of reviewing the Charter and TWC merger. As of January 8, 2016 the FCC has requested additional information, as of the date of this report this status has not changed. The DCCA has conditionally approved the merger transaction transferring control of Oceanic six cable franchises to Charter in D&O 366. The merger and transfer of the six cable franchises will not take place until federal regulatory review of the merger transaction is completed.

Accordingly, it is vital that Oceanic's and TWC's or Charter 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.

TECHNICAL REVIEW, KAUA’I SYSTEM

Project Background

To aid the State’s review of the requested renewal of DCCA’s Franchise Agreement with Oceanic, DCCA’s consultant Merina & Company has conducted an engineering review of the Oceanic Kaua’i’s cable system design and performance. Much of the information gathered for the technical assessment was the result of information provided by Oceanic, interviews with Oceanic’s staff, and a field inspection performed from July 13, 2015 through July 17, 2015.

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 receiving, and may continue to receive from Oceanic. Oceanic provided a number of documents and other information to aid this effort, including the following:

- System technical overview;
- Upgrade history and plans;
- Channel lineup;
- FCC proof-of-performance test results; and
- FCC signal leakage test results.

For this review, the following Oceanic personnel have been helpful in providing the technical information necessary and in providing escorted tours of Oceanic Kaua’i’s facilities:

Marlene Matutino General Manager	Isaac Yoshimori Technical Operations Manager
Kimman Wong Director of Home Phone, Intelligent Home & Government Relations Manager	Norman Santos Vice President of Engineering
Joe Malina Engineering Manager	Neal Nakamura Engineering Information Manager

Inspection of the cable system took place between July 13, 2015 and July 17, 2015, with Isaac Yoshimori, Technical Operations Manager, serving as the Oceanic’s technical representative. Quality of construction and maintenance of the system were observed, and system performance was verified with additional assistance from Headend Technician Mike Matutino, and Maintenance Technician Kekoa Cummings.

Oceanic personnel were very cooperative and helpful throughout this process.

System Profile/Overview

Oceanic serves the island of Kaua’i franchise area from a headend in Kalaheo. Starting in the early 1980’s, Kaua’i was served by three systems (Garden Isle / Rifkin, Kaua’i Cablevision, and an independent system in Princeville), that eventually merged into a single system in 1997. The purchase of Kaua’i cable system by TWE occurred in 2002.

Construction of the hybrid fiber-coax upgrade of the cable system started prior to the 2002 purchase. The currently activated capacity of the Kaua’i system is 870 MHz. Much of the system equipment has been upgraded to support 1GHz, but the additional capacity is not yet being used. Two-way services, such as Internet and phone service, began to be offered in 2002. Also starting in 2002, Oceanic began to transmit digital programming, via the inter-island fiber, from Oahu.

Inter-island content is carried to Kaua'i over fiber optic cable that is exclusively used by Oceanic for its requirements. The inter-island fiber has been in use starting in 2005 and has since replaced satellite earth stations and inter-island microwave links as the primary programming source. The fiber provides two-way digital capacity, supporting advanced services such as Video on Demand (VOD) and high-speed data.

The fiber from Oahu arrives on Kaua'i at the Lihue landing, on the way to the Kapa'a hub. There, the optical signal is boosted, in order to provide the necessary power levels to reach the Kalaheo Headend. All residential services are fed out from the headend on fiber facilities, to 149 nodes, via two hubs and one OTN cabinet. Refer to Appendix A for a map of key network locations. The Kukui'ula hub serves the South shore and West end of the island while the Kapa'a hub serves the East side of the island. The Kilauea OTN serves the North and Northwest areas.

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

	Channel Count
Basic Analog Channels	14
Analog Value Service	61
Digital Standard Service	229
Digital Variety Pak	359

Figure 1: Channel Offerings

In addition to those shown above, the system provides a number of digital channels for premium, music, and PPV content.

Construction of the current 870MHz hybrid fiber optic coaxial plant began in 1999. This build-out continued after the Time Warner acquisition. The on-island network includes approximately 589 miles of fiber and coaxial cable and a total of 149 nodes. Approximately 117 of those nodes are dedicated to residential services. The network passes 37,230 homes. It uses two fiber backbones. One is a ring between Kapa'a and Kalaheo, providing a level of redundancy to increase reliability. The second fiber backbone extends to the Kilauea OTN. Existing node areas serve an average of 320 homes. As advanced services continue to become more prevalent, more bandwidth is allocated per customer. To provide this additional bandwidth, new construction is currently being designed to serve approximately 128 or fewer homes per node.



Figure 2: Headend Building at Kalaheo

Customers served by the Oceanic Kaua'i cable system represent a larger-than-typical market penetration. The system serves approximately 64% of the homes passed by the network. Although this represents a slight decline from previous years, primarily due to competition from satellite providers, it is much higher than many markets on the mainland. This reflects well on the perceived quality and value of services.

Emergency Alert System

The emergency alert system (EAS) has three off-air monitoring feeds: one from KSSK – 92.3 FM (Oahu), one from the 162.55 NOAA Weather Station, and one from KQNG – 720 AM (Kekaha). An appropriately targeted state or local alert message triggers the EAS system to overlay the audio onto analog and digital channels on the cable system. A national alert will trigger a force-tune of digital set-top boxes to a local channel, allowing subscribers to see and hear the alert as it is distributed by local broadcasters.

EAS system log reports, for May 1 through June 30, 2015, were reviewed under this effort. The logs show successful monthly and weekly tests for both time periods, including forwarded and self-originated tests.

System Reliability

As with most cable systems, reliability is primarily a function of three factors: the availability of electric service to power the equipment, survivability of the cable plant, and equipment reliability. 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, storm 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 Monitoring

System outages are inevitable from time to time. Therefore, to maintain minimal outage time, diagnosing and responding to outages, or degraded service, should be a priority. Oceanic uses a variety of systems to continuously monitor the health of the network. One system, an SNMP (Simple Network Management Protocol) server managed at the corporate level, monitors the status of devices on the network, continuously gathering performance data and keeping track of whether devices are responsive. In addition to tracking the long term performance, this system can identify specific failed pieces of equipment in nearly real-time. However, the raw data gathered by this system does not necessarily make the root cause of a failure apparent.

