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**BEFORE THE
NEW YORK PUBLIC SERVICE COMMISSION**

Joint Petition of Charter Communications,)
Inc. and Time Warner Cable Inc.)
For Approval of a Transfer of Control of) **Case: 15-M-0388**
Subsidiaries and Franchises, Pro Forma)
and Certain Financing Arrangements)

**Charter Communications, Inc.
Annual Update**

May 18, 2018

Adam Falk
Senior Vice President, State Government Affairs
Charter Communications
1099 New York Ave., NW, Suite 650
Washington, DC 20001
Phone: (202) 621-1910
Email: Adam.Falk@charter.com

Maureen O. Helmer
Ekin Senlet
Barclay Damon LLP
Albany, NY 12207
80 State Street
Phone: (518) 429-4220
Email: mhelmer@barclaydamon.com
esenlet@barclaydamon.com

Counsel for Charter Communications, Inc.

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Annual Update 2018**

Charter Communications, Inc. (“Charter” or the “Company”) submits this Annual Update with the New York State Public Service Commission (“Commission” or the “PSC”) pursuant to Ordering Clause VI.1 of Appendix A contained in the Merger Order approving the merger between Charter and Time Warner Cable Inc. (“TWC”) (the “Merger Order”).¹

BACKGROUND

On July 2, 2015, TWC and Charter filed a Joint Petition that requested the Commission authorize a holding company-level transaction that would result in the transfer of control of TWC’s New York subsidiaries to “New Charter.” On January 8, 2016, the Commission approved the transaction, subject to a series of conditions enumerated in Appendix A of the Merger Order² (the “Conditions”). On May 18, 2016, the transaction was consummated. In

¹ Case 15-M-0388, *Joint Petition of Charter Communications Time Warner Cable for Approval of a Transfer Control of Subsidiaries and Franchises, Pro Forma Reorganization, and Certain Financing Arrangements*, Order Granting Joint Petition Subject to Conditions (Issued and Effective January 8, 2016).

² This Annual Update should not be construed in any way as a waiver or a concession by Charter with respect to the Commission’s jurisdiction to regulate Charter, impose conditions on the Merger, or otherwise compel Charter to act (or refrain from acting) with respect to any activities Charter conducts in New York that are beyond the scope of the Commission’s limited jurisdiction, including but not limited to Charter’s activities in New York related to broadband service or infrastructure.

This Annual Update should also not be construed in any way as a waiver or a concession by Charter that any provision or condition of the Merger Order, including but not limited to Condition I of Appendix A of the Order, is lawful or valid under the New York Constitution, the Federal Constitution, or any applicable New York or federal

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compliance with Condition VI.1 of the Merger Order, this Annual Update is submitted to provide the Commission with current information on its activities, investments, and schedules designed to implement the Conditions imposed in the Merger Order.³

The merger of Charter and Time Warner Cable has already brought substantial benefits to New York and over the next few years will provide far more than the two billion dollars in net benefits cited as constituting the public benefits in the Merger Order.⁴ Charter has already expended hundreds of millions of dollars in capital and operating expenditures and on internal resources to comply with the Conditions of the Merger Order, and it has demonstrated significant progress toward meeting each of the Conditions. In addition to the commitments met since its last annual report, Charter has begun providing gigabit broadband connection offering download speeds up to 940 Mbps in large portions of the State, a customer benefit that goes beyond the terms of the Merger Order.

statutes, caselaw and regulations. Charter reserves all of its rights, including its right to challenge any provision or condition of the Merger Order, including but not limited to Condition I of Appendix A of the Order, in a state or federal court of competent jurisdiction on the basis that the provision or condition is invalid because the Commission lacked statutory authority or jurisdiction to impose the condition, that enforcement of the provision or condition and any associated penalty violates the Due Process or Commerce Clauses of the New York Constitution or the Federal Constitution, or that the provision or condition is preempted by or otherwise contravenes state or federal law.

³ Merger Order, Appendix A, ¶ VI.1.

⁴ Merger Order, at p. 34.

