

BEFORE THE DIRECTOR OF REGULATORY AGENCIES
STATE OF HAWAII

In the Matter of the Petition of)
KAISER TELEPROMPTER OF)
HAWAII, INCORPORATED)
For Approval of an Increase in)
Its Rates and Charges.)
_____)

Docket No. 01-74-01
ORDER NO. 65

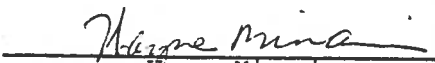
ORDER ADOPTING HEARING OFFICER'S
PROPOSED FINDINGS OF FACT AND CONCLUSIONS
AS THE DIRECTOR'S FINAL ORDER

On July 13, 1978, the duly appointed hearing officer submitted his written Proposed Findings of Fact and Conclusions to the Director and served it on all parties. In accordance with Chapter 1 of the Rules and Regulations of the Cable Television Division, all parties were afforded a fifteen-day period in which to file exceptions to the hearing officer's Proposed Findings of Fact and Conclusions. A written Exception to Proposed Findings of Fact and Conclusions was filed on July 24, 1978, by Applicant Kaiser Teleprompter of Hawaii, Incorporated. In said document Applicant took issue only with that portion of the hearing officer's Proposed Findings of Fact and Conclusions which required that certain new services be provided by the Applicant prior to the effective date of the approved rates and

charges. Applicant by verbal notification to the Director's office waived its right to present argument to the Director concerning its exception. Said exception is denied for the reason that permitting new rates and charges prior to the provision of new services will remove the Applicant's incentive to provide such services.

Having reviewed and considered the entire record in this matter, I hereby adopt the hearing officer's Proposed Findings of Fact and Conclusions as the final Order in this proceeding.

DATED: Honolulu, Hawaii, August 14, 1978.



Wayne Minami
Director of Regulatory Agencies

BEFORE THE DIRECTOR OF REGULATORY AGENCIES
STATE OF HAWAII

In the Matter of the Petition of)	
)	
KAISER TELEPROMPTER OF)	
HAWAII, INCORPORATED)	Docket No. 01-74-01
)	
For Approval of an Increase in)	
Its Rates and Charges.)	
<hr/>		

PROPOSED FINDINGS OF FACT AND CONCLUSIONS

I.

THE INVESTIGATION

1. The Applicant, Kaiser Teleprompter of Hawaii, Inc., filed its petition for authorization to increase its rates and charges on December 23, 1974. The petition sought to increase its regular rate of residential service from \$6.00 per month to \$9.95 per month, and to establish a new multiple billing rate of \$10.35 per month. Increases in rates for additional outlets from \$1.00 to \$3.00 per month is also sought. Other changes are also involved. (See EXHIBIT A attached for original tariff filing.)

2. The Cable Television Division conducted its investigation and recommended that the petition for authorization to increase rates be denied for the reasons

that: (a) the Applicant has failed to adequately document and substantiate information regarding its expenses, investment and return on investment submitted in support of such increased rates and charges; (b) the Applicant's proposed increases in its rates and charges would, if approved, result in an unreasonably high return on investment to Applicant; and (c) the variety, quality and quantity of CATV services presently offered by the Applicant do not support the proposed increases in rates and charges.

3. By Order dated May 7, 1976, the Director of Regulatory Agencies stated his general agreement with the findings of the Division, and directed that hearings be held to afford the Applicant an opportunity to be heard.

II.

PROCEDURAL BACKGROUND

4. A prehearing conference was held on July 7, 1976, at which time the various issues were discussed and the following conclusions reached:

- a. That the procedural rules governing contested cases set forth in Chapter 91, Hawaii Revised Statutes, and Paragraph B, Part II, Chapter I, of the Cable Television

Division's Rules and Regulations, unless plainly inconsistent with Section 440G-11, HRS, shall apply to these proceedings.

- b. That the Applicant, Kaiser Teleprompter of Hawaii, Inc., has the burden of proving with reliable, probative, and substantial evidence that the proposed rates and charges are fair and reasonable to both the public it serves and the Company.
- c. That the total revenue requirement of the Applicant shall be determined including allowable expenses, value of the Company's assets used in providing service to its customers, and the rate of return the Company should be allowed to earn on its net investment; however, such determination of revenue requirement shall be only the initial step in the determination of fair and reasonable return.
- d. That other factors such as the quality of cable television service; the nature, variety and quantity of services offered to subscribers and to educational institutions; the public's need for expansion of services to other areas; and a comparison of the Applicant's services with that

provided by other systems in the State, are all to be considered in determining the fairness of the proposed rates and charges.

- e. That the parties, including the CATV Division, are authorized to present written requests for data upon other parties.
- f. That all parties shall present its affirmative case, including testimonies and supporting exhibits, in writing and that such testimonies and exhibits shall be exchanged according to the following schedule:

- (1) Applicant -- August 9, 1976

- (2) CATV Division -- September 20, 1976

- g. That hearings shall commence on November 3, 1976.

5. Due mainly to the difficulties encountered by the parties in obtaining responses to informational requests, the schedule prescribed in the Prehearing Order was deferred pending the submission of adequate responses to informational requests submitted by the CATV Division. Hearings were conducted on April 26 and 27, and on May 2 and 3, 1978.

6. At the conclusion of the presentation of the Applicant's case, the CATV Division moved to dismiss the

application on the grounds that the Applicant had failed to prove its case with reliable, probative and substantial evidence. The Division made it clear that its case, presented in writing, was directed mainly to showing that the Applicant's case contained material deficiencies; that the Division's case was purely rebuttal in nature; and further that it was not necessary for the Division to go forward with the presentation of its evidence because the record developed to date clearly showed that Applicant did not prove its need for a rate increase. The Division was not prepared to state whether the Applicant is entitled to any rate increase, and the conditions upon which such increase should be granted. The Division, however, indicated that it is capable of making such determination within a short time and suggested that hearings be suspended pending such determination and possible negotiation of the issues in order to save time and expense.

7. On May 4, 1978, during an informal conference before the Hearing Officer, the Applicant advanced a proposal which contained material substantive changes from its original request. The proposal included a two-step plan of increasing rates from \$6.00 per month to \$7.25 per month for the regular rate covering single family residences to become effective upon the inauguration of three additional services: (a) Home Box Office pay-movie operations; (b) Atlanta's Channel 17 telecasts; and (c) public access channel support, the latter two to be provided as part of the base rate

without extra charge. The second step would bring the rates up to \$7.95 per month for the regular rate charged to single family residences to become effective upon the inauguration of numerous other additional services; namely, (a) Channel 2 out of Los Angeles or a substitute similar to Atlanta's Channel 17; (b) sports specialty channel; (c) old movie channel; (d) special packages - sports channel; (e) UPI news-wire; and (f) stations KULA-FM and KAOI-FM (Maui). All of such additional services are to be provided as part of the base rate.

8. The investigation conducted by the Division and the negotiations carried on between the parties were directed mainly towards the determination of the justness and reasonableness of the proposal made by the Applicant on May 4, 1978. The specific findings hereinafter stated are also directed to such proposal. (See EXHIBIT B attached for the complete tariff reflecting the Applicant's latest proposal.)

III.

DESCRIPTION OF SYSTEM AND SERVICE OFFERED

9. The Applicant, Kaiser Teleprompter of Hawaii, Inc., was organized under the laws of the State of Nevada on April 20, 1961. Since its organization in 1961, it has operated the

cable television system in what is generally known as the Kaiser Hawaii Kai Development. On October 21, 1970, Kaiser Teleprompter received a permit issued by the State of Hawaii to provide service in the following described area:

CENSUS TRACT 1

Bounded by:

Crest of Koolau Range (Honolulu city limits).

Pacific Ocean.

Western outlet of Kuapa Pond, Kalaniana'ole Highway, May Way, Maunalua Avenue, Maunalua Avenue extended and crest of Maunalua Ridge.

10. At December 31, 1977, distribution lines had been constructed over virtually 100 percent of the franchised area and with a few exceptions the lines were placed underground. There were 7,224 homes passed and 6,172 subscribers (5,253 single unit subscribers and 919 multiple unit subscribers). The average rate of penetration is 85.43 percent. There is a diversity in the rate of penetration of from 40 percent in an area with relatively good off-the-air reception to 96 percent in areas with relatively poor off-the-air reception. The high average rate of penetration is the result of not only the poor reception quality but also the prohibition by the lessor against the use of outside antennas.

