Watanabe Ing LLP

A Limited Liability Law Partnership

September 22, 2017

CABLE TV DIVISION
DEPT OF COMMERCE AND
CONSUMER AFFAIRS
2017 SEP 22 P 2: 31

VIA HAND DELIVERY

Ms. Catherine P. Awakuni Colon
Director, Department of Commerce and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 9813

Dear Ms. Awakuni Colon and Ms. Kim:

On behalf of Cincinnati Bell Inc., ("Cincinnati Bell"), Transferee, Hawaiian Telcom Holdco, Inc., Transferor, and Hawaiian Telcom Services Company, Inc. ("Franchisee") (collectively, the "Applicants"), enclosed for filing with the Department of Commerce and Consumer Affairs ("DCCA") is Applicants' Response to DCCA's Information Requests Issued on September 12, 2017 with respect to the Application for Transfer of Cable Television Franchise. If you have any questions, concerning this filing, please feel free to contact us.

Very truly yours,

WATANABE ING LLP

By [signature]
J. DOUGLAS ING
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Enclosures

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Joint Application for Transfer of Control of the Cable Television Franchise

Held by Hawaiian Telcom Services Company, Inc.

Information Requests Issued on September 12, 2017

These Information Requests ("**IRs**") are being issued pursuant to Hawai`i Administrative Rules § 16-133-12. Each response should be made separately, and copies of source documents should specifically reference the IR being answered. The certification provided by Hawaiian Telcom Holdco, Inc. ("**Holdco**") and Cincinnati Bell Inc. ("**Cincinnati Bell**") (collectively, with Hawaiian Telcom Services Company, Inc. ("**HTSC**"), "**Applicants**", as applicable) in the State of Hawaii Application for Transfer of Cable Television Franchise, filed on August 11, 2017 ("**Application**"), concerning the accuracy of the information is also applicable to Applicants' responses to these IRs.

Each of the responses should be as complete and detailed as possible, and to the extent that an IR or any subpart thereof may not be applicable, Applicants must state why the IR or subpart is not applicable. In addition, for any IR that requires follow-up, the required information must be submitted immediately upon receipt of that information.

Applicants hereby provide responses to the DCCA's IRs as they relate to the Applicants' request for approval of an indirect transfer of control of HTSC's cable television franchise to Cincinnati Bell. Applicants note that the IRs seek information about a broad range of topics including, in some cases, matters that are outside the scope of DCCA's regulatory jurisdiction and/or this transfer proceeding. Applicants respectfully reserve all rights under Federal and state law and emphasize that nothing in the Applicants' responses should be construed as a waiver of any right or objections that may otherwise be available to Applicants.

1. Both HTSC and Cincinnati Bell have conveyed the importance of developing the cable infrastructure system and fiber network; if the proposed transaction is approved and effectuated, will Cincinnati Bell invest in the build-out of the cable infrastructure system and fiber network located in areas that are within and beyond where HTSC currently operates?

   (a) How much will be invested in Hawai`i?

   Cincinnati Bell and HTSC are currently collaborating to identify the areas in Hawai'i where fiber deployment will be cost-effective. These areas are likely to begin with the urban areas of the neighbor islands and Oahu.

Although Cincinnati Bell and HTSC are currently evaluating opportunities for fiber expansion, it is not possible to provide estimates of planned investments at this time. A thorough evaluation of build costs, population density, demographics, the competitive environment, and other factors relevant to infrastructure deployment planning is being conducted. Applicants note that many variables make this analysis challenging, including, for example, the expected significant increase in the cost of materials due to extensive infrastructure rebuilding in the Caribbean resulting from recent natural disasters. Also, as this will be the first build of this nature to many of these areas, results will determine whether a more extensive or a more modest investment makes sense. That said, builds of similar nature on Hawai'i island have yielded impressive results and suggest that there is a large demand in underserved areas. Applicants will look to create the widest fiber footprint reasonable under the circumstances. Although it is not possible to provide specific details on potential build-out of the cable infrastructure system and fiber network within and beyond HTSC's current area of operation, after completion of the Combination, Cincinnati Bell is committed to working closely with HTSC's local management in Hawai'i to evaluate how best to meet the needs of Hawai'i's communities and compete in the market for cable and broadband services, including with the incumbent cable operator and other Multichannel Video Programming Distributors (MVPDs). Expanded fiber deployment that will be facilitated by the combined operation will provide greater growth opportunities in a range of services and products and with the operational and financial support of the combined enterprise, HTSC will be better positioned to deliver a broader suite of services to customers and businesses in Hawai'i and compete for new customers with the incumbent and other MVPD and broadband providers.

HTSC and Cincinnati Bell are also committed to providing cable TV subscribers in Hawai'i access to competitive offerings of video service. Of course HTSC's network is a mixed-use network, shared with Hawaiian Telcom, Inc.'s telecommunications network. To the extent the DCCA Information Requests address this "mixed-use" network, HTSC's and Cincinnati Bell's responses are limited to the provision of video services subject to the DCCA's jurisdiction over this "mixed-use" network. *See Implementation of §621(a)(1) of the Cable Communications Policy Act of 1984 as amended by the Cable Television Consumer Protection and Competition Act of 1992*, 22 FCC Rcd. 5101, 5155, ¶ 122 (2007) *aff'd All. for Cmty. Media*, 529 F.3d 763, 772 (6th Cir. 2008) (The FCC has explained that Local Franchising Authorities' general "jurisdiction applies only to the provision of cable services over cable systems" and they may not "use video franchising authority to attempt to regulate a [telecommunications carrier's] entire network beyond the provision of cable services.").

(b) How much of the investment will be allocated for the cable infrastructure system and fiber network?

Please see the response to Question 1(a), above.

(c) How will Hawai`i benefit from this investment?

The investment in HTSC's and Hawaiian Telcom, Inc.'s fiber and video network will provide Hawai`i residents with a competitive choice for services and existing HTSC customers with improved services. The Combination will provide HTSC, a competitive cable provider, with additional scale, technical resources, and financial support to enable it to maintain and improve its services. The increased scale and resources of the combined operation will foster greater growth opportunities in a range of products and services including expanded broadband and entertainment products available over an enhanced fiber network. Robust fiber networks will also be the backbone upon which future 5G technology will depend to deliver increased wireless Internet speeds and Internet of Things connectivity. These growth opportunities will not negatively impact HTSC's costs of operations. Moreover, leveraging best-practices and knowledge sharing of the combined entities will lead to improved efficiencies and operations benefitting HTSC and its customers.

