

CABLE TELEVISION DIVISION
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
STATE OF HAWAII

In the Matter of the 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.)
)

DECISION AND ORDER NO. 366

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I. INTRODUCTION

On July 15, 2015, Time Warner Cable Inc. ("**TWC**"), the ultimate parent company of Oceanic Time Warner Cable LLC ("**OTWC**"), and Charter Communications, Inc. ("**Charter**")¹ jointly filed a "State of Hawaii Application for Transfer of Cable Television Franchise" ("**State Transfer Application**") with the Department of Commerce and Consumer Affairs ("**DCCA**") for approval of the transfer of control of all of OTWC's Cable Franchises in the State of Hawai`i ("**State**") from TWC to Charter. Pursuant to Hawaii Revised Statutes ("**HRS**") section 440G-10.1 and Hawaii Administrative Rules ("**HAR**") chapter 16-133, DCCA hereby approves Applicants' request subject to the terms, conditions, and requirements provided in this Decision and Order ("**D&O**").

II. BACKGROUND

On July 15, 2015, Applicants submitted their State Transfer Application with DCCA and concurrently provided their Federal Communications Commission ("**FCC**") Form 394 – Application for Franchise Authority Consent to Assignment or Transfer Control of Cable Television Franchise, dated July 15, 2015 ("**Form 394**") and certain

¹ Charter and TWC shall collectively be referred to as the "**Applicants**."

other information including their Public Interest Statement dated June 25, 2015.² The Application requested the Director of DCCA ("**Director**") to "consent" to or approve the proposed indirect transfer of control³ of all of OTWC's Cable Franchises in the State from TWC to Charter⁴ pursuant to and consistent with the May 23, 2015 Agreement and Plan of Mergers ("**Merger Agreements**") that were entered into by TWC, Charter, and a number of other entities⁵ ("**Proposed Transaction**"). The Application was submitted pursuant to the Cable Communications Policy Act of 1984, the Cable Television Consumer Protection and Competition Act of 1992 (the "**Cable Act**"), 47 United States Code ("**U.S.C.**") section 521 *et seq.*, 47 Code of Federal Regulations ("**C.F.R.**") section 76.502, and applicable State laws and rules.

A. Description of the Proposed Transaction

In their filings with DCCA, Applicants represent that on May 23, 2015, Charter and its subsidiary, CCH I, LLC (which will become "New Charter") entered into Merger Agreements with Liberty Broadband Corporation ("**Liberty Broadband**"), Liberty Interactive Corporation (Liberty Interactive Corporation and Liberty Broadband shall be collectively referred to as "**Liberty**"), Advance/Newhouse Partnership ("**Advance/Newhouse**"), the parent company of Bright House Network ("**BHN**"),⁶ and TWC. TWC will merge into New Charter through a series of mergers, which will result in TWC stockholders, other than Liberty, receiving a combination of cash and shares of New Charter Class A Common Stock in exchange for its shares of TWC stock. As part of the Merger Agreements, Charter will acquire BHN for approximately \$10.4 billion, comprised of cash and equity of New Charter. Liberty will invest a total of \$5 billion in connection with the transfer in exchange for additional shares of New Charter Class A Common Stock.

² Applicants' State Transfer Application and Form 394 shall collectively be referred to as the "**Application**." Instead of filing an Application for each OTWC Cable Franchise in the State, Applicants requested that they be allowed to file a consolidated transfer application encompassing all six (6) of OTWC's Cable Franchises in the State. DCCA approved this request.

³ In the Application, Applicants characterize the transfer of control as being an "indirect" transfer of control. However, for purposes of D&Os, DCCA does not distinguish between "direct" and "indirect" transfers of control.

⁴ Specifically, Applicants have referred to the new reorganized parent company resulting from the transaction described in the Application as "**New Charter**". New Charter will ultimately assume the name "Charter Communications, Inc." (i.e., "**Charter**"). See State Transfer Application at 2.

⁵ See Public Interest Statement, Exhibit B (Agreement and Plan of Merger) at 1.

⁶ Advance/Newhouse is not a party to this proceeding since BHN does not operate or have a presence in the State.

The Proposed Transaction combines the control of Charter, TWC, and BHN into a single company, referred to as "New Charter".⁷ There are three components to the Proposed Transaction, each of which is expected to occur simultaneously upon closing.

First, TWC will become a subsidiary of New Charter through a series of mergers. According to Applicants, through these mergers, TWC shareholders would be given the choice to receive, for each share of TWC stock either: (1) a combination of \$100 per share and approximately 0.4891 shares of New Charter Class A common stock, or (2) a combination of \$115 per share and approximately 0.4125 shares of New Charter Class A common stock.

Second, Charter will merge with a subsidiary of New Charter, and each outstanding share of Charter Class A Common Stock will subsequently be converted into 0.9042 shares of New Charter Class A Common Stock. New Charter will assume the Charter name and its existing NASDAQ Stock Market ticker symbol (CHTR). Additionally, Liberty will contribute \$4.3 billion in cash to New Charter in exchange for shares of New Charter Class A Common Stock, which would give Liberty an 18% to 19% interest in New Charter.

Third, subject to separate conditions set forth in Charter's agreement with Advance/Newhouse, New Charter will acquire BHN, for approximately \$10.4 billion, consisting of (1) approximately \$2 billion in cash, (2) one share of New Charter Class B Common Stock carrying voting rights in New Charter, and (3) common and preferred units valued at approximately \$8.4 billion in a partnership that would be principally held by New Charter and that would hold all of BHN's assets, as well as assets of Charter and TWC.

According to Applicants, the Proposed Transaction is in the public interest and their Application demonstrates that Charter "is financially, legally, and technically qualified to acquire control of OTWC."⁸ They assert that the Proposed Transaction will not impact the Cable Systems in the State, and except as provided for in this D&O, the Applicants have "no current plans to change the terms and conditions of service or operations of the systems."⁹ Applicants further state that they are "not requesting and [have] no current plans to request any changes to the current cable franchise orders."¹⁰

⁷ For the purposes of this D&O, unless specifically noted otherwise, "Charter" and "New Charter" may be used interchangeably when referring to the resulting parent company as described in the Application.

⁸ See State Transfer Application at 4.

⁹ See id.

¹⁰ See id. at 5.

Among other things, Applicants represent that the Proposed Transaction will “deliver a range of substantial, recognized public benefits.”¹¹ Applicants represent that they will do so by: (1) extending Charter’s broadband-focused, highly pro-customer model to millions of new customers, while deploying the best that each applicant has to offer in broadband, video, and voice technology; (2) delivering superior services at competitive prices; and (3) ensuring these services are at the cutting edge of innovation.¹² Through the Proposed Transaction, OTWC customers and Subscribers shall enjoy innovative, customizable, and interactive video services that will enhance the customer experience.¹³

In order to complete the Proposed Transaction, subject to market conditions, Charter expects to finance part of the consideration with additional indebtedness of approximately \$24 billion.¹⁴ The additional indebtedness is expected to be in the form of new senior secured bank loans, senior secured notes, and unsecured indebtedness made available to two of Charter’s subsidiaries, CCO Holdings, LLC (“CCOH”) and Charter Communications Operating, LLC (“**Charter Operating**”).¹⁵ To secure the loans and secured notes, each existing Charter subsidiary that is already a subsidiary grantor under an existing April 11, 2012 credit agreement (the “**Amended and Restated Credit Agreement**”) and, with some exceptions, each of TWC’s and BHN’s domestic subsidiaries (including OTWC) will become grantors and “be required to provide lenders and noteholders a security interest in certain assets and property that are required to be pledged as collateral under the Amended and Restated Credit Agreement and any other secured indebtedness issued by Charter Operating in connection with the [Proposed] Transaction.”¹⁶ In addition, as part of the Proposed Transaction, Charter Operating and its subsidiaries (including OTWC) are expected to guarantee approximately \$23 billion

¹¹ See Public Interest Statement at 17.

¹² See id.

¹³ See Charter’s Testimony before DCCA in Support of the Application, Submitted on September 11, 2015, at 5.

¹⁴ See State Transfer Application at 30.

¹⁵ Id. According to Charter, its subsidiaries have now incurred a significant portion of such indebtedness in the form of senior secured notes and senior secured term loans, the proceeds of which are being held in escrow pending the completion of the Proposed Transaction. Charter notes that subject to market conditions, its subsidiaries may issue additional secured or unsecured notes, draw upon additional Charter Operating’s committed unsecured bridge facilities, or incur additional senior secured term loans and/or borrowings under Charter Operating’s revolving credit facility in order to finance a portion of the consideration for the Proposed Transaction. Additionally, in order to fund the additional cash consideration in the event TWC shareholders elect to receive \$115 in cash consideration and the lower number of New Charter shares (as described above), CCOH may, subject to market conditions, issue additional unsecured notes or draw upon additional unsecured bridge facilities, as needed.

¹⁶ Id. at 31.

in existing indebtedness of TWC and its subsidiaries that will become subsidiaries of New Charter. Applicants have provided a full description of the financial transactions involved to complete the Proposed Transaction on pages 30 through 33 of the State Transfer Application.

