



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
CABLE TELEVISION DIVISION
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
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RANDY M. LEONG
CABLE TELEVISION ADMINISTRATOR

VIA U.S. MAIL & EMAIL

November 8, 2023

Steven P. Golden
Vice President, External Affairs
Hawaiian Telcom Services Company, Inc.
1177 Bishop Street, Suite 17
Honolulu, Hawaii 96813
Steven.Golden@hawaiiantel.com

Re: Application of Hawaiian Telcom Services Company, Inc. for Issuance of a Cable Franchise for the Island of Kaua'i

Dear Mr. Golden:

On October 9, 2023, Hawaiian Telcom Services Company, Inc. ("**Applicant**") submitted an application for a cable franchise ("**Application**") for the island of Kaua'i to the Department of Commerce and Consumer Affairs ("**DCCA**").

The Department of Commerce and Consumer Affairs ("**Department**") requires certain additional information in order to proceed with the processing of the Application under Chapter 440G, Hawaii Revised Statutes. Accordingly, pursuant to HAR §16-133-10, please provide the required information set forth in the attached First Set of Information Requests within 15 days from the date of this letter.

As you are aware, the Department may request additional information throughout the application process. Although the Department has not yet accepted the Application for filing, the Department will make a decision once the requested information is received and considered.

Mr. Steven P. Golden
November 8, 2023
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Thank you for your cooperation and attention to this matter. If you have any questions, please feel free to call me.

Sincerely,



Randy M. Leong
Cable Television Administrator

Attachment

c: Nadine Y. Ando, Director DCCA (via email)
Department of the Attorney General (via email)

Hawaiian Telcom Services Company, Inc.
Application for A Cable Television Franchise on the Island of Kaua'i

First Set of Information Requests

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 Hawaiian Telcom Services Company, Inc. (“**HTSC**” or “**Applicant**”, as applicable) in the State of Hawaii Application for Transfer of Cable Television Franchise, filed on October 9, 2023, (“**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. This is an ongoing request for information. In addition, for any IR that requires follow-up, the required information must be submitted immediately upon receipt of that information. If any of the requested documents are executed or finalized, or updated and amended after the date Applicant submits its response and during the franchise application process, then Applicant shall provide these documents immediately to the Department.

1. Applicant has conveyed a willingness to discuss a plan for Public, Educational, and Governmental (“PEG”) channel access.
 - (a) On page 13, Section III.H.3.b., Applicant states it will provide the number of “FCC required PEG channels for Kaua'i.” Provide more details on this statement and the number of channels this would include.
 - (b) Given the importance of PEG programming access to the local community and the prior construction of the fiber network that HTSC will use, does HTSC agree to provide the same number of linear and on-demand PEG access channels on Kaua'i that are provided by the incumbent cable operate in Kaua'i?
 - (c) Given the importance of PEG programming, does HTSC agree to provide an annual PEG capital contribution that is equal on a “per video subscriber basis” to the annual PEG capital contribution that is provided by the incumbent cable operate in Kaua'i?
2. HTSC conveyed a willingness to discuss the provision of a cable drop to schools and institutions of higher learning. We recognize that HTSC's video service requires the receipt of HTSC's Internet access service to receive the video service. Accordingly, would HTSC be willing to provide, free of charge, its video

service to every school and institution of higher learning that otherwise receives Internet access services from HTSC.

