MORIHARA LAU & FONG LLP
A LIMITED LIABILITY LAW PARTNERSHIP

CABLE TV DIVISION
DEPT OF COMMERCE AND
CONSUMER AFFAIRS

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September 4, 2020

Via Hand Delivery

Ms. Catherine P. Awakuni Colón, Director
Ms. Ji Sook "Lisa" Kim, Cable Television Administrator
Department of Commerce and Consumer Affairs
King Kalakaua Building
335 Merchant Street, Room 101
Honolulu, Hawai`i 96813

Re: Red Fiber Parent LLC's State of Hawaiʻi Application to Transfer Control of Cable Franchise held by Hawaiian Telcom Services Company, Inc. from Cincinnati Bell Inc. ("Application"): Responses to Information Requests

Dear Ms. Colón and Ms. Kim:

On behalf of Red Fiber Parent LLC, Cincinnati Bell Inc., and Hawaiian Telcom Services Company, Inc. (collectively, "Applicants"), enclosed for filing with the Department of Commerce and Consumer Affairs ("DCCA") please find an original and three (3) copies of Applicants' responses to the DCCA's Information Requests issued by letter on August 19, 2020 ("Applicants' Responses") with respect to the above-referenced matter. Applicants' Responses include references to Confidential Attachments IR-2(a), 8 and 9, which attachments are confidential and are being submitted to the DCCA in a separate sealed envelope, for use and viewing only by the DCCA for purposes of the subject proceeding.

Capitalized terms used, but not otherwise defined in Applicants' Responses shall have the same meanings ascribed to such terms in the Application.

If you should you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,

Lianna L. Figueroa

Kent D. Morihara
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Attorneys for Red Fiber Parent LLC

Red Fiber Parent LLC
Application for Transfer of Cable Franchise
Held by Hawaiian Telcom Services Company, Inc.

Information Requests Issued on August 19, 2020

These Information Requests ("**IRs**") are being issued pursuant to Hawai`i Administrative Rules § 16-133-12. Each response should be made separately, and copies of source documents should specifically reference the IR being answered. The certification provided by Red Fiber Parent LLC ("**RFP**" or "**Applicant**", as applicable) in the State of Hawaii Application for Transfer of Cable Television Franchise, filed on July 17, 2020, as amended, ("**Application**"), concerning the accuracy of the information is also applicable to Applicant' responses to these IRs.

Each of the responses should be as complete and detailed as possible, and to the extent that an IR or any subpart thereof may not be applicable, Applicant must state why the IR or subpart is not applicable. In addition, for any IR that requires follow-up, the required information must be submitted immediately upon receipt of that information.

1. Applicant has conveyed the importance of continuing the development of the cable system and fiber network and that the proposed transaction has the benefit of providing additional liquidity, capital flexibility and resources. If the proposed transaction is approved and effectuated, will Applicant invest additional funds for the build-out of the cable system and fiber network located in areas beyond what was committed to and planned from the 2017 transfer approval?

    (a) How much additional funds will be invested in Hawai`i through this proposed transaction (not including the $20 million commitment made under the 2017 transfer approval)?

Response:

RFP, Cincinnati Bell, and HTSC (collectively "Applicants") are in the process of evaluating what additional funds will be invested in Hawaiʻi beyond the $20 million commitment that was made under the 2017 transfer approval. However, it is not possible to provide estimates of planned investments at this time as this will require a thorough evaluation of build costs, population density, demographics, the competitive environment, and other factors relevant to infrastructure deployment planning.

Applicants note that many variables make this analysis challenging, including, but not limited to the full scope and impact of the COVID-19 pandemic that is not yet known, which has resulted in an economic downturn nationally, as well as locally due to the shut-down of the tourism industry caused by, among other things, the stay-at-home restrictions and the 14-day self-quarantine restrictions that are still currently in effect for the State of Hawaiʻi. However, having said that, Applicants intend to continue the efforts made by Cincinnati Bell and HTSC following the 2017 transfer approval to establish the widest fiber footprint reasonable under the circumstances and notes that builds of similar nature in Hawai'i have yielded impressive results.