Applicants assert that the financial elements of the Proposed Transaction are fair and reasonable. According to Applicants, OTWC's participation in the financial arrangements would enable them to engage in the Proposed Transaction itself which, as described in the Application, serves the public interest. Applicants state that following the Proposed Transaction, New Charter will "generate more revenue" while "strengthening its financial and technical qualifications"¹⁷, that its pro forma revenue is anticipated to increase from "\$9.1 billion to \$35.7 billion"¹⁸ and that its pro forma adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (or EBITDA) will increase from \$3.2 billion to \$12.9 billion.¹⁹ In addition, the Proposed Transaction is expected to increase Charter's annual operating cash flow to \$13.7 billion by 2019, or fourteen (14) times more than its current levels.²⁰ Applicants assert that the positive cash flow will support the payment of interest expenses and principal repayments.²¹ Furthermore, Applicants represent that the Proposed Transaction, will not result in any change in the day-to-day operations of OTWC, and that the financing elements of the Proposed Transaction will not adversely affect OTWC's ability to provide cable television services in the State, as authorized by DCCA. For any changes that New Charter wishes to make after closing that require regulatory approval, New Charter commits, through OTWC, to follow all applicable Hawai'i filing and notice requirements.

B. Applicants Charter and TWC

Charter, a Delaware corporation with principal offices located in Stamford, Connecticut, is a provider of voice, broadband internet, video, and business services with networks and facilities located in twenty-eight (28) states.²² Charter's gross revenues for the year ending December 31, 2014 were \$9.1 billion.²³ Charter asserts that its management team "is considered among the best in the industry."²⁴

¹⁷ Id. at 6.

¹⁸ Id.

¹⁹ See id.

²⁰ See Response to First Set of IRs at 21 (Response to IR 24).

²¹ See id. at 21-22 (Response to IR-25).

²² See State Transfer Application at 11.

²³ Id. at 29.

²⁴ Id. at 11.

TWC, a Delaware corporation with principal offices located in New York, New York, is a provider of video, high-speed data, and voice services to residential and business class customers in thirty (30) states, including Hawai'i.²⁵ TWC is the ultimate parent company of OTWC.

C. OTWC and Its Cable Franchises in the State

OTWC, a Delaware limited liability company, is authorized to conduct business in the State. In 2012, pursuant to D&O No. 355, DCCA authorized the transfer of the State's Cable 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 Entertainment Company, L.P. ("**TWE**") to OTWC in connection to an internal reorganization or restructuring of TWC's subsidiaries and companies.

TWE, OTWC's predecessor-in-interest, had begun providing Cable Service in the State in 1992 on O'ahu as Oceanic Time Warner Cable and then later expanded its service to encompass the entire State through the acquisition of Cable Franchises in the other Counties. The latest acquisitions for TWE in the State were the 2002 acquisitions of the Cable Franchises formerly held by G Force, LLC and Kaua'i Cablevision serving the island of Kaua'i. These two Cable Franchises were subsequently combined, and OTWC now provides Cable Service on the island of Kaua'i under a single Cable Franchise.²⁶

OTWC currently holds the following six (6) separate Cable Franchises covering the entire State:

- (1) East Hawai'i (Hilo): D&O Nos. 185, 242, 261, 335, 355, and 357;
- (2) West Hawai'i (Kona): D&O Nos. 173, 244, 261, 318, 322, 355, and 358;
- (3) Maui County (excluding Lahaina): D&O Nos. 241, 261, 317, 355, and 360;
- (4) Lahaina: D&O Nos. 174, 245, 261, 355, and 359;
- (5) Kaua'i: D&O Nos. 291, 319, 355, and 356; and
- (6) O'ahu: D&O Nos. 346 ("**O'ahu D&O**") and 355.

Collectively, these Cable Franchises shall be referred to as the "**Franchise D&Os.**"

²⁵ See id. at 1.

²⁶ See D&O No. 291, issued on July 12, 2002.

Certain provisions of these Franchise D&Os have been amended by the Director through subsequent D&Os, Orders, Letter Orders, and other directives that have been issued periodically to address specific needs and requirements consistent with the provisions of the Franchise D&Os and State law. In addition, OTWC (and its predecessor-in-interest, TWE) entered into various stipulations and agreements impacting its services in the Cable Franchise areas.²⁷

On April 27, 2009, OTWC notified DCCA of its intent to renew its East Hawai'i (Hilo) and West Hawai'i (Kona) franchises, and filed a written consolidated application on July 20, 2011, incorporating the renewal of both Cable Franchises into a single Hawai'i Island Cable Franchise. The East Hawai'i (Hilo) franchise, which was scheduled to expire on December 31, 2011, and the West Hawai'i (Kona) franchise, which was scheduled to expire on December 31, 2011, have been extended to January 20, 2016, pending final disposition of the renewal application.

On June 2, 2011, OTWC notified DCCA of its intent to renew its Maui County (excluding Lahaina) and Lahaina Cable Franchises, and filed a written consolidated application on August 30, 2013, incorporating the renewal of both franchises into a single Maui Cable Franchise. The Maui County (excluding Lahaina) Cable Franchise, which was scheduled to expire on December 31, 2013, and the Lahaina Cable Franchise, which was scheduled to expire on December 31, 2013, have been extended to June 30, 2016, pending final disposition of the renewal application.

On April 24, 2014, OTWC notified DCCA of its intent to renew its Kaua'i Cable Franchise, which is scheduled to expire on December 31, 2016. DCCA is presently proceeding through the renewal process for OTWC's Kaua'i Cable Franchise.

The O'ahu Cable Franchise was renewed on January 14, 2010 and is scheduled to expire on January 13, 2030.

D. Public Hearings and Other Procedural Matters

Pursuant to HRS sections 440G-10.1 and 440G-7, DCCA conducted public hearings in an effort to obtain written or oral comments, views, and/or arguments from OTWC's customers, interested persons, and the general public regarding the Proposed Transaction. Public hearings were held in each of the six (6) Cable Franchise areas, consistent with State laws and rules, as follows:

- Lahaina -- September 8, 2015, at 4:30 p.m., West Maui Senior Center, in Lahaina;
- O'ahu -- September 9, 2015, at 4:30 p.m., King Kalakaua Building, in Honolulu;

²⁷ HRS section 440G-3 defines a "franchise area" or "service area" as "the geographic area for which a cable operator has been issued a cable franchise."

- East Hawai'i (Hilo) -- September 9, 2015, at 4:30 p.m., Aupuni Center Conference Room, in Hilo;
- West Hawai'i (Kona) -- September 10, 2015, at 4:30 p.m., West Hawai'i Civic Center, in Kailua-Kona;
- Maui County (except for Lahaina):
 - September 11, 2015, at 4:30 p.m., Cameron Center Auditorium, in Wailuku;
 - September 15, 2015, at 12:00 p.m., Lanai Senior Center, in Lanai City;
 - September 16, 2015, at 12:00 p.m., at Hana Community Center Hall, in Hana;
 - September 17, 2015, at 4:00 p.m., at Kaunakakai Gym Conference Room, in Kaunakakai; and
- Kaua'i -- September 11, 2015, at 5:00 p.m., Lihue Civic Center, in Lihue.

Notices of the public hearings were published on August 16 and August 23, 2015 in the Honolulu Star-Advertiser, The Maui News, Hawaii Tribune Herald, and the Garden Island. Copies of the Application, all supporting documents, and any submitted supplemental information were made available for review during normal business hours at OTWC's offices in each Cable Franchise area in the State and at DCCA's Cable Television Division ("**CATV**") office. This information was also posted on CATV's webpage. DCCA established September 25, 2015, 4:30 p.m., as the deadline for the receipt of public comments concerning the Proposed Transaction. Comments received during the public hearings were varied. Some participants expressed support, while others expressed numerous and diverse concerns regarding the Proposed Transaction. Written testimonies and comments filed by OTWC's customers, interested persons, the general public, institutional organizations, and community leaders regarding the Proposed Transaction can be viewed at the CATV's webpage located at: http://cca.hawaii.gov/catv/cable_operators/charter-time-warner-cable-merger/.

The Proposed Transaction was placed on the agenda of the October 6, 2015, meeting of the Cable Advisory Committee ("**CAC**"). At the meeting, CAC members expressed a few concerns and asked for clarification of some procedural matters, but did not object to approving the Proposed Transaction.

As part of DCCA's review and for purposes of clarification, DCCA issued two (2) sets of information requests ("**IRs**") to Applicants. DCCA issued its first set of IRs on

August 14, 2015, and Applicants filed their responses on August 24, 2015 ("**Responses to First Set of IRs**"). DCCA issued its second set of IRs on October 8, 2015, and Applicants filed responses on October 19, 2015 ("**Responses to Second Set of IRs**"). In addition, DCCA had numerous discussions with Applicants regarding the Proposed Transaction. Applicants responses to the filed IRs can be viewed at the CATV's website located at: http://cca.hawaii.gov/catv/cable_operators/charter-time-warner-cable-merger/.

III. APPLICABLE LAW

A. Federal Law

Federal laws and regulations authorize local franchising authorities ("**LFAs**"), including the State, to act on an application to transfer control of a Cable System.²⁸ As such, the transfer of a Cable Franchise is made under the authority of State law, which is detailed in the section below, and is consistent with the federal Cable Act.

Among other things, section 624 of the Cable Act authorizes LFAs to impose certain requirements on cable-related facilities and equipment, including but not limited to Channel capacity, system configuration, and institutional and Subscriber networks. Section 611 of the Cable Act permits LFAs to require Channel capacity be designated for Public, Educational, or Governmental ("**PEG**") access use. In addition, section 622 of the Cable Act allows LFAs to assess franchise fees up to five percent (5%) of the cable operator's annual gross revenues, any portion of which may be used for PEG access or any other purpose.

