

Application for Transfer of Cable Franchise

Applicant's Name: Red Fiber Parent LLC

Transferred Entity's Name: Cincinnati Bell Inc.

Cable Franchise System(s): Hawaiian Telcom Services Company, Inc.

**STATE OF HAWAII APPLICATION FOR TRANSFER
OF CABLE TELEVISION FRANCHISE**

Hawaiian Telcom Services Company, Inc. Franchise System

I. INTRODUCTION

In accordance with the State of Hawai'i's ("**State**") Hawaii Revised Statutes ("**HRS**") § 440G-10.1 and Hawai'i Administrative Rules ("**HAR**") Title 16, Chapter 133, (specifically, HAR §§ 16-133-3 and 16-133-9), no cable franchise, including the rights, privileges, and obligations thereof, may be assigned, sold, leased, encumbered, or otherwise transferred, voluntarily or involuntarily, directly or indirectly, including by transfer of control of any cable system, whether by change in ownership or otherwise, without the approval of the Director of the Department of Commerce and Consumer Affairs (the "**DCCA**"). One seeking to obtain a cable franchise through a transfer (the "**Applicant**") shall apply to the Director, in the form of a written application that has been co-signed by the transferor (the "**Transferor**"). No cable franchise shall be transferred except upon the Director's approval of the written application. This Application represents that form in connection with the submission to DCCA of the Federal Communications Commission ("**FCC**") Form 394, Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise, for each of the cable television franchises to be transferred. The submission of the completed Application for each cable television franchise to be transferred and its acceptance by DCCA are necessary State conditions for the transfer of cable franchises in Hawai'i. The application process outlined in the HAR does not relieve transferor of its obligations, or prejudice any of DCCA's rights, under the provisions of the federal Cable Communications Act of 1984 as amended, particularly by the transfer provisions of Section 617 of the federal Cable Television Consumer Protection and Competition Act of 1992, as revised, nor under other applicable laws and regulations. Acceptance of the Application by DCCA does not confer on Applicant any franchise rights, nor constitute agreement in whole or in part regarding any franchise provision. DCCA's acceptance is intended only as an acknowledgement of the substantial completeness of the Application and the information it contains, along with acknowledgement that Applicant has fulfilled a necessary State condition for transferring the cable franchise(s), as requested. Upon acceptance of the Application, it is DCCA's intention to draft proposed Franchise Document(s) incorporating provisions reflecting community needs and interests, and comments from the public hearing(s) on the transfer application, to serve as the basis of negotiations aimed at establishing mutually agreeable Franchise Document(s).

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II. GENERAL INFORMATION

- A. State the name, mailing and email addresses, and telephone number(s) of Applicant.

Response:

Red Fiber Parent LLC ("**Red Fiber Parent**" or "**Applicant**")
c/o Macquarie Infrastructure and Real Assets, Inc.
125 W. 55th Street, Level 15
New York, NY 10019
Tel: 212-231-6125
Contact Person: Anton Moldan
Email: miralegalnotices@macquarie.com
anton.moldan@macquarie.com

- B. State the name, mailing and email addresses, and telephone number(s) of Transferor.

Response:

Due to the nature of the transaction, there is no Transferor *per se*. Applicant will acquire Cincinnati Bell (NYSE: CBB) through the merger described below in Section II.C with the public shareholders of Cincinnati Bell receiving cash in consideration of the shares they previously owned in Cincinnati Bell. Cincinnati Bell will continue to be the indirect parent of HTSC after giving effect to the merger.

Cincinnati Bell Inc. ("**Cincinnati Bell**")
221 East Fourth Street
Cincinnati, OH 45202
Tel: 513-397-0750
Contact Person: Christopher Wilson, Vice President & General Counsel
E-mail: christopher.wilson@cinbell.com

- C. Provide a summary of the Application for Transfer.

Response: The Application seeks approval of an indirect transfer of the cable franchise of Hawaiian Telcom Services Company, Inc. ("**HTSC**")¹ resulting from a change in control of HTSC's indirect parent company Cincinnati Bell. On March 13, 2020, Cincinnati Bell entered into an Agreement and Plan of Merger

¹ HTSC is an indirect, wholly owned subsidiary of Cincinnati Bell. In 2017, the DCCA approved the transfer of HTSC's cable franchise to Cincinnati Bell. *See In the Matter of the Joint Application of Cincinnati Bell Inc., Hawaiian Telcom Holdco, Inc., and Hawaiian Telcom Services Company, Inc. for Approval of the Transfer of Control of Hawaiian Telcom Services Company, Inc.'s Cable Television Franchise for the Island of O'ahu from Hawaiian Telcom Holdco, Inc. to Cincinnati Bell Inc., and Related Matters*, State of Hawai'i Department of Commerce and Consumer Affairs, Cable Television Division filed on August 11, 2017 ("2017 Cable Transfer Application"); and Decision and Order No. 370 issued on December 8, 2017 ("D&O No. 370").

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(the "**Agreement**") with Applicant and its wholly owned subsidiary RF Merger Sub Inc. ("**Merger Sub**")² under which Cincinnati Bell agreed to merge into and with Merger Sub, whereupon the separate existence of Merger Sub will cease to exist and Cincinnati Bell will be the surviving corporation in the merger (the "**Transaction**"). The shareholders of Cincinnati Bell approved the Transaction and all related proposals at a virtual special meeting on May 7, 2020. Following the Transaction, Cincinnati Bell will remain the indirect parent of HTSC with Red Fiber Parent owning all of the outstanding shares of common stock of Cincinnati Bell. The shares of Cincinnati Bell currently held by the investing public will be converted as a result of the merger into the right to receive \$15.50 in cash per share at closing of the Transaction. The Transaction is valued at approximately \$2.9 billion. As a result of the Transaction, the subsidiaries of Hawaiian Telcom Holdco, Inc. ("**HT Holdco**"), including HTSC,³ will become indirect subsidiaries of Applicant. The corporate structure of Cincinnati Bell will otherwise not change.

Red Fiber Parent is a Delaware limited liability company that has been established as an acquisition vehicle for purposes of the Transaction. At closing of the Transaction, Red Fiber Parent will be majority owned indirectly through MIP V RF Partners L.P., a Delaware limited partnership ("**MIP V Member**") by MIP V (FCC) AIV, L.P., a Delaware limited partnership ("**MIP V**"), a fund managed by a member of Macquarie Infrastructure and Real Assets ("**MIRA**"). MIRA is a global alternative asset manager with extensive experience in investing in the communications infrastructure industry. MIRA places a substantial focus on the environment, sustainability and governance in its management of all of its investments and is committed to being a responsible partner to the communities in which it operates. For more than two decades, MIRA has partnered with investors, governments and communities to manage, develop and enhance assets relied on by more than 100 million people each day. As of March 31, 2020, MIRA had \$136.95 billion in assets under management (based on proportionate enterprise value), of which \$107.9 billion were invested in infrastructure assets. MIRA's ultimate parent is Macquarie Group Limited ("**MGL**"), a publicly traded company incorporated in Australia. MGL is a diversified financial group providing clients with asset management and finance, banking, advisory and risk and capital solutions across debt, equity and commodities. MGL is partner of the Green Climate Fund and a signatory of the Principles for Responsible Investment and MGL's CEO, Shemara Wikramanayake, is a commissioner on the Global Commission on Adaptation and the United Nations Climate Finance Leadership Initiative.

MIP V and the other parties involved in this Transaction should not be confused with Macquarie Infrastructure Corporation ("**MIC**"), a publicly traded company listed on the New York Stock Exchange (NYSE: MIC), which is the parent company of The Gas Company, LLC, a Hawai'i limited liability company, doing business as Hawai'i Gas ("**Hawai'i Gas**"). While both MIP V and MIC are managed indirectly by MIRA, the MIC Board of Directors is comprised of a majority of members who

² Merger Sub is an Ohio corporation formed for the purposes of this Transaction. Merger Sub is a direct, wholly owned subsidiary of Red Fiber Parent.

³ The direct and indirect subsidiaries of HT Holdco include, Hawaiian Telcom Communications, Inc., Hawaii Telcom, Inc. ("**HTI**"), HTSC, and Wavecom Solutions Corporation ("**Wavecom**") (HTI, HTSC and Wavecom collectively, "**Hawaiian Telcom**").

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are independent of MGL, and their sources of funds and investors are completely separate. Neither MIC nor Hawai'i Gas is involved in this Transaction.

At closing of the Transaction, Red Fiber Parent will also be minority owned indirectly by (i) certain alternative investment vehicles managed by the Private Equity Group of Ares Management Corporation ("**Ares Management**"), and (ii) Retail Employees Superannuation Trust ("**REST**"), an Australian superannuation fund managed by Retail Employees Superannuation Pty Limited ("**Rest Trustee**"), as trustee of the fund.⁴

Ares Management is a global alternative investment manager operating three integrated businesses across Credit, Private Equity, and Real Estate. Ares Management's global platform had \$149 billion of assets under management as of March 31, 2020 and employs approximately 1,200 employees in over 20 offices in more than 10 countries. The interests in Red Fiber Parent indirectly held by Ares Management will be held by (i) alternative investment vehicles (the "**SSF AIVs**") controlled by ASSF Management IV, L.P., a Delaware limited partnership ("**SSF IV**"), as the general partner of the SSF AIVs, and (ii) alternative investment vehicles (the "**ASOF AIVs**," and together with the SSF AIVs, the "**Ares AIVs**") controlled by ASOF Management, L.P., a Delaware limited partnership ("**ASOF**," and together with SSF IV, "**Ares**"), as the general partner of the ASOF AIVs.