11. Selected socio-economic characteristics of the area served indicates a relatively high median income of \$19,643 and a relatively low proportion of families with

earnings below the poverty level as defined by the Community Services Administration of 2.1 percent. The average number of persons per family is 3.9 persons.

12. A market survey conducted by the CATV Division tended to show that with ancillary services provided, such as pay movies, the rate of penetration is likely to increase, that approximately 50 percent of the subscribers will subscribe to such ancillary services if the additional rate charged is \$10.00 or less, and further that diminution in demand will not likely be more than 3 percent with the monthly rate increased from \$6.00 to \$7.95.

13. The foregoing market characteristics indicate that the demand for cable television service in Kaiser Teleprompter's franchised area is relatively price inelastic.

14. At the present time, Kaiser Teleprompter provides an antenna service only. For a period of about three years (1972 - 1974), the Applicant has attempted origination programming, but due to the high cost of providing such service relative to the public response, such programming was terminated.

IV.

FINANCIAL HISTORY

15. The Kaiser Teleprompter's Balance Sheet as of December 31, 1977, indicates that there is an accumulated deficit of \$189,744. The CATV Division staff computed the following net return after tax effect for the period 1965 through 1977 (EXHIBIT C attached):

<u>Year</u>	<u>Net Return</u>	<u>Rate of Return on Rate Base</u>
1965	[\$ 13,224]	
1966	[\$ 14,216]	
1967	[\$ 5,893]	
1968	[\$ 253]	
1969	\$ 38,243	7.07%
1970	\$ 40,445	4.67%
1971	\$ 51,730	5.14%
1972	\$ 58,674	4.92%
1973	\$ 46,613	3.33%
1974	\$ 74,480	4.96%
1975	\$ 85,370	6.22%
1976	\$ 71,802	5.70%
1977	\$ 70,024	6.07%

16. The Division staff calculated gross plant in service as of December 31, 1977, in the amount of \$2,459,317. The annual plant additions for the years 1964 through 1977 were as follows:

1964	\$ 157,164
1965	\$ 88,654
1966	\$ 82,167
1967	\$ 99,617
1968	\$ 200,950
1969	\$ 281,524
1970	\$ 430,429
1971	\$ 242,941
1972	\$ 205,709
1973	\$ 340,428
1974	\$ 350,943
1975	\$ 54,513
1976	\$ 25,796
1977	\$ 27,250

17. Kaiser Teleprompter's Balance Sheet as of December 31, 1977, indicates that the stockholders' equity amounted to \$420,256 and stockholders' loans to the corporation amounted to \$720,104. The deficit operations and the construction of plant have been financed by advances and short-term loans from the two stockholders. Such loans from stockholders seemed to have reached their peak in 1974 upon the completion of the construction of the distribution system over the entire franchised area, with a few exceptions. Since 1974, Kaiser Teleprompter has been able to reduce its loans from stockholders in substantial amounts each year. Payments of principal and interest on such loans amounted to \$280,000, \$265,000 and \$295,000 in 1975, 1976 and 1977, respectively. At such rate of liquidation, even without a rate increase, loans from stockholders would be completely liquidated in approximately three years. The ability to repay the loans is not caused wholly by its profit-making ability--a substantial portion of such payments comes from funds attributed to depreciation which are not required to be reinvested in new plant. In essence, capital invested in plant is being withdrawn by the investors and such withdrawal will continue until the old plant is required to be replaced after reaching the end of its useful life.

18. The completion of construction of its distribution lines, the high penetration rate and the improving earnings record all indicate that the system has reached maturity.

The investment in plant should have reached its highest level and, from here on through depreciation write-offs, the net investment in plant should be rapidly declining. The penetration rate should improve particularly with the introduction of ancillary services not previously offered. (See EXHIBIT D, Schedules 1 through 4)

V.

ANALYSES OF THE PROPOSAL

19. The Division staff first tested the proposed rates as to whether they are excessive as applied to the subscribers who need regulatory protection--those users who are captive to the system, who display insensitivity towards price and price changes because they have no alternative but to use cable services in order to obtain acceptable picture quality. In essence, the Division staff determined system-wide revenue requirements on the basis of the highest penetration level existing within parts of the system where subscribers are confronted with the poorest off-the-air reception quality. This penetration level was found to be 96 percent. The underlying reason for this approach is that if the highest possible rate of penetration is imposed upon the entire system, and the revenues, expenses, rate base, and rate of return were determined on such basis, and the rate of return thus determined is found to be not excessive,

then it can be concluded that the captive subscribers are adequately protected. The Division staff used 1979 as the test year. Revenue requirements and other ratemaking calculations were made for the two rates proposed, and also on the basis of the Company's and the Division's positions on depreciation and rate base. The Division's projections of rate of return on rate base, which are higher than the Company's projections, are 10.17 percent at the \$7.25 per month rate and 12.02 percent at the \$7.95 per month rate. As applied to the test period 1979, without a detailed study of the money market, it can be concluded that these returns are fair and reasonable. (See EXHIBIT E, Schedules 1 through 4)

20. The Division staff provided a second set of calculations of revenue requirements on the basis of pay-television services being provided at various levels of market penetration. The reason for the calculation was to determine the rate of return reasonably expected with additional revenues derived from pay operations. Calculations were made both for 1978 and 1979; however, since 1979 results show full year impact of pay-television operations and 1978 does not, the 1979 forecasts will be relied upon here. Rate of return on rate base was determined for three categories--\$7.25, \$7.60 and \$7.95--and the rate of return was determined within each price category for four levels of pay-television market penetration, and then at \$8.00 and \$9.00 pay-television

rates. All of these calculations were made with the Division's proposed rate base reflecting an adjustment to depreciation on a remaining life basis and with the Company's rate base reflecting an adjustment for depreciation on a whole life basis. The Company has indicated that the pay-television rate is likely to be \$8.00 per month. The Company contends that it is likely to achieve an optimum penetration of about 27 percent, based on subscribers to homes passed. The Division, on the other hand, based upon a market survey conducted for the purpose of determining demand characteristics, states that the market penetration of pay-television will likely be near 50 percent determined on the basis of pay-television subscribers to basic service subscribers. Since the overall penetration rate is very high (in excess of 85 percent), the two methods of determining penetration will not differ very much in result. A 27 percent penetration based on subscribers to homes passed is equivalent to a 30 percent penetration based on pay-television subscribers to basic service subscribers. If we were to consider 36 percent penetration (based on pay-television subscribers to homes passed) to be a reasonable forecast for the test year 1979, at the \$8.00 monthly rate, the following rates of return are forecasted by the Division:

	<u>\$7.25/mo Rate</u>	<u>\$7.95/mo Rate</u>
Company's basis using whole life plan	10.80%	12.41%
Division's basis using remaining life	15.51%	17.82%

Under the circumstances presented, these rates of return can not be said to be excessive. Moreover, there is an element of uncertainty that the assumed 36 percent penetration level will be achieved in 1979. While the Division's forecast based on remaining life may seem high using public utility standards, the higher risks associated with the investment in cable television operations as compared with public utility operations may justify a rate 2 to 3 percentage points above what is generally permitted to be earned by public utilities, although the record does not contain evidence determinative of this issue. Kaiser Teleprompter has operated since 1961, and for many years incurred losses in operations; in the better years, earnings have not exceeded 7 percent of net invested capital. While it is generally considered improper to establish high rates in certain years to "make-up" for deficiency in earnings in prior years, these circumstances may be considered in the realm of risk in setting rates for the future. (See EXHIBIT F, Schedules 1 and 2)

21. Kaiser Teleprompter's performance in providing services other than the five broadcast signals generally available in the Honolulu area is dismal. As stated earlier, the Company merely provides an antennae service. This contrasts sharply with the performance of other companies who developed a receive-only satellite earth station in order to import via satellite additional signals for their subscribers. These companies presently provide Channel 17 from Atlanta,

Georgia, and are planning to import in the near future additional signals via the satellite facility. The performance of such companies is understandable since for the most part they operate in an environment where off-the-air reception is good and they must have additional product to offer in order to attract customers. In such areas, providing an antennae service which subscribers don't require simply doesn't make good business sense. In Hawaii Kai, however, profitable penetration levels can be achieved even if only an antennae service is provided. Indeed, Kaiser Teleprompter has a disincentive to provide additional services because of their cost. The absence of additional services in the Hawaii Kai area has resulted in widespread dissatisfaction among this Company's subscribers. A key function which regulation can serve in these circumstances is to insure that the services offered by this Company keep pace with services offered by companies with an incentive to provide them. Accordingly, the rates herein approved as fair to the public and the Company will be expressly conditioned on the Company's obtaining and providing a suitable level of services.

