

**BEFORE THE
NEW YORK PUBLIC SERVICE COMMISSION**

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Joint Petition of)	
)	
CHARTER COMMUNICATIONS, INC.)	
)	
and)	Case 15-M-0388
)	
TIME WARNER CABLE INC.)	
)	
For Approval of a Transfer of Control of)	
Subsidiaries and Franchises; for Approval of)	
a Pro Forma Reorganization; for Approval of)	
Assignment of 16 Franchises; and for Approval of)	
of Certain Financing Arrangements)	
_____)	

**Charter Communications, Inc.
90-Day Report and Implementation Plan**

August 16, 2016

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**Charter Communications, Inc.
90-Day Report and Implementation Plan**

Charter Communications, Inc. (“Charter” or the “Company”) respectfully submits this 90-Day Report and Implementation Plan¹ (“Plan”) in compliance with the New York Public Service Commission (“Commission” or “PSC”) Ordering Clause VI.1 contained in its Order approving the merger of Charter with Time Warner Cable Inc. (“TWC”).²

Charter is focusing its efforts in New York on continuing a growth-oriented investment strategy, subscriber-friendly pricing, packaging and practices, improving customer care, and delivering highly valued services. While there are still many details to work through as Charter integrates the companies, assesses various existing processes, and evaluates needs, it is significant that within just the first 90 days since the transaction closed, Charter has undertaken activities and made investments that will bring

¹ Throughout this document, Charter refers to this as its “Plan.” Use of the word “plan” should not be construed as a specific commitment to any particular method or approach, nor is it a guarantee to complete any commitment in a time frame other than those required by the PSC Order. Charter reserves the right to change its Plan or to modify its approach at any time, to meet the terms of the Commission’s Ordering clauses applicable to the Plan.

² 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 Jan. 8, 2016) (“Merger Order” or “Order”).

diverse and innovative service offerings, customer-enhancing practices, and advanced features and capabilities for residential, enterprise, and business customers. Charter's ongoing and planned services and investments in New York represent hundreds of millions of dollars of public benefits, and bring real value to New York residents in Charter's footprint, including those areas that have been historically unserved or underserved. Charter's commitment to work with the Commission and its Staff, other New York agencies, and key stakeholders as well as its demonstrated commitment to invest in and offer high quality services at competitive prices, while improving customer service, will produce tangible benefits throughout New York.

Charter currently offers many advanced products to its customers, and it will continue to implement innovative services throughout its New York service area. Charter is currently deploying its "Spectrum Guide," a cloud-based user interface that enhances consumer video service and can be accessed through its legacy two-way set-top boxes. These ongoing innovations will enable Charter to improve the customer experience and deliver greater value to its customers. Charter is committed to advancing the State's goals of creating one of the most robust broadband infrastructure networks in the nation and to ensuring that the network meets the demands of the 21st century. Since the approval of the merger, Charter has been diligently working toward meeting the Conditions of the Order and has already made significant progress. Charter is pleased to report that it is ahead of schedule for programs and improvements regarding its:

- Broadband speed increases;
- Low-income broadband service offering;
- Service improvements investments; and
- Stakeholder outreach and engagement.

In addition, the company has demonstrated consistent progress and great focus and attention on working with the New York State Public Service Commission to meet the terms of commitment to add new broadband passings to unserved and underserved areas in New York.

BACKGROUND

On July 2, 2015, TWC and Charter (collectively, the “Petitioners”) 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 granted authorization for the transaction, subject to a series of conditions enumerated in Appendix A of the Merger Order (“Conditions”).³

Condition VI.1 of the Merger Order states: “Within 90 days of the close of the proposed transaction, and annually on the anniversary of the close of the transaction thereafter, [Charter] is required to provide an implementation plan and report to the Secretary to the Commission detailing the activities, expenditures, and schedules related to the conditions imposed herein, to the extent necessary, to verify that these activities, outcomes, and investments are occurring in a timely manner.”⁴ On May 18, 2016, TWC and Charter closed the instant transaction. Charter has developed this Plan to report the Company’s compliance with the conditions imposed by the Commission in its Order approving the transactions among Charter, Time Warner Cable Inc., and Advance/Newhouse Partnership (“Bright House”).⁵

This Plan outlines the initial activities, investments, and schedules designed to implement the Conditions. As Charter continues to invest in programs and infrastructure, the Plan will necessarily evolve and be further refined over time. Updates to the Plan will be submitted to the Commission pursuant to the Order.