REST is a widely held Australian public offer pension fund managing over AUD 52 billion (USD \$36 billion) on behalf of approximately 1.7 million members. REST's indirect interest in Red Fiber Parent will be held by Rest Nominees No. 2 Pty Ltd as trustee for the REST International Infrastructure No. 2 Trust ("**Rest Immediate Entity**"). The Rest Immediate Entity is a special purpose investment vehicle whose sole beneficiary is REST Nominees No. 1 Pty Ltd as trustee for REST US Infrastructure Investments Holding Trust ("**Rest Intermediate Entity**"). The sole beneficiary of the Rest Intermediate Entity is REST, which is managed by the Rest Trustee, in its capacity as the trustee of REST.

Additionally, passive investors will hold indirect equity interests through limited partnership interests in MIP V, MIP V Member, (or an affiliate entity), or the Ares AIVs, or membership interests in REST. These passive investors will each hold indirect interests of less than 10% in Red Fiber Parent. Passive investors holding indirect equity interests through limited partnership or membership interests will have usual and customary minority investor rights and protections, but will have no voting or control rights regarding Red Fiber Parent, Cincinnati Bell, or HTSC.

The Transaction will occur entirely above HTSC's indirect parent – Cincinnati Bell – and is not expected to affect the day-to-day operations, billing systems, or operational support systems of HTSC. The Transaction is expected to be transparent to HTSC's customers and will not result in service changes, disruptions, or termination of service for any of its existing customers. The

⁴ A superannuation fund is a form of regulated pension plan established under Australian law where the employer makes statutory contributions on behalf of its employees to provide for the employees' retirement where contributions to the fund, earnings on fund investments and withdrawals from the fund may attract certain tax concessions.

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Transaction does not involve a change in any customer's existing service provider. The customers of HTSC will remain with HTSC and will continue to be served by HTSC pursuant to HTSC's existing franchise agreement.⁵ Under the Transaction, Cincinnati Bell and its subsidiaries, including HTSC, will retain their existing names and brand identities. A further description of the post-Transaction ownership structure, including diagrams showing pre- and post-Transaction corporate ownership structures, are provided as **Exhibit A**.

Additionally, the representations and commitments made by Cincinnati Bell in the 2017 Cable Transfer Application and as reflected in D&O No. 370 will continue in full force and effect upon the closing of the Transaction, which include the following:

1. Infrastructure Commitments and Expansion of Existing Service: Within four (4) years following the close of the Transaction in the 2017 Cable Transfer Application, Cincinnati Bell committed to invest at least TWENTY MILLION AND NO/DOLLARS (\$20,000,000.00) throughout the State, including areas outside of HTSC's current franchise area, to improve and build out its network and infrastructure. None of the funds applied to this infrastructure commitment shall include federal Connect America Fund moneys allocated to HTSC through the federal program or any other public funds.

In addition, and related to the financial commitment discussed above, Cincinnati Bell/HTSC expressly committed to provide, within four (4) years of the close of the Transaction in the 2017 Cable Transfer Application, at minimum, 15,000 new or upgraded connections or extensions of its current network to home. In meeting this commitment, Cincinnati Bell/HTSC may choose to extend its existing networks in its franchise area or other areas of the State; provided that none of the new connections or buildout to homes related to this commitment shall include connections or buildouts related to HTI's obligations under the federal Connect America Fund program.

Moreover, within six (6) months of the close of the Transaction in the 2017 Cable Transfer Application, Cincinnati Bell/HTSC was required to submit a written report to DCCA on the progress of its infrastructure plans, consistent with the financial and connections/buildout requirements set forth in D&O No. 370. Thereafter, the report will be updated annually and submitted on March 31st of each year. This report, at the request of the Director of DCCA, may be presented to the Cable Advisory Committee ("CAC")⁶ and subject to further requirements and refinements in the future.

⁵ See In the Matter of the Application for a Cable Franchise for Hawaiian Telcom Services Company, Inc., State of Hawai'i Department of Commerce and Consumer Affairs, Cable Television Division filed on November 5, 2010 ("2010 HTSC Franchise Application"); and Decision and Order No. 352 issued on June 24, 2011 ("D&O No. 352").

⁶ The CAC advises "[t]he director, cable operators, and access organizations on matters within the jurisdiction of this chapter at the request of the director, any cable operator, or any access organization. . ." HRS § 440G-13.

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2. Low-Cost Internet Service for Consumers: Cincinnati Bell/HTSC agreed to offer low-cost Internet service to all Hawai'i consumers throughout all areas where HTSC infrastructure is enabled at speeds up to seven (7) Megabits per second ("Mbps") downstream and up to one (1) Mbps upstream, with in-home WiFi and McAfee Antivirus; at a maximum cost of nine and 95/100 dollars (\$9.95) per month.

HTSC continues to offer its low-cost Internet service, the "Hawaiian Telcom Internet Kokua Program", which is available to all qualifying low income Hawaii consumers in areas where HTSC infrastructure is enabled to provide broadband service, at speeds of up to 7 Mbps downstream and up to 1 Mbps upstream over copper facilities, or up to 20 Mbps downstream and up to 3 Mbps upstream over fiber facilities. The 7 Mbps service is priced at \$9.95 per month, and the 20 Mbps service is available for only \$12.95 per month. Both speed offerings include in-home Wi-Fi service, and the Wireless Gateway Service Fee of \$6.99 per month is waived. A one-time activation fee of \$29.99 is applicable. Internet Security software and Wi-Fi Plus service are available for additional monthly fees. Customers must provide proof of eligibility for the program (total household income is at or below 135% of the Federal Poverty Guidelines for Hawaii) in order to enroll. The program is available to both new and existing HTSC internet customers.

3. Customer Service Privacy Requirements: Cincinnati Bell/HTSC committed to adhere to the customer privacy requirements and standards set forth in 47 U.S.C. § 222 and HAR § 6-80-115, as amended, with respect to all of its services throughout the State, including its customers for cable and broadband services.
4. Sales and Customer Service Centers: Under the federal Worker Adjustment and Retraining Notification ("WARN") Act, Cincinnati Bell/HTSC is required to provide sixty (60) calendar days' advance notice regarding the closure of any call center impacting fifty (50) or more employees. Upon the closing of the Transaction in the 2017 Cable Transfer Application, Cincinnati Bell/HTSC committed to applying the notification requirements under the WARN Act to all sales and customer service centers, including call centers, regarding closures and/or relocations in the State regardless of the size of the center or the number of employees affected.
5. Customer Service Assurances: Cincinnati Bell committed that the Cincinnati Bell/HTSC's Customer Satisfaction Survey, conducted annually, shall produce results consistent with results obtained in prior years. In the event, however, that there is a ten percent (10%) or more decline in a specific measurement of the survey, after the close of the Transaction in the 2017 Cable Transfer Application, Cincinnati Bell/HTSC 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, Cincinnati Bell/HTSC shall provide a detailed plan (including timeframes and specific actions) to remedy and correct any decline in the customer service measurements.

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6. Rate Transparency and Customer Notification: Upon the closing of the Transaction in the 2017 Cable Transfer Application, Cincinnati Bell/HTSC agreed, to the extent required by law, to provide full disclosure and rate transparency through itemization and explanation of all charges for customers so that customers are not surprised by the inclusion of any add-on charges and fees, including but not limited to taxes, broadcast fees, franchise fees, PEG access fees, and capital funding amounts. In addition, Cincinnati Bell/HTSC shall be held to all federal and State requirements regarding pricing and billing practices.

Cincinnati Bell/HTSC also committed to providing full disclosure and rate transparency through itemization and explanation of all charges before customers sign up for service so that customers are not surprised by the inclusion of any add-on charges and fees (i.e., taxes, broadcast fees, capital funding amounts, franchise fees, etc.) and will know the total bill before committing to service. In addition, all cost information upon the expiration of any promotional offerings shall be provided prior to customers initially signing up for service or charging service plans. Further, Cincinnati Bell committed to and shall provide, at minimum, thirty (30) days advance written notice to subscribers of the expiration of any promotional rates.

7. Exploring Ways to Help Hawai'i's Senior Citizens: In line with finding appropriate solutions for senior citizens, Cincinnati Bell/HTSC committed to exploring all avenues to provide more customers, including senior citizens, with competitive options for video and broadband services.⁷ In the 2017 Cable Transfer Application, HTSC stated that it currently served many multi-dwelling units and senior citizen communities under its bulk pricing and preferred pricing programs and Cincinnati Bell stated that it had no current plan to disrupt these offerings and would strive to make its bulk offerings more competitive with the incumbent cable service provider. In addition, Cincinnati Bell/HTSC committed to fully studying the challenges of Hawai'i's fixed-income senior citizens and propose reasonable options to assist them afford their cable service needs and to include such findings and proposals, to the extent available, in Cincinnati Bell/HTSC's annual report due on March 31st of each year.
8. Public WiFi Partnership: In the interest of offering public benefits to the State, within two (2) years of the close of the Transaction in the 2017 Cable Transfer Application, Cincinnati Bell committed to providing and deploying a mobile application ("app") that facilitates out-of-home "public" WiFi throughout the State. This app was to be similar to and mirror, as applicable, the "Connect Cincinnati" application that Cincinnati Bell rolled out in Cincinnati, Ohio. Through partnerships between Cincinnati Bell/HTSC and local businesses, this app was intended to give consumers access to free WiFi at certain commercial venues throughout the State which is a public benefit resulting from said Transaction. Prior to the launch of the mobile app in Hawai'i, Cincinnati Bell/HTSC was to verbally brief DCCA regarding their plans and the specific parameters of the program, and pledged to fully consider and incorporate, as

⁷ Under 47 U.S.C. § 543(e)(1), Cable System operators may offer discounts for Cable Service to senior citizens.

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applicable, any DCCA requests. In addition, Cincinnati Bell/HTSC shall provide DCCA updates in its annual report due on March 31st of each year regarding the "public" WiFi program and Cincinnati Bell/HTSC's progress of deploying the mobile app throughout the State.

