



For Immediate Release: 06/14/18

John B. Rhodes, Chair

Contact:

James Denn | James.Denn@dps.ny.gov | (518) 474-7080

<http://www.dps.ny.gov>

<http://twitter.com/NYS DPS>

18042/15-M-0388

Charter in Violation of PSC's Buildout Requirement

— Cable Company Ordered to Pay \$2M for Missing Network Expansion Milestones; PSC Demands Company Unconditionally Accept Conditions Set Forth in 2016 Merger Order or Face Additional Sanctions, Including Potential Revocation of Merger Approval —

ALBANY — The New York State Public Service Commission (Commission) today ordered Charter Communications Inc., known as Spectrum, to pay \$2 million to the State treasury after the company failed to meet its obligations to expand its cable network, which provides high speed broadband, cable and telephone services, in the time allotted. In addition, the Commission — concerned about Charter's insistence that it is not bound by the terms of the Commission's 2016 approval of the company's acquisition of Time Warner Cable — ordered that Charter unequivocally accept the terms set forth in that approval order or face the risk of having the merger revoked.

"As a condition of our approval of Charter's merger two years ago, we required Charter to make significant investments in its network," **said Commission Chair John B. Rhodes.** "Our investigation shows that Charter failed to meet its obligations to expand the reach of its network to unserved and underserved customers at the required pace and that it failed to justify why it wasn't able to meet its obligations. Furthermore, since the company has taken the unfortunate position of refusing to adhere to all conditions set forth in our initial decision two years ago, we now demand the company unconditionally accept all of the conditions as the Commission unambiguously required in 2016, or run the risk of more severe consequences."

In its order regarding Charter's failure to meet its buildout obligations, the Commission rejected 18,363 addresses — including 12,467 in New York City and 4,096 in the cities of Buffalo, Rochester, Syracuse, Schenectady, Albany, and Mt. Vernon — to which Charter claimed it expanded network as part of its required buildout requirement. The Commission found that these addresses were already passed by Charter or another company providing high speed broadband, or that Charter was separately required to pass the addresses pursuant to state regulations and/or franchise agreements. As a result, Charter must revise its overall 145,000 addresses-buildout plan to remove the rejected addresses and file a revised buildout plan for going forward within 21 days.

In its initial 2016 order approving Charter's acquisition of Time Warner Cable, the Commission required that Charter extend its network to pass within its statewide service territory, an additional 145,000 unserved and underserved residential housing units and/or businesses within four years. About a year later, it became evident that Charter had failed to meet its May 2017 target. To get the company back on track, the Commission approved a settlement under which Charter was required to pass 36,771 eligible premises by December 2017, and meet regular six-month milestones or else pay

up to \$1 million for each miss, and up to \$1 million should the company fail to correct any miss within three months.

Earlier this year, Commission staff, audited Charter's compliance filing of proposed passings to be counted toward its December 2017 target, and determined that 14,522 passings should be disqualified, which meant that the company failed to meet its required target. In its May response to the Commission, Charter argued that not all of the Commission's 2016 merger order applies to the company as part of its rationale for including ineligible addresses. Given the company's continued intransigence, the Commission today ordered that the company unconditionally accept all of the conditions and requirements spelled out in its 2016 order or face subsequent Commission action.

With today's decision, the Commission ordered Charter to pay \$1 million in accordance with the settlement agreement for failing to satisfy the December 2017 target and failing to demonstrate that it missed the target due to circumstances beyond its control. The Commission similarly found that Charter did not "cure" this miss by March 16, 2018, nor did it demonstrate that it had good cause for its failure to do so, requiring an additional \$1 million payment to the State.

Today's decisions may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 15-M-0388 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.