A locally managed system, installed in 2003 (and refined since then), sifts through the raw alarm data in order to localize the area of a failure and to sort the affected devices in such a way to identify the highest common element in the network. This determines which technicians to dispatch, and identifies the suspected failed equipment to streamline trouble-shooting and repair efforts.

Two newer systems, also managed locally, provide additional analytical data to guide maintenance and repair efforts. One system monitors the continuity of fiber optic cable and is able to immediately identify the location of a cut cable within a few feet. The other system monitors nodes from each hub to measure the performance of multiple channels and provides an ongoing log of signal quality.

The network monitoring systems improve response time and help to prioritize repair efforts in order to restore service as quickly as possible. Maintenance and outage logs were reviewed, and demonstrate thorough record-keeping and a conscientious effort to restore service when inevitable equipment failure or physical damage occurs.

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 Oceanic 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 headend uses a backup generator, as do both of the hubs. The Kilauea OTN has a battery backup system, but no generator. This limits the operational time during a power outage, due in part to the limited size of the battery but also because, without a generator, the air conditioning does not operate. Therefore, the equipment eventually shuts down due to high temperatures when the power fails. This is one of the key reasons Oceanic is planning to redesign the area to eliminate the OTN.



Figure 3: Generator at Kalaheo Headend

Since the node areas are relatively 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, it is important that Oceanic continues to place a priority on maintaining and expanding their backup power systems.

Replacement of the Kilauea OTN

The Kilauea OTN is a ground-mounted cabinet, as opposed to a traditional hub, which is typically a stand-alone air conditioned building. At the time of this assessment, Oceanic had approved the construction of a new hub building, to replace the Kilauea OTN, which would greatly improve reliability in the area.

At the time of the assessment, property negotiations were still in-process, and Oceanic personnel were hopeful to begin construction of the new facility before the end of 2015. However, the latest update indicates that negotiations were unsuccessful. Therefore, Oceanic is forming plans to reconfigure the fiber distribution in such a way to eliminate the OTN while serving the area directly from the existing Kapa'a hub. This approach will require a greater investment in fiber optic cable and other network resources, but will still eliminate the OTN and provide most if not all of the reliability improvements that had been the goal of the new hub.

At this point, the timeframe for the expansion of the Kapa'a hub is not known, nor do we know if Oceanic is still attempting to resume negotiations with the previous land owner or pursue a discussion with a new land owner. However, with the new plan moving forward it appears that Oceanic no longer has confidence in obtaining land for a hub, but will still be able to make important reliability improvements.

Channel Plan

The current channel offerings include 75 analog channels including 2 PEG channels available in two tiers (Basic and Standard), 229 standard digital channels, plus a large number of premium and special interest channels, which include music, sports, and movies. Among the digital offerings are many music and HD channels, and a large number of premium channels in both standard and high definition. Also, there are a number of on-demand and PPV channels in both standard and high definition. A listing of channels provided in the analog lineup is provided in **Appendix B**. The digital lineup is shown in **Appendix C**. 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 PPV.

Public, Education & Government Programming

As noted above, Public Access and Government channels on Kaua'i are managed by the Ho'ike. The following analog channels are currently in operation:

- Channel 52: Public Access; and
- Channel 53: Government.

The digital plan includes the Public Access and Government channels, but also provides the DOE TEACH channel on digital 356 and the UH Distance Learning programming, delivered via VOD.

Ho'ike has production and training facilities in Lihue. For this Report, J. Robertson, Managing Director, provided a tour of the facility, where he is responsible for 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 Ho'ike organization.



Figure 4: Ho'ike Kaua'i Digital Playback System

Two-Way Services

Oceanic offers both Internet and telephone services over the cable system. Residential telephone service has also been offered for several years and is based on Voice over Internet Protocol (VoIP) technology, carried by the packet data network. Oceanic maintains a high speed fiber optic network to carry this data traffic, and is proactive in its efforts to monitor bandwidth, plan for upgrades, expanding bandwidth and updating technologies as needed.

Institutional Network (I-Net)

The I-Net infrastructure connects to the state Information and Communication Services Division, government facilities, and to the UH which serve schools and public libraries. The I-Net, from Oceanic's perspective, is a "dark-fiber" wavelength division multiplexing (WDM) network, allowing the independent user institutions to manage their own equipment and services across the network, maintaining separation and security for the traffic. The Broadband Technology Opportunities Program federal grant program provided the funding to more than double the number of locations served by the I-Net. As a result, the I-Net on Kaua'i now serves over 30 locations, including elementary, middle, and high Schools; Kaua'i Community College; Kaua'i Libraries and Community Centers; and other government buildings.

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 Oceanic includes the flyover test from October 2014 (see Figure 5). The flyover was conducted by Mar-Tech Engineering, from Jacksonville, Florida. Two analyses were provided, one based on the performance relative to the FCC requirements, and the second based on increasing the requirements well above FCC requirements. The system was shown to pass both analyses. The results of the leakage test show a sound system, well within FCC requirements.

Figure 5: Summary results of the latest FCC required fly-over test, Kaua'i System

1. Generator level input into calibration antenna	6.55 millivolts
2. Receiver adjustment to force a 10 uV/m reading	0.0000 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	3041 points
5. Number of points > 10 uV/m	0 points
6. Minimum leakage	0.5800 uV/m
7. Maximum leakage	4.0900 uV/m
8. Average field intensity	0.6400 uV/m
9. Percentage of points < 10 uV/m	100 %
F.C.C. requirements status: PASSED	

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 July / August of 2015, were reviewed, finding that most channels easily meet most FCC performance requirements. However, the submittals show that most test points suffer from non-linear signal distortions that could require technical attention. In particular, measurements for five of the test points have one or more channels where second-order and triple-order harmonic distortions show a degraded CSO and or CTB reading.