On March 5, 2020, HTSC briefed DCCA on its plans and the specific parameters for meeting the public Wi-Fi partnership condition and seeking feedback from DCCA. At the meeting, HTSC proposed that instead of launching a mobile app, it would offer free public WiFi access at 50 locations throughout the State prior to July 2020, without requiring that users download an app, by leveraging existing WiFi service and access points where business customers currently obtain HTSC WiFi service. Locations for free public WiFi access will be limited to locations where business customers have subscribed and continue to subscribe to HTSC's WiFi service.

DCCA accepted HTSC's proposed modification to satisfy the public WiFi condition with the understanding that HTSC would provide 50 WiFi access points ("AP") which are open to the public prior to July 2020. DCCA also requested that the majority, if not all of the free public WiFi access points, be in the most rural areas on the neighbor islands. If APs are established on Oahu, their preference is rural Oahu rather than the urban core.

Under the Transaction, HTSC and its Hawai'i-based affiliates will continue to be locally managed from Hawai'i and its union labor agreements will be honored, with Cincinnati Bell retaining operational control under Red Fiber Parent's ultimate ownership. In addition, customers will continue to have local customer support and customers will have the ability to interact with local support personnel as well as obtain support over the telephone and the Internet. Consistent with the Cincinnati Bell commitment to the Hawai'i Public Utilities Commission ("Hawai'i PUC"), the Board of Directors of Cincinnati Bell will continue to have at least two residents of Hawai'i.⁸ Hawai'i will thus be well represented when broader strategic decisions are made.

- D. State Applicant's position on whether it will continue and comply with the existing services to customers and the franchise obligations and requirements of the current franchise holder under the Hawai'i cable franchise(s).

Response: As described in Section II.C and in Exhibit 3 of the attached FCC Form 394, Applicant has no current plans to change the terms and conditions of service or operations of the cable systems. The Transaction will occur entirely at the parent company level and will not affect the day-to-day operations of HTSC. The Transaction is expected to be seamless and transparent to customers and not to result in service changes, disruptions, or termination of services for any existing

⁸ See In the Matter of the Application of Cincinnati Bell Inc., Hawaiian Telcom, Inc., Hawaiian Telcom Services Company Inc., and Wavecom Solutions Corporation for Approval (1) to Transfer Indirect Control of Licensees to Cincinnati Bell Inc.; (2) for Pro Forma Transfer of Control; (3) for Licensees to Participate in Certain Financing Arrangements and (4) to Modify and Extend Certain Waivers filed on August 11, 2017, Docket No. 2017-0208; and Decision and Order No. 35427 at 54 issued on April 30, 2018 ("Cincinnati Bell/Hawaiian Telcom Order").

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HTSC customers. The customers of HTSC will remain with HTSC and will continue to be served under its existing authorization and HTSC will continue to operate pursuant to its existing franchise agreement. From a system operations standpoint, no system cutovers or other operational changes are required to implement the Transaction or operate HTSC after the Transaction is consummated, and HTSC's existing customer interface systems will remain in place.

Red Fiber Parent has further certified in the FCC Form 394, Section V, Part II(c), that it will 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 of the systems, if any changes are necessary to cure any violations thereof or defaults thereunder presently in effect or ongoing.

- E. State whether Applicant is requesting, or will request any changes to the current cable franchise(s) orders; and describe the requested changes, if any.

Response: Applicant is not requesting and has no current plans to request any changes to the current cable franchise order.

- F. State whether Applicant affirms all statements made by Transferor in any pending cable franchise renewal proceedings before DCCA.

Response: Applicant does not expect the Transaction to affect any pending cable franchise renewal proceedings before the DCCA. Following the Transaction, if there are any pending franchise renewal proceedings, Applicant will cooperate with the DCCA.

- G. Summarize changes, if any, that Applicant will undertake or is proposing to the Hawai'i cable system(s) for which this Application refers to over the next ten (10) years and, in particular, specifically discuss the follow areas:

1. Consumer demand and needs for services, technological advancements (including migration to all digital/high definition systems); and diversity of programming;
2. Public, educational, or governmental ("PEG") Access support, physical plant and equipment, subscriber services, government services, institutional networks ("INET"), broadband services, and reporting requirements, for the cable franchise(s);
3. Upgrades to the network infrastructure to support residential or commercial voice, video, and data services;
4. System operations, including but not limited to, billing practices, personnel, technical oversight, call center locations, physical location of books and records located in the State of Hawai'i, and consolidations;
5. Increases/decreases to rates for subscribers' services; and

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6. Anticipated relocation and/or the vacating of existing facilities.

Response: While it is not possible at this time to provide specific details on changes that will occur with respect to the cable system over the next decade, as provided in Exhibit 8 to FCC Form 394, the Transaction will provide HTSC with the expanded liquidity and capital flexibility it needs to continue growing its business and serving its customer base throughout its service territory. Through an improved financial position and additional financial resources and knowledge that will be gained with Red Fiber Parent under the subject Transaction, the combined operation will place HTSC in a position to provide a more expansive range of products and innovative services and to further expand communications infrastructure across the Hawaiian islands to better address demands for high-speed broadband, competitive video offerings and other next generation, integrated communications services over an enhanced and expanded fiber network. The expanded broadband capabilities are consistent with and support the goals of the Hawai'i Broadband Strategic Plan issued by the DCCA in December 2012. Under Red Fiber Parent's ownership, Cincinnati Bell will continue to push fiber deeper into HTSC and its Hawai'i-based affiliates footprint using its experiences with fiber builds, in order to improve service quality and bandwidth performance to the benefit of customers in Hawai'i, consistent with the fiber buildout commitments and requirements imposed by DCCA and the Hawai'i PUC in the Cincinnati Bell/Hawaiian Telcom orders. These growth opportunities are not expected to negatively impact HTSC's costs of operations.

After the closing, Red Fiber Parent expects to continue to support HTSC's investment and focus on technologically advanced telecommunications networks and to enhance and expand HTSC and its Hawai'i-based affiliates' ability to deploy technologies to provide additional network capacity to customers. Any future information technology upgrades or expansions will be done with careful planning and execution in the normal course of business operations.

As a result, HTSC and its Hawai'i-based affiliates will be better positioned to deliver a broader suite of communications and cable-related services to customers and businesses in Hawai'i, thereby strengthening competition in terms of pricing, content, value, customer service and innovative products and offerings.

HTSC local management, with the benefit of Cincinnati Bell's managerial and operational experience combined with Red Fiber Parent's additional resources and support, will continue to manage the operations in Hawai'i and play an important role in decision making in the combined entity and in determining how best to meet the needs of Hawai'i's communities. The Transaction will position Cincinnati Bell and HTSC and its Hawai'i-based affiliates for expanded fiber deployment; thus, allowing for greater growth opportunities in a range of services and product plans made possible with expanded fiber deployment. With the continued operational support of Cincinnati Bell and the financial support of Red Fiber Parent, HTSC and its Hawai'i-based affiliates will be better positioned to deliver improved voice and broadband services and competitive video offerings to its customers on the island of Oahu.

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H. Authorization

State the names, titles, mailing and email addresses, telephone numbers, and responsibilities of all persons who are authorized to represent or act on behalf of Applicant on matters pertaining to the Application. For each person so authorized, Applicant shall state the limits, if any, of the authority of the individual to make representations or act on behalf of Applicant with respect to matters pertaining to the Application. The requirement to make such disclosure shall continue until the State has accepted or rejected Applicant's Application or until Applicant withdraws its request for approval of the Transfer (i.e., the Application).

Response:

The following persons are authorized to act on behalf of Applicant:

Anton Moldan
Red Fiber Parent LLC
c/o Macquarie Infrastructure and Real Assets
125 W. 55th Street, Level 15
New York, NY 10019
Tel: 212-231-6125
Email: miralegalnotices@macquarie.com
anton.moldan@macquarie.com

Kent D. Morihara
Michael H. Lau
Jamie C. Yoshikane
Lianna L. Figueroa
MORIHARA LAU & FONG LLP
841 Bishop Street, Suite 400
Honolulu, Hawaii 96813
Tel: 808-526-2888
Fax: 808-566-0800
Email: kmorihara@moriharagroup.com
mlau@moriharagroup.com
jyoshikane@moriharagroup.com
lfigueroa@moriharagroup.com

James H. Barker
Elizabeth R. Park
LATHAM & WATKINS LLP
555 Eleventh Street, NW
Suite 1000
Washington, D.C. 20004-1304
Tel: 202-637-2200
Fax: 202-637-2201
Email: james.barker@lw.com
elizabeth.park@lw.com

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The extent of authority for each individual is dependent on the nature of the inquiry.

The following persons are authorized to act on behalf of Cincinnati Bell and Franchisee:

Christopher J. Wilson
Vice President & General Counsel
Cincinnati Bell Inc.
221 East Fourth Street
Cincinnati, Ohio 45202
Tel: 513-397-0750
Email: christopher.wilson@cinbell.com

Steven Golden
Vice President of External Affairs
Hawaiian Telcom Services Company, Inc.
1177 Bishop Street Suite 17
Honolulu, HI 96813
Tel: 808-546-3877
Email: steven.golden@hawaiiantel.com

Su Hwa Shin Meisenzahl
President
Hawaiian Telcom Services Company, Inc.
1177 Bishop Street, Suite 17
Honolulu, HI 96813
Tel: 808-546-1278
Email: su.shin@hawaiiantel.com

Jeffrey T. Ono
Watanabe Ing LLP
First Hawaiian Center
999 Bishop Street, Suite #125
Honolulu, HI 96813
Tel: 808-544-8300
Email: jono@wik.com

Andrew D. Lipman
Joshua M. Bobeck
Danielle Burt
MORGAN, LEWIS & BOCKIUS, LLP
1111 Pennsylvania Ave., NW
Washington, DC 20004
Tel: (202) 373-6000
Email: andrew.lipman@morganlewis.com
joshua.bobeck@morganlewis.com
danielle.burt@morganlewis.com

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I. History and experience

1. Describe the Hawai'i cable system(s) to be transferred ("**Hawai'i system**").

Response: The Hawai'i system is located in the geographical area encompassing the island of Oahu, City and County of Honolulu. The Franchisee, HTSC, delivers its Hawaiian Telcom TV service over the fiber and copper network infrastructure of its sister company, HTI. Additional details regarding the Hawai'i system may be found in the 2010 HTSC Franchise Application.⁹

2. Provide a narrative account of Applicant's history and experience in the cable industry and, in particular, its operations in Hawai'i, if any.