More specifically, and although it is not possible for the above reasons to provide specific details on the potential build-out of the cable infrastructure system and fiber network within and beyond HTSC's current area of operation at this time, RFP is committed to working closely with Cincinnati Bell and HTSC's local management in Hawai'i after completion of the Transaction to evaluate how best to meet the needs of Hawaiʻi's communities and compete in the market for cable and broadband services, including with the incumbent cable operator and other Multichannel Video Programming Distributors (MVPDs). It is anticipated that expanded fiber deployment will continue if the proposed Transaction is approved that will provide greater growth opportunities in a range of services and products. With RFP's financial support and the leveraging of best-practices and knowledge

sharing of RFP's affiliated entities in addition to Cincinnati Bell, HTSC will be better positioned to deliver a broader suite of services to customers and businesses in Hawai'i and compete for new customers with the incumbent and other MVPD and broadband providers.

Applicants are also committed to providing cable TV subscribers in Hawai'i access to competitive offerings of video service. As the DCCA is aware, HTSC's network is a mixed-use network, shared with Hawaiian Telcom, Inc.'s telecommunications network. To the extent the DCCA Information Requests address this "mixed-use" network, these responses are limited to the provision of video services subject to the DCCA's jurisdiction over this "mixed-use" network. *See Implementation of §621(a)(1) of the Cable Communications Policy Act of 1984 as amended by the Cable Television Consumer Protection and Competition Act of 1992*, 22 FCC Rcd. 5101, 5155, ¶ 122 (2007) *aff'd All. for Cmty. Media v. FCC*, 529 F.3d 763, 772 (6th Cir. 2008) (FCC held that Local Franchising Authorities' general "jurisdiction applies only to the provision of cable services over cable systems" and they may not "use video franchising authority to attempt to regulate a [telecommunications carrier's] entire network beyond the provision of cable services.").

(b) How much of the additional investment will be allocated for the cable system and fiber network?

<u>Response:</u>

Please see the response to IR 1(a), above.

(c) What goals and plans does Applicant have regarding the development of Hawaiian Telcom Services Company, Inc.'s ("**HTSC**") cable system and fiber network in Hawai`i?

<u>Response:</u>

RFP expects to continue the efforts made by Cincinnati Bell and HTSC following the 2017 transfer to expand cable service in the franchise area as they continue to develop the fiber-based transport network for future 5G technologies. Applicants expect this expanded fiber infrastructure will reach both urban and rural locations within the franchise area.

2. Applicant states that it is committed to supporting and completing the commitments made in the 2017 approval of the Cincinnati Bell transaction as set forth in Decision and Order No. 370.

   (a) One of the commitments from D&O No. 370 requires that Cincinnati Bell 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. To date, of the $20 million commitment, how much has been invested in the infrastructure in Hawai`i? Provide any additional information on how this commitment will be completed in the prescribed time and whether the plan submitted in the Confidential 2020 Annual Progress Report has and will remain unchanged. If not, how has it changed.

Response:

See Confidential Attachment IR-2(a) for an update to the buildout and capital expenditure actuals and projections provided in the Confidential 2020 Annual Progress Report. There are no further changes at this time.

   (b) As part of the commitments made in D&O 370, Cincinnati Bell and HTSC agreed to facilitate WiFi service throughout the State, though a public WiFi partnership. Since the approval in 2017, this commitment has evolved somewhat. At this time, please provide a detailed description of the efforts made to fulfill this commitment thus far and any further commitments that can be made with respect to WiFi services for the benefit of HTSC's customers and the general public throughout Hawai`i.

Response:

On March 18, 2020, HTSC met its revised commitment detailed in the Confidential 2020 Annual Progress Report, by providing 50 public WiFi access points ("APs") prior to July 2020 that are open at no cost to the public. To meet this commitment, HTSC leveraged existing WiFi service and APs deployed at business customer sites. Locations available for deployment are based on where business customers subscribe to WiFi service. To assist those who lack Internet services in Hawaii during the COVID-19 pandemic, HTSC opened up additional APs on a temporary basis. HTSC will continue to encourage businesses that subscribe to its broadband service to make WiFi sites publicly available.

3. On page 10 of the Application, Applicant states that the proposed 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."

   (a) RFP, RF Topco LLC, and Red Fiber Holdings LLC were all formed in February 2020, explain how the additional financial resources and knowledge of RFP will assist in the benefits stated above.