FCC technical standards require that both CSO and CTB be maintained above 51dB. However, measured performance is as low as 45.6dB and 45.3dB respectively. This could be caused by one or more failing active devices on the network or a need to make adjustments to minimize these distortions. However, the testing procedure for these measurements can be tricky to set up, raising the possibility of test errors.

It would be very unusual for a system with these distortions to get such high marks on all other performance measures. For example, see the summary in Figure 6, indicating five test points failing the analog test but all eight passing the digital tests. The fact that other tested parameters are indicative of a high quality system should lead us to assume that the CTO and CTB values could in fact be due to a testing problem rather than a systemic problem with the network.

Test Point	Analog Pass	Digital Pass
TP01 7924 Elepaio Rd.	Yes	Yes
TP02 1554 Papau St.	Yes	Yes
TP03 4695 Aliomanu Rd.	No (x1)	Yes
TP04 4600 Kane Rd.	No (x8)	Yes
TP05 4754 Lawai Rd.	No (x8)	Yes
TP06 2421 Hulemalu Rd.	No (x8)	Yes
TP07 5-7866 Kuhio Hwy	No (x8)	Yes

Figure 6: Summary of July / Aug 2015 Proof Tests

Oceanic has acknowledged the need to address this issue and has indicated an intent to verify their testing methods and configuration, and/or to make repairs before their next proof-of-performance testing effort. It may be the desire of DCCA to request a copy of the January/February 2016 proof-of-performance submittal in order to perform a technical review and verify that this issue is resolved.

Technical Observations

Signal testing was performed at three 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, using a traditional in-service proof-of-performance style of test of all analog channels:

- Waimea, Node 9110;
- Aliomanu, Node 9602; and
- Papau, Node 9320.

It is worth noting that while a test such as this is a good indicator of the general quality of the analog signals on the system, it does not provide specific measurements of the CSO or CTB performance that was a point of discussion from the proof-of-performance review.



Figure 7: Test Point on Node 9110 in Waimea

Based on the in-service testing, signal quality at each of these locations was found to meet industry standards (an initial test revealed a condition requiring attention on Node 9602, which was investigated and repaired immediately). A summary of the results of these tests is provided, for the designated test channels, in **Appendix D**.

Digital Transition

Being a predominantly digital network, the transmission of analog signals requires more network resources than the transmission of equivalent digital signals. While many customers still enjoy basic analog services, the increased demand for greater digital bandwidth is driving most cable providers to move toward the elimination of analog channels. This provides two distinct advantages for Oceanic :

1. Elimination of older analog equipment in the network will simplify system maintenance and improve overall reliability; and
2. The network bandwidth used by digital channels is far less than what is occupied by analog channels.

For example, it is very easy to deliver six or more SD digital channels in the bandwidth that would otherwise be used for a single analog channel. Since a conversion of analog channels can make a great deal of network capacity available, Oceanic can:

1. Reallocate bandwidth to increase the number of television channels;
2. Increase the bandwidth available for Internet or phone services;
3. Increase the bandwidth assigned for PPV services; and
4. Any combination of the above.

While a change such as this may be a burden on some analog-only subscribers, there are long term advantages to be gained, which will benefit all customers to some degree. Such a transition is not unlike the digital broadcast conversion from a few years ago, where the transition caused additional costs and inconvenience for many, but provided benefits to the general public once the transition was complete.