(d) What goals or plans does Cincinnati Bell have regarding the development of HTSC's cable infrastructure system and fiber network in Hawai`i?

HTSC and Cincinnati Bell expect to continue expanding cable service in the franchise area with additional capital investments through the existing franchise period, while preparing the fiber-based transport network for future 5G technologies. In the long-term, Cincinnati Bell aspires to deploy fiber to the major urban areas of Hawai`i. Cincinnati Bell's experience and resources developing fiber networks in both urban and non-urban areas will facilitate these infrastructure improvements.

(e) Where is Cincinnati Bell/HTSC's fiber network density on Oahu?

Cincinnati Bell does not have a fiber network in Hawai'i.

Please refer to HTSC's *2016 Report on TV Service Availability and Coverage*, which was filed confidentially with the DCCA on September 15, 2016. This report provides the percentage of Households Enabled (HHE) by Central Office (CO). The COs with higher HHE penetration generally reflect the areas of Oahu with the highest fiber density.

2. Cincinnati Bell has committed to preserving a Hawai`i-based presence at HTSC under the proposed transaction.

(a) Describe how the proposed transaction, if approved and effectuated, will impact HTSC's overall workforce? How will HTSC's local management team and operations be impacted?

The Combination will occur entirely at the holding company level and will not affect the day-to-day operations, billing systems, or operational support systems of HTSC. HTSC will have access to Cincinnati Bell's managerial and operational experience and resources but local management will continue to manage the operations in Hawai'i and play an important role in decision making in the combined entity. Upon completion of the Combination, Cincinnati Bell is committed to working closely with HTSC's local management in Hawai'i to evaluate how best to meet the needs of Hawai'i's communities, including HTSC's employees.

(b) Will new jobs be created in Hawai`i?

Although it is premature to know if new jobs will be created, HTSC's workers will gain valuable new skills and expertise in fiber deployment. It is possible that an expanded fiber-build will result in an expanded Hawaiian Telcom, Inc. workforce.

Although Cincinnati Bell has no current plans to make changes to the day-to-day operations, billing systems, or operational support systems of HTSC, nor does it anticipate job losses in Hawai'i as a result of the Combination, both companies reserve the right to make operational and managerial decisions that may be necessary to best serve customers and to respond to competition in the market.

(c) How many new jobs are projected to be created in Hawai`i?

Please see the response to Question 2(b) provided above.

(d) What types of jobs will be created in Hawai`i?

Please see the response to Question 2(b) provided above.

(e) Will any call centers or customer service offices be closed in Hawai`i? Will there be any changes to the number of customer service staff utilized?

Please see the response to Question 2(b) provided above.

3. Ensuring that everyone in Hawai`i, especially low-income consumers, has access to affordable broadband Internet service is a great concern.

(a) If the proposed transaction is approved and effectuated, will Cincinnati Bell implement a broadband Internet program for low-income consumers in Hawai`i?

HTSC currently offers federal broadband Lifeline in CAF II census blocks, although no customers have currently subscribed to this offer. HTSC's "Premium" internet service tier, at 12-15 Mbps download/1 Mbps upload, current promotional rate of $19.95/month meets the FCC's current Lifeline Broadband standard of 10 Mbps download/1 Mbps upload. The FCC's new standard of 15 Mbps download//2 Mbps upload takes effect on December 1, 2017. The current HTSC commercial offer that meets this revised minimum standard is "Extreme" (15-20 Mbps download/3 Mbps upload) with a current promotional rate of $24.95/month. Neither HTSC nor Cincinnati Bell has made an assessment of whether it will revise HTSC's Lifeline Broadband service offering in the future or whether it will offer Lifeline Broadband beyond the areas currently covered. Cincinnati Bell does not anticipate that customers will experience any immediate changes in services, or rates, terms and conditions of service as a result of the Combination. Any future changes will be done with careful planning and implementation in the normal course of business operations and subject to the competitive market for cable and broadband services.

HTSC and Cincinnati Bell are committed to efforts that will enable more customers in Hawai'i to have access to competitively priced broadband service. This Information Request, however, appears to seek information beyond the scope of the DCCA's review of an application for approval of an indirect transfer of control of a cable television franchise. HTSC and Cincinnati Bell note that the DCCA recognizes that broadband "is not a regulated service." Decision and Order No. 366, *In the Matter of Joint Application of Time Warner Cable Inc. and Charter Communications, Inc. for Approval of the Transfer of Control of Oceanic Time Warner Cable LLC's Cable Television Franchises for the Island of O'ahu, Island of Kaua'i, East Hawai'i (Hilo), West Hawai'i (Kona), County of Maui (excluding Lahaina) and Lahaina from Time Warner Cable Inc. to Charter Communications, Inc.*, p. 31 (Dec. 17, 2015) (recognizing that "broadband and broadband-related issues (including, but not limited to, broadband deployment, how broadband is provided including upload and download speeds, broadband prices, and Net Neutrality), are beyond DCCA's statutory jurisdiction, given that broadband is not a regulated service . . ."). *See also In the Matter of Protecting and Promoting the Open Internet*, 30 FCC Red. 5601, 5809 ¶ 441 (2015) *aff'd*, *United States Telecom Association, et al. v. FCC*, 825 F.3d 674 (D.C. Cir. 2015) *reh'g denied*, 855 F.3d 381 (2017); (FCC granted broadband providers forbearance from "*ex ante* rate

regulation of broadband Internet access service" and preempted inconsistent state regulation; *id.* at 5603 ¶ 5 (2015) (FCC "expressly eschew[s] the future use of prescriptive ... rate regulation"); *id.* at 5812, ¶ 37 (FCC's "forbearance approach results in over 700 codified rules being inapplicable . . . . includ[ing] ... no rate regulation"); *id.* at 5804, ¶ 433 (FCC explained that if "a state... regulate[d] the rates of broadband Internet access service ..., [it] ... would preempt such state regulations as in conflict with [its] regulations.").

(b) If such a program is implemented in Hawai`i, will Cincinnati Bell voluntarily commit to providing the Department of Commerce and Consumer Affairs and the public at least six (6) months' notice regarding the offering of the service, eligibility requirements, and the pricing?

See Response to Question 3(a) above. If HTSC offers any new service or changes service prices, it will provide customers, the public, and DCCA with timely notification of such changes. However, in a competitive market it is generally not feasible to provide notice of such changes months in advance.

(c) If such a program is implemented in Hawai`i, will Cincinnati Bell voluntarily commit to setting the price for the service that is consistent or in alignment with mainland United States affordable broadband programs or the program offered by Spectrum in Hawai`i?