3. On page 9, Section III.E, ¶2, the application states that “services provided by HTSC are charged at a lower of fair market value (FMV) or the fully distributed cost (FDC), whereas the services provided to HTSC are charged at the higher of FMV or FDC.” Please provide an explanation how this payment structure where HTSC pays the higher of FMV or FDC for services received and charges the lesser for services rendered constitutes proper cross-subsidy relationship. Also provide further explanation on how this payment structure does not impact the rates or prices HTSC will charge for its proposed video services.
4. Confidential Exhibit III.E. is missing Exhibit A-1, please provide this document.
5. On page 10, Section III.E., the application states that the IPTV system will offer “Intuitive TV recommendations based on viewing habits.” Please provide an explanation on the information the IPTV system is collecting from viewers to produce these recommendations and whether viewers have the option to “opt-out” of such process.
6. Provide the estimated time frame for recovery of the anticipated start-up costs for the proposed video service. See Application, page 32, Section V.D.2.
7. On page 40, Section VI.C.2. of your application, Applicant responded that there is no other projected growth of other services other than basic and pay video service. With the expansion of its fiber footprint and Fioptic technology does Applicant not expect any projected growth in areas such as internet or phone services?
8. On page 58 of your application, Applicant indicates its intent to provide video services to all “fiber enabled households” on Kauai. Applicant also indicates that its extension of the geographic coverage of its video service will be based on “consumer demand for the service.” Please detail the plans of the company and its affiliates to extend its fiber network throughout Kauga’i, including details on homes passed and the dates for achieving these thresholds. Please also quantify the market penetration thresholds that Applicant requires for its video service to extend the geographic area of its video service and the planned extent of such expansions.
9. On page 60, Section VIII.L., Applicant states that all facilities outside of the headend to be used for this cable television franchise are provided by HTI. How does the use of HTI’s facilities relate to the issue raised in IR #4?

10. On page 64, Section B.1.b. of your application, the term “substantial useful life” is used to describe the new MPLS network. Provide more information on what this
11. Indicate whether the earth stations are protected by FCC license. See Application, page 66, Section IX.D.2.
12. On page 69, Section IX.G.1.a. of your application states that no physical subscriber service location is planned during the initial start-up, but Applicant will continue to evaluate the need based on the number of video subscribers and service demands. Provide a proposed subscriber number, percentage of video market penetration, or other proposed measurement that would prompt the establishment of a physical location.
13. Provide information on any fees or charges subscribers may incur for using the customer/subscriber service resources described in the application (e.g., fee for paying bills over the phone, etc.). See Application, page 69, Section IX.G.1.e.
14. Application, page 70, Section IX.G.1.f.
 - (a) Under Applicant’s “Drop Ship” process, clarify if the mailed equipment to subscribers will be within three (3) or five (5) business days.
 - (b) Clarify if the above timeframe is when subscribers will receive the equipment from the date the service is requested or if this is the timeframe in which Applicant will process a request and put the equipment in the mail.
 - (c) Describe when the billing cycle for a subscriber will begin after the service is requested.
15. On page 78 of your application, Applicant conveyed a willingness to work with DCCA to develop an appropriate INET program. Given the importance of INET and the prior construction of the fiber network that HTSC will use, does HTSC agree to provide INET links that are comparable in number, length, and capacity to the INET links currently provided by the incumbent cable operate in Kaua’i when considered annually based on the number of subscribers for each company’s respective video service? In determining the value of the INET links that would be provided to the State, does HTSC agree that any such value should be calculated based on the actual cost of providing such links to the State, recognizing that the fiber network that would be used has already been constructed?
16. On page 79, Section IX.R.1. of your application, under HAR §16-131-47, system testing reporting is required for cable franchises. Describe what format and

information this report would provide under the proposed system. Would this report differ than the System Testing report HTSC submits for its Oahu franchise? If so, describe the differences.

17. Applicant's Hawai'i-based presence is appreciated by subscribers and impacts local communities.
 - (a) Describe how the proposed franchise, if approved and effectuated, will impact HTSC's overall workforce?
 - (b) Will new jobs be created on Kaua'i?
 - (c) How many new jobs are projected to be created on Kaua'i?
 - (d) What types of jobs will be created on Kaua'i?
18. Provide the location(s) and address(es) on Kaua'i where Applicant will maintain a physical copy of the application for public viewing.
19. HTSC's cable system is projected to be present in each of the census tract areas on Kaua'i, has HTSC identified any specific neighborhoods or locations that will be difficult to serve and if so, explain why?
20. 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 Kaua'i.
21. Please provide a copy of the Public Interest Statement related to this matter filed with the Federal Communications Commission.
22. Summarize, how this proposed transaction is in the interest of the public and how it will directly serve and benefit HTSC's customers.
23. On page 91, Section XI.A. of your application, the staff level of service representatives will depend on subscriber penetration/order rates and received support calls. Please elaborate how an increase of staff levels will be determined, i.e., an increase of 10% of subscriber penetration will equate to a 1% increase of staff.