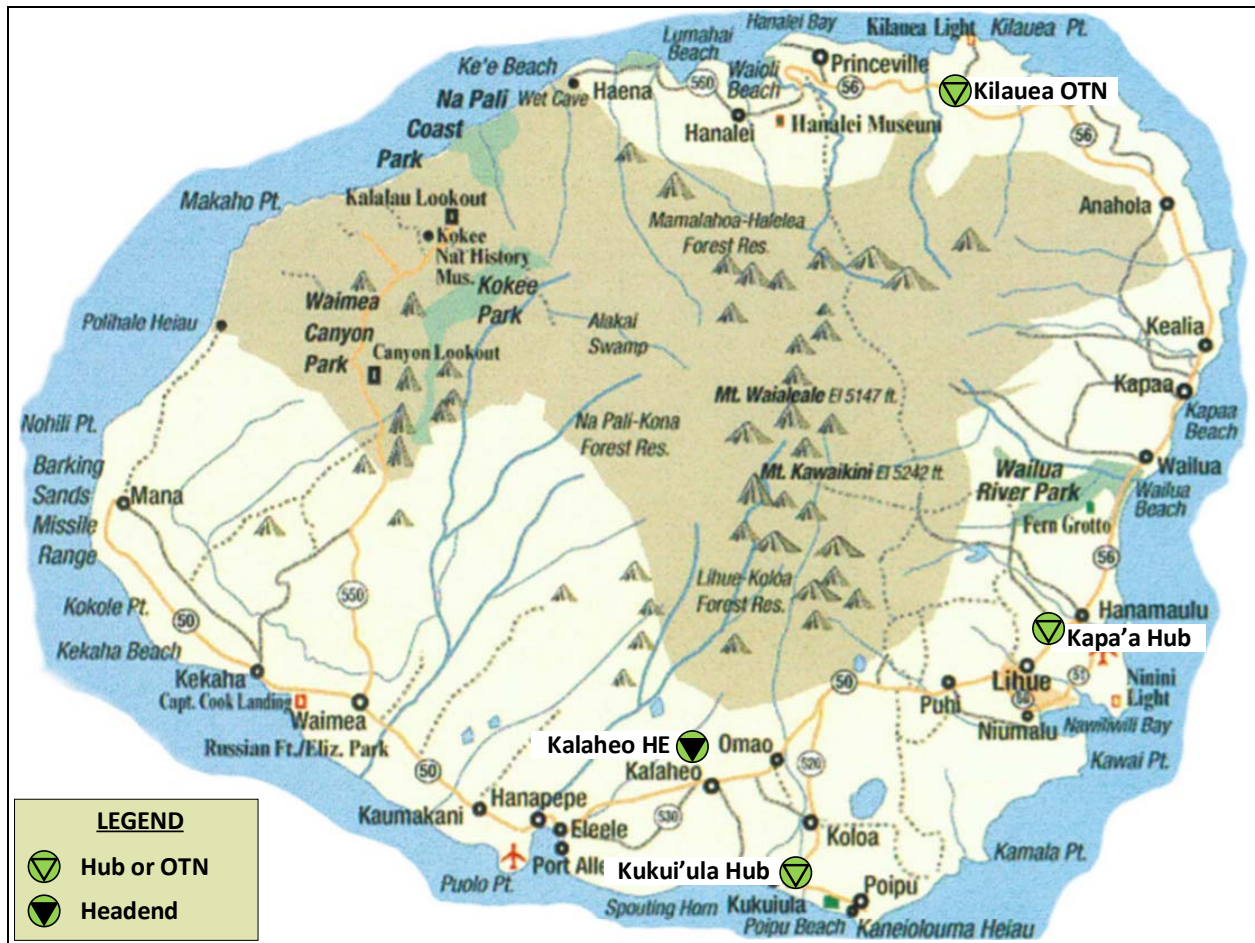
Conclusion

System performance and quality levels, despite some measurements that appear to be out of spec, are likely to actually be within FCC requirements. In order to close that potential issue, it would be beneficial to follow up with Oceanic to review the next proof-of-performance test submittal to ensure that CSO and CTB values meet the FCC requirements for all test points.

It would also be recommended to follow-up with Oceanic to track the progress of the OTN replacement project as it will be an important upgrade, likely to benefit customers once it is completed. The primary focus of such a follow-up would be to simply remain aware of the expected schedule for completion to ensure the plan is executed in a reasonable timeframe.

The Oceanic Kaua'i system has been found to be generally sound. Operations, maintenance, and repair activities are well managed and performed with attention to detail, with an eye toward long-term reliability and quality of service. As with other Oceanic-owned systems throughout the State, pride in ownership is shown by the dedication and work ethic demonstrated by local Oceanic staff. As a whole, the public in Kaua'i stands to benefit from continuing to receive service from Oceanic.

Appendix A, Network Map



Appendix B, Analog Channel Lineup**Analog Channel Lineup**

2	KHON-2 (FOX) •	36	TV Land ■
3	KVIC (Visitor Info) •	37	Syfy ■
4	KITV-4 (ABC) •	38	MSNBC ■
5	KFVE-5 (myNetwork TV) •	39	Spike TV ■
6	Local Programs •	40	Bravo ■
7	QVC •	41	FX ■
8	KHNL-13 (NBC) •	42	AMC ■
9	KGMB-9 (CBS) •	43	TNT ■
11	KHET-11 (PBS) •	44	Turner Classic Movies ■
12	OCI6 •	53	Hoike: Government •
13	Headline News ■	54	Hoike: Public •
14	CNN ■	55	The Weather Channel ■
15	Fox News Channel ■	56	Program Guide Channel •
16	OCSports ■	57	Home Shopping Network ■
17	MTV ■	58	Travel Channel ■
18	VH1 ■	59	Home & Garden TV ■
19	NBC Sports Network ■	60	Food Network ■
20	Fox Sports West ■	61	E! Entertainment ■
21	ESPN2 ■	62	Comedy Central ■
22	ESPN ■	63	Hallmark Channel ■
23	Time Warner Cable SportsNet ■	64	LMN ■
25	3ABN ■	65	Discovery Fit & Health ■
26	TBN ■	67	Oprah Winfrey Network ■
28	TBS •	68	Lifetime ■
29	USA Network ■	69	Discovery Channel ■
30	The Golf Channel ■	70	Animal Planet ■
31	Prime Ticket ■	71	The Learning Channel ■
32	Nickelodeon ■	72	The History Channel ■
33	Disney Channel ■	73	National Geographic Channel ■
34	ABC Family ■	74	A&E ■
35	Cartoon Network ■		

• Basic Service ■ Value Service

Channel lineup subject to change.

Appendix D, Field Test Results**Summary of test requirements:****Video: Greater than 0 dBmV****Audio: Delta to Video between -10 and -17 dBc****C/N: Greater than 43 dB****Hum: Less than 3%****Observed Field Test Results:****Test Point: Waimea, Node 9110**

Node	Channel	Call	Freq, MHz	Video, dBmV	Audio, dBmV	Delta, dBc	C/N dB	Hum %
9110	2	KHON	55.250	10.1	-5.0	15.1	48.1	0.3
9110	3	KVIC	61.250	10.0	-5.4	15.4	48.3	0.3
9110	4	KITV	67.250	10.2	-5.9	16.1	48.3	0.5
9110	5	KFVE	77.250	9.2	-5.9	15.1	47.7	0.2
9110	6	HOME	83.250	9.4	-6.0	15.4	47.7	0.4
9110	7	QVC	175.250	9.8	-5.6	15.4	48.6	0.4
9110	8	KHNL	181.250	9.7	-5.6	15.3	48.5	0.6
9110	9	KGMB	187.250	9.5	-5.9	15.4	48.4	0.3
9110	10	TEST	193.250	9.4	-5.7	15.1	48.6	0.3
9110	11	KHET	199.250	9.4	-5.6	15.0	48.3	0.3
9110	12	OCS	205.250	9.6	-5.7	15.3	48.2	0.3
9110	13	HLN	211.250	9.7	-5.8	15.5	48.7	0.4
9110	14	CNN	121.260	9.6	-5.5	15.1	47.2	0.6
9110	15	FOXN	127.260	9.7	-5.2	14.9	48.7	0.3
9110	16	OC16	133.260	9.7	-5.8	15.5	48.5	0.4
9110	17	MTV	139.250	9.5	-5.8	15.3	47.1	0.4
9110	18	VH-1	145.250	9.6	-5.9	15.5	47.9	0.3
9110	19	VS	151.250	9.8	-5.4	15.2	48.4	0.4
9110	20	FSNW	157.250	9.9	-5.3	15.2	47.4	0.3
9110	21	ESPN2	163.250	9.9	-5.3	15.2	48.5	0.4
9110	22	ESPN	169.250	9.9	-5.5	15.4	48.4	0.3
9110	23	TWCSN	217.250	9.5	-5.6	15.1	47.4	0.3
9110	25	3ABN	229.260	9.8	-5.1	14.9	48.0	0.4
9110	26	TBN	235.260	10.1	-5.0	15.1	48.2	0.4
9110	28	TBS	247.260	9.7	-5.6	15.3	47.5	0.5
9110	29	USA	253.260	9.8	-5.4	15.2	48.4	0.4
9110	30	GOLF	259.260	9.8	-5.6	15.4	48.5	0.4
9110	31	FSNP	265.260	9.7	-5.5	15.2	48.4	0.4