See Response to Question 3(a) above.

4. During prior merger proceedings, Hawai`i consumers have expressed concerns over rate increases in their cable and broadband Internet service once the transaction is completed.

(a) Will Cincinnati Bell reduce or maintain HTSC's rates for cable and broadband Internet service at current levels if the proposed transaction is approved and effectuated?

Cincinnati Bell does not anticipate that customers will experience any immediate changes in services, or rates, terms and conditions of service as a result of the Combination. Any future changes will be done with careful planning and implementation in the normal course of business operations and subject to the competitive conditions for cable and broadband services in the market. And while HTSC and Cincinnati Bell intend to continue to compete in the market to provide Hawai'i residents with competitively priced cable television and broadband services, this Information Request seeks information and representations that are beyond the scope of the DCCA's review related to the Application for approval of an indirect transfer of control. Decision and Order No. 366, *In the Matter of Joint Application of Time Warner Cable Inc. and Charter Communications, Inc. for Approval of the*

***Transfer of Control of Oceanic Time Warner Cable LLC's Cable Television Franchises for the Island of O'ahu, Island of Kaua'i, East Hawai'i (Hilo), West Hawai'i (Kona), County of Maui (excluding Lahaina) and Lahaina from Time Warner Cable Inc. to Charter Communications, Inc.*, p. 31 (Dec. 17, 2015) (recognizing that "(1) the FCC prohibits LFAs from regulating rates and conditioning Cable System transfers on them; and (2) broadband and broadband-related issues (including, but not limited to, broadband deployment, how broadband is provided including upload and download speeds, broadband prices, and Net Neutrality), are beyond DCCA's statutory jurisdiction, given that broadband is not a regulated service . . ."). See also *Implementation of Sections 11 and 13 of the Cable Television and Competition Act of 1992*, Report and Order, 8 FCC Rcd. 6828, 6834 ¶ 39 n.38 (1993). See also response to Question 3(a) regarding the DCCA's lack of authority over broadband services.**

(b) If Cincinnati Bell is unable to make any commitments that its rates for Hawai`i cable subscribers will not increase if the proposed transaction is approved and effectuated, please explain why.

Please see the response to Question 4(a), above.

(c) If the proposed transaction is approved and effectuated, how will rates for cable and broadband service charged to Hawai`i subscribers compare with prices charged for such services by Cincinnati Bell in the mainland United States? Will Cincinnati Bell commit that rates for cable and broadband service charged to Hawai`i subscribers will be no higher than prices it charges for such services in the mainland United States? To the extent that rates for cable and broadband service charged to Hawai`i subscribers will be higher than prices charged for such services by Cincinnati Bell in the mainland United States, please provide an explanation of the justification for this practice.

Cincinnati Bell is committed to setting prices in the Hawai'i market that are fair, reasonable, and competitive. Rates are affected by a number of difficult-to-predict, market-specific variables including, but not limited to, programming costs, programming selection for individual packages, and the outcomes of negotiations over local broadcast retransmission consent. The combined company will undertake to set rates for individual service offerings tailored to suit the needs and demands of consumers in each specific market with careful planning and forethought, considering all relevant factors, in the normal course of business operations. Please see the response to Question 4(a), above regarding the scope of this proceeding regarding rates for broadband and cable services.

5. On page 7 of the Application, Cincinnati Bell stated that one of its key initiatives is to develop its fiber network.

(a) While developing its fiber network in Hawai`i, will Cincinnati Bell increase minimum broadband Internet speeds for Hawai`i customers?

Cincinnati Bell does not anticipate any immediate changes to HTSC's existing services, or rates, terms and conditions of service as a result of the Combination. Cincinnati Bell is committed to working closely with HTSC's local management in Hawai'i to evaluate how best to meet the needs of Hawai'i's communities after completion of the Combination. Any future changes will be undertaken with careful planning and implementation in the normal course of business operations. Please see the response to Question 4(a), above regarding the scope of this proceeding involving broadband services.

(b) State the minimum broadband Internet speed Cincinnati Bell will offer in Hawai`i.

Please see the response to Question 5(a), above. The Combination does not involve a change in any customer's existing service provider. The customers of HTSC will remain with HTSC and will continue to be served under its existing authorization and HTSC will continue to operate pursuant to its existing franchise agreement. At present, the lowest speed that HTSC proactively offers as a standalone product is HSI Basic (up to 7 Mbps). Customers may also request another service, HSI Lite (up to 3 Mbps), when bundled with home phone (Go Local Plus).

(c) If such an undertaking is implemented in Hawai`i, how will customers receive advance notification? Will subscribers be required to switch their cable modems and/or other broadband Internet equipment? Will it be at no-charge to the subscriber? If not, what will the charge be?

Cincinnati Bell does not anticipate any immediate changes to HTSC's existing services or customer's equipment. Cincinnati Bell is committed to working closely with HTSC's local management in Hawai'i to evaluate how best to meet the needs of Hawai'i's communities after completion of the Combination. Any future changes will be undertaken with careful planning and implementation in the normal course of business operations. Customers will receive advance notification of any new services or other undertakings through a combination of bill notice, direct mail, and/or e-mail on a timely basis.

(d) Will Cincinnati Bell voluntarily commit to pricing that will not unduly harm the Hawai`i public and be consistent or in alignment with the price structure set for its broadband service on the mainland United States?

Cincinnati Bell is committed to setting prices in the Hawai'i market that are fair, reasonable, and competitive by working closely with HTSC's local management in Hawai'i to evaluate how best to meet the needs of Hawai'i's communities after completion of the Combination. Any future changes will be undertaken with careful planning and implementation in the normal course of business operations and in response to market conditions and competition. Please see the response to Questions 3(a) and 4(a), above regarding the limited scope of local franchising reviews in franchise transfer approval processes and the DCCA's lack of jurisdiction over broadband rates, terms and conditions because broadband is not a regulated service.

6. Cincinnati Bell states that it has been recognized for its commitment to technology and innovation. In its other franchise areas, Cincinnati Bell has rolled out innovative products such as Fioptics and the MyTV Skinny Bundle.

(a) What "new" products and services will Cincinnati Bell roll out in Hawai`i?