Response: Applicant does not itself have a history or experience in the cable industry inside or outside of Hawai'i. As noted above, however, Cincinnati Bell will continue to be a 100% intermediate parent of HTSC. Cincinnati Bell and HTSC have a long and proven track record in the cable industry in Hawai'i as further detailed below. Applicant will be majority owned indirectly by a fund managed by a member of MIRA. MIRA, through separately held portfolio investments, manages the ownership of fiber optic services in the United States as follows:

- Bluebird Networks via its wholly owned subsidiaries Missouri Network Alliance, LLC d/b/a Bluebird Network ("MNA"), Illinois Network Alliance, LLC and PEG Bandwidth IL, LLC, provides transport and Internet services as a "carrier's carrier" to wholesale and enterprise customers in Missouri, Illinois, Iowa, Oklahoma, Kansas, Kentucky, Tennessee, and Nebraska through its 10,000 fiber mile network. MNA also provides tandem switching and transport services for interexchange carriers in Missouri and Illinois pursuant to interstate and intrastate tariffs.

Since 2007, MIRA has been investing in telecommunications infrastructure assets in North America and currently manages investments in the following five telecommunications and digital infrastructure businesses: (1) InSite Wireless, the second-largest privately-held portfolio of wireless towers in the United States, (2) Mexico Tower Partners, one of the largest owners of wireless towers in Mexico, (3) Aligned Energy, a developer and operator of wholesale datacenters, and (4) Neutrality Datacenters, an owner and operator of highly connected datacenters, or carrier hotels. MIRA also has extensive experience in wireline connectivity infrastructure outside the United States. In 2018, MIRA managed funds invested in INEA S.A., the largest cable and fiber operator in western Poland, passing over 650,000 homes. Additionally, in 2018, MIRA managed funds invested in TDC A/S, the incumbent telecommunications provider in Denmark, with a business plan to invest substantially in new fiber construction to provide customers throughout the country with high-speed Internet access, overbuilding large sections of TDC's legacy twisted copper network. TDC A/S has over 1.2 million television subscribers, passes approximately 1.5 million homes with cable and also has approximately 2 million mobile network subscribers. Further, in 2019, MIRA

⁹ See *supra* note 4.

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managed funds invested in KCOM Group PLC, the incumbent fixed-line telecommunications operator in Kingston-Upon-Hull in the United Kingdom, one of the largest fiber-to-the-home operators in the United Kingdom serving approximately 190,000 homes and 15,000 businesses.

Cincinnati Bell and its subsidiaries provide competitive telecommunications services to residential and business customers. Through its Entertainment and Communications segment, Cincinnati Bell provides high-speed data, video and voice solutions to consumers and businesses over an expanding fiber network and a legacy copper network in Hawai'i, Indiana, Kentucky and Ohio. Cincinnati Bell's early decision to accelerate its regional fiber build-out a decade ago has created an advanced network capable of providing more bandwidth and faster Internet speeds than its competitors. Cincinnati Bell continues to transform from a legacy copper-based telecommunications company into a technology company with state-of-the-art fiber assets servicing customers with data, video, voice and IT solutions to meet their evolving needs. Expansion of its fiber network is a key initiative for Cincinnati Bell. Cincinnati Bell, through its indirect subsidiaries HTSC and Cincinnati Bell Extended Territories LLC ("CBET") holds video franchises in Hawai'i, Indiana, Kentucky and Ohio. As of December 31, 2019, Cincinnati Bell cable franchises serve over 178,000 customers. Cincinnati Bell's 2019 video revenue exceeded \$200 million. Its fiber network currently spans 12,500 route miles throughout Ohio, Kentucky and Indiana and 4,700 route miles in Hawai'i and its fiber-based services are available to approximately 45 percent of Hawai'i and approximately 75 percent of the locations in Cincinnati Bell's Indiana, Kentucky and Ohio operating area.

Specifically, HTSC, as Franchisee, is an indirect, wholly owned subsidiary of HT Holdco, which is a direct subsidiary of Cincinnati Bell. HTSC and its Hawai'i-based affiliates have served the communications needs of the state of Hawai'i for nearly 135 years. HTI, the incumbent local exchange carrier ("ILEC") of the State of Hawai'i and the sister company of HTSC, was formed in 1883 to provide telephone service throughout the Hawaiian Islands. HTI provides voice and data network solutions supported by the reach and reliability of its next generation fiber network and a 24/7 state-of-the-art network operation center. HTI's statewide backbone is one of the largest Internet Protocol ("IP") networks in Hawai'i and provides the foundation upon which to expand its portfolio of advanced services to consumers and businesses throughout the state. HTSC was formed in 2004 in connection with the Carlyle Group's acquisition of Verizon Hawaii Inc.'s businesses, in order to provide to the State of Hawai'i non-regulated services including high-speed Internet, directories, and wireless services. In 2011, the Director of DCCA granted a nonexclusive cable franchise to HTSC, authorizing the company to deliver digital cable service to all areas on the island of Oahu via Internet Protocol TV ("IPTV") technology.¹⁰ As of December 31, 2019, HTSC served over 42,700 video customers and its revenue from video services exceeded \$42 million.

¹⁰ HTSC's cable franchise is scheduled to expire on June 24, 2026. See D&O No. 352 at 59 and 68.

III. AFFIDAVIT

No Application will be accepted without an affidavit, notarized, on behalf of Applicant, attesting to the following:

This Application is submitted by the undersigned that has been duly authorized to make the representations herein on behalf of Applicant.


Applicant understands that representations in this Application may be made part of or be relied upon in developing the Franchise Documents, and are enforceable against Applicant, in the event a franchise is transferred as a consequence of this Application.

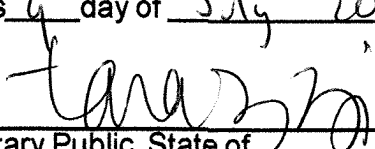
Applicant recognizes that all representations made in this Application are binding upon it and that inaccuracy of or failure to adhere to any such representations may result in revocation of any franchise that may be transferred as a consequence of this Application.

Consent is hereby given to the State to make inquiry into the legal, character, technical, financial and other qualifications of Applicant and any controlling entities by contacting any persons or organizations named herein as references, or by any other appropriate means.

Applicant certifies and guarantees that the responses are within the financial capability of the proposed system, and to deliver a cable communications system which is consistent with the responses contained within this Application.

The signatory hereto declares that the entire contents of this application are true and correct to the best of his/her knowledge, information, and belief.

Firm Name: Red Fiber Parent LLC
Affiant's Signature: 
Affiant's Name: Anton Moldan
Official Position: Vice President

Subscribed and sworn to before me
This 9 day of July 2020

Notary Public, State of _____
My commission expires: _____

TARA LIZZI
Notary Public, State Of New York
No. 0116080562
Qualified In Kings County
Commission Expires Sept. 16, 2020

III. AFFIDAVIT

No Application will be accepted without an affidavit, notarized, on behalf of Applicant, attesting to the following:

This Application is submitted by the undersigned that has been duly authorized to make the representations herein on behalf of Applicant.

Applicant understands that representations in this Application may be made part of or be relied upon in developing the Franchise Documents, and are enforceable against Applicant, in the event a franchise is transferred as a consequence of this Application.

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Applicant certifies and guarantees that the responses are within the financial capability of the proposed system, and to deliver a cable communications system which is consistent with the responses contained within this Application.

The signatory hereto declares that the entire contents of this application are true and correct to the best of his/her knowledge, information, and belief.

Firm Name:	<u>Cincinnati Bell Inc.</u>
Affiant's Signature:	<u><i>Christopher J. Wilson</i></u>
Affiant's Name:	<u>Christopher J. Wilson</u>
Official Position:	<u>Vice President & General Counsel</u>

Subscribed and sworn to before me
This 10th day of July, 2020

Connie M. Vogt
Notary Public, State of Ohio
My commission expires: April 28, 2025



CONNIE M VOGT
Notary Public
State of Ohio
My Comm. Expires
April 28, 2025

Application for Transfer of Cable Franchise

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Transferred Entity's Name: Cincinnati Bell Inc.

Cable Franchise System(s): Hawaiian Telcom Services Company, Inc.

IV. QUALIFICATIONS

As part of the franchise transfer process, DCCA wishes to obtain information regarding the financial, legal, technical, and character qualifications of Applicant.

A. Legal and Ownership Qualifications

1. Ownership and Control Information

Provide the following information for all principals, officers, and directors of Applicant*, and for beneficial owners of one percent (1%) or more of the outstanding stock or other ownership interest in Applicant. Beneficial owners include, but are not limited to individuals, corporations, partnerships, joint ventures, and unincorporated associations. Beneficial owners also include all prospective owners, including those to whom offers to become owners have been made and the offer has not been rejected. To the extent that the information below is fully contained in the Securities and Exchange Commission ("SEC") Form 10-K filings, those filings may be submitted in lieu of the information below.

