

**CABLE ADVISORY COMMITTEE (“CAC”)
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
STATE OF HAWAII**

MINUTES OF MEETING

Date: August 21, 2014

Time: 9:00 a.m. – 12 noon

Place: Queen Liliuokalani Conference Room
Department of Commerce & Consumer Affairs
335 Merchant Street, 1st Floor
Honolulu, HI 96813

CAC MEMBERS: Gerry Silva and Tim Bryan
Excused: Beth Tokioka and Austin Vali

OTHERS: Kealii Lopez, Director; Laureen Wong, CATV Staff Attorney; Glen Chock, CATV Staff; and Ji Sook Kim, CATV Staff Attorney

AGENDA: The agenda for this meeting was filed with the Office of the Lieutenant Governor.

- I. Call to Order – The meeting was called to order at 9:00 a.m.
- II. Introduction of new CAC Member – Tim Bryan
- III. Minutes of the April 1, 2014 meeting – Gerry Silva brought to the Director’s attention the outstanding issues from the last meeting who indicated that they will be addressed at another meeting. There were no other questions about the minutes, which were then accepted by the CAC.
- IV. Update on Pending Matters
 - A. Update of 2014 Legislative Session-Act 93, signed by Governor on June 16, 2014

Director Lopez stated that Act 93 removed the sunset provision in Act 19 so DCCA can continue to designate the PEG Access Organizations without having to go through the State procurement process. Dir. Lopez acknowledged that DCCA was not far into the PEG designation process. Mr. Bryan asked Dir. Lopez why the delay and she explained the DCCA’s resource limitations and major issues as franchise renewals and Comcast/ Time Warner Cable proposed merger. She also pointed out DCCA’s

commitment to continue to conduct management audits of the designated PEG access organizations and possible financial audits depending on the management audits findings.

V. New Business

A. Comcast/Time Warner Cable Merger

Steve Holmes, Comcast Vice President of Government Affairs West Division, gave a presentation on the merits of Comcast and the benefits that may arise from the merger. Mr. Holmes stated Comcast's commitment to bring additional investment to the State to upgrade the present infrastructure, to transition Oceanic's cable system to an all-digital format, to introduce customers to the X1 generation of service, to increase service reliability and broadband speeds, and to offer its successful Internet Essentials program to Hawai'i residents.

Director Lopez summarized the 6 public hearings held by DCCA across the State in July and explained that although Senator Kalani English requested public hearings also be held on Lanai and Molokai and in upcountry Maui, DCCA was not able to do so given the time limitations imposed on the transaction by Federal and State statutes. She further reported that issues brought forth in these public hearings included concern for poor customer service, support for PEG services, flexibility of bundling services, support for the Internet Essentials program, extending Net Neutrality rules in the State, providing more services in unserved and underserved communities, faster/higher broadband speeds with lower prices, and making available converter boxes to analog customers when Comcast transitions to an all-digital format. Mr. Silva stated that in its responses to DCCA's Information Requests, Comcast addressed the questions on a national level and did not identify benefits on a local level. Mr. Silva preferred that Comcast address such issues as local rates, stability of services, City Hall hookup and poor customer service as evidence by the recent YouTube video. Mr. Holmes offered the following: Comcast understands what is required by the local communities since Comcast representatives attended all the public hearings; Comcast recognizes that the deadline for DCCA to make a decision is September 19; many of the statements about the programs were based upon national programs, and the merger transition itself will not have an impact on cable rates. Mr. Bryan asked what is Comcast's philosophy on rebuilding disaster areas. John Gutierrez, Senior Director of Comcast's Government Affairs responded that Comcast looks to restore "Life Line" services first. Director Lopez then asked Comcast to elaborate on its Internet Essentials program. Mr. Holmes responded that it is a great program with much

success and is designed for school children. He further explained the program's qualifications and offered to do a presentation on it when he returns sometime in September. Mr. Bryan asked questions about IP-based TV and cable and Mr. Holmes explained the difference and where the technology was going.

VI. Public Comments

- A. Roy Amemiya – 'Ōlelo. Mr. Amemiya updated CAC members on 'Ōlelo's activities since the last meeting. He stated that 'Ōlelo takes no position regarding the merger; however. He requested that Comcast honor the commitments made by Oceanic, especially for PEG channel placements, INET capital, and technical quality. He further stated that 'Ōlelo and DCCA were not able to reach agreement on a PEG designation contract since the major hurdle was the disposition of assets and who owns 'Ōlelo's Mapunapuna building. 'Ōlelo met with the Hawai'i State Capitol staff, Honolulu City Council and other PEG access organizations regarding the statewide digital PEG channel. Mr. Bryan asked what is the hold up on the PEG contract, and Mr. Amemiya stated there was a dispute regarding Oceanic's capital contribution to 'Ōlelo which went to arbitration.
- B. J. Robertson – Hoike. Mr. Robertson expressed Hoike's frustration on the designation process and requested the CAC's help. He stated that Hoike is excited that Comcast is coming to Hawaii and wants a high definition (HD) channel from Comcast for Hoike's programming. He mentioned that analog spectrum was given up when Oceanic transitioned educational PEG channels to the digital format. Mr. Robertson requested from Comcast simultaneous cablecasting of analog, standard digital, high definition and video on demand (VOD) channels for PEG programming. He requested that Comcast keep the customer service representatives in the State and not relocate them to the mainland or move the call center functions overseas.

Dir. Lopez asked Comcast to comment on the issues raised by the commentators. Mr. Holmes responded that Comcast does not anticipate any loss of service; however due to its products and services, they may have to split the customer service support groups. Mr. Bryan asked Mr. Holmes if Comcast had any out-of-the-country services, and Mr. Holmes replied that there were some services that were handled outside of the U.S., but he was not certain what model would work best in the State. Dir. Lopez inquired about Comcast's PEG channel allocation and contiguous channel placement. Mr. Holmes replied that Comcast would not transition PEG channels until the all-digital transition was complete. He further replied that Comcast will adhere to all of Oceanic's franchise

requirements. Director Lopez then explained that the DCCA would be meeting with Comcast representatives to discuss terms of the transaction. Mr. Silva asked the DCCA to look at the length of the cable franchise and the options to renew earlier. Mr. Holmes summarized that the transaction is a transfer of control at the top level and that Comcast will comply with all existing franchise commitments of Oceanic.

VII. Announcements – None.

VIII. Adjournment – The meeting was adjourned at 10:48 a.m.

Taken and recorded by:

Glen Chock

Date: _____