9110	32	NICK	271.260	9.7	-5.4	15.1	48.1	0.3
9110	33	DISN	277.260	9.8	-5.8	15.6	47.9	0.3
Node	Channel	Call	Freq, MHz	Video, dBmV	Audio, dBmV	Delta, dBc	C/N dB	Hum %
9110	34	FAM	283.260	9.7	-5.5	15.2	48.4	0.3
9110	35	TOON	289.260	9.6	-5.4	15.0	48.1	0.4
9110	36	TVL	295.260	10.1	-5.3	15.4	48.5	0.3
9110	37	SYFY	301.260	10.2	-4.9	15.1	48.1	0.3
9110	38	MSNBC	307.260	9.8	-5.2	15.0	48.4	0.4
9110	39	CNBC	313.260	10.2	-4.8	15.0	48.7	0.3
9110	40	BRAVO	319.260	10.1	-4.8	14.9	48.3	0.3
9110	41	FX	325.260	10.7	-4.5	15.2	49.2	0.3
9110	42	AMC	331.260	10.9	-4.5	15.4	48.8	0.4
9110	43	TNT	337.260	10.3	-4.9	15.2	48.6	0.4
9110	44	TCM	343.260	10.3	-5.0	15.3	49.0	0.4
9110	53	GOVA	397.260	10.5	-5.5	16.0	46.3	0.7
9110	54	PUB	403.250	9.9	-5.6	15.5	49.3	0.3
9110	55	TWC	409.250	9.5	-5.6	15.1	48.8	0.4
9110	56	PRGM	415.250	9.7	-5.3	15.0	49.6	0.3
9110	57	HSN	421.250	9.9	-5.5	15.4	48.8	0.3
9110	58	TRAV	427.250	9.9	-5.1	15.0	49.2	0.3
9110	59	HGTV	433.250	10.2	-5.2	15.4	49.7	0.2
9110	60	FOOD	439.250	10.2	-5.2	15.4	49.2	0.4
9110	61	E!	445.250	9.7	-5.3	15.0	49.3	0.5
9110	62	OXYG	451.250	10.0	-5.3	15.3	49.1	0.3
9110	63	HALL	457.250	9.7	-5.4	15.1	49.5	0.4
9110	64	LMN	463.250	10.1	-5.2	15.3	49.2	0.3
9110	65	STYLE	469.250	10.0	-5.1	15.1	49.5	0.4
9110	67	OWN	481.250	9.8	-4.9	14.7	48.9	0.6
9110	68	LIFE	487.250	10.4	-4.9	15.3	49.3	0.4
9110	69	TDC	493.250	10.2	-4.7	14.9	49.1	0.4
9110	70	AP	499.250	10.5	-4.7	15.2	49.4	0.3
9110	71	TLC	505.250	10.7	-4.5	15.2	49.6	0.3
9110	72	THC	511.250	10.6	-4.6	15.2	49.2	0.3
9110	73	NGEO	517.250	10.6	-4.7	15.3	49.5	0.5
9110	74	A&E	523.250	10.7	-4.9	15.6	49.7	0.3

Observed Field Test Results:**Test Point: Aliomanu, Node 9602**

Node	Channel	Call	Freq, MHz	Video, dBmV	Audio, dBmV	Delta, dBc	C/N dB	Hum %
9602	2	KHON	55.250	7.2	-8.8	16.0	45.3	0.9
9602	3	KVIC	61.250	6.4	-9.3	15.7	45.0	0.6
9602	4	KITV	67.250	5.8	-10.4	16.2	45.9	0.6
9602	5	KFVE	77.250	4.8	-10.1	14.9	45.4	0.7
9602	6	HOME	83.250	5.6	-9.8	15.4	45.4	0.7
9602	7	QVC	175.250	5.5	-10.1	15.6	45.8	0.4
9602	8	KHNL	181.250	5.7	-9.8	15.5	46.2	0.5
9602	9	KGMB	187.250	5.2	-10.2	15.4	46.4	0.5
9602	10	TEST	193.250	5.3	-9.8	15.1	46.3	0.5
9602	11	KHET	199.250	5.5	-9.7	15.2	46.5	0.5
9602	12	OCS	205.250	5.2	-9.8	15.0	46.2	0.5
9602	13	HLN	211.250	5.7	-9.7	15.4	46.3	0.6
9602	14	CNN	121.260	6.0	-9.3	15.3	45.4	0.7
9602	15	FOXN	127.260	6.3	-9.1	15.4	46.2	0.8
9602	16	OC16	133.260	6.3	-9.8	16.1	46.4	0.5
9602	17	MTV	139.250	5.9	-9.4	15.3	45.2	1.1
9602	18	VH-1	145.250	6.1	-9.1	15.2	45.9	0.6
9602	19	VS	151.250	6.1	-9.0	15.1	45.6	0.7
9602	20	FSNW	157.250	6.1	-9.1	15.2	45.5	0.6
9602	21	ESPN2	163.250	5.7	-9.8	15.5	46.1	0.8
9602	22	ESPN	169.250	5.6	-9.9	15.5	46.0	0.5
9602	23	TWCSN	217.250	5.6	-9.5	15.1	46.4	0.8
9602	25	3ABN	229.260	5.4	-10.2	15.6	46.0	0.6
9602	26	TBN	235.260	5.3	-10.4	15.7	46.8	0.3
9602	28	TBS	247.260	4.5	-11.0	15.5	46.1	0.8
9602	29	USA	253.260	4.2	-10.9	15.1	46.8	0.5
9602	30	GOLF	259.260	3.8	-11.4	15.2	46.0	0.7
9602	31	FSNP	265.260	3.9	-11.4	15.3	46.2	0.5
9602	32	NICK	271.260	4.0	-11.4	15.4	46.1	0.5
9602	33	DISN	277.260	3.7	-11.7	15.4	46.3	0.5
9602	34	FAM	283.260	3.7	-12.2	15.9	44.7	0.5
9602	35	TOON	289.260	3.5	-12.3	15.8	46.0	0.6
9602	36	TVL	295.260	3.4	-12.2	15.6	46.6	0.4
9602	37	SYFY	301.260	3.3	-11.9	15.2	46.4	0.6
9602	38	MSNBC	307.260	2.8	-12.3	15.1	46.4	0.5