Federal regulations require LFAs to act within one hundred twenty (120) days of the submittal of the FCC's Form 394, various exhibits, and any additional information required by the terms of the franchise agreement and state laws; and if an LFA fails to act within that prescribed time, the transfer is deemed approved.²⁹ Because the Application was submitted on July 15, 2015, the end of the one hundred twenty (120) day review period ends on November 12, 2015, unless otherwise extended by mutual agreement. On November 6, 2015, DCCA and Applicants agreed to extend the review period to November 18, 2015 to give DCCA additional time to complete its review of the Proposed Transaction and issue a D&O. Thereafter, Applicants and DCCA mutually agreed to extend the review period three additional times. The final agreement was to extend the review period from December 2, 2015 to December 17, 2015.

²⁸ See section 617 of the Cable Act. See also 47 U.S.C. section 537, and 47 C.F.R. section 76.502(a). Pursuant to HRS section 440G-4, the Director of DCCA is authorized to issue Cable Franchises, and administer and enforce HRS chapter 440G.

²⁹ See section 617 of the Cable Act. See also 47 U.S.C. section 537, and 47 C.F.R. section 76.502(a) and (c).

B. State Law

The regulatory powers of the Director regarding the transfer of a Cable Franchise are set forth in HRS sections 440G-7, 440G-8, 440G-10.1, and 440G-12. In particular, HRS section 440G-10.1(a) states that:

No cable franchise, including the rights, privileges, and obligations thereof, may be assigned . . . or otherwise transferred, voluntarily or involuntarily, directly or indirectly, including the transfer of control of any cable system, whether by change in ownership or otherwise, except upon written application to and approval by the director. (Emphasis added).

HRS section 440G-10.1(b) further states that the provisions of HRS sections 440G-7 and 440G-8 also apply to the transfer of Cable Franchises. HRS section 440G-8(b) establishes the criteria to be considered by the Director prior to issuing a Cable Franchise, and states in pertinent part:

The director, after a public hearing as provided in this chapter, shall issue a cable franchise to the applicant when the director is convinced that it is in the public interest to do so. In determining whether a cable franchise shall be issued, the director shall take into consideration, among other things, the content of the application or proposal, the public need for the proposed service, the ability of the applicant to offer safe, adequate, and reliable service at a reasonable cost to the subscribers, the suitability of the applicant, the financial responsibility of the applicant, the technical and operational ability of the applicant to perform efficiently the service for which authority is requested, any objections arising from the public hearing, the cable advisory committee established by this chapter, or elsewhere, and any other matters as the director deems appropriate in the circumstances. (Emphasis added).

Based on the above, Applicants are required to satisfactorily demonstrate to the Director that the transfer of control of OTWC's six (6) Cable Franchises in the State from TWC to Charter is in the public interest.

C. The Privilege of a Franchise

The grant of a Cable Franchise gives the recipient a non-exclusive right to use and occupy certain limited and scarce public places, public highways, and rights-of-way for the construction, use, operation, and maintenance of a Cable System for a fixed

period. Substantial economic benefits may flow to the recipient as a consequence of this privilege; however, the franchise confers no right, title, or interest in any public places, public highways, and rights-of-way beyond those expressly conferred herein and in the applicable Cable Franchise Orders.

The privilege of a Cable Franchise also carries with it associated obligations. The franchisee (and Applicants) should recognize that there are certain responsibilities assumed when issued or transferred a Cable Franchise(s). These include operating Cable Systems that are reliable, responsive, and responsible to the public that the franchisee serves. In addition, the franchisee is responsible for providing the widest possible diversity of information and services to Subscribers at reasonable costs and enhancing communications capabilities to the communities it serves by supporting institutional network (“INET”) connections, public television, and PEG access programming.

IV. DISCUSSION

A. Introduction

DCCA has thoroughly reviewed and considered Applicants’ representations in the filed State Transfer Application, Form 394, various exhibits and documents, and subsequently submitted supporting materials, including their responses to the issued IRs. DCCA has also considered Applicants’ representations at the public hearings and the CAC meeting, and the comments received from the general public, government agencies, educational institutions and administrators, community organizations and leaders, and CAC members.

After reviewing the information provided, DCCA determines that Charter has demonstrated the requisite financial, legal, and technical ability to operate and maintain the Cable Systems and to provide the services, facilities, and equipment as required in OTWC’s Cable Franchise agreements.

Charter is a telecommunications company initially founded in St. Louis, Missouri, in 1993, and has grown to serve over 5.8 million residential customers and 386,000 business customers throughout twenty-eight (28) states.³⁰ Upon completion of the Proposed Transaction, OTWC as an indirect subsidiary of New Charter (hereafter referred to as “**Charter/OTWC**”, whenever applicable) shall continue to be owned and controlled by TWC, and TWC shall be a subsidiary of New Charter.³¹ Nonetheless,

³⁰ See Public Interest Statement at 7.

³¹ See State Transfer Application at 2.

OTWC would continue to be the franchisee and cable operator in the six (6) Cable Franchise areas in the State.³²

Based on the material representations made by Applicants,³³ DCCA reasonably concludes that Charter appears to be able to continue operations and maintenance of the Cable Systems at the same levels of service to Subscribers throughout the State, and that the management, operations, systems, and financial obligations of Charter/OTWC, at least in the short-term, should remain materially unchanged. However, DCCA is cognizant of various concerns and issues raised by the general public, educational institutions, governmental agencies, and community leaders during the course of this transfer proceeding.³⁴ Many of the issues and concerns raised by the general public, educational institutions, governmental agencies, and community leaders, although significant, fall outside of DCCA's jurisdiction in this transfer proceeding. Nevertheless, DCCA raised many of the concerns in discussions with Charter during the federally mandated review period and attempted to obtain Charter's commitments on these significant issues.

In addition, Charter made various representations with respect to investments in infrastructure and accelerated deployment of innovative and advanced technologies and services; however, Charter initially provided few details and was unable to give any specific commitments regarding these purported public benefits. Later, Charter provided some additional information and commitments, a few of which are described below.

Accordingly, DCCA has determined that the following terms, conditions, and requirements shall be imposed on Charter and/or Charter/OTWC, as applicable, to ensure that the Proposed Transaction is in the public interest.

B. Franchise Obligations

In addition to State statutory and administrative requirements, upon completion of the Proposed Transaction, Charter/OTWC shall continue to fully adhere to and comply with the franchise obligations set forth in the Franchise D&Os.

Consistent with the provisions of the Franchise D&Os and federal and State laws, Charter/OTWC agrees to assume and be bound by all of the terms, conditions, and requirements of the various D&Os, Orders, Letter Orders, and any other directives that have been issued by the Director to address specific needs and requirements by amending certain obligations.

³² Id. at 4.

³³ DCCA notes that all representations made by Applicants in connection with the Proposed Transfer and State Transfer Application are considered to be material representations.

³⁴ See http://cca.hawaii.gov/catv/cable_operators/charter-time-warner-cable-merger/ which is the link to the written comments submitted on the Application.

Charter/OTWC also agrees to assume and be bound by all of the terms, conditions, and requirements of all agreements of any type entered into between OTWC (and its predecessor-in-interest, TWE) and the State (including but not limited to educational and/or governmental agencies of the State), in connection with and arising out of OTWC's franchise obligations for the various Cable Franchise areas. Charter/OTWC voluntarily agrees to assume and be bound by all of the terms, conditions, and requirements in this D&O, recognizing that such commitments benefit Charter/OTWC by fostering goodwill and enhancing the public interest.

Franchise obligations related to system upgrades, INET connections, franchise fee contributions, PEG access, Hawai'i Public Television Foundation, and other franchise related matters are set forth in the Franchise D&Os, and these obligations remain and shall continue to be binding on Charter/OTWC.

In addition, OTWC (and, later Charter/OTWC), consistent with the provisions of the Franchise D&Os and federal and State laws, shall fully adhere to and comply with all of the D&Os, Orders, Letter Orders, and any other directives that have been issued by DCCA regarding OTWC's Hawai'i Cable Franchises during the interim period between the issuance of this D&O and the completion of the Proposed Transaction.

C. Material Representations and Commitments Made by Charter

During this transfer proceeding, Charter made certain representations and commitments in its Application and other filings regarding the Cable Franchise obligations and the operation and management of Charter/OTWC's Cable Systems in the State and the public benefits related to the Proposed Transaction including, among other things, that:

1. OTWC shall remain the cable franchisee in the State and "[t]he change of indirect ownership of OTWC will not result in any disruption of service to Hawai'i customers."³⁵
2. Except as otherwise provided herein, Charter/OTWC has "no current plans to change the terms and conditions of service or operations of the systems."³⁶
3. Charter/OTWC is not requesting and has no current plans to request any changes to the current Franchise D&Os.³⁷

³⁵ See State Transfer Application at 4.

³⁶ Id.

³⁷ Id. at 5.

4. Charter's acquisition of control of OTWC will not affect OTWC's obligations under the Franchise D&Os and Charter has no current plans to make any changes that would be adverse to OTWC customers and Subscribers.³⁸
5. The Proposed Transaction shall not impact any ongoing franchise renewal negotiations and if the franchises are not renewed by the close of the Proposed Transaction, Charter/OTWC "will cooperate and continue to work with the DCCA."³⁹
6. With respect to the State's INET, after the Proposed Transaction is completed, Charter's "acquisition of control of OTWC will not affect OTWC's obligations under its franchise agreements and New Charter has no current plans to make any changes."⁴⁰
7. The Proposed Transaction will not affect OTWC's PEG obligations under the Franchise D&Os, and Charter/OTWC does not have any current plans to make any changes.⁴¹
8. The Proposed Transaction shall "provide innovative, high-quality services in Hawai'i."⁴²
9. The Proposed Transaction will expand broadband functionality and data options for consumers on their mobile devices by investing significantly in both in-home and out-of-home WiFi networks.⁴³
10. Charter/OTWC will "transition virtually all TWC cable systems to 100% all-digital delivery within 30 months of the close of the Proposed Transaction, including the systems in Hawai'i."⁴⁴

³⁸ See State Transfer Application at 40.