Cincinnati Bell and HTSC will be studying what new products and services are enabled by the Combination and appropriate for the Hawai'i market but do not anticipate any immediate changes to HTSC's existing services, or rates, terms and conditions of service as a result of the Combination. Cincinnati Bell is committed to working closely with HTSC's local management in Hawai'i to evaluate how best to meet the needs of Hawai'i's communities after completion of the Combination. HTSC, a competitive cable provider, will continue to develop its cable offerings as it needs to remain competitive not only with other cable providers, but changing customer expectations and on-going technological advancements to maintain and improve cable service. Any future changes will be undertaken with careful planning and implementation in the normal course of business operations and in response to market conditions and competition.

This response is limited to potential new cable offerings. Although Cincinnati Bell may provide additional data, voice and managed service products and services such as a Connect Cincinnati-like app that would be customized for Hawai'i, Applicants note that these products are outside the scope of the DCCA's review in this proceeding.

(b) How will Hawai`i customers be notified in advance of these innovations? Will subscribers be required to switch and/or upgrade any of their existing video equipment?

Please see the response to Question 5(c), above.

(c) If changing video equipment is required for subscribers to utilize these innovations, how will customers be notified that changes need to take place?

Please see the response to Question 5(c), above.

(d) If subscribers need to change their equipment, will they need to purchase the equipment or will it be provided without cost?

Please see the response to Question 5(c), above. Equipment changes that are required as a result of a mandatory upgrade would likely be provided at no cost to the customer as part of a new subscription package.

7. On page 5 of the Application, Applicants states that the merger will allow HTSC to "be better positioned to deliver a broader suite of services" and strengthen competition "in terms of pricing, content, value, customer service and innovative products and offerings." Provide details on Cincinnati Bell's broader suite of products and services. Are these broader products and services being offered in all of Cincinnati Bell's franchise areas? What are Cincinnati Bell's plans to offer these products to Hawai`i subscribers?

Currently Cincinnati Bell offers the following suite of consumer products:

- **Home Phone:**
    - **Low Usage Line- Free inbound calling, charged per minute outbound, no call features, Long Distance a la carte**
    - **Plain Voice Line (BLES)- Unlimited local calling, no call features and long distance a la carte**
    - **Home Pak Lite- Unlimited local calling, 30 min national long distance (through CBAD/CBTSTS), 5 call features**
    - **Home Pak Advantage- Unlimited local calling, unlimited national long distance (through CBAD/CBTSTS), 9 call features**
    - **Custom Connections (Dayton Market)- Unlimited local calling (including calls to Cincinnati), 13 call features, long distance a la carte**

- **Internet (Download/Upload- Transport)**
  - **2 Mbps/768 Kbps- DSL**
  - **5 Mbps/768 Kbps- DSL**
  - **10 Mbps/1 Mbps- VDSL**
  - **20 Mbps/2 Mbps- VDSL**
  - **30 Mbps/3 Mbps- VDSL**
  - **50 Mbps/10 Mbps- FTTH**
  - **100 Mbps/20 Mbps- FTTH**
  - **200 Mbps/75 Mbps- FTTH**
  - **300 Mbps/75 Mbps- FTTH**
  - **1 Gbps/250 Mbps- FTTH**
- **Video**
  - **Basic Tier- 56 channels**
  - **Foundations (MyTV)- 129 channels**
  - **Preferred- 191 channels**
  - **Elite- 306 channels**
  - **Premier- 341 channels**
- **All home phone, internet, and TV packages vary by location**

Ultimately, Cincinnati Bell will examine the current offerings in its existing territories along with the product offerings from HTSC's territory to bring the best products and services to customers across both footprints.

8. Currently, HTSC offers a stand-alone Internet service at a rate of $9.95. Will Cincinnati Bell commit to maintain this stand-alone rate for Internet service, if the proposed transaction is approved and effectuated? If so, for how long a period is Cincinnati Bell prepared to commit? If not, what is the maximum rate to which Cincinnati Bell is prepared to commit during the first three (3) years after the transfer is effectuated, if approved?

The current promotional rate for High Speed Internet (HSI) Basic (up to 7 Mbps) is $9.95/month, which a subscriber may lock-in for 36 months if the subscriber makes no other changes to his/her account or subscription. Cincinnati Bell does not anticipate that customers will experience any immediate changes in services, or rates, terms and conditions of service as a result of the Combination. Any future changes to pricing and service plans will be done with careful planning and implementation in the normal course of business operations and in response to market conditions and competition. Please see the response to Questions 3(a) and 4(a), above regarding the limited scope of local franchising reviews in franchise transfer approval processes and the DCCA's lack of jurisdiction over broadband rates, terms and conditions because broadband is not a regulated service.

9. Currently, HTSC offers its customers the ability to lock in a $49.00/month rate for TV, DVD, and 300 Mbps Internet with WiFi Plus, will this offer, or other "lock in" offers, be honored if the proposed transaction is approved and effectuated?

HTSC previously initiated a "Discounts for Life" promotion on January 3, 2017, which allowed subscribers to lock-in a discount value, rather than a fixed standard rate. Under this promotion, subscribers would remain subject to slight annual TV price increases, but would not revert back to standard rates. HTSC discontinued this promotion effective August 31, 2017 and thus it is no longer available to new customers. Upon completion of the Combination, HTSC will continue to honor existing "Discounts for Life" subscriptions described above. Any future changes will be done with careful planning and implementation in the normal course of HTSC's business operations. As discussed in the response to Questions 3(a) and 4(a), above, and as the DCCA has recognized, LFAs are prohibited from regulating rates and conditioning cable system transfers on them, and broadband and broadband-related issues, including pricing, are beyond the DCCA's jurisdiction and the scope of this proceeding.

10. In the past, Hawai`i consumers have mentioned the need for symmetry between download and upload speeds in broadband service. Is Cincinnati Bell prepared to provide broadband Internet with symmetrical upload and download speeds? Please describe any specific service Cincinnati Bell proposes to offer, including the speed and price.

Cincinnati Bell is committed to offering its customers new products and innovative services as technology and customer demand evolves. Cincinnati Bell does not currently offer a symmetrical service, however, as technology evolves and market demands change Cincinnati Bell will continue to evaluate extending this type of service in Cincinnati Bell's current operating area as well as Hawai'i. At this time however, neither Cincinnati Bell nor HTSC has specific plans for a symmetrical broadband offering. Furthermore, as discussed in the response to Questions 3(a) and 4(a), broadband and broadband-related issues, including pricing, are beyond the DCCA's jurisdiction and the scope of this proceeding.

11. Please describe Cincinnati Bell's experiences with, and its policies, if any, regarding Public, Educational and Governmental ("**PEG**") access organizations and the services provided in its franchise areas in the mainland United States.

