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15-M-0388 - 9-24-2015 - 7:00 p.m.

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

15-M-0388 - CHARTER COMMUNICATIONS, INC. AND TIME WARNER
CABLE INC. - APPROVAL OF REORGANIZATION AND
FINANCE ARRANGEMENTS

PUBLIC STATEMENT HEARING

Thursday, September 24, 2015
7:00 p.m.
Amherst Municipal Building
5583 Main Street
Williamsville, New York

A.L.J. BEN WILES
Administrative Law Judge
Three Empire State Plaza
Albany, New York 12223-1350

COMMISSIONER GREGG SAYRE

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2 (The hearing commenced at 6:30 p.m.)

3 A.L.J. WILES: I'll call this public
4 statement hearing to order. It's case number 15-M-0388,
5 which is entitled Joint Petition of Charter Communications,
6 Inc., and Time Warner Cable, Inc., for approval of a transfer
7 of controlled subsidiaries and franchises, approval of a pro
8 forma reorganization, and an approval of certain financing
9 arrangements.

10 Good evening. My name is Ben Wiles. I'm an
11 administrative law judge with the New York State Department
12 of Public Service. And I will be conducting this public
13 statement hearing.

14 Tonight, we are fortunate to be joined by one
15 of the Commissioners for the Public Service Commission, Mr.
16 Gregg Sayre, who may want to make an introductory statement.

17 COMMISSIONER SAYRE: I just want to thank you
18 for coming out. Our business as the Commission is to
19 determine what is the public interest in the matters that are
20 before us. And there's hardly anything that's better
21 evidence of what the public interest, as what the public
22 thinks. I look forward to hearing from you.

23 A.L.J. WILES: The purpose of our public
24 statement hearings is to obtain comments from the public on
25 the proposed merger. And this public statement hearing is

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2 one of several that have been conducted around the state for
3 this purpose.

4 I should note that in the July 22nd
5 secretary's notice concerning this case, it has been
6 established that this is a notice and comment case. This
7 means that the record on which the Commission will act is
8 made up of the written petitions of Charter and Time Warner,
9 the written comments by Staff and others filed a few days
10 ago, the reply comments which will be filed on September 30.
11 In addition, the record in a notice and comment case will
12 include the public comments we receive at the Commission by
13 regular mail, or by email, or through a toll-free opinion
14 line. It will also include the statements made at the public
15 statement hearings.

16 Since this is a notice and comment
17 proceeding, the public statement hearing that we will conduct
18 is not an evidentiary or trial-type hearing. There is no
19 prefiled written testimony presented, the witnesses will not
20 be sworn, and there will be no cross examination of
21 witnesses.

22 However, it is the normal practice at the
23 Public Service Commission for a transcript to be taken of all
24 of the statements made at a public statement hearing, and
25 this will be done here. We have a stenographer present today

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2 to record the proceedings. Please speak loudly and clearly,
3 so that your statements will be accurately recorded.

4 In conducting the public statement hearing, I
5 will call for the speakers in the order in which they've
6 filled out the participation cards. We have -- I have two
7 cards here, so I think there will be just be two speakers.

8 The other point to be made here is that while
9 I'm trying to facilitate the giving of comments and avoid
10 having people to stay here too long, the notice that was put
11 out for this public statement hearing said that it will
12 continue for at least one hour. So while you may want --
13 will be able to go home, I'll be here and the reporter will
14 be here and maybe others will be here until 8 o'clock. And
15 anyone who shows up prior to that time and wants to make a
16 comment, we'll take it and it will be part of the record.

17 So, let's begin with these two. The first of
18 these two is Charles Kelsey.

19 MR. KELSEY: My name is Charles Kelsey. I am
20 the executive director and station manager at the public,
21 educational, and governmental channel, operated by Access
22 Chautauqua County TV Incorporated, a 501(c)(3) entity.

23 Our channel has been operational on the cable
24 system serving Mayville, New York and the surrounding areas
25 for just over 20 years. I am retired from the Village of

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2 Mayville, where I served as the village clerk, a position I
3 held from before cable television arrived in our community.