VII.

ULTIMATE FINDINGS AND CONCLUSIONS

22. The rates and charges contained in Kaiser Teleprompter's tariffs issued June 16, 1978, to become effective August 1, 1978, are just and reasonable and should be

permitted to become effective on such date upon the condition that at such time the following additional services are provided (in the event that all such additional services are not available on August 1, 1978, the effective date of said tariff shall be the date on which such services are available):

- a. Home Box Office pay-television movie
(at additional cost to be determined by the Company);
- b. WTCG, Channel 17, from Atlanta, Georgia, at no extra charge; and
- c. Technical support to the Public Access channel satisfactory to the Director. Such support shall as a minimum include the provision of a part-time program coordinator and a part-time equipment operator together with television lighting and camera equipment, all of which when used in conjunction with Department of Education equipment currently available at the Hawaii Kai Library shall be sufficient to permit public access programming of not less than three hours per day, six days per week.

23. Not sooner than one year after the effective date of the rates and charges herein approved, the Applicant may apply for an increase in its regular monthly rate from

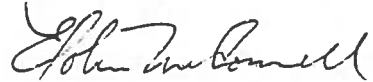
\$7.25 to \$7.95. Applicant shall together with any such application file complete financial data setting forth its results of operations under the rates and charges herein approved including its revenues and expenses related to pay or subscription services. Said application will be approved provided that the Applicant has not diminished services, the returns generated thereby do not appear unreasonable and that all of the following conditions have been satisfied:

- a. The Applicant is then providing to its subscribers at no additional charge all of the distant signals then being transmitted to Hawaii using satellite transmission facilities owned or controlled by other CATV permit holders in this State, or is providing an equal number of distant signals by alternative means;
- b. the Applicant is then providing a sports specialty channel of similar programming content with Oceanic's Channel 10 operation;
- c. the Applicant is then providing an automated UPI News Service channel; and
- d. the Applicant is then providing FM stations KULA and KAOI.

The Director, however, reserves the right to review the new tariff filings to determine whether or not

the basis upon which the present findings are made continue to exist substantially in the magnitude considered in this proceeding.

Respectfully submitted,



E. John McConnell, Deputy Director
Department of Regulatory Agencies

DATED:

12 July 1978

Honolulu, Hawaii

EXHIBIT A

KAISER TELEPROMPTER OF HAWAII, INC.

HAWAII KAI HONOLULU, HAWAII

RATE TARIFF

DATE OF ISSUE: December 24, 1974 EFFECTIVE DATE: March 1, 1975

H. ALLEN SMITH - General Manager 7192 Kalanianaʻole Highway
Honolulu, Hawaii 96825

KAISER TELEPROMPTER OF HAWAII, INC.
HONOLULU, HAWAII

SCHEDULE A
1ST REVISED SHEET CATV NO. 1

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Issued: December 24, 1974

Effective: March 1, 1975

Issued by:
H. Allen Smith
General Manager

PRELIMINARY STATEMENT

A. FILING OF RATES, RULES AND REGULATIONS

The tariffs of rates, rules and regulations have been regularly filed with the Director of Regulatory Agencies of the State of Hawaii and are the effective rates, rules and regulations of this company.

No officer, employee or agent of the company has any authority to waive, alter or amend in any respect these rates, rules and regulations, or any part thereof, or to make any agreements inconsistent therewith.

The rates, rules and regulations set forth in the tariffs are subject at all times to addition, change or abolition after proceedings duly had by the Director of Regulatory Agencies of the State of Hawaii and changes in the rates, rules and regulations herein set forth must first be approved or accepted by the Director.

B. TERRITORY SERVED - SERVICE RENDERED - RATES - RULES AND REGULATIONS

Kaiser TelePrompter of Hawaii, Inc. renders cable television service throughout the territory served by it as shown in its tariffs, which include a description of the service furnished, and maps filed herewith.

The procedure which will be followed by the Company in rendering service is set forth in rules and regulations in which are included definitions explaining phrases and terms used.

Each sheet of each tariff schedule bears a designating CATV number and also the date issued and the date upon which it became effective.

Issued: December 24, 1974

Effective: March 1, 1975

Issued by:
H. Allen Smith
General Manager

KAISER TELEPROMPTER OF HAWAII, INC.
HONOLULU, HAWAII

SCHEDULE B
1ST REVISED SHEET CATV NO. 2

PRELIMINARY STATEMENT

SYMBOLS USED IN TARIFF

<u>Meaning</u>	<u>Symbol</u>
To signify changed listing, rules or condition which may affect rates or charges -----	(C)
To signify discontinued material, including listing, rate, rules or condition -----	(D)
To signify increase -----	(I)
To signify material relocated from or to another part of tariff schedules with no change in text, rate, rule or condition -----	(L)
To signify new material including listing, rate, rule or condition -----	(N)
To signify reduction -----	(R)
To signify change in wording of text but not change in rate, rule or condition -----	(T)

Issued: December 24, 1974

Effective: March 1, 1975

Issued by:
H. Allen Smith
General Manager

KAISER TELEPROMPTER OF HAWAII, INC.
HONOLULU, HAWAII

SCHEDULE C
1ST REVISED SHEET CATV NO. 1

RULES AND REGULATIONS

1. All Federal Communications Commission Rules and Regulations for CATV system categories, that apply to Kaiser TelePrompter of Hawaii, Inc.
2. All rules and regulations contained in the Department of Regulatory Agencies, State of Hawaii Rules and Regulations, Title VIII, Chapter 1 and Chapter 2, effective November 15, 1971.

Issued: December 24, 1974

Effective: March 1, 1975

Issued by:
H. Allen Smith
General Manager

KAISER TELEPROMPTER OF HAWAII, INC.
HONOLULU, HAWAII

SCHEDULE D
2ND REVISED SHEET CATV NO. 1
CANCELS 1ST REVISED SHEET

RATES AND CHARGES

	<u>Installation Charge</u>	<u>Rate Per Month</u>
A. Regular Rate		
1. Prewired Unit (residential and commercial)		
a. Primary (TV or FM) outlet	\$10.00 + tax	\$9.95 + tax
b. Additional (TV or FM) outlets	5.00 ea. + tax	3.00 ea. + tax
2. Non-Prewired Unit		
a. Primary (TV or FM) outlet		
Residential	35.00 + tax	9.95 + tax
Commercial	Labor & material + tax	9.95 + tax
b. Additional (TV or FM) outlet		
Residential	10.00 ea. + tax	3.00 ea. + tax
Commercial	Labor & material + tax	3.00 ea. + tax

Issued: December 24, 1974
Effective: March 1, 1975

Issued by:
H. Allen Smith
General Manager

KAISER TELEPROMPTER OF HAWAII, INC.
HONOLULU, HAWAII

SCHEDULE D
2ND REVISED SHEET CATV NO. 1
CANCELS 1ST REVISED SHEET

RATES AND CHARGES (Continuation)

	<u>Installation Charge</u>	<u>Rate Per Month</u>
B. Multiple Billing Rate		
3. Prewired Unit		
a. Primary (TV or FM) outlet	10.00 + tax	10.35 + tax
b. Second (TV or FM) outlet	5.00 ea. + tax	No charge
c. Additional (TV or FM) outlet	5.00 ea. + tax	3.00 ea. + tax
4. Non-Prewired Unit		
a. Primary (TV or FM) outlet	Labor & material + tax	10.35 + tax
b. Second (TV or FM) outlet	Labor & material + tax	No charge
c. Additional (TV or FM) outlet	Labor & material + tax	3.00 ea. + tax

Issued: December 24, 1974

Effective: March 1, 1975

Issued by:
H. Allen Smith
General Manager

KAISER TELEPROMPTER OF HAWAII, INC.
HONOLULU, HAWAII

SCHEDULE D
2ND REVISED SHEET CATV NO. 3
CANCELS ORIGINAL SHEET CATV NO. 2
AND CONTINUATION SHEET CATV NO. 2

DEFINITION - LABOR AND MATERIAL

The charge for additional wiring for cable TV outlets was set up so jobs requiring less labor and less material would be a lesser amount than a standard charge. Additional outlet prices are quoted for each individual job and are done only after the subscriber's consent.