Name (if individual):	_____
(if organized)	_____
Complete Mailing Address	_____
Nature of Interest:	Partner <input type="checkbox"/> Officer <input type="checkbox"/> Stockholder/Owner <input type="checkbox"/> <input type="checkbox"/> Director <input type="checkbox"/>
Profession or occupation	_____
Name of Employer	_____
Address of Employer	_____

*If Applicant is a subsidiary of another controlling entity, provide the requested information for all controlling entities.

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Number of shares of each class of stock or ownership interest in Applicant (including stock options, stock subscriptions, and partnership options):

Response: Please see Exhibit 5 of the FCC Form 394 for ownership and control information for Red Fiber Parent.¹¹

Method of payment for interest (cash, notes, services, etc.):

Response: Please see Description of Transaction provided in Section II.C.

If shares are used for security to obtain funds to pay for them, disclose full details of the transaction:

Response: Please see Section IV.D.3 for the description of the financing terms.

Percentage of ownership of partnership, voting stock or equity interest:

Response: Please see response to Section IV.A.1 above.

2. Corporate or Business Information Documents

Provide Articles of Incorporation, limited liability company agreements, partnership and limited partnership agreements, as well as management agreements for Applicant and its parent organization, if not already provided in the FCC Form 394 or SEC Form 10-K.

Response: Applicant's certificate of formation and limited liability company agreement are attached as **Exhibits B-1** and **B-2**. RF Topco certificate of formation and limited liability company agreement are attached as **Exhibits C-1** and **C-2**. Red Fiber Holdings LLC's ("RF Holdings") certificate of formation is attached as **Exhibit D-1**. The proposed final form of RF Holdings Amended & Restated Limited Liability Company Agreement is attached as **Confidential Exhibit D-2**.¹²

3. General Ownership Information -- To be completed by each organization, company, or corporation that filled out Section IV.A above.
List all principals, officers, corporate directors, members, and beneficial owners of one percent (1%) or more of Applicant's stock or ownership interest.

¹¹ Exhibit 5 of the FCC Form 394 provides the ownership and control information for Red Fiber Parent for beneficial owners holding an equity interest of more than 5%. Other beneficial owners holding an equity interest of 5% or less are not listed in Exhibit 5 or provided herein as they are passive investors with no voting or control rights regarding Red Fiber Parent.

¹² The members of RF Holdings have agreed to the terms substantially set forth in **Confidential Exhibit D-2** and any additional changes thereto are not likely to be material.

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(For each name below that is the name of an organization or corporation, complete a new Section IV.A for the entity until all ownership interests are identified at the level of individual owners of one percent or more).

Response: Please see response to Section IV.A.1 above.

4. **Additional Information**

- a. Is Applicant directly or indirectly controlled by another corporation or legal entity?

If "yes," please explain. Applicant is requested to provide the full name of the franchise holder and all parent and other related entities that would be responsible for any part of the ownership or operation of the Hawai'i system, along with a description and diagram of the relationship of these entities, and of the specific legal authorization of each entity for doing business. If there are any anticipated changes in this structure after the transfer of the cable franchise(s), please explain. In addition, please provide the names and contact information for persons with authority to represent each entity for purposes of the franchise transfer process. Explain Applicant's relationship to the current franchise holder, if necessary or applicable.

Response: As explained in response to Sections II.C and IV.A.1, and in Exhibit 5 of the FCC Form 394, at closing of the Transaction, Red Fiber Parent will be majority owned indirectly by MIP V. Please also see the pre- and post-Transaction Corporate Organization Charts attached as **Exhibit A**. Contact information for Cincinnati Bell and Transferee is provided in Section II.B.

- b. Provide a current organizational chart including any parent organizations and affiliates controlled by Applicant, showing the relationship between Applicant, new franchise holder/transferee and all principals and ultimate beneficial owners of Applicant including all controlling/ownership entities in the change of command. The organizational chart should show all vertical and horizontal affiliates by degree or extent of control/ownership interest.

Response: Please see the pre- and post-Transaction Corporate Organization Charts attached as **Exhibit A**.

- c. Detail agreements or procedures, if any, relating to the extent to which policy and operational control over the Hawai'i system remain vested with local management of current cable franchise holder. Also provide complete description of all entities and organizations

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which may comprise or be part of or related to controlling business entity.

Response: HTSC, the Franchisee, will remain in place following the Transaction and will remain subject to the franchise requirements. There are no current plans to change practices as it relates to operational control or management of HTSC, but Red Fiber Parent, Cincinnati Bell and/or HTSC reserve the right to make service and operational changes in the future, consistent with the terms of the franchise and applicable law, to better serve customers in the State.

Please see Exhibit 7 to the FCC Form 394, and the amended and restated limited liability company agreement of RF Holdings attached as **Confidential Exhibit D-2**¹³ for a description of the management arrangements for the controlling business entity that will be put in place at the closing of the transaction.

5. Obligations of Applicant

- a. Is any owner of any equity interest obligated or expected to be obligated to repay, guarantee, or otherwise be responsible for any outstanding debt of Applicant? If recourse exists with respect to the assets of some but not all equity owners, disclose details of different treatment.

Response: See response to Section IV.D.3.

- b. Is Applicant obligated or expected to be obligated to repay, guarantee, or otherwise be responsible for any outstanding debt of any equity interest in Applicant, parent organization or any affiliated entity? If recourse exists with respect to the assets of some but not all equity owners, disclose details of different treatment.

Response: See response to Section IV.D.3.

6. Ownership Disclosure

- a. Applicant, including all shareholders and parties with any financial interest in Applicant, must fully disclose all agreements and understandings with any person, firm, group, association, or corporation with respect to the ownership and control of the franchise(s), including but not limited to agreements regarding the management or day-to-day business of any material portion of cable operations. This includes agreements between local investors and national companies. Failure to reveal such agreements will be considered withholding of pertinent information

¹³ Id.

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and will be considered cause to withhold or revoke award/transfer of the franchise(s).

Response: See response to Section IV.A.2, Section IV.A.4.c., and Exhibits 5 and 7 of the FCC Form 394. In addition, Cincinnati Bell's Amended Articles of Incorporation are attached as **Exhibit E-1** and its Amended and Restated Regulations are attached as **Confidential Exhibit E-2**.¹⁴

- b. Please append copies of any written agreements made regarding the ownership or control of the Hawai'i system. Use the space provided to outline any oral agreements or understandings regarding the ownership or control of the Hawai'i system. Indicate the existence and description (including price and time-of-exercise provisions) of stock options, buy-out agreements, buy-back, or exchange of stock (or other interests) or options that could affect the ownership structure of Applicant. Treat specifically the possible effects on the interests of minority owners and local investors. (A "local investor" shall mean any individual who resides within the State of Hawai'i or any corporation, partnership, or business association owned or controlled by any individual(s) who reside in such area.)

Response: The agreement relating to the ownership or control of the Hawai'i system is the Agreement and Plan of Merger dated March 13, 2020. A copy of the Agreement is attached to Form 394 as Exhibit 1, and is also available at: <https://www.sec.gov/Archives/edgar/data/716133/000095015720000363/ex2-1.htm>. See also responses to Sections IV.A.2 and IV.A.6(a).

- c. Provide all agreements, documents, or other materials covering relationships, interest rights and responsibilities for ownership entities other than a corporation, including but not limited prospectuses, offering statements, solicitations, and repayment agreements.

Response: See response to Sections IV.A.2 and IV.A.6.b.

- d. Please provide the most recent SEC Form 10-K, if any, for all related or controlling entities of Applicant.

Response: Please see <https://www.sec.gov/Archives/edgar/data/716133/000156459020030437/0001564590-20-030437-index.htm>

¹⁴ Red Fiber Parent, as the sole shareholder of Cincinnati Bell, has agreed to substantially the form set forth in **Confidential Exhibit E-2** and any additional changes thereto as not likely to be material.

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Applicant's Name: Red Fiber Parent LLC

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7. Future Ownership Issues

Provide a complete description of any pending or planned changes in the ownership structure of Applicant including such changes pending or planned for any ownership interests in Applicant or any of Applicant's parent organization and/or companies.

Response: At this time, Applicant has no pending or planned changes to its ownership structure beyond the changes described in Section II.C of this Application.

B. Character Qualifications

Please provide the following information about Applicant and any controlling entities (hereinafter collectively referred to in this section as "**Applicant**"). Please identify all controlling entities for which the information is provided.

For the ten- (10) year period immediately preceding the filing of the Application, please provide the following information as to Applicant:

1. Has any court entered any judgment, decree, or order which determined that Applicant engaged in any activity that involved:

a. unfair or deceptive trade practices, perjury, fraud, dishonesty, organized crime, or racketeering; or

Response: No.

b. violation of applicable federal, state, or local cable communications laws or rules; or

Response: No.

c. violation of cable franchise provisions; or

Response: No.

d. violation of the rules, regulations, codes of conduct, or ethics of a self-regulatory trade or professional organization?

Response: No.

e. If so, please describe each such judgment, order, or decree and provide a copy thereof.

Response: No.

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2. Has any administrative entity made any finding or entered any order or decree which determined that Applicant engaged in any activity that involved:

a. unfair or deceptive trade practices, perjury, fraud, dishonesty, organized crime, or racketeering; or

Response: No.

b. violation of applicable federal, state, or local cable communications laws or rules; or

Response: No.

c. violation of cable franchise provisions; or

Response: No.

d. violation of the rules, regulations, codes of conduct, or ethics of a self-regulatory trade or professional organization?

Response: No.

e. If so, please describe each such finding, order or decree and provide a copy thereof.

Response: No.

f. violation of cable franchise provisions; or

Response: No.

g. violation of the rules, regulations, codes of conduct, or ethics of a self-regulatory trade or professional organization?