Response:

RFP, RF Topco LLC, and Red Fiber Holdings LLC will be majority owned indirectly by a fund managed by a member of MIRA, which has extensive experience in investing in the communications infrastructure industry as a global alternative asset manager. 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 approximately $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 Macquarie Group Limited, which is a publicly traded company incorporated in Australia, is a diversified financial group providing clients with asset management and finance, banking, advisory and risk and capital solutions across debt, equity, and commodities. Through these resources and expertise, the Transaction will provide HTSC with additional support that will enable it to maintain and further improve its services and facilities, by leveraging MIRA's extensive experience, contacts, and resources in managing other telecommunications and digital infrastructure businesses in both the U.S. and abroad.

   (b) Applicant notes that at this time it cannot provide specific details on the expansion and improvement of services the proposed transaction will provide, is there any additional information that can be given regarding how the proposed transaction will increase the services and technology for HTSC's customers?

Response:

Please see the responses to IRs 1 and 3(a), above. RFP also intends to continue the ongoing efforts undertaken by Cincinnati Bell and HTSC following the 2017 transfer to expand cable service in the franchise area with additional capital investments through the existing franchise period.

4. Applicant has committed to preserving a Hawai`i-based presence at HTSC under the proposed transaction.

(a) Describe how the proposed transaction, if approved and effectuated, will impact HTSC's overall workforce?

Response:

The Transaction will occur entirely above HTSC's indirect parent – Cincinnati Bell – and is not expected to affect the workforce involved in 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. HTSC will continue to have access to Cincinnati Bell's managerial and operational experience and resources, and local management will continue to manage the operations in Hawai'i and play an important role in decision making if the Transaction is approved and consummated. Upon completion of the Transaction, RFP is committed to working closely with Cincinnati Bell and HTSC's local management in Hawai'i to evaluate how best to meet the needs of Hawai'i's communities, including HTSC's employees.

(b) Will new jobs be created in Hawai`i?

Response:

Although it is premature to know if new jobs will be created, HTSC's workers have gained valuable new skills and expertise in fiber deployment since it was acquired by Cincinnati Bell. RFP intends to honor the commitments previously made by Cincinnati Bell in the 2017 Cable Transfer Application, which may result in an expanded workforce.

Although Applicants have no current plans to make changes to the day-to-day operations, billing systems, or operational support systems of HTSC, nor does it anticipate job losses in Hawai'i as a result of the Transaction, Applicants reserve the right to make operational and managerial decisions that may be necessary to best serve HTSC's customers and to respond to competition in the market.

(c) How many new jobs are projected to be created in Hawai`i?

Response:

Please see the response to IR 4(b), above.

(d) What types of jobs will be created in Hawai`i?

Response:

Please see the response to IR 4(b), above.

(e) Will there be any changes to the decision making hierarchy for day-to-day operations or for the resolution of issues or complaints?

Response:

Please see the response to IR 4(b), above.

(f) Will any call centers or customer service offices be closed in Hawai`i? Will there be any changes to the number of customer service staff utilized?

Response:

Please see the response to IR 4(b), above.

(g) On page 35 of the Application, Applicant states that there are plans to expand the hours the customer service office is open to 24 hours a day, 7 days a week. Approximately when will these new hours be implemented?

Response:

Effective as of July 19, 2020, HTSC's billing assistance is now available 24 hours a day, 7 days a week. Sales assistance is also targeted to be made available 24 hours a day, 7 days a week, effective by September 6, 2020.

5. During prior transfer/merger proceedings, Hawai`i consumers have expressed concerns over rate increases in their cable and broadband Internet services once the transaction is completed.

   (a) Will the merger reduce or maintain HTSC's rates for cable and broadband Internet service at current levels if the proposed transaction is approved and effectuated?

