

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
New York on December 17, 2003

COMMISSIONERS PRESENT:

William M. Flynn, Chairman
Thomas J. Dunleavy
James D. Bennett
Leonard A. Weiss
Neal N. Galvin

CASE 03-V-1237 - Petition of Time Warner Cable (TWC) for Approval to Transfer Certain Franchises in New York State and the Partnership Interests in Time Warner Entertainment Company, L.P. (TWE) and Time Warner Entertainment-Advance/Newhouse Partnership (TWEAN) to Wholly Owned Subsidiary Time Warner NY Cable, Inc. (TWNYC) Pursuant to Public Service Law §222.

ORDER APPROVING TRANSFER

(Issued and Effective April 16, 2004)

BY THE COMMISSION:

INTRODUCTION

By petition filed September 4, 2003, Time Warner Cable, Inc. (TWC) requested approval, pursuant to Section 222 of the Public Service Law, to transfer certain franchises and the partnership interests in Time Warner Entertainment Company, L.P. (TWE) and Time Warner Entertainment-Advance/Newhouse Partnership (TWEAN) to its wholly owned subsidiary Time Warner NY Cable, Inc. (TWNYC).

BACKGROUND

Time Warner Cable, Inc. (TWC) is the operating name of the cable television businesses controlled by Time Warner, Inc., formerly, AOL Time Warner, Inc. (AOLTW). Those businesses are

held in a variety of ownership structures. The cable television systems currently owned or managed by Time Warner Cable, Inc., which is the parent of Time Warner NY Cable, Inc., include cable systems serving approximately 10.9 million subscribers. Time Warner Cable, Inc. has provided a list of municipalities included in the proposed transfer, including those operating in Liberty and New York City, in a form that corresponds to FCC Form 394, which was submitted to the FCC on August 27, 2003.

DISCUSSION

The petitioner indicates that this transaction will not cause any harmful impact on the operation or management of the subject cable systems, or any impairment of the financial, technical, or other capabilities of these systems to provide services to the public and comply with all applicable service and operational commitments. Time Warner Cable, Inc. also states that Time Warner NY Cable, Inc. possesses the financial ability to operate the subject systems and the ability to make all appropriate system investments to maintain compliance with all applicable federal, state, and local system requirements. The proposed restructuring steps would allow Time Warner Cable, Inc. to simplify its current ownership structure by consolidating its ownership of the approximately 834 franchises and other assets under Time Warner NY Cable.

The Department has received no comments from any of the municipalities involved with regard to local review, approval, and/or consent to the transfer.

Section 222 of the Public Service Law provides that an application shall be approved unless such approval would be in violation of law, any Commission regulation or standard, or the public interest.

Based upon the representations of the petition, the proposed transfer appears consistent with state and federal law and the public interest. It is not anticipated, therefore, that this restructuring will have any negative impact upon operations, rates, terms or conditions for the provision of cable services in these systems as currently managed by Time Warner Cable, Inc.

SERVICE

There have been relatively few consumer complaints to the Commission regarding Time Warner Cable's systems during the past two years. Inasmuch as level of complaints is less than the benchmark for staff intervention (seven complaints per annum per 100,000 customers), it appears that customer service meets or exceeds applicable regulatory state standards.

PUBLIC SERVICE CONSIDERATIONS

Section 222 of the Public Service Law provides that an application shall be approved by the Commission unless it finds that approval would be in violation of law, any Commission regulation or standard, or the public interest. The same provision permits approval of an application contingent upon compliance with standards, terms, and conditions consistent with the public interest. Based on the representations set forth in the petition and upon our review, the Commission finds that the proposed transfer is consistent with state and federal law and that it is not contrary to the public interest.

The Commission orders:

1. Pursuant to Section 222 of the Public Service Law, the transfer of certain cable television franchises and certain partnership interests in Time Warner Cable, Inc. (TWC), Time Warner Entertainment Company, L.P. (TWE), and Time Warner

Entertainment-Advance/Newhouse Partnership (TWEAN), to Time Warner NY Cable, Inc. (TWNYC) by Time Warner Cable, Inc. (TWC) is approved subject to the conditions set forth herein.

2. There shall be no material change in the terms of the transfer herein without the prior approval of the Commission.

3. The transfer shall be completed within 180 days of Commission approval. Within 30 days of closing, petitioners shall provide notice of closing to the Secretary of the Commission. If the transfer is not consummated within 180 days, the Commission may rescind the approval granted herein.

4. There shall be no reduction in resources that may result in a diminution in the service quality provided to subscribers due to this transaction.

5. A copy of the certificate of incorporation of TWNYC shall be submitted to the Commission within (30) days.

6. This proceeding is continued but shall be closed by the Secretary as soon as the compliance filings have been received, unless the Secretary finds good cause to continue the proceeding further.

By the Commission,

(SIGNED)

JACLYN A. BRILLING
Secretary