Response: No.

h. If so, please describe each such finding, order or decree and provide a copy thereof.

Response: No.

3. Has Applicant or any of its officers, directors, or management employees been convicted of any felony criminal offense, which involved perjury, misrepresentation, fraud, theft, or bribery? If so, please provide full information concerning each such condition.

Response: No.

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4. Has any cable television franchise held by Applicant been suspended or revoked? If so, please state the relevant circumstances for each such suspension or revocation.

Response: No.

5. Has any application submitted by Applicant for a new cable television franchise been denied or withdrawn after receipt of a formal or informal notice of intent to deny? If so, please state the relevant circumstances for each such denial or withdrawal and status of application.

Response: No.

6. Has any application for a transfer of a cable television franchise to Applicant been denied or withdrawn after receipt of a formal or informal notice of intent to deny? If so, please state the relevant circumstances for each such denial or withdrawal and status of application.

Response: No.

7. Has any application submitted by Applicant for a transfer of a cable franchise been denied or withdrawn after receipt of a formal or informal notice of intent to deny? If so, please state the relevant circumstances for each such denial or withdrawal and status of application.

Response: No.

C. Other Cable Franchises

1. Identify the names and locations of all current cable franchises held by Applicant, along with the number of subscribers and gross revenues, for each cable franchise.

Response: Currently, Applicant does not hold any other cable franchises.

2. Identify other cable systems sold by Applicant during the past five (5) years, or any other pending transfer cable franchise applications, as applicable.

Response: Applicant has not sold any cable systems in the past five (5) years and currently does not have any other pending applications for the transfer of other cable franchises.¹⁵

¹⁵ Applicant will also be filing applications in Kentucky for approval of the indirect, parent level transfer of control of the local cable franchisee Cincinnati Bell Extended Territories LLC.

Application for Transfer of Cable Franchise

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D. Financial Qualifications

1. Applicant's Financial Statements (HAR §16-131-44(4))

Provide the latest audited financial statements of Applicant that have been audited by an independent Certified Public Accountant. Such audited financial statements are to be full disclosure financial statements prepared in accordance with Generally Accepted Accounting Principles and contain at a minimum, Balance Sheets, a Statement of Income, a Statement of Changes in Equity, a Statement of Cash Flows, and a full set of related footnotes.

Response: Please see Exhibit 8 to Form 394.

2. Source of Financing

Describe in detail financing plans for any new construction, expansion and the continuing operation of the Hawai'i system. Document the debt or financing that is to be provided by any funding organization. If the funding is to be provided through any parent, then the ability to obtain financing and sources of the parent must be documented.

Response: The parties expect that the Transaction will strengthen HTSC's operations financially. The increased financial and other resources of Red Fiber Parent will facilitate greater growth opportunities in a range of products and services including expanded broadband and entertainment products available over an enhanced fiber network. The Transaction will not adversely impact the ability of HTSC and Cincinnati Bell to fulfill the commitments made to the DCCA in connection with the DCCA's approval of the combination of HTSC and Cincinnati Bell in 2017, including commitments to: (1) expend at least \$20 million throughout the State of Hawai'i to improve and build out HTSC's network and infrastructure; and (2) provide at least 15,000 new or upgraded connections or extensions of HTSC's network to homes in Hawai'i.¹⁶

Red Fiber Parent fully intends to honor these commitments by providing sufficient funding and other resources to HTSC and Cincinnati Bell. Red Fiber Parent is committed to working closely with local management after completion of the Transaction to assess future plans and financing needs and has not at this time adopted specific construction or financing plans for the Hawai'i system. The financial information provided with the FCC Form 394 demonstrates the financial strength necessary for continued operation of the Hawai'i system. See also response to Section IV.D.3.

¹⁶ See, D&O No. 370 at 15-20.

Application for Transfer of Cable Franchise

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3. Terms of Financing

Provide details of the terms of any financing arrangements with Applicant's parent company or any other affiliated entities, if any.

Response: Red Fiber Parent entered into an amended and restated debt commitment letter (as further amended, restated, amended and restated or otherwise modified from time to time, the "Opco Commitment Letter") with Goldman Sachs Bank USA, Regions Bank, Regions Capital Markets, a division of Regions Bank, Société Générale and Fifth Third Bank, National Association (collectively, the "Opco Commitment Parties"), dated as of May 7, 2020, for the commitment of debt funds (the "Debt Financing"), the proceeds of which will be used, together with the proceeds of or one or more equity contributions, to (i) finance, in part, the Transaction, (ii) refinance indebtedness of Cincinnati Bell under its existing U.S. working capital credit facility, its existing receivables financing facility and, if applicable, certain of its other existing indebtedness (collectively, the "Refinancing"), (iii) pay the fees, costs and expenses related to the Transaction and the Refinancing, and (iv) fund working capital and other general corporate purposes. More specifically, pursuant to the Opco Commitment Letter, the Opco Commitment Parties have committed to provide Merger Sub (and after closing of the Transaction, Cincinnati Bell as the surviving corporation) with an aggregate principal amount of up to \$625 million in senior secured credit facilities (the "Opco Credit Facilities"), consisting of (i) a senior secured revolving credit facility in an aggregate principal amount of up to \$250 million (with an initial maturity of five years) and (ii) a senior secured term loan credit facility in an aggregate principal amount of up to \$375 million (with an initial maturity of seven years). The Opco Credit Facilities are subject to terms and conditions generally consistent with acquisition or similar debt financing facilities entered into by comparable telecommunications and technology companies for transactions of this type.

The Opco Credit Facilities will be (a) guaranteed by Red Fiber Parent and each direct or indirect wholly-owned material U.S. subsidiary of Cincinnati Bell, including Hawaiian Telcom (collectively, the "Opco Guarantors"), subject to limitations and exclusions usual and customary for facilities of this type, and (b) secured by a pledge of all the capital stock of Cincinnati Bell owned by Red Fiber Parent, pledges of all of the assets of Cincinnati Bell and the Opco Guarantors including Hawaiian Telcom (other than Red Fiber Parent), and pledges of all capital stock of each direct, wholly-owned material restricted subsidiary owned by Cincinnati Bell and each Opco Guarantor including Hawaiian Telcom, in each case, subject to limitations and exclusions usual and customary for facilities of this type. Notwithstanding the above, however, the collateral for the Opco Credit Facilities will not include any real estate. Further, as part of the financing transaction, the collateral granted by Cincinnati Bell (but not its subsidiaries) to secure the Opco Credit Facilities will also secure its outstanding (i) 7.25% Senior Notes due 2023, (ii) 7.000% Senior Notes due

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2024 and (iii) 8.000% Senior Notes due 2025, in each case on an equal and ratable basis with the collateral that secures the Opco Credit Facilities. The collateral granted by Cincinnati Bell's subsidiary Cincinnati Bell Telephone Company LLC ("CBT") to secure the Opco Credit Facilities will also secure CBT's 6.30% Senior Notes due 2028 on an equal and ratable basis with the collateral that secures the Opco Credit Facilities.

The above described financial structure is common in the telecommunications industry, and is consistent with HTSC's existing financing arrangements¹⁷ as well as with the financing arrangements that Charter Communications Inc.'s ("Charter") used in its recent acquisition of Oceanic Time Warner Cable ("TWC" or "Oceanic").¹⁸ The subject financing arrangement, whereby an upstream company incurs debt with credit support from subsidiaries, provides for stability and predictability in raising capital, and by leveraging the larger scale, multiple revenue streams, product diversity, and wider geographical reach of multiple subsidiaries, the parent company is able to access the capital markets on terms more favorable than could be obtained by any individual subsidiary.

A copy of the Opco Commitment Letter is attached as **Confidential Exhibit F**. Applicant will supplement this application to the extent the material terms of the Opco Commitment Letter/Opco Credit Facilities are subsequently amended.

4. Operator Liability

- a. Will any other entity besides Applicant be legally liable for the obligation and performance of the Hawai'i system?

Response: The current Franchisee, HTSC, will continue to be legally liable for the obligations and performance of the Hawai'i system.

¹⁷ *See In the Matter the Application of Hawaiian Telcom, Inc. and Hawaiian Telcom Services Company, Inc., for an Order Approving the Joint Chapter 11 Plan of Reorganization of Hawaiian Telcom Communications, Inc. and its Debtor Affiliates, including certain Security Arrangements*, filed on January 4, 2010, Docket No. 2010-0001; and Decision and Order at 50-51, 60, issued on September 22, 2010. *See also* In the Matter of the Application of Hawaiian Telcom, Inc. and Hawaiian Telcom Services Company, Inc. for a Statutory Waiver and Regulatory Requirements Related to Financing Arrangements Under Certain Circumstances, Decision and Order No. 32193, issued on July 7, 2014, in Docket No. 2014-0033; and *In the Matter of Hawaiian Telcom, Inc. and Hawaiian Telcom Services Company, Inc. for an Order Approving Modified Financing Arrangements Without Increasing Loan Amounts and Without Changing Security Obligations*, Decision and Order, issued on June 17, 2011, in Docket No. 2011-0124.

¹⁸ *See In the Matter of the Joint Petition of Charter Communications, Inc. and Time Warner Cable Information Services (Hawaii), LLC, Time Warner Cable Business LLC for Approval of (1) the Transfer of Control of Time Warner Cable Information Services (Hawaii), LLC, Time Warner Cable Business LLC and (2) Participation in Certain Financing Arrangements* filed on July 15, 2015, Docket No. 2015-0207; and Decision and Order No. 33602 at 20-22 issued on March 24, 2016 ("Charter-TWC Order").

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- b. If Applicant proposes that persons or entities other than Applicant shall be legally liable for the obligations and performances of the Hawai'i system, provide complete financial data for said persons or entities or indicate where such data is located in the Application, and state clearly the degree to which they will incur such liability.