CONDOMINIUM RATES

Special condominium rates are available upon request from management companies for apartments and condominium units. A flat rate of \$10.35 plus tax for (2) two outlets is the standard charge. Any additional outlet above (2) two will be the responsibility of the occupant and will be charged at the rate of \$3.00 per month. Additional outlet charges will be billed by the cable company and shall be payable for a period of six months in advance. Payment for the entire condominium project will be the responsibility of the management company and will be due on the first day of each month. All additional wiring charges will be the direct responsibility of the occupant.

RECONNECTION RATES

When a disconnect is made due to non-payment of monthly charges a \$9.95 plus tax reconnect charge will be assessed before reconnection is made.

Issued: December 24, 1974

Effective: March 1, 1975

Issued by:
H. Allen Smith
General Manager

KAISER TELEPROMPTER OF HAWAII, INC.
HONOLULU, HAWAII

SCHEDULE E
REVISED SHEET CATV NO. 1

TERRITORY SERVED

U. S. BUREAU OF CENSUS

TRACT NO. 1.01, 1.02, and 1.03

BOUNDED BY:

CREST OF KOOLAU RANGE (HONOLULU CITY LIMITS)
PACIFIC OCEAN

WESTERN OUTLET OF KUAPA POND, KALANIANA'OLE HIGHWAY, MAY
WAY, MAUNALUA AVENUE, MAUNALUA AVENUE EXTENDED, CREST
OF MAUNALUA RIDGE.

Issued: December 24, 1974

Effective: March 1, 1975

Issued by:
H. Allen Smith
General Manager

KAISER TELEPROMPTER OF HAWAII, INC.
HONOLULU, HAWAII

SCHEDULE E
REVISED CONTINUATION
SHEET CATV NO. 2

THE END

Issued: December 24, 1974
Effective: March 1, 1975

Issued by:
H. Allen Smith
General Manager

EXHIBIT B

KAISER TELEPROMPTER OF HAWAII, INC.

HAWAII KAI HONOLULU, HAWAII

RATE TARIFF

DATE OF ISSUE: June 16, 1978

EFFECTIVE DATE: August 1, 1978

H. ALLEN SMITH - General Manager

7192 Kalanianaʻole Highway
Honolulu, Hawaii 96825

KAISER TELEPROMPTER OF HAWAII, INC.
HONOLULU, HAWAII

SCHEDULE A
1ST REVISED SHEET CATV NO. 1

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Issued: June 16, 1978
Effective: August 1, 1978

Issued by:
H. Allen Smith
General Manager

KAISER TELEPROMPTER OF HAWAII, INC.
HONOLULU, HAWAII

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SCHEDULE B
1ST REVISED SHEET CATV NO. 2

PRELIMINARY STATEMENT

SYMBOLS USED IN TARIFF

<u>Meaning</u>	<u>Symbol</u>
To signify changed listing, rules or condition which may affect rates or charges -----	(C)
To signify discontinued material, including listing, rate, rules or condition -----	(D)
To signify increase -----	(I)
To signify material relocated from or to another part of tariff schedules with no change in text, rate, rule or condition -----	(L)
To signify new material including listing, rate, rule or condition -----	(N)
To signify reduction -----	(R)
To signify change in wording of text but not change in rate, rule or condition -----	(T)

Issued: June 16, 1978
Effective: August 1, 1978

Issued by:
H. Allen Smith
General Manager

KAISER TELEPROMPTER OF HAWAII, INC.
HONOLULU, HAWAII

PAGE 2 OF 2
SCHEDULE B
1ST REVISED SHEET CATV NO. 2

PRELIMINARY STATEMENT

A. FILING OF RATES, RULES AND REGULATIONS

The tariffs of rates, rules and regulations have been regularly filed with the Director of Regulatory Agencies of the State of Hawaii and are the effective rates, rules and regulations of this company.

No officer, employee or agent of the company has any authority to waive, alter or amend in any respect these rates, rules and regulations, or any part thereof, or to make any agreements inconsistent therewith.

The rates, rules and regulations set forth in the tariffs are subject at all times to addition, change or abolition after proceedings duly had by the Director of Regulatory Agencies of the State of Hawaii and changes in the rates, rules and regulations herein set forth must first be approved or accepted by the Director.

B. TERRITORY SERVED - SERVICE RENDERED - RATES - RULES AND REGULATIONS

Kaiser TelePrompter of Hawaii, Inc. renders cable television service throughout the territory served by it as shown in its tariffs, which include a description of the service furnished, and maps filed herewith.

The procedure which will be followed by the Company in rendering service is set forth in rules and regulations in which are included definitions explaining phrases and terms used.

Each sheet of each tariff schedule bears a designating CATV number and also the date issued and the date upon which it became effective.

Issued: June 16, 1978
Effective: August 1, 1978

Issued by:
H. Allen Smith
General Manager

KAISER TELEPROMPTER OF HAWAII, INC.
HONOLULU, HAWAII

SCHEDULE C
1ST REVISED SHEET CATV NO. 1

RULES AND REGULATIONS

1. All Federal Communications Commission Rules and Regulations for CATV system categories, that apply to Kaiser TelePrompter of Hawaii, Inc.
2. All rules and regulations contained in the Department of Regulatory Agencies, State of Hawaii. Rules and Regulations, Title VIII, Chapter 1 and Chapter 2, effective November 15, 1971.

Issued: June 16, 1978

Effective: August 1, 1978

Issued by:
H. Allen Smith
General Manager

KAISER TELEPROMPTER OF HAWAII, INC.
HONOLULU, HAWAII

PAGE 1 OF 3
SCHEDULE D
2ND REVISED SHEET CATV NO. 1
CANCELS 1ST REVISED SHEET

RATES AND CHARGES FOR BASIC CABLE TV SERVICE

	<u>Installation Charge</u>	<u>Rate Per Month</u>
A. Regular Rate		
1. Prewired		
a. Primary outlet	\$15.00	\$7.25
b. Additional outlets	7.50	2.00
2. Non-Prewired		
a. Primary outlet	35.00	7.25
b. Additional outlets	15.00	2.00

Issued: June 16, 1978
Effective: August 1, 1978

Issued by:
H. Allen Smith
General Manager

KAISER TELEPROMPTER OF HAWAII, INC.
HONOLULU, HAWAII

PAGE 2 OF 3
SCHEDULE D
2ND REVISED SHEET CATV NO. 1
CANCELS 1ST REVISED SHEET

RATES AND CHARGES (Continuation)

	<u>Installation Charge</u>	<u>Rate Per Month</u>
B. Multiple Billing Rate		
3. Prewired		
a. Primary outlet	\$15.00	\$7.25
b. Secondary outlet	7.50	No Additional Charge
c. Additional outlets	7.50	2.00
4. Non-Prewired		
a. Primary outlet	35.00	7.25
b. Second outlet	15.00	No Charge
c. Additional outlets	15.00	2.00

Note 1: All outlets may be used for either TV or FM reception.

Note 2: All listed charges are plus Hawaii State sales tax.

Issued: June 16, 1978
Effective: August 1, 1978

Issued by:
H. Allen Smith
General Manager

KAISER TELEPROMPTER OF HAWAII, INC.
HONOLULU, HAWAII

PAGE 3 OF 3
SCHEDULE D
2ND REVISED SHEET CATV NO. 3
CANCELS ORIGINAL SHEET CATV NO. 2
AND CONTINUATION SHEET CATV NO. 2

MULTIPLE BILLING RATES

Special condominium rates are available upon request from management companies for apartments and condominium units. A flat rate of \$7.25 plus tax for (2) two outlets is the standard charge. Any additional outlet above (2) two will be the responsibility of the occupant and will be charged at the rate of \$2.00 per month. Additional outlet charges will be billed by the cable company and shall be payable for a period of six months in advance. Payment for the entire condominium project will be the responsibility of the management company and will be due on the first day of each month. All additional wiring charges will be the direct responsibility of the occupant.

LATE CHARGE

When a disconnect is made due to non-payment of monthly charges, a \$15.00 plus tax reconnect charge will be assessed before re-connection is made.