³⁹ Id. at 5.

⁴⁰ Id. at 39.

⁴¹ Id. at 40; Response to First Set of IRs at 15 (Response to IR-14).

⁴² State Transfer Application at 6.

⁴³ See id. at 7.

⁴⁴ State Transfer Application at 37.

11. Within twelve (12) months of the closing of the Proposed Transaction, Charter/OTWC shall bring its base level 60 Megabits per second ("**Mbps**") broadband service to Hawai'i consumers in areas where all-digital Cable Systems are available.⁴⁵
12. Charter/OTWC will continue to be bound by its line extension obligations under the Franchise D&Os.⁴⁶
13. Charter commits to providing open Internet protection in the State for at least three (3) years after the closing of the Proposed Transaction, regardless of the pending judicial appeal of the FCC's *Open Internet Order*.⁴⁷
14. Charter/OTWC shall permit the continuation of OTWC's "\$14.99 Everyday Low Price" stand-alone Internet service to customers following the close of the Proposed Transaction. Charter/OTWC has no plans to change this service for existing customers,⁴⁸ and commits to extending this service for existing customers that continue to subscribe for a period of at least two (2) years after the close of the Proposed Transaction.
15. Charter has certified that it will cause Charter/OTWC to "use its best efforts to comply with the terms of the franchise and applicable state laws or local ordinances and related regulations, and to effect changes, as promptly as practicable, in the operation system, if any changes are necessary to cure any violations thereof or defaults thereunder presently in effect or ongoing."⁴⁹
16. Charter is extending its "policy of not imposing early termination fees or requiring customers to sign long term contracts to all customers of the merged entities,"⁵⁰ and has no current plans to change such policy.

⁴⁵ See Public Interest Statement at 19.

⁴⁶ See State Transfer Application at 37.

⁴⁷ See Charter's Testimony before DCCA in Support of the Application Submitted September 11, 2015, at 7. See also Public Interest Statement at 19.

⁴⁸ See Response to First Set of IRs at 14 (Response at Response to IR-11).

⁴⁹ Form 394 at 5, Section V, Part II(C).

⁵⁰ State Transfer Application at 40.

17. Charter is extending its customer-friendly practice of “no data caps or usage-based billing”⁵¹, and has no current plans to change such policy.
18. Charter is extending its customer-friendly practice of no modem lease fees⁵², and has no current plans to change such policy.

Since DCCA considers all of the representations and commitments made by Charter in its Application and other filings for this Proposed Transaction, including but not limited to those enumerated above, to be material representations, it is appropriate, reasonable, and in the public interest to hold Charter, OTWC, and Charter/OTWC, as applicable, to all of the representations and commitments made in this proceeding.

D. Broadband Service for Low-Income Consumers

Access to the Internet and broadband service has increasingly become important in the lives of Americans and has been viewed as an essential service. Many people rely on and use the Internet for work, education, family, and entertainment. The importance of broadband to the State, its residents, visitors, and businesses is captured in the following quote:

Like electricity a century ago, broadband is a foundation for economic growth, job creation, global competitiveness and a better way of life. It is enabling entire new industries and unlocking vast new possibilities for existing ones. It is changing how we educate children, deliver health care, manage energy, ensure public safety, engage government, and access, organize and disseminate knowledge.⁵³

The State has long since recognized the importance of broadband service. In December 2012, the State issued the “Hawaii Broadband Strategic Plan” setting forth goals and specific objectives, and work plans to increase broadband adoption and use of the Internet with the ultimate purpose of ensuring that all Hawai`i citizens have access to high-speed broadband service at affordable rates.

As part of the Proposed Transaction, Charter states that it intends to offer broadband service to low-income consumers. The Charter/OTWC low-income broadband service shall be uniform and national in scope. Within three (3) years after the close of the Proposed Transaction, Charter/OTWC’s low-income broadband

⁵¹ Public Interest Statement at 22.

⁵² See id.

⁵³ See Hawaii Broadband Strategic Plan, issued on December 2012 at 1 (quoting from the Omnibus Broadband Initiative (OBI), FCC, Connecting America: The National Broadband Plan, GN Docket No. 09-51 at 3-5, 129 (2010) at xi).

program will be available in all six (6) Cable Franchise areas where it provides Internet service to residential customers.

Charter shall offer its low-income program to both: (1) households with children that have a student participating in the National School Lunch Program ("**NSLP**"), and (2) senior citizens age 65 and older who are eligible and receive from the federal government Supplemental Security Income benefits. Qualified NSLP participants shall be permitted to enroll in the program throughout the school year. Charter will initially offer the program: (1) to qualifying customers at a speed up to thirty (30) Mbps download and four (4) Mbps upload; and (2) at a price not to exceed \$14.99 a month, including a modem. Charter shall provide notice to DCCA prior to instituting any changes with respect to the speed or price of the service offering.

In addition, in order to qualify, participants cannot have subscribed to Internet service from Charter, OTWC, or one of its parents, affiliates, or subsidiaries within the last sixty (60) calendar days prior to enrollment and participants cannot have any delinquent debts owed to Charter, OTWC, or its parents, affiliates, or subsidiaries.

DCCA finds Charter's commitment to offer a broadband service for low-income consumers in the State to be a public benefit resulting from the Proposed Transaction. Once launched in the State, the program will benefit eligible seniors, children, and families in a positive manner and is consistent with the State's objectives of increasing broadband adoption and use of the Internet. DCCA notes that in Hawai'i approximately fifty percent (50%) of school age students in public schools qualify to participate in the National School Lunch Program. With enrollment figures estimated to be over 180,000 for the 2014 to 2015 school year, roughly 90,000 children and their families across the State would be eligible to participate in Charter/OTWC's low-income broadband service offering. Moreover, DCCA is unaware of any other statewide broadband program offering in Hawai'i with the similar potential reach as the service committed to by Charter as part of the Proposed Transaction.

E. Expansion of Service to Unserved and Underserved Areas

Meeting the needs of the underserved and unserved communities in OTWC's Cable Franchise areas in the State, especially on the neighbor islands, has been a continuing concern for DCCA. In the transfer proceeding involving the cable franchises of O'ahu, Maui County (excluding Lahaina), Lahaina, West Hawai'i (Kona), and East Hawai'i (Hilo) in 2000 due to the merger between Time Warner, Inc. and American Online, Inc., DCCA stated the following:

There is a continuing public need for extending cable service within TWE's neighbor island franchise areas. Although TWE has made significant inroads with respect to extending cable services to outlying, rural or remote communities within Maui

County and Hawaii County, the State remains concerned for those without cable service . . .

Extension of cable service to all communities within franchised areas remain a high priority of the State. TWE has identified several communities that remain unserved, primarily due to sparse population and distances away from existing cable distribution facilities. Those communities include Honokahau within Lahaina; Keanae, Wailua, Ulupalakua, Makena, and Kahakuloa within Maui; Hawaiian Homes-Kawaihae, Kohala by the Sea, Kohala Estates, Kohala Ranch, Kohala Makai, Anekona, and Makapala within West Hawaii; and Kamaee, Hakalau – Chen Chuck Road, Orchid Land Estates, Hawaiian Acres, Hawaiian Orchid Island Estates, Eden Roc Estates, Tiki Gardens, Ohia Estates, Royal Hawaiian Estates, Leilani Estates, Cymbidium Acres, Orchid Isle Estates, Aloha Estates, Hawaii Island Paradise Acres, Pacific Paradise Development, Vacation Land, Kapoho Beach, Kalapana Sea View Estates, Black Sands Beach, Waawaa, Green Sands, Hawaii Ocean View Ranchos, Hawaii Ocean View Estates, within East Hawaii.

D&O No. 261 at 10-11.

Ensuring that unserved communities be provided service remained a concern for DCCA in its D&O that renewed the O`ahu franchise in 2010. In that D&O, DCCA continued its requirement for annual reports documenting OTWC's progress toward the extension of cable service to such communities in D&O No. 261. The O`ahu D&O states, in relevant part, the following:

TWE currently has an extension policy of twenty-five homes per mile. As a condition of this Franchise Order, TWE shall either maintain through the duration of the renewal term its extension policy or, if technically feasible, improve its extension policy such that homes in less densely populated areas can be served. TWE shall work with the Director's staff and shall prepare an annual report regarding the feasibility of extending Cable Service to all communities that remain unserved. This report shall be submitted to the Director by December 31st of each year.

D&O No. 346 at 41.

DCCA is aware that OTWC has made some inroads in providing Cable Service to the unserved areas since 2000, as identified above. Current records indicate that of

the thirty-five (35) communities identified in 2000 as being unserved, OTWC service may now be available, at least partially, in approximately eighteen (18) of the communities including Honokahau, Ulupalakua, and Makena on Maui; and Kohala by the Sea, Kohala Estates, Tiki Gardens, and Ohia Estates on the island of Hawai'i.