Response: As stated above, the current Franchisee, HTSC, will continue to be legally liable for the obligations and performance of the Hawai'i system.

5. Documentation of Financial Viability

Provide an annual report and SEC Form 10-K for Applicant's parent company.

Response: Applicant is ultimately owned by infrastructure private equity funds and institutional infrastructure investors, which are not publicly traded. Applicant's majority-owning parent is managed by a subsidiary of Macquarie Group Limited, which is publicly traded on the Australian stock exchange (ASX: MQG). The annual report for the fiscal year ended March 31, 2020 is available at:

<https://www.macquarie.com/au/en/investors/reports/full-year-2020.html>

E. Technical Qualifications and Plans

1. Residential system -- Provide details on the following for cable television service to residential subscribers:

Response: As described in Section II.C, the Transaction will occur entirely at the parent company level and will not affect the day-to-day operations, billing systems, or operational support systems of HTSC. Please see the following:

- a. Describe, technology, architecture, capacity, design, and performance;

Response: HTSC's current system utilizes the copper and fiber network infrastructure of HTI to deliver digital cable service to areas on the island of Oahu via IPTV technology. The IPTV service uses a combination of multicast for linear channels and http for VOD, time shift and replay.

- b. Service area;

Response: The HTSC Franchise Order authorizes HTSC to provide service on the island of Oahu.

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- c. Undergrounding policy;

Response: HTSC evaluates each situation on a case-by-case basis and selects the most practical solution, subject to local ordinances. In areas where HTI maintains an underground distribution system, or in redevelopment or urban renewal areas where HTI furnishes underground facilities, or where the it is required by law to construct facilities underground, HTI will provide underground facilities per its Tariff. HTI will continue to comply with its Tariff in the deployment of the network used by HTSC to deliver its video service and its underground policy is expected to remain unchanged.

- d. Construction plans and construction complaint resolution;

Response: HTSC's construction plans will continue to comply with all existing applicable laws and standards as set forth for such work according to the national electrical codes and the State of Hawai'i.

- e. Interconnection; and

Response: HTSC makes necessary interconnections for residential customers using Fiber to the Node or Fiber to the Premises service delivery.

- f. System monitoring and maintenance.

Response: HTSC's current system monitoring and maintenance complies with all FCC rules and regulations and system performance. The MPLS core and TV service delivery are monitored 24/7 by a Network Operations Center to check for content provider and system outages and network degradation. In addition, customer service representatives have the ability to access in-home devices and services while the customer is on the line to provide real-time resolution to many issues without the need to dispatch a technician.

2. Subscriber and Service Projections

Basis of Subscriber Penetration -- Explain how Applicant will obtain and define subscriber and penetration figures.

Response: The Transaction will not affect HTSC's existing franchise obligations and Applicant has no existing plans to make changes to how HTSC obtains and defines subscriber and penetration figures. HTSC currently obtains subscriber and penetration figures from reports sourced from a number of system sources including subscriber billing records, service provisioning, and outside plant records. Subscribers are defined as

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customers holding an active subscription within a service month. Penetration is defined as the percentage derived by dividing the number of customers with an active subscription for services by the number of customers where service is available.

3. Projected Growth of Other Services

Describe in detail the development and projected growth of any service other than basic and pay cable. Be specific on the sources and growth of each component of revenues from all "other" services.

Response: Please see response in Section II.G, above.

4. Equitable Extension of Service policy -- provide the following information concerning policies related to the extension of cable television service to residential subscribers:

- a. Describe your proposed policy about cable service being available to all subscribers in the franchise area(s) and provide Applicant's current homes per mile extension policy.

Response: Following the Transaction, HTSC will continue to be bound by its line extension obligations under its existing franchise.

- b. Comment on Applicant's policy requiring cable service to be coextensive with telephone and electric service, and other providers of telecommunication services.

Response: HTSC cable service is made available within the franchise area in residential areas (generally known as greenfields) where infrastructure is made available by the developer/owner, including, but not limited to, a Right of Entry.

- c. Describe plans to provide cable service to those portions of the franchise area(s) which are presently without service including proposed home density thresholds.

Response: As described in Section II.C, the Transaction will occur entirely at the parent company level and will not affect the existing day-to-day operations or policies of HTSC. Following the Transaction, HTSC will continue to be bound by its line extension obligations under the franchise. HTSC expects to continue expanding cable service in the franchise area with additional capital investments through the franchise period. There are no home density thresholds in place.

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5. Analog and digital channel capacity plans

Discuss both short-term and long-term, including specific information regarding the degree of flexibility for adapting the existing and anticipated future system to changing capacity requirements.

Response: The Transaction will not affect HTSC's existing franchise obligations and Applicant has no existing plans to make changes to HTSC's channel capacity plans. Currently, all of HTSC's channels are digital, H.264 encoded. All channels are present on the core network at all times. Channels are delivered on demand to each customer via the access lines. The capacity is limited by the access line and sync rate for copper. Additional capacity is being addressed by migrating customers to fiber.

6. Description of Video Services

For each video service, provide a short narrative description. Identify each service by cable channel number and identification of call letters, service name or network or general description, and tier of service. If Applicant proposes to have shared channels, describe the daily time division and the proposed duration of each sharing.

Response: The Transaction will not affect HTSC's existing franchise obligations and Applicant has no existing plans to make changes to HTSC's video service offerings. HTSC currently offers four (4) tiers of video service. HTSC's Current Channel Guide (as of July 2020) is attached as **Exhibit G**.

The Basic TV tier of service includes 80+ channels and is comprised mostly of local broadcast networks, along with PEG channels, C-SPAN, radio stations, and shopping networks. This is the entry level of service tier.

The Advantage package is HTSC's expanded basic level of service. Advantage combines the Basic TV tier with 130+ additional channels.

The Advantage Plus package is HTSC's digital basic level of service. Advantage Plus includes all programming from Advantage with 70+ additional channels.

The MyWay TV package is a skinny bundle package of TV service. The MyWay TV package comes with 80+ channels and allows customers to choose from one or more sub-genre packages to customize their channels.

7. Emergency Alert System

a. Describe your existing and/or proposed Emergency Alert System including the make and model numbers of the equipment.

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- b. Indicate whether the system will override all audio and video channels or only audio channels;
- c. Describe the methods used to override or retune set top equipment and how it may differ for analog and digital programming; and
- d. Indicate how the system will be activated and from where.

Response: The Transaction will not affect HTSC's existing franchise obligations and Applicant has no existing plans to make changes to HTSC's emergency alert system ("EAS"). HTSC currently implements its EAS via Monroe Electronics One-Net R189SE Digital CAP/Encoder/Decoder. The servers are configured to accept alerts from the AM and FM local primary sources, NOAA and via internet for messages from the federal IPAWS.

The Monroe server sends messages to the Mediaroom EAS web service. When the set top boxes receive the alert from the Mediaroom server, the program audio mutes, the EAS audio plays and an on-screen display scrolling text box displays the text over the tuned program.

The Monroe server has AM, FM and shortwave tuners which are configured for the local EAS providers. In addition, the server checks the Federal Emergency Management Agency ("FEMA") Common Alerting Protocol ("CAP") web site for national alerts.

- 8. Institutional network – Provide details on the following for the INET:
 - a. Capacity, design, technology, performance, and architecture;
 - b. Interconnection;
 - c. Technical support;
 - d. Construction plans;
 - e. Staffing;
 - f. System monitoring and maintenance; and
 - g. Future technology and expansion of INET over the next ten (10) years.
 - h. Describe existing commitments to the number of physical service drops, the number currently deployed, and the number of drops remaining but committed by Transferor.

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Response: The Transaction will not affect HTSC's existing franchise obligations and Applicant has no existing plans to make any changes. The following is a summary of the INET projects that have been completed, are planned to be completed by the end of 2020 and in future years:

- Completed:
 - Access and co-location at Puu Papaa Radio Facility (2012);
 - 1 Gbps circuit from Kalakaua State Office Building to Hemmeter Center (2012);
 - 1 Gbps circuit from City Financial Center to Hemmeter Center (2012);
 - 100 Mbps circuit from Systemmetrics Endeavor Data Center to Hilo State Office building (2014);
 - 100 Mbps circuit from Systemmetrics Endeavor Data Center to Wailuku State Office building (2014);
 - 100 Mbps circuit from Systemmetrics Endeavor Data Center to Kona State Office building (2015);
 - 100 Mbps circuit from Systemmetrics Endeavor Data Center to Lihue State Office building (2015);
 - Relocation of one end of the four 100 Mbps circuits from Systemmetrics Endeavor Data Center to the University of Hawai'i at Manoa ("UH") IT Center (2016);
 - 1 Gbps circuit from Kona State Office building to UH IT Center (2016);
 - 1G circuit from Kauai Police Dept EOC to UH Manoa ITC (2017);
 - 1 Gbps circuit from Kauai Police Department Emergency Operations Center to UH IT Center (2017);
 - Conversion of two existing retail circuits between DR Fortress and UH IT Center to INET circuits (2017);
 - 1G circuit from Keelikolani Building 830 Punchbowl St to UH Manoa ITC (2018);
 - 1G circuit from Kekuanaoa Building 465 S. King St to UH Manoa ITC (2018);
 - 1G circuit from Hale Nani 3200 Kanoelehua Ave (Hilo) to UH Manoa ITC (2018);
 - 1G circuit from Hawaii County EOC 920 Ululani St to UH Manoa ITC (2018);
 - 1G circuit from 1990 Kinoole St to UH Manoa ITC (2019);
 - 1G circuit from Women's Community Correctional Center to UH Manoa ITC (2019);
 - 1G circuit from Leeward Community College Maili Campus to UH Manoa ITC (2019);
 - 1G circuit from Kauai Community College to UH Manoa ITC (2019)

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- Expected to be complete by the end of 2020:
 - 1 10 Gbps circuit between Hawai'i Institute of Marine Biology at Coconut Island to UH IT Center.¹⁹
- Future:
 - Through 2026, provide up to 4 additional 1 Gbps circuits between sites on Oahu at no cost to the State.
 - Through 2026, upon request, provide additional INET connections to the State at eligible locations based on the cost of labor and materials only.