Response:

Applicants do not anticipate that customers will experience any immediate changes in services or rates, terms, and conditions of service as a result of the Transaction. Future changes, if any, will be carefully planned and implemented in the normal course of business and subject to the competitive conditions for cable and broadband services in the market at that time. Having said this, and while the intent is to provide Hawai'i residents with competitively priced cable television and broadband services, this Information Request seeks information and representations that are beyond the scope of the DCCA's review related to the subject Application for approval of an indirect transfer of control. See Decision and Order No. 370, *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 Service Company, Inc.'s Cable Television Franchise for the Island of O'ahu from Hawaiian Telcom Holdco, Inc. to Cincinnati Bell Inc., and Related Matters*, p. 21 (Dec. 8, 2017) (recognizing that "(1) the FCC prohibits LFAs [Local Franchising Authorities] from regulating rates and conditioning Cable System transfers on them; and (2) broadband and broadband-related issues (including, but not limited to, broadband deployment, how broadband is provided including upload and download speeds, broadband prices, and Net Neutrality), are beyond DCCA's statutory jurisdiction, given that broadband is not a regulated service . . ."). See also *Implementation of Sections 11 and 13 of the Cable Television and Competition Act of 1992*, Report and Order, 8 FCC Rcd. 6828, 6834 ¶ 39 n.38 (1993); *In the Matter of Restoring Internet Freedom*, 33 FCC Red. 311 (2018) *vacated on other grounds, Mozilla Corp. v. FCC*, 940 F.3d 1 (D.C. Cir. 2019). Further, see *Implementation of Section 621(a)(1) of the Cable Communications Policy Act of 1984 as amended by the Cable Television Consumer Protection and Competition Act of 1992*, 22 FCC Rcd. 5101, 5155, ¶ 122 (2007) aff'd *All. for Cmty. Media v. FCC*, 529 F.3d 763, 772 (6th Cir. 2008) (FCC held that Local Franchising Authorities' general "jurisdiction applies only to the provision of cable services over cable systems" and they may not "use video franchising authority to attempt to regulate a [telecommunications carrier's] entire network beyond the provision of cable services.").

(b) If Applicant is unable to make any commitments that its rates for Hawai`i cable subscribers will not increase if the proposed transaction is approved and effectuated, please explain why.

Response:

Please see the response to IR 5(a), above.

(c) Upon termination of cable or broadband Internet service by a HSTC customer, will Applicant/HTSC commit to providing prorated billing wherein subscribers are only charged for the days that services are received?

Response:

HTSC currently provides prorated billing for both cable and broadband Internet service, and subscribers are not charged after disconnect orders have been processed. Any future modifications to billing and customer service practices will be carefully planned and implemented in the normal course of business and subject to the competitive conditions for cable and broadband services in the market at that time. Further, please see the response to IR 5(a), above, regarding the scope of this proceeding involving broadband services.

6. Relating to HTSC's broadband services:

(a) While continuing the development/deployment of its fiber network in Hawai`i, will approval of this proposed transaction lead to an increase minimum broadband Internet speeds for HTSC's Hawai`i customers?

<u>**Response:**</u>

Subsequent to closing, HTSC's local management in Hawai'i together with Cincinnati Bell management, subject to oversight by RFP, will continue to evaluate how best to meet the needs of Hawai'i's communities and respond to competition in the market. As stated in the response to IR-1(a), it is anticipated that expanded fiber deployment will continue if the Transaction is approved that will provide greater growth opportunities in a range of services and products, and, as stated in the response to IR-13, the establishment of robust fiber networks will be the backbone upon which future 5G technology will depend upon to deliver increased wireless Internet speeds and Internet of Things connectivity. Any future changes will be undertaken with careful planning and implementation in the normal course of business operations. Having said the above, please see the response to IR 5(a), above, regarding the scope of this proceeding involving broadband services.

(b) Will Applicant voluntarily commit to pricing that will not unduly harm the Hawai`i public and be consistent or in alignment with the price structure set for its broadband Internet service on the mainland United States?

<u>**Response:**</u>

Applicants are committed to setting prices in the Hawai'i market that are fair, reasonable, and competitive by continuing to work closely with HTSC's local management in Hawai'i to evaluate how best to meet the needs of Hawai'i's communities after completion of the acquisition. Any future pricing changes will be undertaken with careful planning and implementation in the normal course of business operations and in response to market conditions and competition in existence at that time.

Applicants are further committed to expanding access to competitively priced broadband service. This Information Request, however, appears to seek information beyond the scope of the DCCA's review of an application for approval of an indirect transfer of control of a cable television franchise; please see the response to IR 5(a), above, regarding the limited scope of this approval process and the DCCA's lack of jurisdiction over broadband rates, terms, and conditions.

