

CABLE DIVISION  
COMMERCE AND  
CONSUMER AFFAIRS

2013 SEP 11 A 10:07

A E P S  
FILE



September 11, 2013

**VIA HAND DELIVERY**

Catherine Awakuni, Esq.  
Administrator  
Cable Television Division  
Department of Commerce & Consumer Affairs  
King Kalakaua Building  
335 Merchant Street, Room 101  
Honolulu, Hawaii 96813

**Re: Application for Renewal of Maui County (Excluding Lahaina)  
And Lahaina / West Maui Cable Television Franchises by  
Oceanic Time Warner Cable LLC**

Dear Ms. Awakuni:

Per your letter dated September 6, 2013, please find enclosed the original and six (6) copies of Applicant Oceanic Time Warner Cable LLC's Response to Department of Commerce and Consumer Affairs Request for Clarification of Application Dated September 6, 2013.

Thank you for your attention to this matter, and please contact me with any questions.

Very truly yours,

WATANABE ING LLP  
A handwritten signature in black ink, appearing to read 'Brian Kang'. Above the signature, the words 'WATANABE ING LLP' are printed in a small, sans-serif font.

BRIAN A. KANG

Enclosures

cc: Oceanic Time Warner Cable LLC

CABLE DIVISION  
COMMERCE AND  
CONSUMER AFFAIRS

**APPLICATION FOR RENEWAL OF MAUI COUNTY (EXCLUDING LAHAINA)  
AND LAHAINA / WEST MAUI CABLE TELEVISION FRANCHISES BY  
OCEANIC TIME WARNER CABLE LLC**

2013 SEP 11 A 10:08

**APPLICANT OCEANIC TIME WARNER CABLE LLC'S RESPONSE TO  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
REQUEST FOR CLARIFICATION OF APPLICATION  
DATED SEPTEMBER 6, 2013**

September 11, 2013

1. State the length of the new franchise terms requested by Applicant.

**RESPONSE:** Applicant seeks a renewal of the Maui County (excluding Lahaina) and Lahaina / West Maui franchises for a period of twenty years each, or a consolidated franchise for the entire County of Maui for a period of twenty years.

2. Refer to IV.A.1 (page 21 of the Application). Section IV.A.1 states as follows:

Information on the number of shares of each class of stock owned by the officers and directors of [Time Warner Cable Inc. ("TWC")], if any, are listed in TWC's SEC Form 10-K (filed 02/15/13), and available at: <http://timewarnercable.q4cdn.com/f4c33143-6e5b-4b42-8faa-353fca45b8f2.pdf>

Please specify the page numbers and/or exhibit number where this information is located in TWC's SEC Form 10-K.

**RESPONSE:** Page 30 of TWC's SEC Form 10-K (filed 02/15/13) refers to TWC's proxy statement filed in connection with its 2013 annual meeting of stockholders. Page 18 of the proxy statement provides the information requested. The proxy statement is available at:

<http://www.sec.gov/Archives/edgar/data/1377013/000119312513142330/d468143ddef14a.htm>

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3. Refer to IV.A.1 (page 23 of the Application). Applicant does not list any directors for Oceanic Time Warner Cable LLC. Does Oceanic Time Warner Cable LLC have directors? If yes, please identify Oceanic's directors.

**RESPONSE:** Oceanic Time Warner Cable LLC does not have any directors; it is managed by its members.

4. Refer to IV.A.3.c (page 30 of the Application). State whether Applicant's officers and directors will be responsible for directing Oceanic's operations or whether Oceanic's corporate parent companies will be responsible for such oversight. Refer to IV.A.5.a (page 31 of the Application). Please specify the page numbers and/or exhibit number where ownership disclosure information is located in TWC's SEC Form 10-K.

**RESPONSE:** Per its historical and current practice, Applicant's officers will continue to be responsible for day-to-day operations of Applicant, and report to other officers of Time Warner Cable Inc. Applicant has no current plans to change this practice. With respect to the response to Section IV.A.5.a. of the Application, Applicant states there are no such agreements or understandings with respect to the ownership and control of the franchise. As a wholly owned subsidiary of Time Warner Cable Inc., Applicant does receive certain administrative and support services from other wholly owned subsidiaries of Time Warner Cable Inc.

5. Refer to IV.C.1 (page 36 and 37 of the Application). Applicant states that Oceanic does not have audited financial statements.

On April 29, 2013, Applicant submitted Financial Statements (unaudited) for its Oceanic Time Warner Cable Maui and Lahaina franchises for the year ended December 31, 2012 and the Independent Accountants' Review Report to the Department of Commerce and Consumer Affairs.