ANNUAL UPDATE

This Annual Update is organized by subject matter as listed in the Merger Order, and sets forth additional details regarding Charter's activities, expenditures, and schedules related to the Conditions to demonstrate that actions are occurring in a timely manner.

1. INFRASTRUCTURE INVESTMENT

A. Network Modernization and Speed Increases:

Pursuant to Condition I.A.1, all of Charter's New York networks are required to be all-digital within 30 months of close of the transaction (by November 18, 2018). To date, over [REDACTED] percent of households passed in New York are now all-digital.⁵ Digitization of the networks in the Buffalo area system is ongoing and we expect to be complete in advance of the November 2018 deadline.

Under Condition I.A.2, Charter is required to make investments to (a) offer broadband service with download speeds up to 100 Mbps to all customers served in New York (including Columbia County systems) by December 31, 2018; and (b) offer broadband service with download speeds up to 300 Mbps to all customers served in New York by December 31, 2019.

As to subsection (a), Charter currently offers a 100 Mbps download speed tier to all areas of the State where broadband service is offered.⁶ Thus, this requirement is met. As to subsection (b) in [REDACTED] 2018, approximately [REDACTED] percent of our customers will have access to download speeds of up to 300 Mbps and Charter expects to meet this condition well before the end of 2019. A list of areas where Charter currently offers a 300 Mbps download speed tier is included with this Annual Update as confidential **Exhibit 1**. Notably, under Charter's new Spectrum Internet

⁵ The Buffalo Area will be fully digitized in [REDACTED] 2018. Charter's quality control efforts related to the digitization of the New York City, Syracuse, Hudson Valley, Rochester, Binghamton, Albany and Chatham area are ongoing.

⁶ Except for Charter's Chatham System, where Charter did not previously provide internet services. Chatham rebuild initiative is currently in process and expected to be completed in advance of the December 2018 deadline.

Gig service, approximately [REDACTED] percent of all customers throughout New York are expected to have access to download speeds of up to 940 Mbps in [REDACTED] 2018, which is at a dramatically higher level than what is required under the Merger Order.

Since the close of the transaction, Charter has been actively rebuilding its Columbia County Systems to provide capabilities to offer Spectrum broadband, advanced video services and voice service. The construction process for this project has been occurring in three phases. In the first phase, construction in Berlin and Petersburg began in April 2017, and was completed by February 27, 2018. In the second phase, construction in Austerlitz, Ghent, Hillsdale and New Lebanon is [REDACTED] and the Company plans to begin offering Spectrum services in [REDACTED] 2018. In the third phase, construction in Ancram, Copake, Canaan and Chatham is also underway and the Company plans to begin offering Spectrum services [REDACTED]. With construction actively underway in all remaining locations, Charter expects that its deployment will be completed ahead of the specified merger condition deadline of December 31, 2018.

B. Network Expansion Investments:

1. Expansion to 145,000 unserved/underserved units:

Condition I.B.1 of the Merger Order requires that Charter extend its network to pass an additional 145,000 unserved and underserved⁷ residential or business units within four years of close of transaction (by May 18, 2020).⁸ The requirement that Charter extend its network to pass an additional 145,000 unserved and underserved homes was amended by the Settlement

⁷ Merger Order, Appendix A, ¶ I.B.1. Unserved units are defined in the Merger Order as those with download speeds of 0 to 24.9 Mbps. Underserved units are defined as download speeds of 25 to 99.9 Mbps.

⁸ Merger Order, Appendix A, ¶¶ I.B.1, I.B.1.c.

Agreement, which required an interim goal of 36,771 passings by December 2017.⁹ Section 18.i of the Settlement Agreement also required that a Project Management team (“PM”) be formed and that the PM meet at least monthly to track Charter’s network expansion progress. Since the formation of the PM, which is comprised of representatives from DPS Staff, Charter and the Broadband Program Office (“BPO”), the Company has been actively engaged in weekly meetings with these state agencies and has been providing detailed weekly tracking reports on its network expansion progress.¹⁰ Charter met its December target as provided in its report filed with the Commission on January 8, 2018 and, as of May 4, 2018, Charter had completed network extensions to [REDACTED] passings. In accordance with the Settlement, Charter will file a report on or before July 8, 2018, updating its progress in meeting the next interim milestone (June 18, 2018).