4 In 1985, US Cable became our first cable
5 provider and was eventually sold to Adelphia, then taken over
6 by Time Warner. Each time there was a transfer in ownership,
7 it became more difficult to communicate with the operator and
8 each transfer resulted in the company being less responsive
9 to the franchising authority and to their subscribers.

10 In May 2012, the Village's franchise with
11 Time Warner expired. The Village took a proactive approach
12 and submitted a proposed agreement -- franchise agreement to
13 Time Warner in March 2012. Time Warner responded with a
14 stock franchise agreement proposal in April of 2012.

15 The Village then sent a follow-up letter --
16 or follow-up later that same month, concerning the provisions
17 that had been originally submitted but removed by Time Warner
18 in the proposed agreement. These provisions were primarily
19 related to the public, educational, and governmental
20 operations. No response was received from Time Warner.

21 In October 2012, the Village followed up with
22 another letter, receiving no response. November 2012, an
23 email was sent to Time Warner, summarizing previous
24 correspondence. No response received. It jumped to December
25 2014, the Village's attorney sent a letter to Time Warner,

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2 received no response.

3 It becomes readily apparent, at least to me,
4 that Time Warner is making no attempt to negotiate in good
5 faith.

6 In another related matter, the Village of
7 Mayville operates a municipal electric utility. The pole
8 attachment agreement, allowing Time Warner access to the
9 utility poles, has also expired. While I do not have
10 specifics as to the date, it is my understanding that neither
11 the Village nor Time Warner have communicated on this matter.

12 Since several surrounding communities in my
13 area are also without renewed franchise agreements, I can't
14 help but wonder how many others across New York State are in
15 a similar situation. In my opinion, this is a poor way to
16 run a company which is totally dependent upon the utilization
17 of public rights-of-way. It does not show good faith or
18 concern for either the viewers or the general public.

19 I close in -- in asking this. How can a
20 regular -- how can regulatory agencies seriously consider
21 approving the sale, merger, or other creative transfer of a
22 company that blatantly ignores its obligations to the public?

23 Thank you.

24 You can have that.

25 A.L.J. WILES: Oh good. Thanks.

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2 Next speaker is Daniel -- I think it's --

3 MR. RIEWALDT: Riewaldt.

4 A.L.J. WILES: -- Riewaldt.

5 MR. RIEWALDT: You'll get it wrong every
6 time.

7 A.L.J. WILES: You got it spelled right? R-
8 I-E-W-A-L-D-T?

9 MR. RIEWALDT: Yes, sir.

10 A.L.J. WILES: Thanks.

11 MR. RIEWALDT: Good evening. My name's Dan
12 Riewaldt. I'm a representative of Fredonia-Dunkirk Public
13 Access Channel 5 and Channel 12, in the City of Dunkirk.
14 I've been a member of the -- that community area for the
15 access station for over twenty years.

16 Regarding Mr. Kelsey's remarks. We both have
17 communications, both in the same contract. Both our
18 contracts in the City of Dunkirk and the city of Fredonia
19 haven't been renewed. Not as long as Mr. Chelsey's, but
20 longer as a sum of 5 years also.

21 Time Warner has not had any representative
22 with us at all. No comment. We have sent several contracts
23 to be renewed and they have not yet even got back with us at
24 all.

25 Our normal contract that we have had in the

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2 franchise agreement has not ever been approached towards what
3 has been in the contract regarding a cable contract of public
4 access equipment and stuff like that. We're very
5 disappointed with the service.

6 If the new company that you're requesting,
7 Charter, is willing to negotiate these contracts, we would
8 really appreciate that. If they're offering what they've
9 offered -- what they've said already in their comments
10 regarding cheaper services and data and stuff like that, at a
11 local access site and a -- and franchise agreement, we would
12 love to see a -- a new proposition made for the local and --
13 and the franchise.

14 Other than that, I have -- I am very
15 disappointed with a lot of stuff that's been going on.
16 Unfortunately, there hasn't been a lot of communications in
17 the Time Warner services.