However, there are various other communities in the neighbor island Cable Franchise areas that still remain without Cable Service. As noted above, in an effort to address and highlight DCCA's concern regarding unserved communities, DCCA required TWE (now OTWC) in D&O Nos. 261 and 346 to work with the Director's staff and prepare an annual report (due to the Director by December 31st of each year) regarding the feasibility of extending service to all communities that remain unserved in light of the cable operator's twenty-five (25) homes per mile extension policy.⁵⁴ Since this is a Cable Franchise requirement, Charter/OTWC is already obligated to comply with this requirement; however, due to the importance of this issue, DCCA reiterates that OTWC and/or Charter/OTWC, as applicable, shall be required to continue to submit its annual reports to the Director regarding the unserved communities as provided in D&O Nos. 261 and 346 ("**Annual Report on Unserved Areas**").

With respect to unserved areas, in its Application, Charter commits that within four (4) years of the close of the Proposed Transaction it shall: (1) be investing at least \$2.5 billion nationwide in the build-out of its networks into commercial areas beyond where Charter, TWC, and BHN currently operate⁵⁵; and (2) build out one million line extensions of its networks to homes in its franchise areas nationwide.⁵⁶

Related to Charter's build out commitments, in Hawai'i, Charter/ OTWC shall be required to, within four (4) years after the close of the Proposed Transaction: (1) invest at least TEN MILLION AND NO/100 DOLLARS (\$10,000,000.00) to build out its network beyond where OTWC currently operates; and (2) build out at least one thousand (1,000) line extensions of its networks to homes in the Hawai'i Cable Franchise areas. These investment and build out requirements constitute real and tangible public benefits for the State and its residents resulting from the Proposed Transaction. These requirements also result in actual investment in the State's local economy, and represents Charter's commitment to the State and Charter's Subscribers.

Moreover, within its Annual Report on Unserved Areas Charter/OTWC shall also report to DCCA on its plans to build out its network in the Hawai'i Cable Franchise areas beyond where it currently operates, and with respect to line extensions, consistent with the requirements for such build out of its infrastructure, as discussed above. This report, at the request of the Director, may be presented to DCCA and be subject to further requirements and refinements in the future.

⁵⁴ See D&O No. 261 at 11, D&O No. 346 at 41.

⁵⁵ See Public Interest Statement at 18.

⁵⁶ See id.

F. Statewide Technical Upgrade Plan

The pace of development and changes in the technology sector is increasing, and DCCA recognizes that the definition of “state of the art” is changing at a faster pace than ever before. Thus, technological investments must be made with an eye towards ensuring compatibility with what has yet to be developed, and DCCA believes that franchise agreements cannot be the basis upon which services to Subscribers do not keep up with new and developing technologies. With these matters in mind, DCCA requires OTWC, under the O`ahu franchise agreement, to submit a technology upgrade plan for every five (5) year period during the twenty (20) year O`ahu franchise term.

Specifically, in D&O No. 346, DCCA required the following:

For every five-year period during the franchise term, TWE shall submit a technology upgrade plan for its Oahu Cable System to the DCCA. The first technology upgrade plan is due on August 1, 2010, and thereafter, each successive five-year plan shall be submitted no later than April 30th of the preceding year (i.e., April 30, 2014; April 30, 2019; and April 30, 2024). The technology upgrade plan shall report on new developments in cable technology and present an anticipated timetable for the incorporation of new developments in the Oahu Cable System. In addition, the plan shall describe the effect and costs of new technological developments on community needs and interests and also on PEG access, and the effect and compatibility and costs of those technological changes on consumer electronic equipment. TWE, to the extent such information is reasonably available, shall also describe how other cable companies have incorporated, or are planning to incorporate, new technological developments into their Cable Systems and the estimated timetable for doing so. TWE shall also address in its plans, among other things, the following: impacts to PEG Access and schools and libraries, Franchise Required Channels, INET interconnection or connection requirements, broadband internet speeds and other matters related to its Cable System and the cable franchise area. Nothing herein shall preclude TWE from filing confidential, proprietary and/or competitively sensitive information under seal with the DCCA.

In the event that TWE's technology upgrade plan fails to include any of the criteria established above, the Director may require TWE to amend and/or update its technology upgrade plan. If TWE fails or refuses to submit an amended and/or

updated technology upgrade plan as requested by the Director, TWE shall provide a statement explaining how such non-compliance serves the public interest within fifteen calendar days after receipt of the Director's request.

The Director may also request that TWE improve its technology upgrade plan to incorporate new technologies in Oahu more rapidly. If TWE fails or refuses to submit and/or adhere to an improved technology upgrade plan as requested by the Director, TWE shall provide a statement explaining why its refusal or failure serves the public interest within fifteen calendar days after receipt of the Director's request.

The Director shall review all statements provided by TWE regarding how its refusal or failure serves the public interest and, in the Director's sole discretion, approve or reject the statements. The Director may also request additional information supporting TWE's public interest statement. In the event that the Director rejects TWE's public interest statement, the Director may require TWE to submit a revised statement or technology upgrade plan. The Director shall have the option to reduce the duration of the cable franchise renewal term, terminate the cable franchise, or take any other appropriate action consistent with this Franchise Order and applicable Law, in the event TWE's fails to either submit a revised and/or improved technology upgrade plan consistent with the direction of the Director or a statement that is accepted by the Director explaining why its non-compliance serves the public interest.

Furthermore, in the event that TWE fails to submit a technology upgrade plan by the established deadline and/or the Director determines that TWE has failed to implement a previously submitted technology upgrade plan, TWE shall be provided a reasonable time to cure any deficiencies or provide a statement of how such non-compliance serves the public interest.

Failure to remedy the deficiency or deficiencies with a reasonable time, or failure to provide a statement that is accepted by the Director explaining why TWE's non-compliance serves the public interest, shall subject TWE, at the option of the Director, to a reduction of the cable franchise renewal term, termination the cable franchise, or any other

appropriate action taken by the Director and consistent with this Franchise Order and applicable Law.

D&O No. 346 at 23-25.

As noted above, the submittal of technology upgrade plans is a requirement of the O`ahu Cable Franchise and, as such, Charter/OTWC is required to adhere to and comply with this requirement. In addition, the intent of DCCA is to include a similar requirement in each of the franchise agreements that are entered into for the other Hawai`i Cable Franchises in the future. At this juncture, however, for consistency and to ensure that any technological upgrades to service in OTWC's six (6) Cable Franchise areas in the State are deployed reasonably and with a holistic understanding and views of the needs and requirements of all of the communities that it serves, DCCA finds it reasonable and appropriate to now extend the application of this requirement to all of OTWC's Cable Franchise areas in the State.

Therefore, rather than providing a separate technology upgrade plan for each Cable Franchise, Charter/OTWC, following the closing of the Proposed Transaction, shall submit a single statewide technology upgrade plan, as defined herein whenever feasible. This requirement shall be negotiated and phased in as the neighbor island Cable Franchises are renewed and technology upgrade plans for each Cable System are prepared, and then eventually incorporated into a statewide plan. However, when submitting a statewide technology upgrade plan, following the closing of the Proposed Transaction, Charter/OTWC shall clearly indicate which Cable Franchise area(s) the plan applies to and the applicable D&Os, note any exceptions, and fully comply with every other aspects of the technology upgrade plan requirements as provided in the O`ahu franchise D&O, and to be provided in future D&Os for each of the other Cable Franchises in the State.

G. Energy Efficient Two-Way Set-Top Boxes

Generally, Hawai`i residents pay one of the highest rates for electricity in the nation. Estimates have Hawai`i residents paying an average of \$0.33 per kilowatt hour ("kWh"), while the national average rate is approximately \$0.10 per kWh.⁵⁷ This information is based on data from 2013. Recent reports from Hawaiian Electric Company, Inc. (which serves the island of O`ahu) and its subsidiary, Hawaii Electric Light Company, Inc. (which serves the island of Hawai`i), indicate that while prices may have decreased a little on O`ahu, prices may have increased on Hawai`i Island since 2013. For example, during the month of October 2015, residents on O`ahu were paying

⁵⁷ See <http://www.eia.gov/electricity/state/> which is a link to the U.S. Energy Information Administration (EIA), a division of the U.S. Department of Energy.

over \$0.30 per kWh⁵⁸ while those living on Hawai'i Island were paying over \$0.41 per kWh.⁵⁹

Given these statistics, DCCA believes that electric devices in Hawai'i homes, including cable set-top boxes, should be as energy efficient as possible. Charter has agreed to make available Worldbox or other energy efficient two-way set-top boxes that satisfy the U.S. Environmental Protection Agency's Energy Star 3.0 efficiency levels, upon completion of the conversion to all-digital systems.⁶⁰

As a condition of approval of the Application, Charter/OTWC shall promote and make Worldbox or another energy efficient set-top box available to its Subscribers throughout the State. Customers shall have at least one option available to receive such set-top boxes without incurring an additional cost, such as a delivery charge, to obtain such equipment. Within three (3) years after the close of the Proposed Transaction, at least ninety percent (90%) of newly deployed set-top boxes shall meet the Energy Star 3.0 rating requirement. Additionally, DCCA encourages Charter/OTWC to partner and work with local community organizations and stakeholders in the energy field (e.g., Blue Planet Foundation and Hawai'i Energy) to educate the public and aggressively promote the use of energy efficient cable set-top boxes. Furthermore, during this three (3) year period, Charter/OTWC should develop an economically feasible program to change out older and less efficient boxes with energy efficient set-top boxes with minimal (i.e., less than \$1.00) or no cost to Subscribers, and no cost to the State. "Cost" as described here is intended to refer to the charge associated with delivery of the equipment to customers, not the price associated with lease or purchase of the set-top box itself. If such a program is implemented, DCCA believes it would benefit Charter/OTWC's Subscribers and the various communities in Hawai'i that Charter/OTWC serves.