Node	Channel	Call	Freq, MHz	Video, dBmV	Audio, dBmV	Delta, dBc	C/N dB	Hum %
9602	39	CNBC	313.260	3.0	-11.9	14.9	46.4	0.5
9602	40	BRAVO	319.260	2.9	-12.2	15.1	46.4	0.4
9602	41	FX	325.260	2.9	-12.2	15.1	46.5	0.6
9602	42	AMC	331.260	3.7	-11.8	15.5	47.1	0.7
9602	43	TNT	337.260	3.2	-12.3	15.5	46.3	0.5
9602	44	TCM	343.260	3.3	-12.3	15.6	46.8	0.6
9602	53	GOVA	397.260	3.9	-11.2	15.1	45.2	0.7
9602	54	PUB	403.250	4.7	-10.2	14.9	47.5	0.5
9602	55	TWC	409.250	5.3	-9.5	14.8	47.2	0.6
9602	56	PRGM	415.250	5.6	-9.7	15.3	47.2	0.4
9602	57	HSN	421.250	5.3	-9.7	15.0	46.6	0.5
9602	58	TRAV	427.250	5.2	-10.2	15.4	47.1	0.4
9602	59	HGTV	433.250	5.0	-10.4	15.4	47.2	0.5
9602	60	FOOD	439.250	4.6	-11.1	15.7	46.6	0.6
9602	61	E!	445.250	4.3	-11.7	16.0	47.1	0.6
9602	62	OXYG	451.250	3.7	-12.1	15.8	47.3	0.6
9602	63	HALL	457.250	3.5	-12.0	15.5	47.2	0.6
9602	64	LMN	463.250	3.1	-12.4	15.5	46.6	0.4
9602	65	STYLE	469.250	2.9	-12.6	15.5	47.1	0.6
9602	67	OWN	481.250	1.8	-13.6	15.4	46.0	0.6
9602	68	LIFE	487.250	2.6	-12.5	15.1	46.9	0.4
9602	69	TDC	493.250	2.5	-12.8	15.3	46.8	0.5
9602	70	AP	499.250	3.4	-12.1	15.5	46.0	0.4
9602	71	TLC	505.250	3.6	-12.3	15.9	46.9	0.4
9602	72	THC	511.250	3.0	-12.7	15.7	46.4	0.5
9602	73	NGEO	517.250	2.4	-13.4	15.8	46.1	0.6
9602	74	A&E	523.250	1.9	-13.7	15.6	46.5	0.4

Observed Field Test Results:
Test Point: Papau, Node 9320

Node	Channel	Call	Freq, MHz	Video, dBmV	Audio, dBmV	Delta, dBc	C/N dB	Hum %
9320	2	KHON	55.250	3.7	-11.3	15.0	45.0	1.2
9320	3	KVIC	61.250	4.3	-11.3	15.6	45.2	0.4
9320	4	KITV	67.250	4.5	-11.5	16.0	45.5	0.4
9320	5	KFVE	77.250	4.1	-11.3	15.4	45.2	0.3
9320	6	HOME	83.250	4.2	-11.1	15.3	45.5	0.5
9320	7	QVC	175.250	4.7	-10.7	15.4	46.2	0.4
9320	8	KHNL	181.250	4.9	-10.2	15.1	45.9	0.5
9320	9	KGMB	187.250	4.6	-10.5	15.1	45.9	0.4
9320	10	TEST	193.250	4.8	-10.3	15.1	46.2	0.3
9320	11	KHET	199.250	5.2	-9.5	14.7	46.8	0.7
9320	12	OCS	205.250	5.8	-10.4	16.2	46.2	0.4
9320	13	HLN	211.250	5.4	-10.2	15.6	46.4	0.5
9320	14	CNN	121.260	4.6	-10.6	15.2	45.1	0.5
9320	15	FOXN	127.260	4.8	-10.5	15.3	46.1	0.3
9320	16	OC16	133.260	4.7	-11.0	15.7	45.6	0.4
9320	17	MTV	139.250	4.7	-10.9	15.6	45.3	0.7
9320	18	VH-1	145.250	4.4	-11.1	15.5	45.7	0.3
9320	19	VS	151.250	4.6	-10.9	15.5	46.1	0.5
9320	20	FSNW	157.250	4.7	-10.9	15.6	46.1	0.4
9320	21	ESPN2	163.250	4.4	-10.7	15.1	45.8	0.6
9320	22	ESPN	169.250	4.6	-10.8	15.4	45.0	0.4
9320	23	TWCSN	217.250	5.1	-10.5	15.6	45.2	0.3
9320	25	3ABN	229.260	5.1	-10.1	15.2	45.6	0.8
9320	26	TBN	235.260	5.2	-10.1	15.3	46.1	0.3
9320	28	TBS	247.260	5.2	-10.3	15.5	46.1	0.7
9320	29	USA	253.260	5.2	-10.2	15.4	46.0	0.4
9320	30	GOLF	259.260	5.0	-10.3	15.3	45.9	0.5
9320	31	FSNP	265.260	5.3	-10.1	15.4	46.4	0.5
9320	32	NICK	271.260	5.7	-9.9	15.6	46.6	0.4
9320	33	DISN	277.260	5.8	-9.6	15.4	46.5	0.4
9320	34	FAM	283.260	5.6	-10.1	15.7	46.0	0.7
9320	35	TOON	289.260	5.5	-10.1	15.6	46.4	0.4
9320	36	TVL	295.260	5.5	-9.6	15.1	46.3	0.3
9320	37	SYFY	301.260	6.0	-9.4	15.4	46.8	0.3
9320	38	MSNBC	307.260	5.5	-9.7	15.2	46.2	0.3