18 Thank you.

19 A.L.J. WILES: Thank you.

20 Okay. Those are the 2 cards that I have. Is
21 there anyone else who wants to make a comment?

22 Thank you.

23 This is Jane Cox.

24 MS. COX: My name is Jane Cox. I live in the
25 Town of Amherst.

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2 My concern is with the cable television part
3 of this merger. And what I'm concerned about is keeping a
4 basic level of television service available for people -- if
5 this merger is to take place, for people that cannot afford
6 the high price of monthly cable television service.

7 Currently, Time Warner does offer a package.
8 Originally it was less money. Right now it's around 16
9 dollars a month plus a bunch of fees and taxes on top of
10 that. And it gives you your basic channels, your Canadian
11 channels, and your local government access. Since we
12 switched over to this service, we've had to also add the
13 converter, because we still have analog television and that
14 was another charge that was added on to our service when we
15 dropped down to basic.

16 I think it's important for low-income people
17 and seniors, people on any kind of, you know, lower monthly
18 income, to be able to afford television service and they
19 probably can't always pay 80 dollars a month for TV. So, I
20 want to make sure that we're not going to be looking at
21 immediately raising the fees if a merger is to take place
22 with another cable television company.

23 The other thing I'm concerned about is, with
24 Time Warner, we do have a lot of service dropouts for no
25 reason. Hopefully, we will have maintenance people that will

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2 be local through a new company and we would have quick repair
3 service.

4 That's about all I wanted to say. Thank you.

5 A.L.J. WILES: Thank you.

6 COMMISSIONER SAYRE: Thanks.

7 A.L.J. WILES: Is there anyone else?

8 Okay. Then as I said before, this -- this
9 hearing will be suspended for a few minutes. And we will
10 come back together again at a few minutes before 8. And
11 assuming there's no further comments to be made, we would end
12 the hearing then.

13 Thank you for your participation and
14 cooperation.

15 (Off the record)

16 A.L.J. WILES: Okay. We're going to call
17 this to order. It's about 7 o'clock. There is one person
18 who has recently asked -- has submitted a participation card
19 and asked to provided an opportunity -- asked for the
20 opportunity to provide a comment, so we'll take her comment
21 now.

22 And if you want to -- the -- the name is
23 Kristina Groff.

24 MS. GROFF: Good evening. My name, as
25 mentioned, is Kristina Groff. I'm the executive director of

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2 the Cheektowaga Chamber of Commerce. Our general membership
3 is made up of businesses and organizations of all different
4 sizes, representing different industries, yet all with a
5 common need for faster speeds and affordable, unlimited
6 broadband when it comes to their cable services.

7 On behalf of the Cheektowaga Chamber of
8 Commerce, we support the merger of the Time Warner Cable,
9 Bright House Networks, and Charter Communications to form New
10 Charter. With the formation of New Charter, we will see
11 faster speeds. Charter already offers a minimum broadband
12 speed of 60 megabytes per second, for less money than Time
13 Warner Cable and Bright House Networks' comparable offerings.
14 They have more straightforward pricing, no data caps, and no
15 modem or early termination fees.

16 Under New Charter, they will be able to offer
17 this fast minimum broadband to Time Warner Cable and Bright
18 House Networks, regardless of their location, and that will
19 have a direct, positive impact on businesses in Cheektowaga
20 and customers all across Western New York, myself included.

21 By joining to form New Charter, they will be
22 able to return Time Warner Cable call center jobs to the
23 United States and will hire and train thousands of new
24 employees for their customer service centers and their field
25 technician operations. Time Warner Cable already has over

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2 275 employees working in Cheektowaga, most of them at a call
3 center, and New Charter's plan to increase job opportunities
4 for customer service centers is very welcome news for the
5 businesses in town.

6 The Cheektowaga Chamber of Commerce is
7 committed to supporting workforce development and it's
8 obvious to see the many opportunities this merger will bring.