H. All-Digital Network Transition

The transition from analog to all-digital service will benefit Hawai'i consumers through higher levels of television picture quality and increased video options. In addition, such a transition should free up bandwidth in the cable operator's infrastructure to allow for additional services including faster Internet speeds which benefits the public and Charter/OTWC's Subscribers. Charter understands the importance of providing all-digital service and upgrading network systems as it will bring increased capabilities to the Hawai'i Cable Franchise areas.

⁵⁸ See [http://www.hawaiianelectric.com/heco/hidden/Hidden/EnergyServices/Energy-Cost-Adjustment-\(ECAC\)-for-Hawaiian-Electric?cpsextcurrchannel=1](http://www.hawaiianelectric.com/heco/hidden/Hidden/EnergyServices/Energy-Cost-Adjustment-(ECAC)-for-Hawaiian-Electric?cpsextcurrchannel=1) and link to ECAC October 2015.

⁵⁹ See [http://www.hawaiianelectric.com/heco/hidden/Hidden/EnergyServices/Energy-Cost-Adjustment-\(ECAC\)-for-Hawaii-Electric?cpsextcurrchannel=1](http://www.hawaiianelectric.com/heco/hidden/Hidden/EnergyServices/Energy-Cost-Adjustment-(ECAC)-for-Hawaii-Electric?cpsextcurrchannel=1) and link to ECAC October 2015.

⁶⁰ See Charter's Testimony before DCCA in Support of the Application Submitted September 11, 2015, at 4.

In its Application, Charter commits to transitioning virtually all TWC Cable Systems, including OWTC's Cable System, to all-digital networks within thirty (30) months after the close of the Proposed Transaction.⁶¹ This will enable Charter/OTWC to reallocate network capacity for broadband use to increase speeds and to improve the video product by adding significantly more high definition and on-demand options.

Based on and consistent with its commitment to transition to a virtually all-digital network in Hawai'i, Charter/OTWC shall provide DCCA with a plan regarding its conversion to an all-digital network within six (6) months after the close of the Proposed Transaction. The plan shall include timeframes, benchmarks, services, expectations of the all-digital transition, and any other information reasonably requested by the Director. In addition, the plan shall at a minimum state that Charter/OTWC shall: (i) provide customers and stakeholders (including the various PEG access organizations and any other entities that can potentially be impacted by the transition) in Hawai'i with thirty (30) calendar days' advance notice and information prior to transition or partial transition; (ii) upon request, provide up to two (2) digital transport adapters ("DTAs") or "basic boxes" free of charge for a period of up to two (2) years, depending upon the level of service; (iii) make available the requested DTAs or basic boxes to Subscribers through its customer service centers for pick-up or for delivery by mail service (including pre-paid return service) at no charge to the Subscriber which will greatly assist customers in remote areas; and (iv) include a marketing campaign so that Subscribers are informed of the transition, or at least have consistent reminders included in their monthly billing statement.

Related to its commitment to transition OTWC's systems to all digital, within six (6) months after the close of the Proposed Transaction, Charter/OTWC's representatives shall meet and discuss with DCCA and the various PEG access organizations options for transitioning PEG Channels throughout OTWC's Cable Franchise areas to standard definition digital and high definition formats, as applicable. The plan regarding this issue will need to be reasonable to all parties, and may involve various factors and considerations. In addition, these discussions may be initiated and/or continued in the various Cable Franchise renewal proceedings that are currently on-going and may in fact be fully resolved in the Cable Franchise renewal proceedings.

I. Feasibility For Real-Time Testimony From Remote Areas

DCCA recognizes that in a democratic society public participation and involvement in government decision making is essential. During the course of the public hearings and stakeholder meetings that DCCA held regarding the Application, a number of individuals commented on the need for better access to participate in government hearings, both at the State and County levels. Hawai'i's unique landscape was cited as posing significant obstacles to public access and participation to

⁶¹ See State Transfer Application at 37.

government decision making; particularly, air travel and long distance driving requirements often prevent interested parties from taking an active role in government.

For the purpose of creating better access to government hearings and increasing participation in the democratic process, following the close of the Proposed Transaction, Charter/OTWC shall study the feasibility of providing a means to readily accommodate real-time video testimony by the public at State legislative and County hearings held on O`ahu, and at various County council meetings on the neighbor islands. The study shall review the technical and infrastructure upgrades needed to provide interested individuals situated on the neighbor islands with the ability and opportunity to give real-time, live testimony at State legislative hearings on O`ahu, or allow residents in remote locations the ability to testify via video at County meetings without having to leave their immediate communities. The study shall provide options, parameters, and detailed plan(s) (with benchmarks and timeframes) needed to accomplish the objectives set forth herein, and shall examine how currently available public resources can be utilized to achieve the objectives set forth above. Charter/OTWC shall submit this study to DCCA within twelve (12) months after the close of the Proposed Transaction and agrees to work with DCCA to meet the objectives of the plan.

J. Notice of Any Call Center Closures

The closure of a call center can negatively impact Subscribers, employees, and the wider general community where the call center is located. At this time, DCCA is aware that OTWC has a call center with approximately two hundred (200) employees located at OTWC's main office on O`ahu in Mililani, and smaller call centers at Ward Avenue in Honolulu, on O`ahu, and two (2) separate call centers in Hilo and Kona on the island of Hawai`i, each with less than fifty (50) employees.

Under the federal Worker Adjustment and Retraining Notification ("**WARN**") Act, Charter is required to provide sixty (60) calendar days' advance notice regarding the closure of any call center impacting fifty (50) or more employees. In general, the WARN Act offers protection to workers, their families, and communities by requiring employers to provide sixty (60) calendar days' notice in advance of covered plant closings and covered mass layoffs. Under this law, notice must be provided to either the affected workers or their representatives (e.g., a labor union), to the State dislocated worker unit, and to the appropriate unit of local government.

While the WARN Act requirements would apply to OTWC's Mililani call center on O`ahu, the law may not apply to OTWC's smaller call centers, such as those located in Hilo and Kona on the island of Hawai`i. The communities of Hilo and Kona are smaller and less economically diverse than O`ahu, and closure of Charter/OTWC's call centers in those communities would not only directly impact Charter/OTWC's employees, but would have a significant economic and customer service impact to their communities.

Consequently, OTWC and/or Charter/OTWC shall be required in the upcoming Cable Franchise renewals (including the renewal of the East Hawai'i and West Hawai'i franchises) to apply the notification requirements under the WARN Act to all call center closures and relocations in the State regardless of the size of the call center or the number of employees affected.

K. Customer Service Assurances

Given that the Proposed Transaction involves the transfer of control of OTWC's Cable Systems, although indirectly, DCCA is concerned about how the transition may impact customer service and OTWC's and/or Charter/OTWC's response to and ability to address customer service needs, complaints, and requirements. Applicants assured DCCA that the Proposed Transaction will not adversely impact customers and the services they are provided. Nonetheless, to alleviate DCCA's concerns, Charter commits that Charter/OTWC's Customer Satisfaction Survey, conducted annually, shall produce results consistent with results obtained in prior survey years. In the event, however, that there is a ten percent (10%) or more decline in a specific measurement of the survey, after close of the Proposed Transaction, Charter/OTWC shall submit a written explanation to DCCA as to the reasons for the decline within thirty (30) calendar days of the submittal of the survey. In addition, Charter/OTWC shall provide a detailed plan (including timeframes and specific actions) to remedy and correct any decline in the customer service measurement.

L. Rate Transparency and Uniformity

As part of the Proposed Transaction, DCCA visited all six (6) OTWC Cable Franchise areas in Hawai'i and held nine (9) public hearings and a CAC meeting to gather testimony. A recurring issue brought up during the public hearings and public comment period were calls for full disclosure and better rate transparency regarding billing statements. Consistent with the testimony received, DCCA has a history of fielding customer complaints from Subscribers regarding billing issues and OTWC's billing practices.

With these concerns in mind, upon closing of the Proposed Transaction, Charter/OTWC shall, to the extent required by law provide full disclosure and rate transparency through itemization and explanation of all charges for customers so that customers are not surprised with the inclusion of any add-on charges and fees, including but not limited to taxes, broadcast fees, PEG access fees, and capital funding amounts. In addition, Charter/OTWC shall be held to all federal and state requirements regarding pricing and billing practices.

According to Applicants, the Proposed Transaction does not in and of itself require an increase in OTWC's current existing rate structure and Applicants expect that

rates shall continue to be based on market and operating factors.⁶² During negotiations, DCCA was again reminded that aside from rates for basic service in areas without effective competition, LFAs (including DCCA) do not have jurisdiction or regulatory purview over rates for Cable Service. Nonetheless, at this juncture, with respect to general overall rates for its services, other than basic rates, Charter commits, and DCCA shall require, that for a minimum of thirty (30) months after the close of the Proposed Transaction, Charter and/or Charter/OTWC, as applicable, shall ensure that cable and broadband service rates for Hawai'i customers and Subscribers shall be generally consistent with and/or in alignment with rates for services that are charged in Charter's other franchise areas on the mainland U.S. for comparable services. This obligation is connected to Charter's commitment to transition OTWC's Cable System to all-digital within thirty (30) months after the close of the Proposed Transaction, as discussed above. Upon transition to an all-digital network, Charter intends to market its services in Hawai'i consistent with its current packaging and pricing strategies, including its base sixty (60) Mbps broadband service, which it has no current plans to apply differently throughout its national foot print.