Issued: June 16, 1978
Effective: August 1, 1978

Issued by:
H. Allen Smith
General Manager

KAISER TELEPROMPTER OF HAWAII, INC.
HONOLULU, HAWAII

SCHEDULE E
REVISED SHEET CATV NO. 1

TERRITORY SERVED

U. S. BUREAU OF CENSUS

TRACT NO. 1.01, 1.02, and 1.03

BOUNDED BY:

CREST OF KOOLAU RANGE (HONOLULU CITY LIMITS)
PACIFIC OCEAN

WESTERN OUTLET OF KUAPA POND, KALANIANA'OLE HIGHWAY, MAY
WAY, MAUNALUA AVENUE, MAUNALUA AVENUE EXTENDED, CREST
OF MAUNALUA RIDGE.

Issued: June 16, 1978

Effective: August 1, 1978

Issued by:
H. Allen Smith
General Manager

KAISER TELEPROMPTER OF HAWAII, INC.
HONOLULU, HAWAII

SCHEDULE E
REVISED CONTINUATION
SHEET CATV NO. 2

THE END

Issued: June 16, 1978
Effective: August 1, 1978

Issued by:
H. Allen Smith
General Manager

KAIBER TELEPHONETER OF HAWAII, INCORPORATED

DETERMINATION OF NET INCOME AFTER TAXES AND BEFORE INTEREST

(ADJUSTED & NORMALIZED FOR YEARS 1965-1977)

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
Gross Revenues	\$ 85,802	\$ 63,934	\$ 63,950	\$ 137,003	\$ 225,400	\$ 241,210	\$ 260,007	\$ 307,043	\$ 343,430	\$ 369,911	\$ 414,686	\$ 445,878	\$ 469,989
Cost of Operation	\$ 35,087	\$ 43,313	\$ 36,741	\$ 41,651	\$ 31,600	\$ 37,350	\$ 34,329	\$ 48,781	\$ 110,452	\$ 67,768	\$ 83,535	\$ 76,843	\$ 92,395
General & Administrative	32,851	31,393	30,376	38,436	49,692	50,381	73,170	125,708	123,668	104,036	114,608	140,323	136,526
Depreciation	16,527	22,573	27,601	36,683	51,364	71,144	66,393	86,941	134,166	124,683	126,338	136,855	129,805
Amortization	11,206	11,206	11,220	11,220	11,366	11,206	11,168						
Loss on Early Retirement	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002					
Other													
Income Before Taxes	\$ (35,801)	\$ (47,352)	\$ (53,850)	\$ 5,821	\$ 77,725	\$ 27,356	\$ 48,205	\$ 41,811	\$ (57,486)	\$ 61,883	\$ 116,907	\$ 102,155	\$ 106,163
Per Books													
Adjustments:													
Adj. for Origination Expense									\$ 45,301	\$ 20,430			
Adj. for Origination Depreciation									8,610	200			
Adj. for Write-Down Programming													
Equipment Loss									42,698	20,773			
Overhead Capitalization	26,591	13,997	15,848	10,281	38,694	47,216	41,616	49,786					
Aid-to-Construction	(36,104)	(20,919)	(8,845)	(61,839)	(96,636)	(53,394)	(34,340)	(22,207)					
Depreciation Reserve	(1,320)	(3,357)	(4,823)	(6,928)	(7,563)	(10,411)	(13,345)	(16,477)					
Aid-to-Construction	1,805	4,658	6,144	8,645	13,974	19,008	21,576	22,276					
Net Adjustments	\$ (9,031)	\$ (6,333)	\$ (7,723)	\$ (48,881)	\$ (53,531)	\$ (3,416)	\$ (16,068)	\$ (34,396)	\$ (37,616)	\$ (41,601)			
Return As Adjusted Before	\$ (45,019)	\$ (53,985)	\$ (45,428)	\$ (43,021)	\$ 24,404	\$ 29,776	\$ 73,703	\$ 76,100	\$ 40,134	\$ 83,384	\$ 116,007	\$ 102,155	\$ 106,163
Interest and Tax Effect													
Income Tax Effect	\$ (31,795)	\$ (38,768)	\$ (39,535)	\$ (43,768)	\$ (13,740)	\$ (10,870)	\$ 21,973	\$ 17,435	\$ (6,478)	\$ 18,904	\$ 30,637	\$ 30,363	\$ 38,139
Net Return After Tax Effect	\$ (13,224)	\$ (14,216)	\$ (5,803)	\$ (253)	\$ 38,243	\$ 40,445	\$ 51,730	\$ 58,674	\$ 46,613	\$ 74,480	\$ 85,370	\$ 71,802	\$ 70,024

EXHIBIT C
Schedule 2

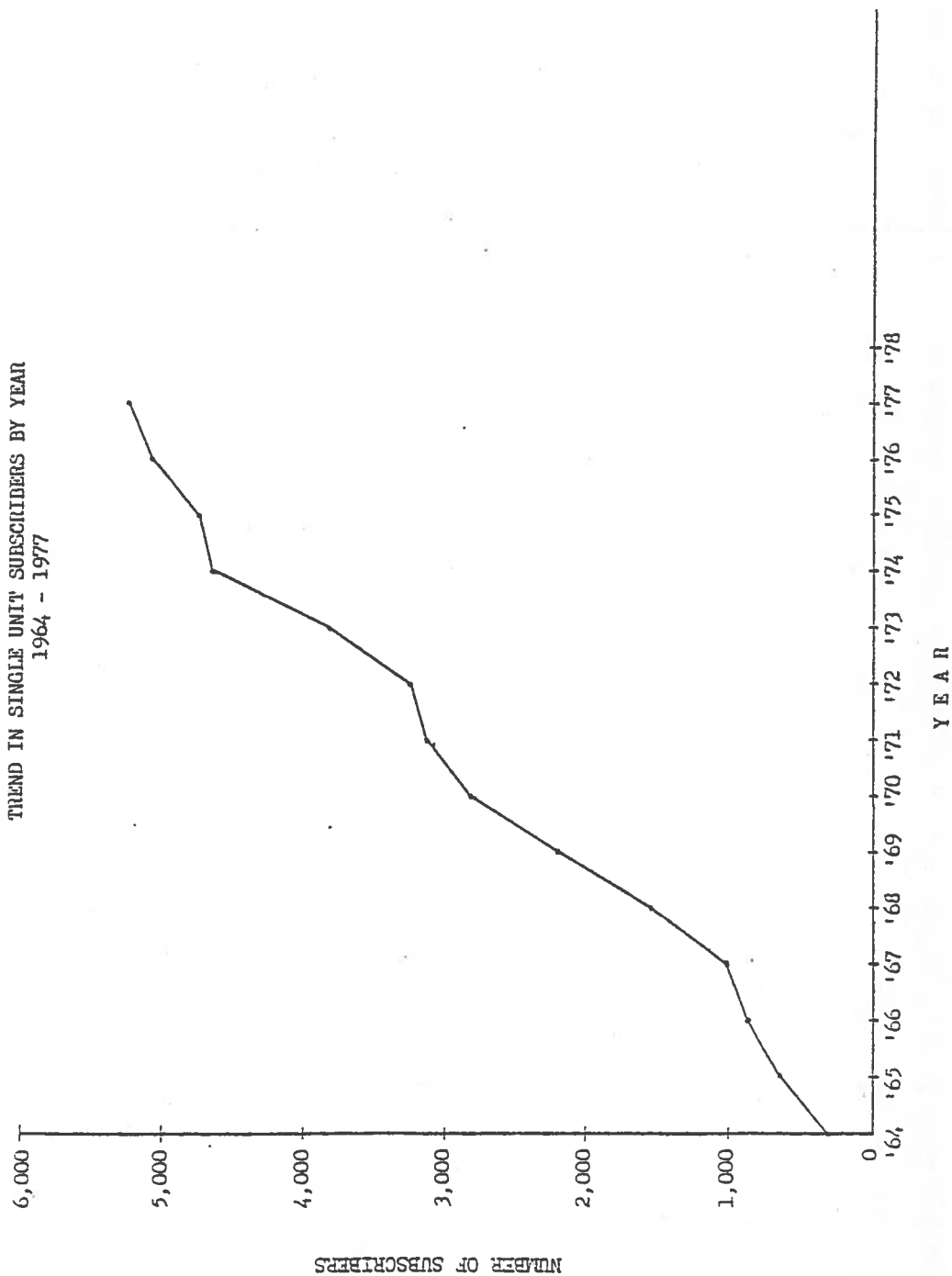
Kaiser Teleprompter of Hawaii, Incorporated