³ Merger Order, Appendix A.

⁴ Merger Order, Appendix A, ¶ VI.1.

⁵ Certain subjects discussed in this filing pertain to non-jurisdictional products and services. Discussion of non-jurisdictional products and services are not intended as a waiver or concession of the Commission’s jurisdiction beyond the scope of Charter’s regulated telecommunications and cable video services. Charter respectfully reserves all rights relating to the inclusion of or reference to such information, including without limitation Charter’s legal and equitable rights relating to jurisdiction, compliance, filing, disclosure, relevancy, due process, review, and appeal. The inclusion of or reference to non-jurisdictional information or to the ordering clauses or other requirements of the Order as obligations or commitments to provide non-jurisdictional services shall not be construed as a waiver of any rights or objections otherwise available to Charter in this or any other proceeding, and may not be deemed an admission of relevancy, materiality, or admissibility generally.

90-DAY REPORT AND IMPLEMENTATION PLAN

This Plan is organized by subject matter, and sets forth additional details regarding the Company's activities, expenditures, and schedules related to the Conditions to the extent necessary to demonstrate that actions are occurring in a timely manner. It should be noted that the relevant transaction close date for which compliance with the following Conditions is to be measured is May 18, 2016.

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. As the transaction closed on May 18, 2016, compliance with this condition is required by November 18, 2018.

All of legacy Charter's networks are now digitized, including the Columbia County system, as discussed further below. A significant percent of legacy TWC networks are also currently digitized including New York City and the Company's lower Hudson Valley service area in the New York City designated market area ("DMA"), which includes Mount Vernon as well as communities in Orange, Putnam, Dutchess, Ulster, and Sullivan counties. Charter also completed the digitization of the Syracuse systems in June of this year. Digitization of the remaining networks is in the initial planning stages and will be completed before the deadline outlined in the Order. Now that digitization is completed in the Syracuse and Hudson Valley areas, more than fifty percent of Charter's service area in New York is all digital.

Under Condition I.A.2, Charter is required to make investments to (a) offer broadband service with 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 speeds up to 300 Mbps to all customers served in New York by December 31, 2019.

Charter has completed an evaluation of its networks to determine when the speed upgrades would be rolled-out and available to customers. Pursuant to current plans, Charter will complete its

implementation of upgrades that will provide all legacy TWC customers with access to 100 Mbps speed levels by February 2017,⁶ well before the December 2018 target date. Legacy TWC areas that will have access to a significant speed upgrade include Albany, Schenectady, Troy, Buffalo, Binghamton, and Rochester. It should be noted that a large portion of the legacy TWC customers in New York, approximately 47%, already had access to speeds of 300 Mbps at the time of closing. Syracuse will be fully upgraded to 300 Mbps by [REDACTED], and further upgrades to 300 Mbps in the remainder of the Charter New York footprint will begin afterwards. A list of areas where Charter currently offers 300 Mbps is included as confidential Exhibit 1.

In addition to the legacy TWC areas that already have 300 Mbps speeds available to them, Charter's Plattsburg network already meets the 100 Mbps speed requirements. Charter is currently rebuilding and upgrading its system in Columbia County to provide broadband service by the end of 2018. As mentioned above, Charter has already fully digitized the Chatham network. A variety of upgrade-related activities are underway in Chatham including a walk-out to create as-built and strand mapping; network design; and initial discussions and meetings for planning purposes with FairPoint and NYSEG, the primary pole owners in this area, have occurred. [REDACTED]

[REDACTED]

[REDACTED]

B. Network Expansion Investments:

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

Condition I.B.1 requires that Charter extend its network to pass an additional 145,000 unserved and underserved⁷ residential or businesses units within four years of close (by May 18, 2020) with 25% completed in the first year and an additional 25% completed in each successive year.⁸ A Network Expansion Implementation Plan and 45-Day Report detailing the Company's plans to expand service in

⁶ The only exceptions are in areas where Charter currently does not provide Internet services, i.e. its Columbia County system.