Cincinnati Bell has 34 PEG access channels in its channel line-up today. The content for these channels are managed by 8 Government Entities and/or Cable Boards. These 8 organizations represent in excess of 60 government entities,

communities and/or school districts. Cincinnati Bell is responsible for ensuring that the content as produced by these 8 PEG Organizations is viewable on its cable system.

12. Summarize the plans for PEG access support by HTSC (under Cincinnati Bell's control). At minimum, describe whether any changes will be proposed regarding the level of support for Oahu's PEG access organization, equipment deployed for PEG use, transmitting PEG programming via HD format, and channel line-up for PEG services

    The Combination will not affect HTSC's existing franchise obligations and Cincinnati Bell has no existing plans to make any changes to HTSC's PEG arrangements. For example, HTSC currently provides 4 channels for PEG access programming (two channels are broadcast both in high definition and standard definition), as well as 2 channels for accredited education programming, which are managed by Olelo Community Media (Olelo). In addition, HTSC established connectivity to provide transport from Olelo to HTSC's head end, and supplied a connection and equipment to Olelo at its main facility to accommodate live monitoring of all PEG channels. HTSC also provided the State of Hawaii Civil Defense with connections and equipment in order to monitor Emergency Alert System tests and broadcasts. HTSC intends to continue to support PEG access in the future in accordance with the requirements of the Franchise Agreement (Decision & Order No. 352). Any future changes will be done with careful planning and implementation in the normal course of business operations.

13. Please provide a detailed explanation of the commitment of HTSC (under Cincinnati Bell's control) to keep abreast with changing technological developments and how it intends to incorporate such developments into its cable systems and other services such as broadband, if the proposed transaction is approved and effectuated.

    HTSC will have access to Cincinnati Bell's managerial, technical and operational experience and resources, and local management will continue to play an important role in local decision making and the ability to shape how best to meet the needs of Hawai'i's communities. The Combination will provide HTSC with additional scale, technical resources, and financial support that will facilitate greater growth opportunities in a range of products and services including expanded broadband and entertainment products available over an enhanced fiber network. Cincinnati Bell's experience and resources developing fiber networks in both urban and non-urban areas will enable infrastructure improvements across Hawai'i. Leveraging best-practices and knowledge sharing of the combined entities will allow HTSC to ensure that its customers have access to the latest technological advances in a timely manner.

HTSC will continue to develop its cable infrastructure system consistent with its 2010 HTSC Franchise Application and subsequent 2016 Technology Upgrade Plan, filed with DCCA on August 1, 2016, and as required to remain competitive not only with other cable providers, but also changing customer expectations and on-going technological advancements. For example, HTSC noted in DCCA filings starting in 2013 that it incorporated Fiber to the Premises (FTTP) as a new local loop method for delivering service. As technology evolves, HTSC is evaluating other reliable and cost effective methods to deliver service within its franchise area. HTSC is currently trialing the use of G.FAST technology to provide cable service to areas where the building infrastructure is insufficient to deliver the required service. Further, within the home, the industry is transitioning away from the use of coaxial cables to primarily wireless set top boxes or, where cabling is required, the use of Ethernet cables.

14. Summarize and describe any plans for future capital spending to expand and upgrade the cable system and communications infrastructure currently controlled by Holdco in Hawai`i.

HTSC has historically made significant investments in its fiber network to better serve both business and residential customers by offering increased broadband speeds and new products and services such as 100% digital Hawaiian Telcom TV service. Over the last five years, Hawaiian Telcom has spent an average of $38 million per year connecting both business and residential customers to its high capacity fiber-rich network. In addition, in an effort to better serve customers on the neighbor islands, HTSC elected to participate in the Connect America Fund II program which provides $4.4 million annually for six years to build fiber to approximately 11,000 addresses that do not currently have access to broadband services.

The amount of HTSC's annual capital expenditures is a function of two primary elements. First, the annual investment is partially determined by the number of residential and business customers who have subscribed to HTSC's services. HTSC actively promotes fiber-rich products and services and strives to maximize the number of customers on the network, thereby maximizing the return on capital expenditures. Secondly, all capital investment programs are evaluated to ensure they have adequate funding and are expected to produce acceptable financial returns for investors. In connection with this, an annual budget, which includes planned capital expenditures, is prepared and presented to the Corporation's Board of Directors for approval. Accordingly, the determination of HTSC's entire annual budget, including capital expenditures, is made annually after rigorous financial analysis and approval from the Board of Directors.

As a result of adherence to these best practices in corporate governance, HTSC can only commit to capital expenditures for one year at a time and only after approval from the Board of Directors. Upon completion of the Combination, proposed capital plans will be reviewed by the Cincinnati Bell Board of Directors, which post-closing will include two members who reside in Hawai‘i to ensure that strategic decisions, such as the capital plan, adequately account for the interests of Hawai‘i. Cincinnati Bell anticipates that capital spending to build out fiber to facilitate deployment of future 5G technologies in Hawai‘i will be a priority in the capital planning process.

15. On page 3 of the Application, Cincinnati Bell mentions its experience and resources developing fiber networks. Where does Cincinnati Bell/HTSC plan to expand its Next Generation fiber network in urban and non-urban areas in Hawai`i? Are there any current plans to expand Cincinnati Bell/HTSC's cable service to other islands in the State of Hawai`i?

    Cincinnati Bell is committed to working closely with HTSC's local management in Hawai‘i to evaluate how best to meet the needs of Hawai‘i's communities after completion of the Combination and how to prioritize buildout of its next-generation fiber network throughout the Hawaiian Islands, preparing the network for future 5G technologies. Expanded fiber deployment would likely begin with the urban areas of the neighbor islands and Oahu and will be undertaken with careful planning and implementation in the normal course of business operations as discussed in 1(a).

16. On page 3 of the Application, Cincinnati Bell states that it is studying the possibility of merging Holdco and Hawaiian Telecom Communications, Inc. into the parent corporation, can Cincinnati Bell provide an update on this matter? Describe the benefits this merger would provide.

    Cincinnati Bell has not made a determination at this point as to this possible change in corporate structure.

17. On page 22 of the Application, Cincinnati Bell states that, pursuant to favorable conditions, it intends to issue unsecured senior notes, with the net proceeds used to reduce the amount of senior secured term loan debt.

    (a) Is this process of issuing unsecured senior notes ongoing?
    (b) Does Cincinnati Bell have other options to reduce debt should it not pursue the issuing of unsecured senior notes?
    (c) Does Cincinnati Bell have any updates on this matter that it can share?