Rate of Return on Net Plant

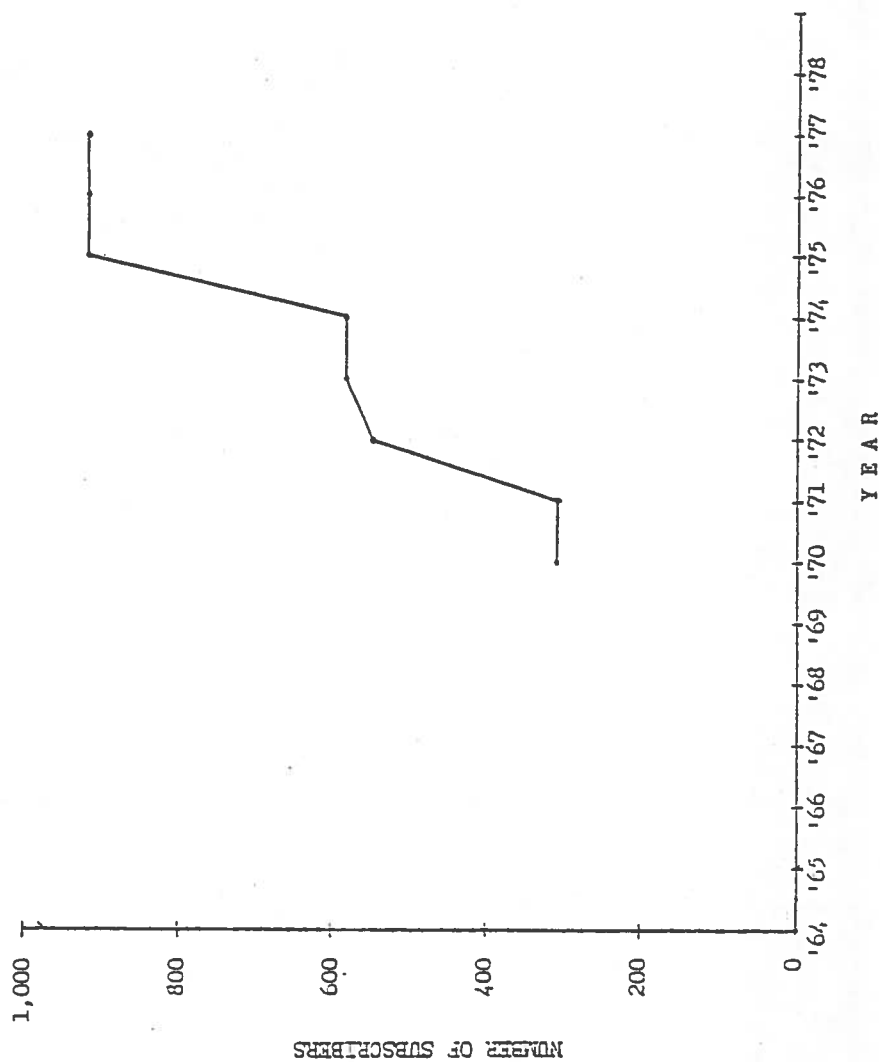
(After Taxes and Interest)

PLANT	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
Distribution System	\$157,164	\$200,714	\$270,002	\$361,734	\$506,845	\$683,833	\$1,060,860	\$1,278,383	\$1,305,708	\$1,592,357	\$1,861,731	\$1,881,858	\$1,895,151	\$1,921,151
Antenna Site	0	0	0	831	831	831	831	831	1,728	1,974	2,052	2,052	2,052	2,052
Shop and Test Equipment	0	0	0	0	0	0	0	147	380	1,253	2,403	2,449	2,449	2,449
Autos and Trucks	3,909	3,909	3,909	3,909	0	0	0	0	0	6,553	1,046	1,046	1,046	1,046
Office Furniture and Fixtures	1,748	1,748	1,748	1,057	3,152	4,108	9,125	9,852	12,297	10,606	10,733	10,733	10,733	10,733
Household Improvements	728	728	728	0	0	0	1,022	1,423	3,772	3,772	3,804	1,748	1,748	1,748
Original Equipment	0	0	0	0	0	0	4,233	6,761	114,618	124,052	62,376	27,635	27,635	27,635
Buildings	0	0	0	0	0	0	1,123	1,123	1,123	1,123	1,123	1,123	1,123	1,123
Microwave	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Scrambling & Descrambling Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation Reserve	\$163,445	\$216,945	\$277,293	\$368,331	\$504,826	\$688,770	\$1,077,202	\$1,299,520	\$1,439,626	\$1,747,890	\$1,945,409	\$1,927,842	\$1,941,837	\$1,987,837
Net Plant Per Body's	18,417	18,417	30,602	65,133	80,094	144,047	206,811	287,776	242,949	317,357	444,885	855,852	802,181	814,870
Adjustment for Early Retirement	\$187,428	\$237,401	\$303,108	\$303,108	\$405,734	\$544,203	\$ 879,597	\$1,010,744	\$1,186,877	\$1,400,323	\$1,500,804	\$1,372,008	\$1,250,778	\$1,153,067
Net Plant - Rate Base (As Adjusted)	3,902	3,902	3,902	3,902	3,902	3,902	3,902	3,902	2,802	0	0	0	0	0
Return (Before Interest) and After Taxes	\$102,445	\$193,728	\$233,699	\$299,200	\$401,832	\$540,801	\$ 868,885	\$1,006,842	\$1,182,776	\$1,400,323	\$1,500,804	\$1,372,008	\$1,250,778	\$1,153,067
Return After Tax Effect	(13,224)	(14,218)	(5,882)	(5,882)	(253)	38,243	40,446	51,730	58,074	46,813	74,480	95,370	71,802	70,024
	0%	0%	0%	0%	0%	7.07%	4.67%	5.14%	4.82%	3.33%	4.90%	6.22%	5.70%	6.07%

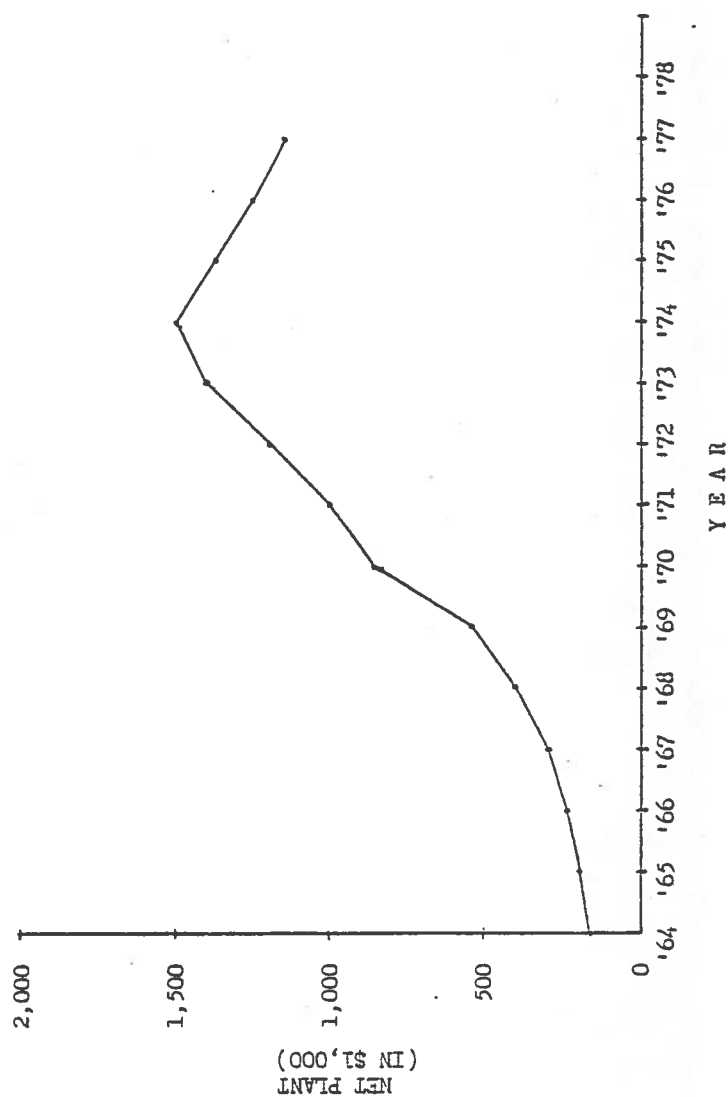
KAISER TELEPROMPTER OF HAWAII, INC.
TREND IN SINGLE UNIT SUBSCRIBERS BY YEAR
1964 - 1977



