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**Via Hand Delivery**

**To:** Ms. Catherine P. Awakuni Colón,  
Director and Ms. Ji Sook "Lisa" Kim,  
Cable Television Administrator  
State of Hawaii, Department of  
Commerce and Consumer Affairs  
335 Merchant Street  
Honolulu, Hawaii 96813

**From:** Carlito P. Caliboso \* *CPC*

**Date:** October 19, 2015

**Re:** Time Warner Cable/Comcast  
Corporation Transaction

Number of Copies	Date	Description
Original + 5	10/19/15	Letter to Ms. Catherine P. Awakuni Colón, Director and Ms. Ji Sook "Lisa" Kim, Cable Television Administrator, State of Hawaii Department of Commerce and Consumer Affairs
Original + 5	10/19/15	Responses to Second Set of Information Requests
3 copies		CD containing the above-listed documents

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October 19, 2015

CABLE TV DIVISION  
DEPT OF COMMERCE AND  
CONSUMER AFFAIRS

**Via Hand Delivery**

2015 OCT 19 P 4:09

State of Hawai'i Department of  
Commerce and Consumer Affairs  
335 Merchant Street  
Honolulu, Hawai'i 96813

Attn: Ms. Catherine P. Awakuni Colón, Director  
Ms. Ji Sook "Lisa" Kim, Cable Television Administrator

**Re: Charter Communications, Inc. – Time Warner Cable, Inc. Transaction  
Responses to Second Set of Information Requests Issued October 8, 2015**

Dear Ms. Colón and Ms. Kim:

Charter Communications, Inc. ("Charter") and Time Warner Cable Inc. ("Time Warner Cable") hereby submit Responses to the Second Set of Information Requests ("Requests") issued by the Department of Commerce and Consumer Affairs ("DCCA") in connection with the DCCA's review of the joint application requesting consent for the transfer of control of cable television franchisee Oceanic Time Warner Cable LLC. We have endeavored to be responsive to the DCCA's inquiry. We appreciate the extension of time until today to file the enclosed responses per my telephone conversation with Ms. Kim last week.

Charter and Time Warner Cable note that certain of the Requests pertain to non-jurisdictional products, services and subjects. Moreover, certain of the Requests seek information about subject matter that falls outside of the scope of review permitted under federal and state law for the types of transactions at issue in this proceeding. Charter and Time Warner Cable respectfully object to all such Requests. In responding to these Requests, Charter and Time Warner respectfully reserve all rights under federal and state law, and nothing in the submitted Responses should be construed as a waiver of any right or objections that may otherwise be available to the parties.

If you have any questions, please let us know.

Very truly yours,



Carlito P. Caliboso

for

**YAMAMOTO CALIBOSO**  
A Limited Liability Law Company

Attorneys for Charter Communications, Inc.

Enclosures

cc: Brian A. Kang, Esq., Attorney for Time Warner Cable, Inc. (w/enclosures)

Time Warner Cable/Charter Communications, Inc. Transaction  
Application for Transfer of Control of Cable Television Franchises  
Held By Oceanic Time Warner Cable LLC ("Proposed Transfer")  
DEPT. OF COMMERCE AND CONSUMER AFFAIRS

2015 OCT 19 P 4: 09

Second Set of Information Requests

These supplemental or additional information requests ("IRs") are being issued pursuant to Hawaii Administrative Rules ("HAR") § 16-133-12. Each response should be made separately, and copies of source documents should specifically reference the IR being answered. The certification provided by Time Warner Cable Inc. ("TWC") and Charter Communications, Inc. ("Charter") (collectively, "Applicants", as applicable) in the State of Hawaii Application for Transfer of Cable Television Franchise (i.e., the State Application) concerning the accuracy of the information is also applicable to Applicants' responses to these IRs.