Node	Channel	Call	Freq, MHz	Video, dBmV	Audio, dBmV	Delta, dBc	C/N dB	Hum %
9320	39	CNBC	313.260	6.1	-9.3	15.4	46.7	0.3
9320	40	BRAVO	319.260	6.0	-9.4	15.4	46.1	0.3
9320	41	FX	325.260	6.0	-9.1	15.1	46.0	0.4
9320	42	AMC	331.260	6.5	-9.1	15.6	46.5	0.4
9320	43	TNT	337.260	6.1	-9.3	15.4	46.4	0.3
9320	44	TCM	343.260	6.3	-9.2	15.5	46.6	0.4
9320	53	GOVA	397.260	6.8	-9.0	15.8	44.5	0.7
9320	54	PUB	403.250	7.0	-8.7	15.7	46.6	0.3
9320	55	TWC	409.250	6.9	-8.3	15.2	46.9	0.3
9320	56	PRGM	415.250	6.9	-8.4	15.3	46.2	0.6
9320	57	HSN	421.250	6.8	-8.7	15.5	46.6	0.4
9320	58	TRAV	427.250	6.9	-8.7	15.6	47.1	0.3
9320	59	HGTV	433.250	6.9	-8.7	15.6	46.6	0.3
9320	60	FOOD	439.250	6.3	-9.2	15.5	46.8	0.3
9320	61	E!	445.250	6.0	-10.1	16.1	47.0	0.4
9320	62	OXYG	451.250	5.3	-10.4	15.7	46.6	0.6
9320	63	HALL	457.250	5.1	-10.6	15.7	46.8	0.3
9320	64	LMN	463.250	4.6	-11.0	15.6	46.9	0.6
9320	65	STYLE	469.250	4.4	-11.2	15.6	47.0	0.4
9320	67	OWN	481.250	4.3	-10.5	14.8	46.3	0.6
9320	68	LIFE	487.250	5.3	-9.7	15.0	46.8	0.3
9320	69	TDC	493.250	5.8	-9.4	15.2	47.0	0.4
9320	70	AP	499.250	6.6	-8.6	15.2	47.7	0.3
9320	71	TLC	505.250	6.8	-8.6	15.4	47.2	0.3
9320	72	THC	511.250	6.9	-8.5	15.4	47.0	0.5
9320	73	NGEO	517.250	6.7	-8.9	15.6	47.4	0.4
9320	74	A&E	523.250	6.9	-8.5	15.4	47.0	0.3

EXHIBITS

EXHIBIT A. LETTERS FROM STAKEHOLDERS AND STATEMENT FROM OCEANIC

EXHIBIT B. COPY OF COMMUNITY QUESTIONNAIRE AND CUSTOMER SATISFACTION SURVEY

Exhibit A

LETTERS FROM STAKEHOLDERS AND STATEMENT FROM OCEANIC



UNIVERSITY
of HAWAII[®]
SYSTEM

Garret T. Yoshimi
Vice President for Information Technology
and Chief Information Officer

September 8, 2015

Ji Sook (Lisa) Kim, Administrator
Cable Television Division
Department of Commerce and Consumer Affairs
P.O. Box 541
Honolulu, HI 96809

Dear Ms. Kim:

Thank you for the opportunity to comment on the pending renewal of Oceanic Time Warner Cable LLC's ("Oceanic") request to renew its Kauai cable television franchise. We appreciate the long history of exemplary support by your Cable Television Division, and the Department of Commerce and Consumer Affairs.

The University of Hawai'i, together with the Department of Accounting and General Services and Department of Education, have a long standing and highly successful working relationship with Oceanic through the INET agreement to provide critical and essential services to support statewide connectivity in support of our collective operations. This arrangement has enabled the operation of the INET to connect public schools, libraries, university campuses and education centers, and state government facilities throughout the State of Hawai'i.

In addition, the University of Hawai'i participates in Educational Access and public programming together with the Department of Education and the East-West Center, as part of the Hawai'i Educational Networking Consortium (HENC). Access to educational content continues to be an important part of the long-standing public benefits established and supported under the cable television franchise.

The University of Hawai'i supports the renewal of Oceanic's Kauai cable television franchise agreement, along with the continuing mandates to support public benefits as contained under the current franchise agreement.

Please feel free to contact me at 956-3501 or gyoshimi@hawaii.edu if you have any questions on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Garret T. Yoshimi".

Garret T. Yoshimi
Vice President for IT and CIO

2520 Correa Road, ITC, 6th Floor
Honolulu, Hawai'i 96822
Telephone: (808) 956-3501
Fax: (808) 956-7322

An Equal Opportunity/Affirmative Action Institution

**OCEANIC TIME WARNER CABLE LLC'S STATEMENT
FOR COUNTY OF KAUAI ASCERTAINMENT PUBLIC HEARING**

AUGUST 26 AND 28, 2015

Good evening and aloha. My name is Brian Kang, and I'm here this evening on behalf of Oceanic Time Warner Cable.

On behalf of everyone at Oceanic, thank you for the opportunity to speak this evening.

Oceanic traces its roots as a kama'aina company back to 1969, when Oceanic's predecessor began providing 12 channels to the then-rural community of Mililani in central 'Oahu. Today – over forty-five years later -- Oceanic's services have grown exponentially, and Oceanic now offers over 400 video and music channels, and provides Kauai residents with cable television, high definition video, voice, broadband Internet, and other services through one of the most technologically-advanced systems in the industry.