KAISER TELEPROMPTER OF HAWAII, INC.
TREND IN MULTIPLE UNIT SUBSCRIBERS BY YEAR
1970 - 1977



KAISER TELEPROMPTER OF HAWAII, INC.
TREND IN INVESTMENT IN NET PLANT BY YEAR
1965 - 1977



KAISER TELEPROMPTER OF HAWAII, INC.
NET RETURN AFTER TAX EFFECT
(\$000)

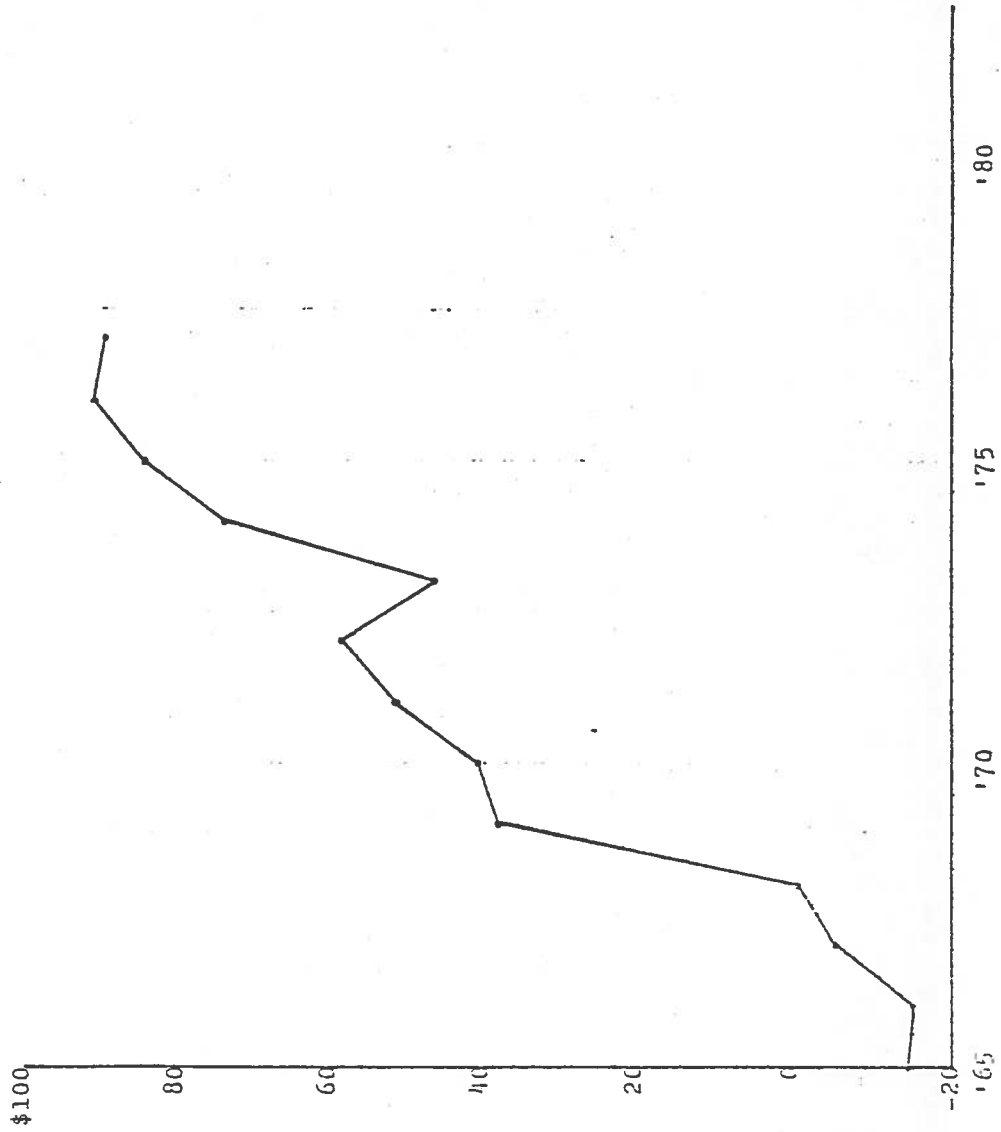


EXHIBIT E
Schedule 1

KAISER TELEPROMPTER OF HAWAII, INCORPORATED

FORECAST AT 96% PENETRATION LEVEL

	Company		Division	
	1979 \$7.95	1979 \$7.25	1979 \$7.95	1979 \$7.25
Number of Homes Passed	7,224	7,224	7,224	7,224
Assumed Penetration	96%	96%	96%	96%
Number of Subscribers	6,016	6,016	6,016	6,016
Revenues	\$748,156	\$690,247	\$748,156	\$690,247
Expenses:				
Depreciation	\$ 78,829	\$ 78,829	\$ 63,430	\$ 63,430
Salaries	133,135	133,135	133,135	133,135
Commissions	7,980	7,980	7,980	7,980
Payroll Taxes	12,393	12,393	12,393	12,393
Employee Benefits	7,223	7,223	7,223	7,223
Pole Rental	540	540	540	540
Light and Power	9,534	9,534	9,534	9,534
Warehouse & Office Rental	16,380	16,380	16,380	16,380
Vehicle Rental	9,220	9,220	9,220	9,220
Repair and Maintenance	21,579	21,579	21,579	21,579
Insurance	4,171	4,171	4,171	4,171
Supplies	8,781	8,781	8,781	8,781
Telephone and Telegraph	4,497	4,497	4,497	4,497
Postage	2,828	2,828	2,828	2,828
Dues & Subscriptions	4,097	4,097	4,097	4,097
Outside Services	1,075	1,075	1,075	1,075
Sales Tax; State Fees	59,852	55,220	59,852	55,220
Advertising	1,515	1,515	1,515	1,515
Bad Debts	5,237	4,832	5,237	4,832
Travel	1,232	1,232	1,232	1,232
Professional Fees	5,775	5,775	5,775	5,775
Management Fees	18,000	18,000	18,000	18,000
Copyright Fees	5,050	4,659	5,050	4,659
Additional Services	41,318	41,318	41,318	41,318
Miscellaneous	1,000	1,000	1,000	1,000
	\$461,241	\$455,813	\$445,842	\$440,414
Interest	38,000	38,000	38,000	38,000
TOTAL EXPENSES	\$499,241	\$493,813	\$483,842	\$478,414

KAISER TELEPROMPTER OF HAWAII, INCORPORATED

PLANT AT 96% PENETRATION

	COMPANY'S PROJECTIONS			DIVISION'S PROJECTIONS		
	Balance 1979	Reserve 1979	Net Plant 1979	Balance 1979	Reserve 1979	Net Plant 1979
Distribution	\$2,438,531	\$713,844	\$1,724,687	\$2,438,531	\$1,156,316	\$1,282,215
Antenna Site	2,052	1,345	707	2,052	1,295	757
Shop & Test Equipment	2,449	1,264	1,185	2,449	1,653	796
Auto & Trucks	1,046	813	233	1,046	703	343
Office Furniture; Fixtures	10,733	6,536	4,197	10,733	8,723	2,010
Leasehold Improvements	1,748	584	1,164	1,748	928	820
Origination Equipment	27,635	16,237	11,398	27,635	17,018	10,617
Building	1,123	393	730	1,123	474	649
Other Services	40,477	4,584	35,893	40,477	4,584	35,893
Total	\$2,525,794	\$745,600	\$1,780,194	\$2,525,794	\$1,191,694	\$1,334,100

EXHIBIT E
Schedule 3

KAISER TELEPROMPTER OF HAWAII, INCORPORATED

RATE BASE FOR 1979

	<u>Company's Projections</u>		<u>Division's Projections</u>	
	<u>\$7.95</u>	<u>\$7.25</u>	<u>\$7.95</u>	<u>\$7.25</u>
Net Plant	\$1,780,194	\$1,780,194	\$1,334,100	\$1,334,100
Working Capital	39,417	39,417	39,417	39,417
Working Cash	<u>17,517</u>	<u>17,291</u>	<u>17,517</u>	<u>17,291</u>
Rate Base	\$1,837,128	\$1,836,902	\$1,391,034	\$1,390,808