On September 21, 2017, Cincinnati Bell announced the commencement of a private offering of $350 million aggregate principal amount of senior notes due 2025 as part of the financing of the cash portion of this Combination. The press release discussing the offering, released on September 22, 2017, is attached as Exhibit A, and the SEC Form 8-K filed on September 22, 2017 may be found at https://www.sec.gov/Archives/edgar/data/716133/000119312517291427/0001193125-17-291427-index.htm.

18. Please provide a copy of the Public Interest Statement related to this matter filed with the Federal Communications Commission.

Please see attached Exhibit B.

<u>EXHIBIT A</u>

September 21, 2017 Press Release

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Cincinnati Bell Inc. Announces Proposed Offering of $350 Million of Senior Notes Due 2025

September 21, 2017 07:28 AM Eastern Daylight Time

CINCINNATI--(BUSINESS WIRE)--Cincinnati Bell Inc. (NYSE: CBB) (the "Company") today announced the commencement of a private offering of $350 million aggregate principal amount of senior notes due 2025 (the "Notes") by CB Escrow Corp., an Ohio corporation and wholly owned subsidiary of the Company (the "Issuer"), subject to market and other conditions. The offering of the Notes is part of the financing of the cash portion of the merger consideration for the previously announced acquisition of Hawaiian Telcom Holdco, Inc. ("Hawaiian Telcom") by the Company (the "HCOM Acquisition"). At the closing of the HCOM Acquisition, the Issuer will merge with and into the Company (the "Escrow Merger"), with the Company continuing as the surviving corporation. At the time of the Escrow Merger, the Company will assume the obligations of the Issuer under the Notes and the related indenture (the "Assumption"). Prior to the Assumption, the Notes will not be guaranteed. From and after the Assumption, the Notes will be guaranteed, jointly and severally, on a senior unsecured basis, by certain of the Company's existing and future domestic subsidiaries.

The Company intends to use the net proceeds from the offering of the Notes, together with cash on hand and borrowings under the Company's senior credit facilities and receivables facility, to fund the cash portion of the merger consideration of the HCOM Acquisition, refinance existing Hawaiian Telcom indebtedness and pay fees and expenses in connection with the foregoing.

The Notes will be offered in the United States to qualified institutional buyers under Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and to persons outside the United States under Regulation S under the Securities Act. The Notes and, from and after the Assumption, the related guarantees will not be registered under the Securities Act, or the securities laws of any state or other jurisdiction, and, unless so registered, may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This press release is for informational purposes only and is neither an offer to buy or sell nor a solicitation of an offer to buy or sell the securities described herein. There shall not be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

No Offer or Solicitation

This communication is neither an offer to sell, nor a solicitation of an offer to buy any securities, the solicitation of any vote or approval in any jurisdiction pursuant to or in connection with the proposed transaction or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act and otherwise in accordance with applicable law.

Additional Information and Where to Find it

The proposed transaction involving the Company and Hawaiian Telcom will be submitted to Hawaiian Telcom's stockholders for their consideration. In connection with the proposed transaction, the Company has filed with the Securities and Exchange Commission ("SEC") a registration statement on Form S-4 on August 17, 2017, as amended on August 30, 2017 (the "Registration Statement") (which Registration Statement has not yet been declared effective), which includes a prospectus with respect to the Company's common shares to be issued in the proposed transaction and a proxy statement for Hawaiian Telcom's stockholders (the "Proxy Statement"), and Hawaiian Telcom will mail the Proxy Statement to its stockholders and file other documents regarding the proposed transaction with the SEC. SECURITY HOLDERS ARE URGED AND ADVISED TO READ ALL RELEVANT MATERIALS FILED WITH THE SEC, INCLUDING THE REGISTRATION STATEMENT AND THE PROXY STATEMENT, CAREFULLY WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND RELATED MATTERS. The Registration Statement, the Proxy Statement and other relevant materials (when they become available) and any other documents filed or furnished by the Company or Hawaiian Telcom with the SEC may be obtained free of charge at the SEC's web site at www.sec.gov. In addition, security holders are able to obtain free copies of the Registration Statement and the Proxy Statement from the Company by going to its investor relations page on its corporate web site at www.cincinnatibell.com and from Hawaiian Telcom by going to its investor relations page on its corporate web site at www.hawaiiantel.com.

Participants in the Solicitation

The Company, Hawaiian Telcom, their respective directors and certain of their respective executive officers and employees may be deemed to be participants in the solicitation of proxies in connection with the proposed transaction involving the Company and Hawaiian Telcom. Information about the Company's directors and executive officers is set forth in its definitive proxy statement for its 2017 Annual Meeting of Shareholders, which was filed with the SEC on March 24, 2017 and information about Hawaiian Telcom's directors and executive officers is set forth in its definitive proxy statement for its 2017 Annual Meeting of Stockholders, which was filed with the SEC on March 14, 2017, and in the Registration Statement (which Registration Statement has not yet been declared effective), which was filed with the SEC on August 17, 2017. These documents are available free of charge from the sources indicated above, and from the Company by going to its investor relations page on its corporate web site at www.cincinnatibell.com and from Hawaiian Telcom by going to its investor relations page on its corporate web site at www.hawaiiantel.com. Additional information regarding the interests of participants in the solicitation of proxies in connection with the proposed transaction involving the Company and Hawaiian Telcom will be included in the Registration Statement, the Proxy Statement and other relevant materials the Company and Hawaiian Telcom intend to file with the SEC.