2. *Community Anchor Institutions:*

Pursuant to Condition I.B.2 of the Merger Order, Charter will offer, and provide if accepted, free broadband service to fifty (50) community anchor institutions located in low-income or underserved areas. Charter has performed an assessment of the libraries, schools, and other types of similarly situated community centers located in its footprint to determine potential eligibility for this Condition. Additionally, Charter had numerous consultations regarding the Company’s plans to meet this obligation. On May 17, 2018, Charter filed a list that outlines the location of the fifty (50) institutions which collectively represent a geographically and demographically diverse array of communities in our service area.¹¹ As previously noted, this program will enable these institutions to receive valuable broadband services at no cost, and

⁹ Case 15-M-0388, Settlement Agreement dated June 19, 2017, later approved by the Commission in the Order Adopting Revised Build-Out Targets and Additional Terms of a Settlement Agreement (Issued and Effective September 14, 2017).

¹⁰ Case 15-M-0388, Charter’s Weekly PM Update Reports.

¹¹ Case 15-M-0388, Charter’s Anchor Institutions Filing with the Records Access Officer (May 17, 2018).

more importantly, will provide immeasurable and significant value to the residents in these communities.

2. UNIVERSAL ACCESS

A. Broadband Affordability

Pursuant to Condition II.A.1 of the Merger Order, Charter continued to offer new subscribers in its legacy TWC New York territory the former TWC standalone Everyday Low Price \$14.99 broadband service, at speeds no less than those being offered at the time of the Merger Order for the two year time period after close of the transaction (through at least May 18, 2018).¹² Pursuant to Condition II.A.3 of the Merger Order, former TWC customers that retained their standalone and bundled broadband services are able to continue doing so until at least May 17, 2019, without material changes that have the intent to discourage customers from subscribing to this service.¹³

B. Low-Income Broadband

Condition II.B of the Merger Order required Charter to begin the roll-out of a low-income broadband service offering in New York within six months (by November 17, 2016) through pilots, training, or stakeholder engagement.¹⁴ The Merger Order also required that Charter offer eligible, low-income customers a discounted broadband service with a minimum download speed of up to 30 Mbps for \$14.99 per month without a credit check within 15 months of close of the transaction (by August 17, 2017).¹⁵ Charter met these obligations and reported on its compliance with the Merger Order condition in last year's report.

¹² Merger Order, Appendix A, ¶ II.A.1.

¹³ Merger Order, Appendix A, ¶ II.A.3.

¹⁴ Merger Order, Appendix A, ¶ II.B.1.

¹⁵ Merger Order, Appendix A, ¶¶ II.B.2-4.

Representative of Charter sponsored Spectrum Internet Assist (SIA) launch events that occurred since the last Annual Update include the following:

- **Syracuse**: May 2017: Partnered with New York State Assembly-woman Pamela Hunter and Syracuse Community Connections to introduce the program to eligible families and senior citizens.
- **Rochester**: May 2017: Partnered with Mayor Lovely Warren, PowerMyLearning, and Gantt Recreation Center to introduce the program to eligible families and youth.
- **New York City**: June- October 5, 2017 (12 events): As an example, at an event held at the Stanley Isaacs Community Center at NYC Housing Authority's Stanley Isaacs and Holmes Towers on East 93rd St. in Manhattan, Charter was joined by NYC Public Advocate Letitia James, and NYC Council Member Ben Kallos to announce the program to eligible families and seniors.

At separate event held at the National Action Network House of Justice, Charter joined the National Action Network and Civic Hall to discuss the implementation of the program with leaders advocating for more technology resources and education.

- **Buffalo**: August 2017: Partnered with Mayor Byron Brown, PowerMyLearning, and the Delavan-Grider Community Center to introduce the program to families and senior citizens in Buffalo, N.Y., as well as to highlight our new partnership with PowerMyLearning in the City of Buffalo.
- **Schenectady**: November 2017: Partnered with Schenectady Mayor Gary McCarthy and the Mont Pleasant Boys & Girls Club to introduce the program to eligible low-income families.

