

BEFORE THE DIRECTOR OF REGULATORY AGENCIES  
OF THE STATE OF HAWAII

In the Matter of the Application of )  
OCEANIC CABLEVISION, INC. )  
For Approval of an Increase in Its ) DOCKET NO. 29-77-01  
Rates and Charges. ) ORDER NO. 58

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ORDER GRANTING REQUEST FOR INTERIM APPROVAL OF  
AMENDMENT OF RATES AND CHARGES

1. On March 15, 1978 the Applicant, Oceanic Cablevision, Inc., filed an application for interim approval of the proposed rates and charges which are the subject of this proceeding. The grounds set forth in support thereof were as follows:

- "1. Soaring costs of construction and operation;
2. Commitments to Applicant's lenders must be met through rate adjustments, increased penetration and cost reductions;
3. Timing on the introduction of a new distant signal makes an immediate rate increase both justified and necessary."

2. The Applicant filed the instant application on August 31, 1977. An investigation by the Cable Television Division was undertaken and a public hearing was held on January 23, 1978 at which the subscribers and public were afforded an opportunity to present their views and comments.

3. The principal justification of the Applicant for its proposed rates and charges is that the revenues generated thereby are necessary and essential to enable the company to meet its existing financial obligations in a timely fashion. Information furnished to the Division by the Applicant indicates that if the proposed rates and charges were not approved the Applicant's monthly cash flow would remain negative until June, 1980. Under the Applicant's analysis, even with the rate increase, deficit operations will continue until March 31, 1979.

Based on the foregoing it is hereby ordered as follows:

1. The rates and charges set forth in Schedule D to the instant application are hereby approved on an interim basis until further order in this proceeding; such rates and charges may be disapproved or adjusted downward if further investigation warrants such action.

2. Approval of such rates and charges on an interim basis is based on Applicant's representations that the revenue generated thereby is necessary to enable it to meet its current obligations; further investigation is required to determine whether such rates and charges should receive final approval. The cash flow analysis employed by the Applicant may justify interim needs but should not be exclusively relied on in making a final determination. In order to further assist the Cable Television Division in its investigation of the proposed rates and charges, the following

shall be submitted by the Applicant within thirty days of the date of this Order:

- a. A pro-forma income statement for the years ending March 31, 1979 and March 31, 1980 under existing rates and under the rates herein approved on an interim basis;
- b. A detailed statement reflecting all cash receipts and disbursements;
- c. A statement setting forth in detail the Applicant's justification for the reasonableness of all charges to Home Communications Services Corporation; and
- d. A consolidated financial statement of Cablevision Holdings, Inc.

3. Applicant shall prior to July 1, 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.

4. The interim rates herein approved shall be the maximum rates permitted; lower rates may be charged by the Applicant for a particular region or area if under all

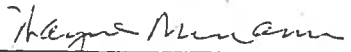
circumstances they appear reasonable and are approved by the Department.

5. Applicant is further authorized to eliminate the use of set-top converters in the North Shore area (Waialua, Haleiwa, Pupukea, Sunset Beach, Kuilima, Mokuleia and Kahuku) under the following terms and conditions:

- a. Present subscribers in the above-described areas shall be given a \$5.00 rebate by Applicant for the return of any set-top converter earlier provided by Applicant to subscribers. Set-top converters must be delivered by subscribers to a designated location in the North Shore area. Each rebate shall be credited against future monthly subscriber fees of each respective subscriber returning said set-top converter unless at the time of return the subscriber terminates service.
- b. All subscribers returning all set-top converters earlier provided by Applicant shall also receive a reduction in his or her monthly subscriber fee from \$9.10 to \$8.50.

6. Applicant is further ordered to investigate the possibility of eliminating the use of set-top converters in other areas within its franchise under the terms set forth in paragraph 5 herein.

DATED: Honolulu, Hawaii, March 23, 1978.

  
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Wayne Minami  
Director of Regulatory Agencies

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Order No. 58 was served on the following by personal delivery on this 28th day of March, 1978:

Jeffrey Watanabe, Esq.  
Kobayashi, Koshiba & Watanabe  
Suite 814, 745 Fort Street  
Honolulu, Hawaii 96813

A copy was also served upon the following by mailing the same, postage prepaid, on this 28th day of March, 1978:

Oceanic Cablevision, Incorporated  
2669 Kilihau Street  
Honolulu, Hawaii 96819

  
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Sandra Y. E. Yonesaki