Each of the responses should be as complete and detailed as possible, and to the extent that an IR or any subpart thereof may not be applicable, Applicants must state why the IR or subpart is not applicable. In addition, for any IR that requires follow-up, the required information must be submitted immediately upon receipt of that information.

1. *If the Proposed Transfer is approved and completed, how will Charter work towards providing the State of Hawaii's ("State") institutional network (i.e., INET) support pursuant to the franchise agreements in the same manner and to the same extent as before the Proposed Transfer?*

Response to IR 1:

Charter understands that the franchise agreements require Oceanic Time Warner Cable LCC ("OTWC") to provide support with respect to the State's INET. The proposed acquisition of control of OTWC will not affect OTWC's INET support obligations under its franchise agreements. At each of the nine public hearings sponsored by the DCCA to consider the Proposed Transfer across the islands of Oahu, Molokai, Hawaii, Maui, Kauai and Lanai, Charter's representatives testified "let me assure DCCA and the public that Charter intends to meet its obligations under its franchises; this includes PEG." ("Charter DCCA Testimonies"). This absolute commitment was reinforced in Charter's testimony on October 6, 2015 before the Cable Advisory Committee ("CAC"). In addition, Charter provided the requisite certification in the Form 394, Section V, Part II(c), regarding compliance with the terms of the franchises and applicable state laws or local ordinances and related regulations.

Where required by franchise, Charter provides support for INETs in other communities nationwide and Charter does not believe that the proposed Transaction will affect OTWC's legal obligations with regard to the provision of INET services.

2. *If the Proposed Transfer is approved and completed, how will Charter guarantee that it will not impact the franchisee's obligations and support of public, educational, or governmental ("PEG") access programming pursuant to the franchise agreements in the same manner and to the same extent as before the Proposed Transfer?*

**Response to IR 2:**

The Franchisee will not change as a result of the Transaction. The entity that holds the various franchises in the state of Hawaii will remain in place after the Transaction is complete and all legal obligations on such franchisee will continue. As explained in the response to IR 1, Charter is committed to meeting OTWC's franchise obligations, including its obligations and support for PEG. To be clear this currently includes, among other things, 3 percent in operating funds to the PEG organizations as designated by DCCA per the franchises, many channels for programming and generous PEG capital support as follows:

- Ho`ike (Kauai): **\$3.00** per subscriber per month.
- Akaku (Maui): **\$3.00** per subscriber per month.
- Na Leo (Big Island): **\$125,000 annually.**
- `Olelo (Oahu): In 2015, TWC's proportionate share of **\$823,000.00** based on the franchise formula.

Charter has a history of working collaboratively with PEG organizations to meet its franchise obligations and that will continue after the Transaction as well. Numerous PEG programmers in Charter communities across the country support Charter and the Transaction. For example, the Public Media Network ("PMN"), an intergovernmental consortium of local franchising authorities that operate PEG channels in Kalamazoo County, Michigan describes its experience with Charter as "decidedly positive" and PMN has been "pleased with both the technical and administrative response from Charter management when dealing with a myriad of issues." PEG programmer Loudon County Community Cable TV3 ("LCCC") reports that "[w]e have had the pleasure of working with Charter Communications over the years, and believe the company's pending merger with Time Warner Cable and Bright House Networks would only renew its commitment to regional interests and support for local programming." LCCC also notes that "Charter has proven to be a great partner through quick responses and investments in areas like digital technology." Kingsport, Tennessee echoes LCCC's view citing Charter's contributions to government access activities and adding that "we are excited about the company's pending merger...." PEG organizations in Connecticut and other parts of Charter's footprint also support the Transaction. Just last year, the

state sanctioned PEG organization in Vermont testified to the Vermont Public Service Board during the Comcast/TWC/Charter transaction "[t]o be frank, Charter has a good reputation among all its [Access Management Organizations]..."

Charter's DCCA Testimonies and testimony before the CAC Advisory Board further confirm this commitment. The company has also undertaken productive conversations with PEG operators in the State and look forward to continuing a positive dialog to ensure that Charter fulfills its PEG commitments.