(c) Currently, HTSC provides a low-cost broadband option for low income customers in Hawai`i. Are there any plans to change or enhance this program? If there are, please provide details.

Response:

As noted in the response to IR-6(b), Applicants are committed to expanding access to competitively priced broadband service. This Information Request, however, appears to seek information beyond the scope of the DCCA's review of an application for approval of an indirect transfer of control of a cable television franchise; please see the response to IR 5(a), above, regarding the limited scope of this approval process and the DCCA's lack of jurisdiction over broadband rates, terms, and conditions.

However, having said the above and notwithstanding the DCCA's lack of jurisdiction over broadband Internet access services, HTSC continues to offer its low-cost Internet service, the "Hawaiian Telcom Internet Kokua Program," to 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 over fiber facilities.

7. On page 35 of the Application, Applicant appears to state that the proposed transaction will not impact HTSC's existing obligations to public, educational, and governmental ("**PEG**") access on Oahu. Please confirm and further detail Applicant's commitment to PEG services and any commitments that it can make regarding further support of PEG programming on Oahu especially with respect to changing technologies.

Response:

RFP does not anticipate that the Transaction will affect HTSC's existing franchise obligations to PEG access on Oahu. Applicants currently have no plans to make any changes to HTSC's PEG arrangements and will honor existing commitments.

For example, HTSC currently provides four channels for PEG access programming (two channels are broadcast both in high definition and standard definition), as well as two channels for accredited education programming, which are managed by Olelo Community Media (Olelo). In addition, HTSC established connectivity to provide transport from Olelo to HTSC's head end, and supplied a connection and equipment to Olelo at its main facility to accommodate live monitoring of all PEG channels. HTSC also provided the State of Hawaii Civil Defense with connections and equipment in order to monitor Emergency Alert System tests and broadcasts. HTSC intends to continue to support PEG access in the future in accordance with the requirements of the Franchise Agreement (Decision & Order No. 352). Future changes, if any, will be implemented with careful planning and implementation in the normal course of business operations.

8. On page 37 of the Application, Applicant states that the proposed transaction will allow HTSC to "be better positioned to deliver a broader suite of services" and strengthen competition "in terms of pricing, content, value, customer service and innovative products and offerings." Provide details on the broader suite of products and services. Are these broader products and services being offered in all of Cincinnati Bell's franchise areas? Since 2017, what additional products have been offered to Hawai'i subscribers and what are Applicant/Cincinnati Bell's plans to offer additional products and services to Hawai`i subscribers?

Response:

The following additional products and services have been offered to Hawai'i subscribers since 2017 and are also available throughout all of Cincinnati Bell's franchise areas:

- **HTSC partnered with Google to roll out Google Wifi devices as a wireless gateway to enhance its options to connect a home wirelessly.**
- **HTSC leveraged equipment used or procured by Cincinnati Bell to upgrade legacy equipment for existing HTSC DSL customers.**
- **The HTSC partnership with YouTube TV is an over-the-top video option to serve neighbor island subscribers (in lieu of a linear video service).**
- **The Internet Fiber Self-Install feature creates the ability for fiber customers to self-install their internet service, thereby eliminating the need to stay home for a technician appointment.**
- **Hawaiian Telcom SafeGuard is a more robust internet security application that can protect up to 25 devices, including laptops, cell phones, and tablets and also provides password protection.**
- **MyWay TV is a new TV package launched in July 2019 that offers subscribers more flexibility to pay for the content they want.**
- **Premier is a value-added bundle that includes Hawaiian Telcom SafeGuard, Inside Wire Maintenance Plan, Whole Home WiFi (rebranded from WiFi Plus), Premium Tech Support, and Priority Dispatch, and includes the price of the Wireless Gateway Service Fee.**
- **The 750 Mbps speed tier offers additional internet speed options to Hawai'i customers.**
- **HTSC offers Internet OTT Services, EPIX and HBO Max.**
- **Showtime is included for Advantage Plus subscribers.**

See also Confidential Attachment IR-8.