9. Local Origination Programming

Provide details on Applicant's plans for future local origination programming.

Response: The Transaction will not affect HTSC's existing franchise obligations and Applicant has no existing plans to make any changes.

10. Public, Educational, and Government Access

- a. For the PEG Access Transmission and Distribution Network, provide information on the following:
 - a. Capacity, design, technology, performance, and architecture;
 - b. Interconnection and technical support;
 - c. Construction plans; and
 - d. System monitoring and maintenance.
- b. Provide Applicant's plan for funding:
 - a. Access operating fees; and
 - b. Capital Fund payments for access facilities, equipment, and channels.
- c. State Applicant's proposed plans for PEG access including, but not limited to: (1) number of PEG access channels; (2) High Definition PEG channel content; (3) live programming capabilities; and (4) statewide VOD programming.

¹⁹ HTSC submits quarterly status reports on this circuit as a condition to an extension granted by DCCA to complete this circuit, which was to be completed during Year 2 of the Franchise term.

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Response: The Transaction will not affect HTSC's existing franchise obligations and Applicant has no existing plans to make any changes. HTSC currently provides 4 channels for PEG access programming (two channels are broadcast both in HD and digital), as well as 2 channels for accredited education programming. In addition, in lieu of two-way PEG Access Connectivity, at Olelo's request, HTSC has provided Ethernet connections between two Oahu PEG access sites and Olelo's location, and has provided VOD capability to Olelo for educational programming. HTSC also provides Olelo with connections and equipment to monitor all PEG access channels simultaneously. Finally, HTSC provides transport of both State and City and County of Honolulu government programming from the State Capitol and Honolulu Hale to its headend.

11. Customer service operations

Please provide details concerning specific standards and practices with respect to location of offices, staffing, installation, repair, telephone response, billing, handling of complaints, and service cancellation and changes.

Response: The Transaction will not affect HTSC's obligations under its franchise agreement and Applicant has no current plans to make any changes to customer service operations that would impact HTSC customers. HTSC currently operates local call centers with trained representatives to respond to customer inquiries, repair issues, and complaints. The repair center is open 24 hours per day, 7 days per week to assist customers. Service changes and questions related to billing are handled by the customer service office, open from 7:30 a.m. to 5:30 p.m. Monday through Friday, and from 8:00 a.m. to 5:00 p.m. on Saturdays with future plans to expand to 24/7 hours of operation. In addition, two Hawaiian Telcom Depots are located on Oahu to handle equipment exchanges and returns, as well as to assist with service and billing inquiries, and are open for 9 hours per day, Monday through Saturday. Installation and repair are performed by trained technicians from Monday through Saturday, and customers are offered 1-hour windows to schedule appointments.

12. Technology Change and Hawai'i Cable System Infrastructure

Describe with particularity how: (1) the technical provision of cable service is likely to change over the period of the franchise; (2) the demand for services in the franchise area is likely to change over that same period (for example, the capability of accommodating the growth of High Definition Television, two-way services to the home, high-speed broadband, Internet service, data transmission, etc.); and (3) Applicant can assist in affirmative development of the cable system infrastructure in Hawai'i during the remaining term of the franchise(s).

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Response:

- (1) Over the period of the franchise, HTSC will see an acceleration of its Fiber To The Premises ("FTTP") deployment and a continued shrinking of its copper network. HTSC's Gigabit Passive Optical Network ("GPON") technology will evolve to next generation PON ("NG-PON") technologies which will provide more bandwidth to its customers. The basic fiber infrastructure designed for GPON will remain in place while HTSC upgrades the electronic platforms in its central offices or remote units in the field. Although the copper plant is shrinking, the company will continue to push higher bandwidths over its remaining copper plant using the latest technologies. HTSC has begun deploying G.FAST technology over copper in certain MDU situations or where it has buried plant where conversion to fiber is difficult. These higher bandwidth solutions will provide the necessary bandwidth to homes and enable HTSC to remain competitive for those that prefer to "cut the cord" and opt for streaming services.
- (2) All set tops support H.264 HD and service is two-way IP. Set tops supporting 4K have been tested but not yet deployed.
- (3) Hawaiian Telcom has migrated over half of the customer base from copper to fiber and further migration is in progress
- (4) HTSC will attest to continuing to develop its cable infrastructure system as it needs to remain competitive not only with other cable providers, but also changing customer expectations and on-going technological advancements to maintain and improve cable service.

13. **Innovations**

Please describe any cable-related innovations in other cable franchises during the last ten (10) years which Applicant has undertaken. These innovations may include technological or consumer service upgrades.

Response:

Cincinnati Bell and Hawaiian Telcom have been committed to technology and innovation, as shown by the following events:

- 1873 CB was first independent telephone company formed
- 1984 CB began deploying fiber for enterprise customers and network backbone
- 1992 CB was first in the nation to deploy SONET ring technology
- 1994 CB was first in the nation to deploy Metro Ethernet services
- 1997 CB was first ADSL installation in North America
- 2002 CB was early IP telephony adopter
- 2008 Virtual data center is born
- 2008 CB was first wireless carrier to offer a Smart Phone Family Plan

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- 2014 CB was first in region to launch Gigabit Internet speed offering
- 2016 CB Launches MyTV Skinny Bundle, Cablefax Independent Operator of the Year, 2016 Fiber Broadband Association Star Award
- 2017 Cablefax 100 Honoree for innovative product offerings
- 2019 HTSC Launches MyWay Skinny Bundle

HTSC will have access to additional financial and other resources as a result of Red Fiber Parent's private equity ownership, but Cincinnati Bell's overall guidance combined with HTSC's local management will continue to shape how best to meet the needs of Hawai'i's communities. Moreover, HTSC will continue to have access to Cincinnati Bell's expansive suite of products and services, facilities and vendor relationships that will continue to allow HTSC to deliver a broader suite of products and services to consumers and businesses in Hawai'i.

14. System Upgrades

Please describe future changes in the cable system or its operation which are planned or proposed by Applicant in the near and long term.

Response: The Transaction will not affect HTSC's existing franchise obligations and neither Applicant, HTSC nor Cincinnati Bell has immediate plans to make any changes to HTSC cable system. However, HTSC and Cincinnati Bell are evaluating services that would allow customers to bring their own OTT streaming devices to stream HTSC video.

- F. Provide any other information necessary to provide a complete and accurate understanding of the proposed transfer.

Response: The Transaction will provide HTSC with additional financial support to enable it to maintain and improve its services and facilities. As a result, HTSC and its affiliates will be better positioned to deliver a broader suite of services to customers and businesses in Hawai'i, strengthening competition in terms of pricing, content, value, customer service and innovative products and offerings.

Moreover, the Transaction will not detract from the ability of HTSC and Cincinnati Bell to fulfill commitments made in connection with DCCA's approval of the acquisition of HTSC and its affiliates by Cincinnati Bell in 2017.²⁰ Specifically, Cincinnati Bell and HTSC committed to, and the DCCA conditioned approval of that transaction on, among other things: (1) expending at least \$20 million throughout the state of Hawai'i to improve and build out HTSC's network and infrastructure; (2) providing at least 15,000 new or upgraded connections or extensions of HTSC's network to homes in Hawai'i; (3) continuing offering low-cost Internet service; and (4) deploying a mobile application to facilitate out-of-home "public" WiFi throughout the State.²¹ Red Fiber Parent is committed to honoring

²⁰ See D&O No. 370 at 10-22.

²¹ Id. at p. 15-20. See also response to Section II.C.

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these existing commitments and working with Cincinnati Bell and HTSC upon completion of the Transaction to ensure that the commitments are fulfilled.

The transfer of indirect control of HTSC to Applicant will be completely seamless to customers of HTSC and will not immediately change the provision of services or HTSC's obligations under its franchise agreement.

Applicant and Cincinnati Bell respectfully submit that the Transaction is in the public interest and request that the DCCA: (1) approve the proposed transfer of indirect control of Franchisee to Red Fiber Parent; and (2) approve and authorize Franchisee to participate in Red Fiber Parent's financing arrangements upon completion of the Transaction as described herein and in the corresponding FCC Form 394.

LIST OF EXHIBITS

<u>EXHIBIT A</u>	Pre- and Post-Transaction Corporate Organization Charts
<u>EXHIBIT B-1</u>	Certificate of Formation of Red Fiber Parent LLC
<u>EXHIBIT B-2</u>	Limited Liability Company Agreement of Red Fiber Parent LLC
<u>EXHIBIT C-1</u>	Certificate of Formation of RF Topco LLC
<u>EXHIBIT C-2</u>	Limited Liability Company Agreement of RF Topco LLC
<u>EXHIBIT D-1</u>	Certificate of Formation of Red Fiber Holdings LLC
<u>CONFIDENTIAL EXHIBIT D-2</u>	Amended & Restated Limited Liability Company Agreement of Red Fiber Holdings LLC
<u>EXHIBIT E-1</u>	Amended Articles of Incorporation of Cincinnati Bell Inc.
<u>CONFIDENTIAL EXHIBIT E-2</u>	Amended and Restated Regulations of Cincinnati Bell Inc.
<u>CONFIDENTIAL EXHIBIT F</u>	Opco Commitment Letter
<u>EXHIBIT G</u>	Current Channel Guide (as of July 2020)