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.

compliance with this condition was filed with the Commission on July 5, 2016,⁹ with a revision filed on July 26, 2016 (collectively, the “45 Day Plan”).¹⁰

Charter has already placed a number of broadband passings in the construction funnel and a number of new deployments were already completed between the date of the Order and close of the merger.¹¹ The projected schedule for completion of the remaining 145,000 deployments was included in the 45 Day Plan previously filed with the Commission.¹² Charter has committed significant investments of staff, equipment, and finances to the expansion of broadband. These expansion efforts are currently estimated to total over \$362 million, beyond the \$290 million projected by the Commission for completion of the investment related to this condition, with an average cost of [REDACTED] per passing.¹³ Charter will file quarterly reports to the Commission relating to this condition as required by the Order.¹⁴

2. Community Anchor Institutions:

Pursuant to Condition I.B.2, Charter will offer, and provide if accepted, free broadband and line extensions to 50 community anchor institutions located in low-income or underserved areas. The specific anchor institutions will be identified through Charter’s collaborative efforts with Department of Public Service Staff (“Staff”), the Broadband Program Office (“BPO”), and other stakeholders.

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 based on an examination of its current network, franchise requirements, and services. As part of the evaluation, Charter conducted an analysis of the current service information for each institution to confirm eligibility for inclusion in this initiative. Charter has identified a wide array of communities that

⁹ Case 15-M-0388, Charter 45-Day Plan – Redacted (July 5, 2016). Note that an unredacted version of the Network Expansion Plan was also filed with the Commission’s Records Access Officer on July 5, 2016. (“45 Day Plan”).

¹⁰ Case 15-M-0388, REDACTED Charter Revised Network Implementation Plan (July 26, 2016). Note that an unredacted version of the Revised Plan was also filed with the Commission’s Records Access Officer on July 26, 2016. (“Revised Plan”).

¹¹ 45 Day Plan, at 10.

¹² Revised Plan, at 6-8.

¹³ The cost per passing will vary based on physical conditions, field analysis, variable span lengths, and geographic location.

¹⁴ Merger Order, Appendix A, ¶ I.B.1.b.

are geographically and economically diverse, and will provide a list of these candidates to Staff, BPO, and relevant stakeholders for analysis and input in the coming months. Charter anticipates that the final selection of the 50 community anchor institutions will occur in the fall of 2016.

Overall, this program will enable these institutions to receive valuable broadband services at no cost, and more importantly, will provide immeasurable and significant long-term value to these communities.

2. UNIVERSAL ACCESS

A. Broadband Affordability:

Under Condition II.A.1, Charter has continued to offer new subscribers in TWC's New York territory the TWC standalone Everyday Low Price \$14.99 broadband service, at speeds no less than those being offered at the time of the Merger Order, and will continue to offer this to new subscribers for up to two years after close (until May 17, 2018).¹⁵ Existing customers with the Everyday Low Price at the time of closing will be allowed to retain the product for a minimum of three years, which the Commission has set to "run concurrently with the two-year period in which Charter must continue to offer the service to new customers."¹⁶ As such, new subscribers to the service after close can retain that product until at least May 17, 2019.

Pursuant to Condition II.A.3, Charter has allowed existing TWC customers to retain standalone and bundled broadband services, and will continue to do so for three years (until May 17, 2019), with no material changes that discourage these services.¹⁷

B. Low-Income Broadband

Condition II.B requires Charter to begin the roll-out of a low-income broadband offering in New York within six months (by November 17, 2016) through pilots, training, or stakeholder engagement.¹⁸ Within 15 months of close (by August 17, 2017), Charter will offer eligible, low-income customers a

¹⁵ Merger Order, Appendix A, ¶ II.A.1.

¹⁶ *Id.*

¹⁷ Merger Order, Appendix A, ¶ II.A.3.

¹⁸ Merger Order, Appendix A, ¶ II.B.1.

discounted broadband product with a minimum speed of 30 Mbps for \$14.99 per month without a credit check.¹⁹ The number of households enrolled will be periodically reported to the Commission in compliance with the requirements of the Order.²⁰

Charter is designing and implementing a task management system that will be housed on the company's network to manage the eligibility process for the low income broadband service. Potential customers will use a dedicated phone number to apply for the program. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Once appropriate documentation has been submitted and verified, authorization will be entered into the billing system, which will be updated to reflect the offer, including the \$14.99 per month pricing. In addition, Charter currently plans to provide new customers with a discount code to waive the WiFi activation fee, a discount WiFi code to ensure the rate does not increase from \$5, and a discount code for installation at no cost (when applicable), although these benefits are not required under the Commission's Merger Order and constitute current additional benefits of the program Charter is designing.