9. Please provide a detailed explanation of HTSC's commitment (under Applicant's control) to keep abreast with changing technological developments and how it intends to incorporate such developments into its cable system on Oahu and other services such as broadband, if the proposed transaction is approved and effectuated.

Response:

HTSC, together with Cincinnati Bell's managerial, technical, and operational experience and resources, will continue to play an important role in decision making regarding how to leverage advances in cable technology to best to meet the needs of Hawai'i's communities. Cincinnati Bell's experience and resources developing fiber networks in both urban and non-urban areas will continue to enable infrastructure improvements across Hawai'i. Leveraging best-practices and knowledge sharing of both entities, together with the experience and resources available from RFP, will continue to allow HTSC to ensure that its customers have access to the latest technological advances in a timely manner.

See also Confidential Attachment IR-9.

10. Summarize and describe any plans for future capital spending to expand and upgrade the cable system and communications infrastructure currently controlled by HTSC's parent company in Hawai`i.

Response:

As stated in the response to IR-1(c), RFP expects to continue the efforts made by Cincinnati Bell and HTSC following the 2017 transfer to expand cable service in the franchise area with additional capital investments through the existing franchise period as it prepares the transport network for future 5G technologies. This effort is expected to include deploying fiber deeper into both urban and non-urban areas.

HTSC has historically made significant investments in its fiber network to better serve both business and residential customers by offering increased broadband speeds and new products and services such as 100% digital Hawaiian Telcom TV service. Over the last five years, these investments have allowed Hawaiian Telcom to expand its fiber network, which now spans approximately 4,700 miles and enables the provisioning of fiber-based services to over 50% of the locations in the state. To facilitate its fiber expansion into the more remote areas of the state, particularly to bring broadband service to customers on the neighbor islands, Hawaiian Telcom elected to participate in the Connect America Fund (CAF) Phase II program. The $26 million in CAF Phase II model-based support that Hawaiian Telcom will receive during the six-year support term (2015 through 2020) has enabled Hawaiian Telcom to reach approximately 11,000 addresses that did not previously have access to broadband services. In addition, in 2019 Hawaiian Telcom was awarded CAF II Auction support of approximately $1.8 million annually for ten years to build fiber to approximately 4,000 addresses by 2026. The CAF funds are in addition to the $20 million network expansion Hawaiian Telcom committed to in 2017 in D&O 370.

Please see the Confidential Attachment to IR-2(a) for information on Cincinnati Bell's progress under the 2017 $20 million network expansion commitment.

The ability to make additional annual capital expenditures depends on several primary elements. First, the annual investment is partially determined by the number of residential and business customers who have subscribed to HTSC's services. HTSC actively promotes fiber-rich products and services and strives to maximize the number of customers on the network, thereby maximizing the return on capital expenditures. Secondly, all capital investment programs are evaluated to ensure they have adequate funding and are expected to produce acceptable financial returns for investors. Finally, the annual budget, which includes planned capital expenditures, must be approved by the Board of

Directors. The rigorous financial analysis and approval by Board of Directors as part of the annual budget process will continue in the future.

Upon completion of the Transaction, proposed capital plans will be reviewed by the Cincinnati Bell Board of Directors, appointed by RFP, but which will continue to include two members who reside in Hawai'i to ensure that strategic decisions, such as the capital plan, adequately account for the interests of Hawai'i and HTSC's customers, and Applicants anticipate that capital spending to build out fiber to facilitate deployment of future 5G technologies in Hawai'i will be a priority in the capital planning process.

11. Summarize and describe any plans to improve HTSC's back office functions to improve or enhance service to its customers. Currently, some of HTSC's subscribers have complained of long call wait times to address service issues and HTSC's monthly reports regarding call center performance levels appear to reflect the need for improvement.

Response:

There are no plans for any immediate changes in HTSC's back office functions as a result of the Transaction, and future changes, if any will be implemented only after careful planning and implementation in the normal course of business operations and subject to the competitive market for cable and broadband services. HTSC, a competitive cable provider, will continue to develop and improve its cable offerings as it needs to remain competitive not only with other cable providers, but changing customer expectations and on-going technological advancements.