EXHIBIT E
Schedule 4

KAISER TELEPROMPTER OF HAWAII, INCORPORATED

RATE OF RETURN FOR 1979

	<u>Company's Projections</u>		<u>Division's Projections</u>	
	<u>\$7.95</u>	<u>\$7.25</u>	<u>\$7.95</u>	<u>\$7.25</u>
Revenues	\$ 748,156	\$ 690,247	\$ 748,156	\$ 690,247
Expenses	461,241	455,813	445,842	440,414
Interest	38,000	38,000	38,000	38,000
Taxable Income	\$ 248,915	\$ 196,434	\$ 264,314	\$ 211,833
Income Taxes	127,304	100,463	135,180	108,339
Net Income After Taxes	\$ 121,614	\$ 95,971	\$ 129,134	\$ 103,494
Interest	\$ 38,000	\$ 38,000	\$ 38,000	\$ 38,000
Total Return	\$ 159,614	\$ 133,971	\$ 167,134	\$ 141,494
Rate Base	\$1,837,128	\$1,836,902	\$1,391,034	\$1,390,808
Rate of Return on Rate Base	8.69%	7.29%	12.02%	10.17%

EXHIBIT F
Schedule 1

KAISER TELEPROMPTER OF HAWAII, INCORPORATED

FORECAST OF RATE OF RETURN

AT VARYING PAY LEVELS FOR 1979

Monthly Rate	\$ 7.25	\$ 7.60	\$ 7.95
Additional Outlet Charge	2.00	2.00	2.00
Installation Charge	15.00	15.00	15.00
Gross Revenues	\$618,653	\$644,298	\$669,943
Expenses	441,733	442,759	443,785
Taxable Income	\$176,920	\$201,539	\$226,159
Income Tax	91,998	104,800	117,602
Net Income After Taxes	\$ 84,922	\$ 96,739	\$108,556

Net Income After Taxes With
\$8.00 Pay TV Monthly Rate:

27% Penetration Rate of Return	\$107,516 9.96%	\$119,333 10.77%	\$131,150 11.58%
36% Penetration Rate of Return	\$120,406 10.80%	\$132,223 11.60%	\$144,040 12.41%
44% Penetration Rate of Return	\$133,275 11.62%	\$145,092 12.42%	\$156,909 13.22%
53% Penetration Rate of Return	\$146,165 12.44%	\$157,982 13.24%	\$169,799 14.03%

Net Income After Taxes With
\$9.00 Pay TV Monthly Rate:

27% Penetration Rate of Return	\$113,977 10.41%	\$125,794 11.22%	\$137,611 12.03%
36% Penetration Rate of Return	\$129,022 11.38%	\$140,839 12.19%	\$152,656 13.00%
44% Penetration Rate of Return	\$144,045 12.35%	\$155,862 13.15%	\$167,679 13.96%
53% Penetration Rate of Return	\$159,091 13.31%	\$170,908 14.11%	\$182,725 14.91%

EXHIBIT F
Schedule 2

KAISER TELEPROMPTER OF HAWAII, INCORPORATED
FORECAST OF RATE OF RETURN UTILIZING REMAINING LIFE
AT VARYING PAY LEVELS FOR 1979

Monthly Rate	\$ 7.25	\$ 7.60	\$ 7.95
Additional Outlet Charge	2.00	2.00	2.00
Installation Charge	15.00	15.00	15.00
Gross Revenues	\$618,653	\$644,298	\$669,943
Expenses	441,733	442,759	443,785
Taxable Income	\$176,920	\$201,539	\$226,159
Income Tax	91,998	104,800	117,602
Net Income After Taxes	\$ 84,922	\$ 96,739	\$108,556

Net Income After Taxes With
\$8.00 Pay TV Monthly Rate:

27% Penetration Rate of Return	\$107,516 14.35%	\$119,333 15.51%	\$131,150 16.68%
36% Penetration Rate of Return	\$120,406 15.51%	\$132,223 16.67%	\$144,040 17.82%
44% Penetration Rate of Return	\$133,275 16.65%	\$145,092 17.80%	\$156,909 18.95%
53% Penetration Rate of Return	\$146,165 17.78%	\$157,982 18.92%	\$169,799 20.06%

Net Income After Taxes With
\$9.00 Pay TV Monthly Rate:

27% Penetration Rate of Return	\$113,977 14.98%	\$125,794 16.15%	\$137,611 17.31%
36% Penetration Rate of Return	\$129,022 16.35%	\$140,839 17.51%	\$152,656 18.67%
44% Penetration Rate of Return	\$144,045 17.70%	\$155,862 18.85%	\$167,679 20.00%
53% Penetration Rate of Return	\$159,091 19.03%	\$170,908 20.17%	\$182,725 21.31%

EXHIBIT G
Schedule 1

KAISER TELEPROMPTER OF HAWAII, INCORPORATED
FORECAST OF RATE OF RETURN AT VARYING PAY LEVELS FOR 1979
AT ADJUSTED DISTRIBUTION PLANT

Monthly Rate	\$ 7.25	\$ 7.60	\$ 7.95
Additional Outlet Charge	2.00	2.00	2.00
Installation Charge	15.00	15.00	15.00
Gross Revenues	\$618,653	\$644,298	\$669,943
Expenses	441,733	442,759	443,735
Taxable Income	\$176,920	\$201,539	\$226,159
Income Tax	91,998	104,800	117,602
Net Income After Taxes	\$ 84,922	\$ 96,739	\$108,556

Net Income After Taxes With
\$8.00 Pay TV Monthly Rate:

27% Penetration	\$107,516	\$119,333	\$131,150
Rate of Return	12.26%	13.26%	14.26%
36% Penetration	\$120,406	\$132,223	\$144,040
Rate of Return	13.27%	14.26%	15.24%
44% Penetration	\$133,275	\$145,092	\$156,909
Rate of Return	14.25%	15.24%	16.22%
53% Penetration	\$146,165	\$157,982	\$169,799
Rate of Return	15.23%	16.21%	17.18%

Net Income After Taxes With
\$9.00 Pay TV Monthly Rate:

27% Penetration	\$113,977	\$125,794	\$137,611
Rate of Return	12.81%	13.80%	14.80%
36% Penetration	\$129,022	\$140,839	\$152,656
Rate of Return	13.99%	14.98%	15.97%
44% Penetration	\$144,045	\$155,862	\$167,679
Rate of Return	15.15%	16.13%	17.12%
53% Penetration	\$159,091	\$170,908	\$182,725
Rate of Return	16.30%	17.28%	18.25%

KAISER TELEPROMPTER OF HAWAII, INCORPORATED
FORECAST OF RATE OF RETURN UTILIZING REMAINING LIFE
AT ADJUSTED DISTRIBUTION PLANT FOR 1979

Monthly Rate	\$ 7.25	\$ 7.60	\$ 7.95
Additional Outlet Charge	2.00	2.00	2.00
Installation Charge	15.00	15.00	15.00
Gross Revenues	\$618,653	\$644,298	\$669,943
Expenses	441,733	442,759	443,785
Taxable Income	\$176,920	\$201,539	\$226,159
Income Tax	91,998	104,800	117,602
Net Income After Taxes	\$ 84,922	\$ 96,739	\$108,556

Net Income After Taxes With
\$8.00 Pay TV Monthly Rate:

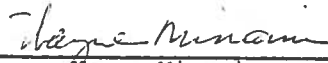
27% Penetration Rate of Return	\$107,516 19.20%	\$119,333 20.76%	\$131,150 22.32%
36% Penetration Rate of Return	\$120,406 20.71%	\$132,223 22.25%	\$144,040 23.80%
44% Penetration Rate of Return	\$133,275 22.18%	\$145,092 23.71%	\$156,909 25.24%
53% Penetration Rate of Return	\$146,165 23.63%	\$157,982 25.15%	\$169,799 26.66%

Net Income After Taxes With
\$9.00 Pay TV Monthly Rate:

27% Penetration Rate of Return	\$113,977 20.05%	\$125,794 21.61%	\$137,611 23.17%
36% Penetration Rate of Return	\$129,022 21.83%	\$140,839 23.38%	\$152,656 24.92%
44% Penetration Rate of Return	\$144,045 23.58%	\$155,862 25.11%	\$167,679 26.64%
53% Penetration Rate of Return	\$159,091 25.29%	\$170,908 26.81%	\$182,725 28.32%

DIRECTOR'S CERTIFICATION

I, WAYNE MINAMI, Director of Regulatory Agencies,
hereby certify that the attached "Order Adopting Hearing
Officer's Proposed Decision and Order as the Director's
Final Order" is a true and correct copy of the original on
file in the Department of Regulatory Agencies.



Wayne Minami
Director of Regulatory Agencies

Dated: AUG 14 1978

Honolulu, Hawaii