A customer will be deemed eligible for the offer if that customer: (i) has a household member that is a recipient of National School Lunch Program ("NSLP"), or is 65 or older and a recipient of Social Security Income ("SSI"), (ii) is in a serviceable location of the Company, (iii) does not have outstanding debt for services incurred within the preceding 12 months, (iv) has not subscribed to Charter's broadband

¹⁹ Merger Order, Appendix A, ¶¶ II.B.2-4. The Merger Order provides that the offer must be made available in 15 months from the closing, however, the timeline set by the Federal Communications Commission ("FCC") in its decision is 12 months. *See In re Applications of Charter Commc'ns, Inc. Time Warner Cable Inc., and Advance/Newhouse P'ship. For Consent to Assign or Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, MB Docket No. 14-159 (May 10, 2016), ("FCC Order") at 221, Appendix B, Section VI.2.a..

²⁰ Merger Order, at 58. "For each of the four years following the commencement of the low-income program, on the anniversary date of the close of the transaction, New Charter shall file with the Secretary to the Commission a report on the number of households enrolled in the low-income program."

service within the preceding 60 days, and (v) does not have outstanding debt that is incurred for the offer and that is subject to debt collection.

The program is currently planned to be rolled-out in New York by mid-May of 2017 (within one-year of closing), well ahead of the fifteen months schedule in the NY Order. As part of its efforts in the State to engage stakeholders, Charter has already commenced program planning and stakeholder engagement for the Discounted Broadband Services Offer including outreach to a diverse range of community groups such as Older Adults Technology Services (“OATS”), League of United Latin American Citizens (“LULAC”), The Hispanic Federation, Computers for Children, The Capital Region Chamber, the Greater Rochester Chamber, The Business Council of New York State, the Buffalo-Niagara Partnership and CenterState CEO. Charter will continue its stakeholder engagement as the launch approaches next year.

3. CUSTOMER SERVICE

A. Customer Service Investments:

In compliance with Condition III.A.1, within 2 years of close (by May 17, 2018), Charter will invest a minimum of \$50 million in service improvement programs for the specific benefit of New York operations.²¹ Service improvement programs may include, among other things, customer-facing training and customer-facing diagnostic systems as well as tools of the type suggested in the Order.

In the brief period of time since the close of the transaction, Charter’s initial planning for investments in service improvement programs over the next year are currently expected to be approximately [REDACTED]. A significant part of the first [REDACTED] investment will go toward customer operations, including new call center facilities (outside of New York that will support customers in the State), improvements in customer communication, and new customer-facing tools. During the first year, other investments will be 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 where customers can order services, pay bills, pick-up equipment, and obtain other assistance. Many of

²¹ Merger Order, Appendix A, ¶ III.A.1.

these service quality investments are already underway, with a number of investments in the planning and early implementation phases, as outlined below. Some of these major initiatives to improve service, enhance consumer service and experience, and reduce consumer complaints that will benefit Charter's operations and customers in New York include:

- **Customer Interface Improvements** – Numerous system software enhancements that will make customer service faster, more effective and more efficient, including creation of a single customer service interface for all billing systems, order confirmation, outage notification, helpful hint emails, and post-service survey for improved customer experience dealing with Charter service interactions.
- **Call Centers** – Investments to support applications in the Data Centers and the addition of a Spanish-speaking call center to our national network that will reduce traffic in other call centers, thus increasing response times for consumers accruing to the benefit of our New York customers.
- **Self-Installation** – System investments, including .net enhancements, that will meet the growing consumer demand for self-installation and services that do not require a service call, which also frees up technical resources for other customers who would prefer that Charter employees handle their installation needs.
- **Equipment and Truck Upgrades** – Enhanced vehicle replacement policy to ensure that the most modern vehicles and technology are available to meet consumer service needs, including the roll out of all digital customer premise equipment.
- **Stores** – Upgrades to store queuing systems to allow customers to check-in to a virtual line and a new incremental store in Washington Heights that will open in the fall of 2016 to allow more personal interface with customers. The new store will be located in a culturally diverse neighborhood in the northern portion of the New York City borough of Manhattan, and the majority of the staff will be bi-lingual.

- **Network Operations and Reliability Enhancements** – A myriad of network enhancements that will improve functionality and reliability as well as investments to enhance the reliability of the system, including NOC improvements, backbone optical and routing support, enterprise telephony support, stand-by power supplies, and plant replacement.
- **Employee Training and Allocation** – Investments to train employees to enhance the customer service experience.

Confidential Exhibit 2 contains a list of service improvement investment activities, anticipated expenditures, and timeframes for the coming year.²² Charter will provide updates to the list in future filings submitted in compliance with the Order.