Recently, some HTSC customers may have experienced longer than normal hold times due to disruptions caused by the transition to a work-from-home environment for HTSC's Call Center due to COVID-19 safety considerations. However, Applicants expect this to be resolved as HTSC implements a Universal Call Center (similar to the model currently in use at Cincinnati Bell) which should yield improvements in the customer experience this year. Once training for the Universal Agents is complete, all agents will have the ability to handle all customer service calls, from repair to billing and sales.

12. Please provide a copy of the Public Interest Statement related to this matter filed with the Federal Communications Commission.

Response:

Please see Attachment IR-12 for a copy of the Public Interest Statement.

13. Summarize, how this proposed transaction is in the interest of the public and how it will directly serve and benefit HTSC's customers.

Response:

The Transaction will strengthen HTSC's financial position by providing access to additional capital available through RFP's substantial financial resources. In addition, the Transaction will also result in the leveraging of best-practices and knowledge sharing of RFP's affiliated entities through MIRA and the continued involvement of Cincinnati Bell, which will allow HTSC's and Hawaiian Telcom, Inc.'s fiber and video network to continue to provide Hawaii residents with a competitive choice for services and existing HTSC customers with improved services. HTSC, as a competitive cable provider, will also be provided with additional scale, technical resources, and financial support to enable it to maintain and improve its services. The increased scale and resources of the combined operation will foster greater growth opportunities in a range of products and services including expanded broadband and entertainment products available over an enhanced fiber network. Robust fiber networks will also be the backbone upon which future 5G technology will depend upon to deliver increased wireless Internet speeds and Internet of Things connectivity. These growth opportunities will not negatively impact HTSC's costs of operations and will lead to improved efficiencies and operations that will serve and benefit HTSC and its customers.

ATTACHMENT IR-12

EXHIBIT B

Public Interest Statement

I. The Transaction Satisfies the Commission's Public Interest Test

Under Sections 214(a) and 310(d) of the Act, the Commission assesses whether the proposed transfer of indirect control of Commission licenses and authorizations is consistent with the public interest, convenience, and necessity based on: "(1) whether the transaction would result in the violation of the Act or any other applicable statutory provision; (2) whether the transaction would result in a violation of Commission rules; (3) whether the transaction would substantially frustrate or impair the Commission's implementation or enforcement of the Act or interfere with the objectives of that and other statutes; and (4) whether the transaction promises to yield affirmative public interest benefits."[1]

The Transaction satisfies all four elements of the Commission's test. The Transaction satisfies the first two elements because it will not violate any provision of the Act or any Commission rule. Further, the Transaction will not "result in public interest harms by substantially frustrating or impairing the objectives or implementation of the Act or related statutes."[2] Instead,

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[1] SBC Communications Inc. and BellSouth Corp. for Consent to Transfer of Control or Assignment of Licenses and Authorizations, Memorandum Opinion and Order, 15 FCC Rcd 25459, 25464 ¶ 13 (WTB/IB 2000). (noting that the "Applicants bear the burden of demonstrating that . . . the predominant effect of the transaction will be to advance the public interest.").

[2] *Applications Filed by Frontier Communications Corporation and Verizon Communications Inc. for the Partial Assignment or Transfer of Control of Certain Assets in California, Florida, and Texas*, Memorandum Opinion and Order, 30 FCC Rcd 9812, 9815 ¶¶ 8, 9 (Wireline Comp. Bur. 2016) (explaining that the Commission's public interest evaluation employs a balancing test to weigh potential harms of a transaction with a "preference to protect and promote competition in relevant markets, accelerate private-sector deployment of advanced services, ensure a diversity of license holdings, and generally manage spectrum in the public interest.").

as discussed below, the Applicants expect the Transaction to yield substantial public interest benefits. Accordingly, the Commission should promptly approve this Application.

II. The Transaction Will Serve the Public Interest

Red Fiber Parent and its owners are managerially, technically, and financially well-qualified to complete the Transaction and assume indirect ownership and control of the Licensees that will continue to be subsidiaries of Cincinnati Bell under the ownership of Red Fiber Parent. The Licensees are expected to continue to be managed and operated by the same officers and key personnel. The Licensees will continue to have the managerial, technical and financial qualifications to provide high quality telecommunications services to consumers in their operating territories. Cincinnati Bell's existing management team would be supplemented with the managerial capabilities and resources of Red Fiber Parent and its owners. MIRA and its affiliates are experienced asset managers and operators of comparable companies with a focus on utilities and energy, transportation, and communications infrastructure in the U.S. and globally. Through its predecessor funds, MIRA has held investments in various communications infrastructure and utilities companies, and will be able to leverage its considerable track-record to effectively manage the investment in Cincinnati Bell.

