

BEFORE THE DIRECTOR OF REGULATORY AGENCIES
OF THE STATE OF HAWAII

In the Matter of the Application of)
PACIFIC CABLEVISION CORPORATION)
For Transfer of all of the Stock of) Order No. 57
Pacific Network, Incorporated to It.)
_____)

O R D E R

PACIFIC CABLEVISION CORPORATION, (herein "Applicant"), in an application dated September 20, 1977, requested that the Director of Regulatory Agencies: (1) approve its acquisition of all of the capital stock of Pacific Network, Incorporated; (2) approve the transfer of Cable Permit Number 16 from Pacific Network, Incorporated to Applicant; and (3) approve a schedule of rates and charges for cable communication services within the permit area.

Upon review and consideration of all pertinent information relating to the above request, the Director of Regulatory Agencies hereby grants such approvals, subject to the conditions herein listed. The conditions for approval are:

1. Applicant shall construct cable facilities and begin service to all potential subscribers in the Waialae-Kahala, Black Point, and Lower Kaimuki areas of the City and County of Honolulu on or before December 31, 1978. In the event that facilities shall not have been completed for these areas within the period specified, the remaining life term of Permit Number 16 shall be lessened automatically by twice the length of time elapsing from January 1, 1979 to the date of extension of service to all potential subscribers

as certified by the Director. These areas relative to other unbuilt areas have poor off-the-air reception and should for the benefit of the residents receive first priority. The residents of these areas have already waited far too long for cable television services. Applicant shall begin work on such construction immediately.

2. Applicant shall prior to December 31, 1978 submit a detailed analysis and schedule for the construction of the remainder of the permit area in increments over the period beginning July 1, 1979 and ending December 31, 1983 unless otherwise extended by the Director. Said analysis shall as a minimum set forth the cost of each increment and the effect construction of such increment will have on the financial position of the company. The plans shall contain a specific construction timetable which shall not be conditioned on any specific subscriber penetration rate, but the effect of various penetration rates on the financial condition of the Applicant shall be estimated and set forth. Prior to consideration of any further rate increases, the Director will require that a suitable construction schedule for such areas be submitted and approved.

3. All cable system facilities existing on January 1, 1978 shall on or before the 1st day of July, 1979, be upgraded to the following:

- a. Minimum channel capacity. The system shall have at least 120 MHz of usable bandwidth (the equivalent of 20 television broadcast channels) available for immediate or potential use of the totality of cable services to be offered;

- b. Equivalent amount of bandwidth. For each Class I cable channel that is utilized, the system shall provide an additional channel, 6 MHz in width, suitable for transmission of Class II or Class III signal (as defined by the Federal Communications Commission); and
- c. Two-way communications. The system shall maintain a plant having technical capacity for non-voice return communications.

In the event that the facilities existing on January 1, 1978 shall not have been modified and/or reconstructed to meet the above requirement within the period specified, the remaining life term of Permit Number 16 shall be lessened automatically by twice the length of time elapsing from July 1, 1979 to the date of such modification and/or reconstruction of said facilities as certified by the Director.

4. The rates and charges set forth in Schedule "G" to the instant application are hereby approved; provided that subscribers receiving service on the date of this Order shall continue to pay a monthly rate for each main outlet of \$6.00 and a monthly rate for each additional outlet of \$1.00 until such time as both of the following conditions have been satisfied:

- a. The Applicant provides a distant broadcast channel in addition to the five existing broadcast channels and subscription movie channel presently being provided; and
- b. The Applicant replaces all defective amplifiers presently being used to provide service.

5. Applicant shall maintain and otherwise provide for the effective use of the following restricted use color cable channels:

- a. Public Access Channel;
- b. Education Channel; and
- c. Government Channel.

(This requirement shall not be applicable to the facilities governed by paragraph 3 until July 1, 1979.)

6. Applicant shall notify and secure the prior written approval of the Director of Regulatory Agencies for all reorganizations, acquisitions, or transfers of the cumulative amount of one percent or more of its stock by any single individual, group of individuals, corporations and/or undisclosed principals.

7. Applicant shall secure the prior written approval of the Director of Regulatory Agencies before entering into any agreement with any corporation, partnership, single owner, or other business entity owned or controlled by stockholders holding or controlling more than one percent of its shares.

8. Applicant shall secure the written approval of the Director of Regulatory Agencies prior to all loans and financial transactions involving an amount in excess of \$50,000.

9. Prior to commencing any construction increment required by this Order, the Applicant shall submit a construction bond in an amount not less than fifty percent of the cost of construction as required by Section 440G-6.

10. Permit Number 16, issued by the Director of Regulatory Agencies on August 12, 1971, as modified by the

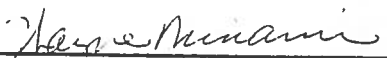
terms of this Order, shall be fully applicable to and binding upon the Applicant.

11. Approval of Applicant's acquisition of the capital stock of Pacific Network Incorporated and of the transfer of Permit Number 16 to Applicant shall not constitute a determination that all or any portion of the price paid for such shares shall be included in Applicant's "rate base" in any future proceeding concerned with the issue of Applicant's rates and charges. A substantial portion of such amount appears to constitute a "good will charge" or "premium" which ordinarily should be borne by the owners of the system rather than the ratepayers.

12. Applicant may apply for a modification of the terms of this Order by filing a verified pleading setting forth the relief requested and the grounds therefor. The Director shall hear and determine any such application.

13. The Applicant has the right to a contested case hearing if it believes itself aggrieved by any of the provisions of this Order. Such a hearing will be ordered provided that Applicant files a written request therefor with the Director within ten days of the date of this Order.

DATED: Honolulu, Hawaii, March 14, 1978.



Wayne Minami
Director of Regulatory Agencies

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing
Order No. 57 were served upon the following by mailing the
same, postage prepaid, on March 15, 1978:

Pacific Cablevision Corporation
2669 Kilihau Street
Honolulu, Hawaii 96819

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

A copy was also served upon Kobayashi, Koshiba,
and Watanabe, attorney for applicant, by personal delivery
on this 15th day of March, 1978.

Sandra G. E. Yonesaki

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