Cautionary Statement Concerning Forward-Looking Statements

This communication and the documents incorporated by reference herein may contain "forward-looking" statements, as defined in federal securities laws including the Private Securities Litigation Reform Act of 1995, which are based on our current expectations, estimates, forecasts and projections. Statements that are not historical facts, including statements about the beliefs, expectations and future plans and strategies of the Company, are forward-looking statements. Actual results may differ materially from those expressed in any forward-looking statements. The following important factors, among other things, could cause or contribute to actual results being materially and adversely different from those described or implied by such forward-looking statements including, but not limited to: those discussed in this communication; we operate in highly competitive industries, and customers may not continue to purchase products or services, which would result in reduced revenue and loss of market share; we may be unable to grow our revenues and cash flows despite the initiatives we have implemented; failure to anticipate the need for and introduce new products and services or to compete with new technologies may compromise our success in the telecommunications industry; our access lines, which generate a significant portion of our cash flows and profits, are decreasing in number and if we continue to experience access line losses similar to the past several years, our revenues, earnings and cash flows from operations may be adversely impacted; our failure to meet performance standards under our agreements could result in customers terminating their relationships with us or customers being entitled to receive financial compensation, which would lead to reduced revenues and/or increased costs; we generate a substantial portion of our revenue by serving a limited geographic area; a large customer accounts for a significant portion of our revenues and accounts receivable and the loss or significant reduction in business from this customer would cause operating revenues to decline and could negatively impact profitability and cash flows; maintaining our telecommunications networks requires significant capital expenditures, and our inability or failure to maintain our telecommunications networks could have a material impact on our market share and ability to generate revenue; increases in broadband usage may cause network capacity limitations, resulting in service disruptions or reduced capacity for customers; we may be liable for material that content providers distribute on our networks; cyber attacks or other breaches of network or other information technology security could have an adverse effect on our business; natural disasters, terrorists acts or acts of war could cause damage to our infrastructure and result in significant disruptions to our operations; the regulation of our businesses by federal and state authorities may, among other things, place us at a competitive disadvantage, restrict our ability to price our products and services and threaten our operating licenses; we depend on a number of third party providers, and the loss of, or problems with, one or more of these providers may impede our growth or cause us to lose customers; a failure of back-office information technology systems could adversely affect our results of operations and financial condition; if we fail to extend or renegotiate our collective bargaining agreements with our labor union when they expire or if our unionized employees were to engage in a strike or other work stoppage, our business and operating results could be materially harmed; the loss of any of the senior management team or attrition among key sales associates could adversely affect our business, financial condition, results of operations and cash flows; our debt could limit our ability to fund operations, raise additional capital, and fulfill our obligations, which, in turn, would have a material adverse effect on our businesses and prospects generally; our indebtedness imposes significant restrictions on us; we depend on our loans and credit facilities to provide for our short-term financing requirements in excess of amounts generated by operations, and the availability of those funds may be reduced or limited; the servicing of our indebtedness is dependent on our ability to generate cash, which could be impacted by many factors beyond our control; we depend on the receipt of dividends or other intercompany transfers from our subsidiaries and investments; the trading price of our common shares may be volatile, and the value of an investment in our common shares may decline; the uncertain economic environment, including uncertainty in the U.S. and world securities markets, could impact our business and financial condition; our future cash flows could be adversely affected if it is unable to fully realize our deferred tax assets; adverse changes in the value of assets or obligations associated with our employee benefit plans could negatively impact shareowners' deficit and liquidity; third parties may claim that we are infringing upon their intellectual property, and we could suffer significant litigation or licensing expenses or be prevented from selling products; third parties may infringe upon our intellectual property, and we may expend significant resources enforcing our rights or suffer competitive injury; we could be subject to a significant amount of litigation, which could require us to pay significant damages or settlements; we could incur significant costs resulting from complying with, or potential violations of, environmental, health and human safety laws; the timing and likelihood of completion of our proposed acquisitions of Hawaiian Telcom and OnX Holdings LLC, a Delaware limited liability company ("OnX"), including the timing, receipt and terms and conditions of any required governmental and regulatory approvals for the proposed transactions that could reduce anticipated benefits or cause the parties to abandon the transactions; the possibility that Hawaiian Telcom's stockholders may not approve the proposed merger; the possibility that competing offers or acquisition proposals for Hawaiian Telcom will be made; the occurrence of any event, change or other circumstance that could give rise to the termination of the proposed transactions; the possibility that the expected synergies and value creation from the proposed transactions will not be realized or will not be realized within the expected time period; the risk that the businesses of the Company and Hawaiian Telcom and OnX will not be integrated successfully; disruption from the proposed transactions making it more difficult to maintain business and operational relationships; the risk that unexpected costs will be incurred; and the possibility that the proposed transactions do not close, including due to the failure to satisfy the closing conditions and the other risks and uncertainties detailed in our filings, including our Form 10-K, with the SEC as well as Hawaiian Telcom's filings, including its Form 10-K, with the SEC.

These forward-looking statements are based on information, plans and estimates as of the date hereof and there may be other factors that may cause our actual results to differ materially from these forward-looking statements. We assume no obligation to update the information contained in this communication except as required by applicable law.

About Cincinnati Bell Inc.

With headquarters in Cincinnati, Ohio, Cincinnati Bell Inc. (NYSE:CBB) provides integrated communications solutions – including local and long distance voice, data, high-speed Internet and video – that keep residential and business customers in Greater Cincinnati and Dayton connected with each other and with the world. In addition, enterprise customers across the United States rely on CBTS, a wholly-owned subsidiary, for efficient, scalable office communications systems and end-to-end IT solutions. For more information, please visit www.cincinnatibell.com. The information on the Company's website is not incorporated by reference in this press release.

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EXHIBIT B

**Public Interest Statement filed with
the Federal Communications Commission
on August 11, 2017**

EXHIBIT B - PUBLIC INTEREST STATEMENT

I. The Transaction Satisfies the Commission's Public Interest Test

Under Sections 214(a) and 310(d) of the Act, the Commission assesses whether the proposed transfer of indirect control of Commission licenses and authorizations is consistent with the public interest, convenience, and necessity based on: "(1) whether the transaction would result in the violation of the Act or any other applicable statutory provision; (2) whether the transaction would result in a violation of Commission rules; (3) whether the transaction would substantially frustrate or impair the Commission's implementation or enforcement of the Act or interfere with the objectives of that and other statutes; and (4) whether the transaction promises to yield affirmative public interest benefits."[1]

The Transaction satisfies all four elements of the Commission's test. The Transaction satisfies the first two elements because it will not violate any provision of the Act or any Commission rule. Further, the Transaction will not "result in public interest harms by substantially frustrating or impairing the objectives or implementation of the Act or related statutes."[2] Instead, as discussed below, the Applicants expect the Transaction to yield substantial public interest benefits. Accordingly, the Commission should promptly approve this Application.

II. The Transaction Will Serve the Public Interest

Cincinnati Bell is managerially, technically, and financially well-qualified to complete the Transaction and assume indirect ownership control of the Licensees. Cincinnati Bell has

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[1] *SBC Communications Inc. and BellSouth Corp. for Consent to Transfer of Control or Assignment of Licenses and Authorizations*, Memorandum Opinion and Order, 15 FCC Rcd 25459, 25464 ¶ 13 (WTB/IB 2000). (noting that the "Applicants bear the burden of demonstrating that . . . the predominant effect of the transaction will be to advance the public interest.").