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Copies of these financial statements are attached to these IRs as Exhibits 1 and 2.

For each franchise, confirm that there have been no significant changes in Applicant's liabilities, net assets, revenues and expenses, obligations to its parent company, and statements of cash flows since the last reviewed financial statement.

**RESPONSE:** Applicant confirms that, for each franchise, there have been no significant changes in Applicant's liabilities, net assets, revenues and expenses, obligations to its parent company, and statements of cash flows since the last reviewed financial statements attached to the IRs as Exhibits 1 and 2.

6. Refer to IV.H (page 49 of the Application). State Applicant's proposed plans and schedule for access operating funding and capital funding for facilities and include the following:

- a. The amount Applicant proposes for the annual access operating fee payments to the Director or the Director's designee for PEG access purposes. If this proposed payment is based on a percentage of revenue, explain how the percentage will be calculated; and

**RESPONSE:** Applicant believes that the DCCA should set the annual operating funding for public access purposes to the Director or the Director's designee at a reasonable level to meet specific community needs and interests taking into account the costs to do so. Given the foregoing, this funding should be limited to no more than the current level of three percent of gross cable service revenue. Applicant reserves the right to discuss this issue further with the DCCA in light of further proceedings in connection with the renewal process.

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- b. The amount Applicant proposes for the annual capital fund payments to the Director or the Director's designee for PEG access purposes. Explain how Applicant proposes to calculate this amount.

**RESPONSE:** Applicant believes that the DCCA should set the capital funding for public access purposes at a reasonable level to meet specific community needs and interests taking into account the costs to do so. Applicant also notes that the cost of video equipment has substantially declined over the past several years, and is expected to continue to decline for the foreseeable future. Applicant proposes that the maximum annual capital fund payments to the Director or the Director's designee for public access purposes be limited to no more than \$3.00 per subscriber in each of the two franchises (or a single consolidated franchise). Applicant reserves the right to discuss this issue further with the DCCA in light of further proceedings in connection with the renewal process.

7. State Applicant's proposed plans and schedule of expenditures for and in support of the Hawaii Public Television Foundation, dba PBS Hawai'i.

**RESPONSE:** Applicant believes that the DCCA should set the support for Hawaii Public Broadcasting at no more than the current level of one percent of gross cable service revenue.

8. State the specific reasons for Applicant's request to consolidate the Maui and Lahaina franchise systems and provide response to the following:

**RESPONSE:** Applicant believes that the consolidation of the franchises for Maui County and Lahaina will result in more efficient and cost-effective administration of the franchise by DCCA, and in the operations of Applicant. Given, as noted below, that the franchises are already physically interconnected, are operated by Applicant as one system,

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under a single general manager, and with the same technical support, the community and DCCA will benefit from the elimination of potentially duplicative processes, and all interested parties and stakeholders can focus on the services to be provided to the County of Maui as a whole. Applicant believes that a single consolidated franchise covering the entire County of Maui will provide operational and administrative efficiencies for all stakeholders, and will ensure that all subscribers in the County of Maui will benefit from the terms of a single consolidated franchise order.

- a. Are the two franchise systems currently connected physically? If no, then describe how the systems will be connected. When does Applicant intend to initiate consolidation of the two systems?

**RESPONSE:** The two franchise systems are physically interconnected.

- b. Does Applicant foresee any problems or difficulties in the consolidation of the two franchise systems? If so, please identify and explain any problems or difficulties.

**RESPONSE:** No. As noted above, the two systems are already physically interconnected, and there is already consistency in the operation of the franchises under one general manager.

- c. If the two franchise systems are consolidated, what will change?

**RESPONSE:** Since the two systems are already physically interconnected, Applicant does not anticipate any negative changes for subscribers under a consolidated franchise order that covers the entire County of Maui.

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- d. Are the channel numbers the same for the two franchise systems? After consolidation, will there be any changes to channel numbers.

**RESPONSE:** The channel numbers are the same for the two systems. After a consolidated franchise is issued, Applicant does not anticipate any changes to the channel numbers immediately; however, channels are changed from time to time. If any channels are changed, Applicant plans to use the same channel numbers in all areas of Maui County.

- e. Describe the specific benefits to cable subscribers as a result of the consolidation of the two franchise areas?

**RESPONSE:** Since the two systems are already physically interconnected, under the same management and with the same technical support, Applicant believes that subscribers will benefit from the elimination of potentially duplicative processes and requirements, and a single consolidated franchise order will ensure that all subscribers in the County of Maui will benefit from uniform franchise requirements.

- f. Identify any costs for connecting the franchise areas.

**RESPONSE:** As noted above, the two systems are already physically interconnected.