M. One Thousand New WiFi Public Access Points

Public WiFi access points ("**hotspots**") can provide free, untethered Internet service in today's world of mobile connectivity. Public hotspots benefit individuals in multiple ways by, among other things, providing seamless access to Internet services that do not impact the monthly data quotas for their mobile devices and providing access where they may not have access to their mobile provider's service. In addition, such access points are especially important to provide Internet access and the socioeconomic benefits that flow from that access to residents who lack any access in their homes because they live in an unserved area or because of economic or other barriers. For these individuals who often live in rural areas, public WiFi may provide essential Internet connectivity allowing them to access public services as well as educational, health, and other online services. Public WiFi is also important to businesses in Hawai'i by allowing them to market their business products and services, and to support the State's primary economic driver of tourism by providing connectivity services expected by these travelers and generally available in most of the desirable travel destinations around the world. Thus, increasing the availability of public WiFi access points will provide a public benefit for the State as a whole.

In the Application, Charter commits to increasing competition in the mobile market place by deploying over three hundred thousand (300,000) out-of-home "public" WiFi access points nationwide within four (4) years after the close of the Proposed Transaction.⁶³ Although DCCA does not have jurisdiction over WiFi and does not regulate WiFi services in any way, in the interest of offering public benefits for the State, Charter commits to, and DCCA shall require that Charter shall deploy at least one

⁶² See Response to First Set of IRs at 9 (Response to IR 7).

⁶³ See State Transfer Application at 8. See also Public Interest Statement at 18.

thousand (1,000) new public WiFi access points throughout Charter/OTWC's Cable Franchise areas in the State, within four (4) years after the close of the Proposed Transaction ("**Required WiFi Access Points**").

Additionally, Charter commits to, and DCCA shall require that at least ten percent (10%) of the Required WiFi Access Points (or one hundred (100) hotspots) be deployed in public parks, or at civic or other community centers, and other public open areas and gathering places, including areas near and around public buildings and public schools ("**Designated WiFi Access Points**"), as specified and directed by DCCA, in consultation with Charter/OTWC. For the Designated WiFi Access Points, DCCA shall assist Charter/OTWC in identifying and gaining access to needed facilities and infrastructure to deploy the Designated WiFi Access Points. Additionally, this commitment is subject to: (1) Charter/OTWC having network connectivity at the location without additional build out and extension of its system; and (2) Charter/OTWC's general terms and conditions and service use policies.

N. Performance Bond and Other Financial Assurances

To ensure compliance with a number of conditions set forth in this D&O, OTWC and/or Charter/OTWC shall purchase (or enter into, as applicable) a ONE MILLION AND NO/100 DOLLAR (\$1,000,000.00) performance bond, within a minimum four (4) year term ("**Performance Bond**"). The Performance Bond shall cover and secure the performance of certain Charter/OTWC obligations as required under this D&O and protect the public if this Proposed Transaction leads to a bankruptcy filing with four (4) years after the close. The Performance Bond, in a form acceptable to DCCA, shall be payable to DCCA for the benefit of the State (or directly to Charter/OTWC's customers, at the direction of DCCA) upon the determination by the Director, after notice and an opportunity to cure, that: (1) Charter/OTWC has failed to invest the required TEN MILLION AND NO/100 DOLLARS (\$10,000,000.00) to build out its network or provide the one thousand (1,000) line extensions within four (4) years after the close of the Proposed Transaction, as required in this D&O; (2) Charter/OTWC has failed to provide the one thousand (1,000) Required WiFi Access Points required in this D&O; or (3) the Proposed Transaction leads Charter/OTWC to file for any form of bankruptcy protection within four (4) years after the close of the Proposed Transaction. The Performance Bond described herein shall be obtained and provided to DCCA within nine (9) months after the close of the Proposed Transaction.

If the Performance Bond is not utilized within four (4) years from the date of its issuance, Charter and/or Charter/OTWC shall have the right to terminate the Performance Bond unless, at least sixty (60) days prior to the end of the four (4) year period, the Director provides written notice to Charter and/or Charter/OTWC that Charter and/or Charter/OTWC is required to renew or extend the Performance Bond for an additional one (1) year period. The decision to require Charter and/or Charter/OTWC to renew or extend the Performance Bond shall be at the sole discretion of the Director.

Moreover, to protect Hawai'i customers, in the event that Charter transfers control of its Hawai'i Cable Systems as a result of a bankruptcy protection filing or other form of financial insolvency, Charter and or Charter/OTWC, as applicable, shall take all commercially reasonable efforts to avoid any service interruptions and to ensure that the transition is seamless to its Subscribers. Related to this, Charter/OTWC shall also provide DCCA, upon request, with information regarding Charter's debt service and events of default of the various loan agreements entered into pursuant to the Proposed Transaction on an annual basis, for a period of four (4) years. The first report shall be submitted on December 31st of the year that the Proposed Transaction closed, and each subsequent report shall be submitted to DCCA upon the request of the Director.

O. Outstanding Franchise Issue and Related Matters

During this proceeding, DCCA was made aware that an outstanding Cable Franchise issue would not be completed or resolved prior to the issuance of this D&O due to the federal time limits placed on LFAs regarding the review and approval of the transfer of Cable Systems. Specifically, the review period did not afford sufficient time for resolution of the customer service concerns related to Hana, Maui ("**Hana Customer Service**"). While DCCA would prefer to have this matter resolved prior to issuance of this D&O, based on the nature of the issue, discussions on the matter, and the representations made by Charter in this proceeding, DCCA is confident that this issue can and will be addressed after the issuance of this D&O.

As noted above, DCCA and OTWC are in good faith discussions to resolve the Hana Customer Service concerns in a reasonable, fair, and appropriate manner. Applicants have agreed that OTWC shall continue to be responsible for any and all past outstanding franchise issues, acts, and omissions. DCCA may require OTWC and/or Charter/OTWC to provide written reports each month, or more frequently as requested by DCCA, and to meet with DCCA staff as requested, to discuss OTWC's and/or Charter/OTWC's work to resolve the Hana customer service concerns until they are resolved to the satisfaction of the Director.

Although Charter/OTWC, as the cable operator, is bound by the Franchise D&Os and must also comply with all applicable State laws and rules regarding the provision of Cable Service, DCCA also reminds Charter of its certification to the State that it would comply with all Franchise D&Os and all applicable State laws and rules, and that it shall use its best efforts to cure any outstanding Cable Franchise issues.⁶⁴

DCCA notes that approval of the Proposed Transaction does not and shall not constitute a waiver or release of any of DCCA's rights under any of the Franchise D&Os

⁶⁴ Specifically, Charter has certified that it would "use its best efforts to comply with the terms of the franchise and applicable state laws or local ordinances and related regulations, and to effect changes, as promptly as practicable, in the operation system, if any changes are necessary to cure any violations thereof or defaults thereunder presently in effect or ongoing." Form 394 at 5, Section V, Part II.

or applicable laws and rules, D&Os, Orders, Letter Orders, and other directives that have been issued by the Director to address specific needs and requirements by amending certain obligations consistent with the provisions of the Franchise D&Os and State law. DCCA, Charter and OTWC do not waive any and reserve all of their rights with respect to OTWC's and Charter's compliance with the terms, conditions, and requirements in the Franchise D&Os, and all applicable laws and rules, D&Os, Orders, Letter Orders, and other directives that have been issued by the Director to address specific needs and requirements by amending certain obligations consistent with the provisions of the Franchise D&Os and State law.

The Director's approval of the Proposed Transaction shall not in any way be deemed to be a representation by DCCA that OTWC is in compliance with all of its obligations and responsibilities under the Franchise D&Os and all applicable laws and rules, D&Os, Orders, Letter Orders, and other directives that have been issued by the Director to address specific needs and requirements by amending certain obligations consistent with the provisions of the Franchise D&Os and State law.

After the close of the Proposed Transaction, OTWC and Charter/OTWC shall continue to be responsible for any and all past Cable Franchise issues, acts, and omissions, known and unknown, of OTWC under the Franchise D&Os and all applicable laws and rules, D&Os, Orders, Letter Orders, and other directives that have been issued by the Director to address specific needs and requirements by amending certain obligations consistent with the provisions of the Franchise D&Os and State law.

P. Other Areas of Discussion

Applicants made numerous representations in this transfer proceeding regarding the proposed public benefits of the Proposed Transaction, including Charter's investment in infrastructure, broadband options, and accelerated deployment of innovative and advanced technologies and services, many of which are enumerated above in Section IV.C. of this D&O. During the course of this proceeding, DCCA made various attempts to solicit additional information and clarifications regarding the purported public benefits, especially for the neighbor island Cable Franchises. For instance, DCCA requested that Charter elaborate on its intentions and plans with respect to its low-income broadband service program, expansion of PEG access services and obligations, rates and services impacting Subscribers, transition to all-digital, and deployment of broadband services and advance technologies, among other issues.