Since completing its acquisitions of Garden Isle Cablevision and Kauai Cablevision in 2002, Oceanic has been at the forefront of bringing key innovations in cable television to Kauai residents. Much has been done behind the scenes since 2002, and during the current franchise period, Oceanic invested substantial resources in the Garden Isle, including completing upgrades to the cable plant with the current hybrid fiber optic

OCEANIC TIME WARNER CABLE LLC'S STATEMENT FOR
COUNTY OF KAUAI ASCERTAINMENT PUBLIC HEARING
AUGUST 26 and 28, 2015

coaxial system, which permits the interactive television and high-speed broadband Internet services that Kauai subscribers currently enjoy. Today, Oceanic's Kauai subscribers benefit from the same technologically-advanced system and innovative cable and digital services available to virtually all Oceanic subscribers statewide.

In addition to investing in its services and infrastructure, Oceanic, since its inception, has also strongly believed in investing in our community. Throughout its history, Oceanic has been an established and integral part of our community through its sponsorship of numerous community organizations and events, support of education, production of extensive local programming, and support for local charities, sports, and activities.

In short, Oceanic believes that much has been accomplished during the current franchise period, and Oceanic has informed the DCCA that it is seeking to renew its cable television franchise on the Garden Isle. While Oceanic is still in the process of developing its formal proposals for the renewal, it is strongly committed to building upon its history and expertise to continue its leadership in providing and expanding reliable and innovative cable services for the residents of Kauai.

OCEANIC TIME WARNER CABLE LLC'S STATEMENT FOR
COUNTY OF KAUAI ASCERTAINMENT PUBLIC HEARING
AUGUST 26 and 28, 2015

Oceanic anticipates that in the next franchise period, for example, it will continue its expansion and management of digital technology to benefit all subscribers, and these planned technological improvements will facilitate enhanced digital services, including more high definition channels and expanded digital interactive and programming services.

Oceanic also plans to propose continued and cost-effective support for the state's Institutional Network, Hawaii Public Broadcasting Foundation and to Ho'ike Community Television.

Oceanic is well positioned to continue its commitment to bring the vast benefits of the latest in cable television, as well as voice, data and Internet technology to Kauai. Oceanic looks forward to working with the DCCA in the renewal of the Kauai franchise so that Oceanic may continue to be a part of our community and continue its leadership in providing reliable and innovative services to the residents of the Garden Isle.

Thank you very much for the opportunity to provide our comments this evening.

#

Exhibit B

COPIES OF COMMUNITY QUESTIONNAIRE AND CUSTOMER SATISFACTION SURVEY

Oceanic Time Warner Cable Television Kauai Franchise Renewal

Questionnaire on Community Needs and Hoike's Services

Residence: Are you a resident of the County of Kauai? ___ Yes ___ No

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

1. The number of channels (2 for Hoike, 2 for Higher Education, e.g., University of Hawaii (UH) and 1 for Department of Education (DOE) currently used for programming about and by local schools, government agencies, community agencies and individuals by Hoike 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 collected and itemized on a subscriber's bill for public, education, and government access services, and funding for PBS Hawaii 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 (Hoike'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 Hoike channels from various sites around Kauai 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 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?

Legislative sessions, county council 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?

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 local community needs? If so, please comment below (use back of last page if necessary):

Part B – Hoike Services. Public, education, and government access services on Kauai are currently delivered by Hoike Kauai Community Television.

1. Are you or your organization an active user of Hoike's services? Yes No

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

1b. If no, what services would Hoike have to provide for you to consider utilizing Hoike's facilities and services?

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

3. Are there other services or specific types of shows that you would like Hoike 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 Hoike 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 now and return it during this community forum.

In addition to being available at the forum, the questionnaire may be accessed online at: http://cca.hawaii.gov/catv/cable_operators/oceaniccable/oceanic-time-warner-cable-kauai-franchise-renewal/. There it may be printed out for completion and sent to the Department of Commerce and Consumer Affairs (DCCA).

In either case, please fill it out and return it no later than **September 11, 2015** via mail, scanned e-mail attachment or fax to:

DCCA-CATV, P.O. Box 541, Honolulu, HI 96809.

E-mail: Cabletv@dcca.hawaii.gov

Fax (808) 586-2625

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"):

Oceanic Time Warner Cable Television Kauai Franchise Renewal

Customer Satisfaction Survey On Oceanic Time Warner Cable

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 Cable, LLC. dba Oceanic Time Warner Cable ("Oceanic") for the island of Kauai. 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 Kauai?

Yes No

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

2 years or less More than 2 years

(If you are not a current cable TV subscriber on Kauai, 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

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

Yes No

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. TELEPHONE

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

Yes No

(If no, go directly to question 4, Web & E-mail Contact)

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

Yes No

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

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

4. WEB AND E-MAIL CONTACT

a.) In the past two years, have you used the "Help Desk" feature on Oceanic's website to contact the company for cable television customer service issues?

- Yes No

(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 Two Three More than three Never heard back

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

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

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

b.) What was the problem?

- No picture (or no sound) at all
- Poor quality reception
- Other (please specify): _____

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

- Yes No

d.) Did Oceanic keep the scheduled appointment?

- Yes No

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 Two Three More than three Problem was never corrected

6. BILLING

- a.) Do you find your bills from Oceanic to be clear, concise, and understandable?
 Yes No
- b.) Do you find your bills from Oceanic to contain all information reasonably necessary to indicate what you are being charged for?
 Yes No
- c.) Have you had a billing problem in the past two years?
 Yes No

(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
 Complaint never resolved

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

8. OVERALL RATING

How would you rate the performance of Oceanic overall?

- Very Good Good Fair Poor Very Poor

9. COMPARISON WITH OTHER SERVICES

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

Cable TV Co. _____ Telephone Co. _____ Electric Co. _____

10. QUESTIONS FOR NON-SUBSCRIBERS

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

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

b.) What would motivate you to subscribe to cable TV in the future (check all that applies)?

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

11. FINAL COMMENT

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

Please complete this questionnaire now and return it during this community forum.

In addition to being available at the forum, the questionnaire may be accessed online at: http://cca.hawaii.gov/catv/cable_operators/oceaniccable/oceanic-time-warner-cable-kauai-franchise-renewal/. There it may be printed out for completion and sent to the Department of Commerce and Consumer Affairs (DCCA).

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