

BEFORE THE DIRECTOR OF REGULATORY AGENCIES  
OF THE STATE OF HAWAII

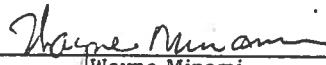
In the Matter of the Application of )  
 )  
PACIFIC NETWORK, INCORPORATED )  
 )  
for Approval of an Amendment of Its )  
Tariff to Include a Rate for the Leasing )  
of Channels. )  
\_\_\_\_\_ )

ORDER NO. 54

ORDER

Pacific Network, Incorporated on July 11, 1977 filed an application with the Director of Regulatory Agencies requesting approval of the attached amendments to its tariff to provide for rates and charges for the leasing of video channels for "pay" television purposes. Upon review and consideration of all pertinent information relating to the above request, the Director of Regulatory Agencies hereby grants, effective this day, interim approval of the said amendment to the tariff of Pacific Network, Incorporated. The tariff, as amended, shall remain in force until a proper study of all matters relating to the said rates and charges, both to the public and Pacific Network, Incorporated can be made by the Director of Regulatory Agencies.

DATED: Honolulu, Hawaii, August 22, 1977.

  
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Wayne Minami  
Director

V. LEASED CHANNELS

Franchisee may lease out by written channel lease agreement open cable channels to lessees for television, movie and radio signals, computer and all other signals and usage, including advertising for lease rentals hereinafter prescribed. Lessee shall have the right to contract with subscribers of Franchisee to subscribe for television, movie and other CATV transmissions offered by Lessee. All Franchisee's subscribers not contracting with Lessee for Lessee's transmission services shall be removed from the leased channel by Lessee and at Lessee's expense.

Lease rental for each channel so leased, payable monthly, shall be the greater of:

- (1) \$961.54 per month minimum lease rent, or
- (2) \$ 1.44 per month per Lessee's subscriber, or
- (3) 18% of the gross receipts of Lessee collected from any and all leased channel usage, including but not limited to, television, movie and radio signals, computer and all other signals and usage, including advertising revenue. Normal installation charges, deposits and charges for use of accessory equipment made in the ordinary course of business shall be excluded from "gross receipts."

In addition to lease rentals, Lessee shall also pay the Hawaii excise tax and any State franchise fees that may be levied upon the lease rentals received by Franchisee from Lessee.

Lessee shall grant to Franchisee, and the channel lease agreement shall so provide, the right to audit Lessee's contract with leased channel subscribers, gross receipts records and such other Lessee's transmissions pertaining to the proper computation of lease rentals under channel lease arrangements for the purpose of confirming that lease rentals paid by Lessee are correct and proper.

Issued: 7/11/77  
Effective: 9/1/77

Issued By  
Malcolm H. Love, President

CERTIFICATE OF SERVICE

I hereby certify that copies hereof were served upon the following by mailing  
the same, postage prepaid, on August 22, 1977.

Pacific Network, Incorporated  
P. O. Box 7126  
Honolulu, Hawaii 96821



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Edwin K. S. Liu