In general, while Charter did provide some details and a number of commitments, it often asserted that the requested information was not within DCCA's scope of review related to the Application. Nonetheless, Charter made assurances (and DCCA relies on these representations in issuing this D&O) that it would cause

Charter/OTWC to satisfy and adhere to all Cable Franchise requirements, and that there were no current plans to change any rates and services.⁶⁵

During negotiations, DCCA further attempted to obtain Charter's commitments regarding the issues mentioned above. However, DCCA was hindered during the negotiations given that: (1) the FCC prohibits LFAs from regulating rates and conditioning Cable System transfers on them⁶⁶; 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, unless agreed to by the cable operator.

Nevertheless, at this juncture, DCCA finds that the conditions and requirements listed below are also necessary, reasonable, and appropriate under the circumstances to ensure that the Proposed Transaction is in the public interest.

1. "Favored Nation Clause"

To the extent that Charter and/or Charter/OTWC or any local cable television service provider controlled directly or indirectly by Charter provides an improved or "better" broadband service program for low-income consumers in any franchise area in the United States (including any state or individual franchise area specific program for low-income consumers), beyond what Charter/OTWC is required to and/or intends to provide in the Hawai'i Cable Franchise areas as a result of the Proposed Transaction, Charter/OTWC shall make a substantially comparable offering available to all customers and Subscribers served by Charter/OTWC in its Hawai'i Cable Franchises within ninety (90) calendar days of the service first being offered in the other franchise area.

In addition, after close of the Proposed Transaction, Charter/OTWC commits to being actively engaged in working with DCCA and other stakeholders, including those living in unserved and underserved areas, on important issues related to and regarding deployment of its infrastructure to unserved and underserved areas in the State. In the event that the line extension policy of any local cable television service provider controlled directly or indirectly by Charter is amended pursuant to or in connection with the Proposed Transaction, so that Charter provides a more favorable homes per mile density standard for extension of its cable system, then Charter shall provide a written report on all such amendments and the conditions and requirements associated with

⁶⁵ See Generally, State Transfer Application, Responses to First Set of IRs, and Responses to Second Set of IRs.

⁶⁶ See Implementation of Sections 11 and 13 of the Cable Television and Competition Act of 1992, Report and Order, 8 FCC Rcd 6828 ¶ 39, n. 38 (1993) (In exercising their transfer jurisdiction, franchising authorities may not seek to circumvent federal regulatory authority, including federal rate regulations in particular.).

such amendments to DCCA, and discuss with DCCA whether and how such amendments could be implemented in the State.

2. Post-Transaction Progress Report and Briefing

Under State law, the Director has the power and jurisdiction to supervise and regulate every cable operator in the State and is empowered to do all things which are necessary or convenient in the exercise of the Director's power and jurisdiction.⁶⁷ Accordingly, within six (6) months after the date of the close of the Proposed Transaction, Charter/OTWC shall provide a written report to DCCA and orally brief the Director on the impacts of the completed transaction. At a minimum, the written report and briefing shall address the following:

- a. How the transfer of control of the Cable Systems from TWC to Charter is progressing;
- b. How the transaction has impacted the operations and organization of the Cable Systems in the State;
- c. Any future plans regarding services and operation of the Cable Systems in the State; and
- d. Charter/OTWC's progress towards fulfilling and satisfying all the purported public benefits related to the Proposed Transaction as represented by Charter in this transfer proceeding, including those enumerated in Section IV.C. of this D&O and its progress for compliance with the other terms and conditions of this D&O.

During the briefing, Charter/OTWC shall be prepared to respond to any questions posed by the Director and DCCA staff, and provide any follow-up discussions and documentation after the briefing, as warranted and appropriate.

V. CONCLUSION

Based on the foregoing, the Director finds that Charter is legally, financially, and technically qualified to acquire control of OTWC and to provide the services required for each of OTWC's Hawai'i Cable Franchises and that the Proposed Transaction is in the public interest with the terms, conditions, and requirements described above, and should therefore be approved. Accordingly, DCCA hereby approves the Proposed Transaction based on the information provided in the Application, and the supporting and supplemental filings by Applicants. Specifically, DCCA approves the transfer from TWC to Charter of control of OTWC's Cable Franchises for the island of O`ahu, island of Kaua`i, East Hawai`i (Hilo), West Hawai`i (Kona), County of Maui (excluding

⁶⁷ See HRS section 440G-12(a).

Lahaina), and Lahaina, subject to the terms, conditions, and requirements specified in this D&O.

VI. ORDER

NOW, THEREFORE, the request to transfer control of OTWC's six (6) Hawai'i Cable Franchises from TWC to Charter, as described in the Application, is hereby APPROVED, subject to the following:

- A. Following the close of the Proposed Transaction, Charter shall adhere and comply, or shall cause OTWC and/or Charter/OTWC to comply, with all terms, requirements, conditions and obligations set forth in the Franchise D&Os, and any other D&Os, Orders, Letter Orders, and other directives that have been issued periodically to address specific needs and requirements consistent with the provisions of the Franchise D&Os and federal and State laws.

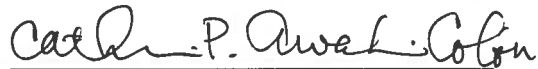
Moreover, in connection with its Cable Franchise obligations, OTWC (and its predecessor-in-interest, TWE) entered into various stipulations and agreements with the State and other educational and governmental agencies related to and impacting its services in the Cable Franchise areas. Charter/OTWC shall fully comply with the various stipulations and agreements OTWC (or TWE, as applicable) had entered into related to its franchise obligations that are in effect as of the date the Proposed Transaction is completed.

- B. The approval of the Proposed Transaction by the Director does not and shall not amend nor alter the Franchise D&Os, or any D&Os, Orders, Letter Orders, and other directives that have been issued periodically to address specific needs and requirements consistent with the provisions of the Franchise D&Os and federal and State laws in any way, except as expressly provided otherwise in this D&O. The Franchise D&Os, and any D&Os, Orders, Letter Orders, and other directives that have been issued periodically to address specific needs and requirements consistent with the provisions of the Franchise D&Os and federal and State laws shall continue to remain in full force and effect, and enforceable in accordance with their terms and conditions and applicable law.
- C. OTWC (and, later Charter/OTWC) shall fully adhere to and comply with all of the D&Os, Orders, Letter Orders, and any other directives as provided by OTWC's Hawai'i Cable Franchises issued by DCCA during the interim period between the issuance of this D&O and the close of the Proposed Transaction.

- D. TWC, Charter, OTWC, and Charter/OTWC, as applicable, shall adhere to and comply with all of the terms, conditions, and requirements provided in this D&O, including but not limited to Section IV. of this D&O.
- E. The closing of the Merger Agreements is completed without any materially adverse changes to the Merger Agreements that were provided to DCCA and last reviewed by DCCA in connection with the Proposed Transaction. Applicants and/or OTWC shall promptly notify the Director in writing of the closing of the Merger Agreements and also upon the completion of the Proposed Transaction, provide the exact dates when the Merger Agreements closed and the Proposed Transaction is completed (as applicable) and whether any material changes to the Merger Agreements were made prior to or shortly after the close of the Proposed Transaction.
1. Notification shall be provided to DCCA within seven (7) calendar days after the closing of the Merger Agreements and seven (7) calendar days after completion of the Proposed Transaction.
 2. In the event there are any materially adverse changes to the Merger Agreements or to the structure or operation of OTWC's cable systems in the State as a result thereof, the Director reserves the right to review such changes and take any and all necessary and appropriate actions to protect the public interest, including but not limited to modifying or rescinding this D&O.
- F. The approval of the Merger Agreements (and/or Proposed Transaction) by the FCC, the United States Department of Justice ("**DOJ**"), and other applicable federal agencies shall be required, and Charter, TWC, and OTWC (and/or Charter/OTWC) shall comply with any conditions, obligations, and requirements imposed by the FCC, DOJ, or any other federal agency in connection with the Merger Agreements or Proposed Transaction, as applicable. In addition, the Merger Agreements and Proposed Transaction shall be in compliance with all State laws, rules, and requirements, including any and all State anti-trust statutes and requirements.
- G. Except as otherwise specifically provided in this D&O, the terms, conditions, requirements, and obligations of OTWC's Cable Franchises in the State (i.e., the Franchise D&Os, and D&Os, Orders, Letter Orders, and other directives that have been issued periodically to address specific needs and requirements consistent with the provisions of the Franchise D&Os and State law) and franchise-related agreements and stipulations shall continue to be in full force and effect.

- H. Notwithstanding any provision to the contrary in this D&O, if the Merger Agreements fail to close or the Proposed Transaction is not completed, for whatever reason, within twelve (12) months from the date of this D&O, this D&O shall be automatically rescinded and shall be deemed null and void, and all prior D&Os issued to OTWC and its predecessor-in-interest, TWE, shall continue to remain in full force and effect. In such an event, OTWC shall immediately provide prompt written notification to the Director, and the Director shall have the right to take any and all actions and to issue such Orders as the Director deems necessary or appropriate to serve and protect the public interest within the subject Cable Franchise areas in accordance with applicable federal and State laws and rules.

Dated: Honolulu, Hawai'i, December 17, 2015



CATHERINE AWAKUNI COLÓN

Director of Commerce and Consumer Affairs

CERTIFICATE OF SERVICE

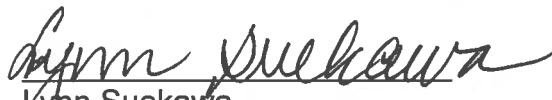
I hereby certify that a copy of the foregoing **DECISION AND ORDER NO. 366** was served upon the following parties at the address shown below by mail, postage prepaid, on this _____ 17th _____ day of _____ December _____, 2015.

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