In addition to these investments, future service improvements will also include the planned Spectrum Guide upgrades, continued system digitization, and other new facilities that are not included in this report. Given that Charter is providing data demonstrating more than [REDACTED] in first year investment, additional expenditures resulting from significant other investment have not been included.

B. Customer Service Monitoring:

Pursuant to Condition III.A.2, Charter expects to achieve a 17% reduction in TWC's 2014 cable PSC Complaint Rate by December 31, 2018, and a 35% reduction by December 31, 2020.²³ In accordance with the Merger Order, Charter will file its cable PSC Complaint Rate with the Commission 30 days after the end of each calendar year.²⁴

Charter is committed to reducing the legacy TWC video complaint rate. Legacy TWC used specialized teams to ensure PSC complaints were handled efficiently, which included timely contact with customers, generally well before the end of the next business day as prescribed in the PSC procedures. TWC would then ensure the proper groups within the company were engaged to address the issue.

²² The investments allocated to each service improvement program are budgeted amounts and may be subject to change as the actual needs and priorities of the Company and its customers evolve.

²³ Merger Order, Appendix A, ¶ III.A.2.

²⁴ Merger Order, Appendix A, ¶ III.A.3.

Charter escalations teams will continue to treat PSC complaints in the same manner, with the added complaint reduction strategy outlined below.

Charter has commenced an internal process to examine the legacy TWC escalated complaints (“SRS” complaints) received between 2014 and the present to better understand why these complaints were escalated from an initial “QRS” to an SRS complaint. Data generated from this internal examination will enable Charter to determine which issues are under the control of Charter so it can target resources to address the underlying root causes for complaint escalations. Charter expects that this analysis and dedication of resources to specifically address those issues will significantly reduce the legacy TWC video complaint rate.

In addition, the investments detailed in Confidential Exhibit 2 should help to contribute to improved customer service, which should also help to lower customer complaint rates.

4. ECONOMIC DEVELOPMENT (EMPLOYEE RETENTION)

For four years from the date of the Commission’s Order (through January 8, 2020), Charter will not cause a net loss in customer facing jobs in New York State.²⁵ In compliance with Condition IV.A.2 to establish a baseline against which future reports will be measured, as of the date of the Order (January 8, 2016), Charter and TWC had a combined [REDACTED] customer facing jobs in New York State. A summary of the number of customer-facing jobs and general job descriptions is included as Confidential Exhibit 3. For four years, on the anniversary of the transaction Closing Date, Charter will submit an annual report of the number of customer facing jobs in New York State.²⁶ For the reasons stated previously, Charter intends to insource more jobs in customer and field service, which are also anticipated to lead to net employee growth. As Charter continues through the Company’s insourcing plans, additional reports may reflect the positive results of these new strategies.

²⁵ Merger Order, Appendix A, ¶ IV.A.1.

²⁶ Merger Order, at 65. Note that job descriptions and titles may change over time, but the jobs evaluated for these figures will still be customer-facing jobs.

5. OTHER COMMITMENTS

No Data Caps

In compliance with Condition V.B.1, Charter will not implement data caps on its broadband service for three years after the Closing Date (until May 17, 2019).²⁷ Charter has already conducted an internal review of its current broadband service plans, offers, billing procedures, and marketing materials to confirm that such plans do not prevent customers from consuming data beyond a certain threshold or otherwise impair or degrade the speed or quality of the broadband service connection once the customer surpasses a certain threshold, and confirm that customers will not be charged a higher price based upon usage. Charter's Marketing Department has also included information about its practices as part of its marketing materials, including on its website.²⁸ Pursuant to the terms of the FCC Order, customers in New York State will also obtain any further benefits related to the use of data caps.²⁹

CONCLUSION

As noted above, Charter is committed to full compliance with the Conditions contained in the Commission's Order and in working with the Commission to fulfill our mutual goal of bringing advanced, innovative services to New Yorkers. This Plan makes clear that the Company is making significant progress towards these goals and, in fact, is well ahead of schedule on key elements of the Conditions.

²⁷ Merger Order, Appendix A, ¶ V.B.1.

²⁸ See, e.g., <https://www.charter.com/browse/content/internet>.

²⁹ The term of this condition under the FCC's order is for seven years from the closing, although the duration may be shortened to 5 years upon request and following a public hearing. See *FCC Order*, at 232, Appendix B, Section IV.