The Transaction will strengthen the financial position of the Cincinnati Bell enterprise as a whole by providing access to capital from new funding sources, and enabling accelerated investment in the company's strategic products that is not presently available to Cincinnati Bell as a standalone company. The Transaction is expected to allow the enterprise to drive growth and maximize value over the long term. With the substantial financial resources of the investors in Red Fiber Parent, Cincinnati Bell and its subsidiaries will be better positioned to deliver next generation, integrated communications for its customers through an expanded fiber network. The financial, management, and other resources made available to Cincinnati Bell and its subsidiaries will enhance its networks and services to the benefit of their customers.

The Transaction is structured only as a change of ownership at the holding company level and will not affect any of the operations or legal identities of the Licensees. The proposed Transaction will not result in a change of carrier for any customers or any assignment of existing Commission authorizations. Further, Red Fiber Parent has no plans to change the Licensees' current rates or terms and conditions of services in connection with the Transaction. The Licensees' existing tariffs will not be affected by the Transaction, and will remain in effect (subject to change in the ordinary course of business). Therefore, the Transaction will be seamless to customers, as they will not experience any immediate changes in services, or rates, terms and conditions of service. Any future changes will be executed with careful planning and implementation in the normal course of business operations.

Further, there will be no need to change any billing systems or operational support systems before closing the Transaction. The Transaction also will not involve any changes to ILEC study areas. Since no system cutovers are required upon implementation of the combination, the Licensees' existing customer-facing systems will remain in place after the closing. Any future information technology upgrades or expansions to Cincinnati Bell's systems will be executed with careful planning and execution in the normal course of business operations.

III. The Transaction Will Not Reduce Competition or Harm Customers

Applicants have no overlapping service areas for their facilities-based services. Red Fiber Parent's affiliate, MNA, provides competitive transport and Internet services to wholesale and enterprise customers in Illinois, Iowa, Kansas, Kentucky, Missouri, Nebraska, Oklahoma, and Tennessee, and tandem switching and transport services for interexchange carriers in Missouri. Red Fiber Parent is also affiliated with INA, which provides competitive transport and Internet services to wholesale customers in Illinois, Kentucky, and Tennessee. Red Fiber Parent's affiliate, PEG IL, provides competitive interexchange services in Illinois, Indiana, Iowa, and Missouri.

The respective affiliates of Cincinnati Bell serve as ILECs in Hawai'i and parts of Ohio, Kentucky and Indiana, as CLECs, interexchange carriers, and VoIP providers in all states except Alaska, and as a wireless service provider in Hawai'i. Red Fiber Parent's affiliates (MNA, INA, and PEG IL) do not provide service in any counties that are part of, or adjacent to, Cincinnati Bell's ILEC territory. PEG IL's interexchange services and Cincinnati Bell's CLEC services are both available in five counties in Indiana—Elkhart, LaPorte, Porter, St. Joseph and Tippecanoe—where Cincinnati Bell's affiliate CBTS provides over-the-top VoIP and resold services using third-party facilities. Applicants' service areas are complementary rather than competitive, and the common control of Applicants' networks will not result in a reduction in competition. Further, by strengthening the financial position of Cincinnati Bell, the proposed Transaction is expected to enhance competition to the benefit of consumers.

Applicants recognize that competitors rely on the Licensees for high-quality non-discriminatory access to services, with accurate and timely billing and complete and accessible information regarding the services the Licensees provide. Under Red Fiber Parent's indirect ownership, the Licensees will continue to provide nondiscriminatory access to their wholesale customers, consistent with their regulatory and contractual obligations. Red Fiber Parent will abide by the applicable obligations imposed on the Licensees pursuant to Sections 251-252 of the Act, consistent with the Commission's rules and decisions. Nothing in the indirect transfer of control will impact the Licensees' existing interconnection agreements under Sections 251-252 of the Act. This combination raises no competitive or other public interest concerns and therefore should be approved expeditiously.