Additional events in 2018 are currently planned throughout the State, including New York City, Brooklyn, Rome, and Springfield Gardens.

3. **CUSTOMER SERVICE**

A. **Customer Service Investments**:

Condition III.A.1 of the Merger Order provides that within 2 years of close of the transaction, Charter will invest a minimum of \$50 million in service improvement programs for the specific benefit of New York operations.¹⁶ Service improvement programs may include, among other things, customer-facing training and customer-facing diagnostic systems as suggested in the Merger Order.

¹⁶ Merger Order, Appendix A, ¶ III.A.1.

As described in its 2017 Annual Report,¹⁷ Charter invested over [REDACTED] million for service improvement programs for the benefit of New York which is well in excess of the merger condition. A significant portion of the funds were invested in customer operations, including a new Spanish speaking call center (outside of New York that will support customers in the State), improvements in customer communication, and new customer-facing tools as well as in-network operations and reliability enhancements. Other significant investments were made in equipment, network facilities, and field operations to support greater customer service as well as into the construction of a new store-front and upgrades to existing stores in New York where customers can order services, pay bills, pick-up equipment, and obtain other assistance. These and other major initiatives and investments improved Charter's service and enhanced the consumer experience. Confidential **Exhibit 2** contains a list of service improvement investments that demonstrate compliance with the condition.

B. Customer Service Monitoring:

Condition III.B.1 of the Merger Order requires Charter to show a 17.5% reduction in TWC's 2014 cable PSC Complaint Rate by 2018 and a 35% reduction by 2020, and requires "New Charter" to file its cable PSC Complaint data on an annual basis. Pursuant to Condition III.B.3,¹⁸ Charter filed its Annual Video Complaint Data with the Commission on January 26, 2017, and January 29, 2018, respectively.¹⁹ As Charter noted in its January compliance filing, due to the increased level of accountability for the complaint handling process within the Company, the rates have declined in 2017 and we are making significant progress towards meeting the complaint rate targets established in the Merger Order.

¹⁷ Case 15-M-0388, Charter's Annual Report (May 18, 2017).

¹⁸ Merger Order, Appendix A, ¶ III.A.3.

¹⁹ Case 15-M-0388, Charter Submission of 2017 PSC Video Complaint Data (January 29, 2018).

4. ECONOMIC DEVELOPMENT (EMPLOYEE RETENTION)

For four years from the date of the Commission's Order (through January 8, 2020), Charter is required to not cause a net loss in customer facing jobs in New York State.²⁰ On January 8, 2016 (the date of the Merger Order), Charter and TWC had a combined [REDACTED] customer facing jobs in New York State. As of April 2018, Charter had a total of [REDACTED] customer facing jobs in NY State, with a total *gain* of [REDACTED] customer facing jobs within the first two years of the merger.²¹ A summary of the number of customer-facing jobs is included in confidential **Exhibit 3**.

5. OTHER COMMITMENTS

No Data Caps: As described in its previous 2017 Annual Report, Charter continues to offer its broadband service without imposing data caps. Charter will continue to include information about its practices as part of its marketing materials, including on its website.²²

²⁰ Merger Order, Appendix A, ¶ IV.A.1.

²¹ Merger Order, at page 65. Note that job descriptions and functional areas of Company employees have changed since the merger and the customer facing jobs included in this Annual Report have been compiled using a similar methodology that was used to report the number of jobs in 2016.

²² See <https://www.charter.com/browse/content/internet>

CONCLUSION

Charter continues to comply with the Conditions contained in the Commission's Merger Order. This Annual Update demonstrates that Charter's ongoing and planned service enhancements and investments in New York are providing significant public benefits, and bringing real value to our New York customers, including those customers that have been historically unserved or underserved.

Dated: May 18, 2018

/s/ Adam Falk

Adam Falk
*Senior Vice President, State Government Affairs
Charter Communications, Inc.*

/s/ Maureen O. Helmer

Maureen O. Helmer
Ekin Senlet
Barclay Damon, LLP
Counsel for Charter Communications, Inc.