9 In addition, New Charter would continue to
10 commit to net neutrality and a free and open internet. Their
11 focus on customer care will be evidenced as they commit to
12 not blocking or slowing down internet traffic, impose any
13 sort of data cap, or engage in any usage-based billing.
14 Again, as a customer, I appreciate that.

15 I believe that this merger would result in
16 the creation of an advanced, growth-oriented broadband cable
17 company that would combine the best of the 3 companies for
18 the benefit of the customers.

19 Thank you again for allowing me the time to
20 speak this evening. And on behalf of the Cheektowaga Chamber
21 of Commerce, I urge you to support the merger of Charter
22 Communications, Time Warner Cable, and Bright House Networks,
23 to form New Charter.

24 Thank you.

25 COMMISSIONER SAYRE: Thank you.

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2 A.L.J. WILES: Thank you.

3 Okay. Now, I have another speaker, Colleen
4 Dipirro.

5 MS. DIPIRRO: Now, we'll hear from another
6 chamber. Chambers are supportive of the free enterprise
7 system and good consumer products. So representing the
8 Amherst Chamber, I'm very excited to be here. And thank you
9 for giving me the opportunity to speak.

10 The Amherst Chamber of Commerce, representing
11 approximately 3 thousand members, over 20 thousand employees,
12 72 ZIP codes across the Buffalo Niagara region, fully
13 supports this proposed transaction.

14 So, just to let you know, we do represent 5
15 different counties. Although it's not our geographic service
16 area, we have reached out and they are very much in support
17 of this.

18 The benefits of this transaction include, but
19 are not limited to, Charter offers a minimum broadband speed
20 of 60 -- and I think I'm repeating some of the things you
21 said -- Mbps for less money than Time Warner and Bright House
22 comparable offerings. The partnership will ensure
23 straightforward uniform pricing across the entire service
24 area, without any data caps.

25 I could repeat this. I think we all have the

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2 same information and we all realize and have come to the same
3 conclusion that this is a very good transaction, not only for
4 the 3 companies involved, but also for the consumer and our
5 economic base.

6 Of great interest to the Chamber, which
7 supports economic prosperity for our region, New Charter will
8 leverage the transaction to return Time Warner Cable center
9 jobs -- call center jobs to the United States and will hire
10 and train thousands of new employees for their customer
11 service call centers and field technician operations.

12 In addition to the positive economic impact
13 that will result, we also anticipate the shift to result in
14 stronger customer relationships.

15 Infrastructure improvements include New
16 Charter's investment of 2.5 billion dollars in the build-out
17 of networks into commercial areas and the expansion of 1
18 million line extensions to provide high-speed Internet
19 service to rural and underserved areas, some of those
20 representing our membership, components that support the
21 sustainability of our economic prosperity and increase
22 residents' quality of life.

23 Net neutrality -- again, I'm going to copy
24 the -- the aforementioned speaker's comments -- is a
25 controversial issue and we are pleased that the New Charter

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2 has not and will not block or slow down internet traffic or
3 engage in paid prioritization or engage in usage-based
4 billing.

5 Approval of this transaction, resulting in a
6 better product, better service, and better -- better price
7 points for consumers, in addition to increasing the economics
8 in our region, deserves the support of the New York State
9 Public Service Commission and is strongly supported by the
10 Amherst Chamber of Commerce and our members.

11 Thank you for giving me the opportunity to
12 make this presentation.

13 COMMISSIONER SAYRE: Thank you.

14 A.L.J. WILES: Thank you.

15 Now, is there any -- is there anyone else who
16 wants to provide a comment now?

17 Okay. As I said earlier in this record, that
18 we will -- I -- I will be here and the reporter will be here
19 and -- at least until 8 o'clock. If comes -- if another
20 individual comes, we'll reopen it -- reopen the hearing and
21 take their comment, but for now, we'll be adjourned until 8
22 o'clock.

23 (Off the record)

24 A.L.J. WILES: I think we'll come back to order so
25 we can get this next comment.

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2 It's 7:15 and we have another individual who
3 has come to the public statement hearing and has indicated an
4 interest in providing a comment for our record.