[2] *Applications Filed by Frontier Communications Corporation and Verizon Communications Inc. for the Partial Assignment or Transfer of Control of Certain Assets in California, Florida, and Texas*, Memorandum Opinion and Order, 30 FCC Rcd 9812, 9815 ¶¶ 8, 9 (Wireline Comp. Bur. 2016) (explaining that the Commission's public interest evaluation employs a balancing test to weigh potential harms of a transaction with a "preference to protect and promote competition in relevant markets, accelerate private-sector deployment of advanced services, ensure a diversity of license holdings, and generally manage spectrum in the public interest.").

provided telecommunications services for more than a century and leverages a fiber-rich network to continue offering advanced telecommunications solutions to consumer, commercial, and carrier customers in its expanded territory. Cincinnati Bell believes that "fiber density" will increasingly be a market differentiator for businesses and consumers, enabling faster and more efficient commercial opportunities and its fiber facilities now pass approximately 70% of the locations in its operating area. As fiber becomes increasingly critical – expected to comprise 50% of the cable market by 2020 – Cincinnati Bell expects that its extensive fiber network will position it on the leading edge of the industry, able to anticipate and address customer needs. Together with HTI, Cincinnati Bell plans to expand the combined company's Next Generation fiber network to both urban and non-urban areas in Hawai'i, bringing superior service and speed to even more customers in Oahu and the neighbor islands. The combined fiber network will exceed 15,000 fiber route miles, further differentiating Cincinnati Bell from traditional carriers of its size.

In its pre-combination markets, Cincinnati Bell is a technology leader with investments in fiber, as it successfully migrates customers in both urban and non-urban areas from legacy copper services to more strategic fiber offerings. Where necessary, Cincinnati Bell will continue to enhance HTI's existing copper network to increase bandwidth in order to provide additional products and services to local homes and businesses. At the same time, however, Cincinnati Bell believes bringing fiber closer to the customer premises can increase its service offerings, service quality and bandwidth performance and will seek opportunities to improve services to customers in Hawai'i by pushing fiber deeper into HTI's footprint.

Cincinnati Bell has the experience and resources to support and enhance the Licensee's operations. Cincinnati Bell management has significant experience operating incumbent local exchange companies in both urban and non-urban markets and Cincinnati Bell has successfully deployed fiber facilities and brought innovative broadband and video services to such markets. Cincinnati Bell has a proven track record in running a financially sound company, well-positioned to maintain its network over the long-term, while successfully pursuing network expansions. The Transaction will strengthen the Licensees' existing business by giving them access to Cincinnati Bell's expansive suite of products and services, facilities and vendor relationships. Such services, facilities and vendor relationships will allow Licensees to deliver a broader suite of products and services to consumers and businesses in Hawai'i. The increased scale and resources of the combined operation will facilitate greater growth opportunities in a range of products and services including expanded broadband and entertainment products available over an enhanced fiber network. These growth opportunities will not negatively impact the Licensees' costs of operations. Moreover, leveraging best-practices of the combined entities will allow knowledge sharing, leading to improved efficiencies and operations benefitting both Cincinnati Bell and Licensees. HTI will continue its progress in deploying broadband in census blocks where HTI receives Connect America Fund Phase II USF support from the FCC. In short, Applicants anticipate that the Transaction will result in a stronger combined company and benefit consumers in the following ways:

- Licensees will gain access to Cincinnati Bell's full suite of services, facilities and vendor relationships. Such services, facilities and vendor relationships will allow Licensees to deliver a broader suite of services to customers and businesses in Hawai'i. The combined operation will have greater growth opportunities in a range of products and services.

- Customers will benefit from increased content-buying power and access to Cincinnati Bell's expanded service offerings. Additionally, Licensees will have access to Cincinnati Bell's robust analytics capabilities, which will allow for better mapping of customer demands and needs to capabilities, which will result in increased efficiencies and enhanced offerings.

- While no systems cutover is required as a result of the Transaction, both companies, with increased scale, will be able to implement combined systems with improved capabilities, allowing for improved efficiencies and improved customer support services.

- Licensees will be able to leverage Cincinnati Bell's analytics capabilities and market strategies to pursue wireless fiber builds and small cell networks.

- In the combined enterprise, although Licensees will gain access to Cincinnati Bell's managerial and operational experience and resources, local Hawai'i management will continue to play an important role in local decision making and the ability to shape how best to meet the needs of Hawai'i's communities.

- Licensees will benefit from the financial support of the combined enterprise, thereby enabling Licensees to deliver improved services and expand infrastructure across the islands addressing demands for high quality high speed broadband and competitive video offerings.

The Transaction is structured only as a change of ownership at the holding company level and will not affect any of the operations or legal identities of the Licensees. The proposed Transaction will not result in a change of carrier for any customers or any assignment of existing Commission authorizations. Further, Licensees rates, terms and conditions of services currently provided to their customers will not change as a result of the Transaction. The Licensees' existing tariffs will not be affected by the Transaction, and will remain in effect (subject to change in the ordinary course of business). Therefore, customers will not experience any immediate changes in services, or rates, terms and conditions of service. Any future changes will be done with careful planning and implementation in the normal course of business operations. There will be no need to change any billing systems or operational support systems before closing the Transaction. The Transaction also will not involve any changes to ILEC study areas. Since no system cutovers are required upon implementation of the combination, Licensees' existing customer-facing systems will remain in place after the closing. Any future information technology upgrades or expansions to HTI's and Cincinnati Bell's systems will be done with careful planning and execution in the normal course of business operations.

III. The Transaction Will Not Reduce Competition or Harm Customers in any Market

The combination will have no adverse impact on competition in Hawai'i. Cincinnati Bell does not presently operate in Hawai'i and therefore does not compete with Licensees. Moreover, in strengthening the financial and operational capacity and scale of Hawai'i's largest telecommunications provider, the proposed Transaction will enhance competition to the benefit of consumers. Licensees' customers will continue to be able to choose their intra- and interLATA toll providers.

Applicants recognize that competitors rely on the Licensees for high-quality non-discriminatory access to services, with accurate and timely billing and complete and accessible information regarding the services the Licensees provide. Under Cincinnati Bell's indirect ownership, Licensees will continue to provide nondiscriminatory access to their wholesale customers, consistent with their regulatory and contractual obligations. Cincinnati Bell will abide by the applicable obligations imposed on the Licensees pursuant to Sections 251-252 of the Communications Act, consistent with the rules and regulations issued by the FCC and the decisions of this Commission. Nothing in the indirect transfer of control will impact the Licensees' existing interconnection agreements under Sections 251-252 of the Act. This combination raises no competitive or other public interest concerns and therefore should be approved expeditiously.