5 Are you Mr. Shine?

6 MR. SHINE: Yes.

7 A.L.J. WILES: We're taking -- just briefly,
8 we're take -- these are statements on the record. We have a
9 reporter. There'll be a transcript. They are taken in case
10 number -- which is not written -- you'll be able to find it
11 on the PSC website if you --

12 MR. SHINE: Okay.

13 A.L.J. WILES: -- look for it.

14 But for now, the podium is yours.

15 MR. SHINE: Great. Thanks.

16 All right. So, I wanted to provide some comments.

17 First, I want to talk a little bit about my
18 company's relationship with Time Warner Cable. I work for
19 Sunnking Electronics Recycling, based in Rochester, but also
20 have facilities in Buffalo and Syracuse.

21 We have partnered with Time Warner Cable on
22 many collection events throughout New York State to provide
23 electronics recycling services for the New York State E-waste
24 Law that was passed in 2010. We found them to be a -- an
25 exceptional partner and have enjoyed, very much, working with

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2 them.

3 In addition, I have a little bit of a unique
4 perspective, in the fact that I use Time Warner at my house
5 and I also use them at another business that I'm involved in,
6 Manitoba Corporation, which is in Lancaster. And we use Time
7 Warner Cable Business Class Services.

8 In addition, Manitoba Corporation also has a
9 facility in St. Louis, so I have the unique insight to
10 working with Charter, as well. And I will say that my -- my
11 dealings with Charter have been nothing but exceptional.
12 I've found that the pricing that they provide is -- is quite
13 good for the bandwidth that you get.

14 I don't have any complaints with my Time
15 Warner service either, although I'm very much in favor of
16 increasing speeds, which I know is part of this new proposal
17 is to increase speeds for, technically, a lesser cost than
18 Time Warner can currently do it. Not only am I interested in
19 that, the other part of it that -- that certainly appeals to
20 me is the fact that jobs would be created as a result of the
21 merger, specifically with call center jobs being created here
22 in the -- the US. And that's definitely appealing to me,
23 both personally and professionally.

24 So, I think -- overall, I think it would be a
25 -- certainly a good move to create this New Charter venture.

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2 I think we'll -- we'll see a lot of increased speeds,
3 increased bandwidth, lower costs, which will help small
4 business like ours excel and be able to do more for -- for
5 less money.

6 In addition, I know another part of it is
7 bringing bandwidth and -- and internet services to rural
8 communities, which I know is a need, for sure. There's a lot
9 of areas, mine included in -- I live in Clarence here. And,
10 you know, there's not a lot of options. And so to see
11 increased options, better speeds, lower prices, I think, is
12 certainly appealing. So, I've very much in favor of -- of
13 the merger.

14 That's it.

15 A.L.J. WILES: Good. Thank you.

16 MR. SHINE: Great.

17 COMMISSIONER SAYRE: Thank you.

18 MR. SHINE: Thank you.

19 A.L.J. WILES: Once again, we have no further
20 individuals interested in providing a comment, so we will go
21 into adjournment again and reconvene at 8 o'clock, if not
22 earlier.

23 So we are in adjournment.

24 (Off the record)

25 A.L.J. WILES: All right. It's -- it's 8

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2 o'clock and I can call us back to order.

3 I think we have had no new individuals come
4 and wish to make a comment orally and so -- is that right?
5 Right.

6 And so we will now call this -- or put this
7 hearing into adjournment. We're finished for the evening.

8 Thank you very much.

9 (The hearing concluded at 8:00 p.m.)

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14 STATE OF NEW YORK

15 I, G. Michael France, do hereby certify that the foregoing
16 was reported by me, in the cause, at the time and place, as
17 stated in the caption hereto, at Page 1 hereof; that the
18 foregoing typewritten transcription consisting of pages 1
19 through 18, is a true record of all proceedings had at the
20 hearing.

21 IN WITNESS WHEREOF, I have hereunto subscribed
22 my name, this the 1st day of October, 2015.

23

24 G. Michael France, Reporter

25