3. *Under HAR § 16-131-59, a cable operator is required to: (1) schedule or acknowledge subscriber requests for repair or maintenance service within twenty-four (24) hours (excluding weekends and holidays); and (2) verify and complete the repair or maintenance service within forty-eight (48) hours (excluding weekends and holidays) after a subscriber request for repair or maintenance has been acknowledged or scheduled. See HAR § 16-131-59 (a) and (b).*

*During the public hearing held by the Department of Commerce and Consumer Affairs ("DCCA") in Hana, Maui on September 16, 2015, concerns were raised that Oceanic Time Warner Cable, LLC ("OTWC") currently sends technicians to address repair and maintenance service concerns in Hana, Maui approximately one (1) day a week and, if not completed on that day, service concerns may not be addressed until the following week. Furthermore, other public hearings held by DCCA in rural areas and at the October 6, 2015, Cable Advisory Committee ("CAC") meeting have resulted in similar comments made about the lack of customer service.*

- (a) *Please state the OTWC's current repair and maintenance service practices in each franchise area. If the proposed transaction is approved and effectuated, what efforts will Charter undertake to have the franchisee comply with HAR § 16-131-59 for each Hawai'i cable franchise?*

**Response to IR 3(a):**

OTWC's practice for repair and maintenance service in each franchise area is to strive to meet the Federal Communication Commission's cable television customer service standards and applicable state administrative rules. Given Hana's remote location, OTWC has implemented a team approach in Hana and sends a team of one to two installers, a service technician and a maintenance technician to make the 4-5 hour round trip to Hana every Wednesday. The service team strives to complete all

scheduled subscriber work orders on the day that the work is scheduled. In addition, OTWC technicians contact customer service representatives prior to leaving Hana at the end of the day to determine if other repair work that was not previously scheduled that day can be accommodated on the same day. This comprehensive team approach is unique to Hana and was implemented to reasonably and efficiently address the service needs of the subscribers in this unique and small community while also balancing the resources necessary to serve other subscribers across Maui County. All Hana residents have access to OTWC's customer service representatives on a 24 hour basis via telephone and also have the option to receive equipment (i.e. cable boxes and modems) via mail.

On Lanai and Molokai, OTWC complies with the provisions of Decision and Order No. 241, which provides that OTWC shall provide the appropriate technical and customer service personnel to deliver services to its subscribers on those islands at least twice a week.

Charter has not reviewed each of OTWC's customer service practices and may make changes in the future to improve the customer experience throughout the state of Hawaii, including in Hana, Maui. In its DCCA Testimonies, CAC testimony and in its Form 394, Charter has acknowledged its obligation to comply with its franchise obligations and those arising under state law. Charter further commits to work with the DCCA following the Transaction to address customer service issues that may arise in unique circumstances in a reasonable manner.

- (b) *If the proposed transaction is approved and effectuated, what efforts will Charter undertake to have the franchisee comply with HAR § 16-131-59 for subscribers in Hana and other rural areas?*

**Response to IR 3(b):**

See response to IR 3(a). More generally, our goal is to undertake efforts to address service issues in a way that improves the overall customer experience and provides the best opportunity for Charter to maintain and grow its business in Hawaii. This includes voluntary efforts the company has undertaken throughout the existing Charter enterprise, such as: 1) shortening service call scheduling appointment windows, 2) establishing enhanced communication with customers for certain interactions with the company, 3) providing direct shipment options for customer premise equipment, 4) bringing more field technicians in-house and, 5) adding thousands of new call center employees to our workforce.

4. *During the September 8 - 17, 2015 public hearings, many testifiers expressed concerns that their rates for cable and broadband service will increase if the Proposed Transfer is approved and completed.*
- (a) *Will Charter commit to Hawai'i cable subscribers that cable service rates will be reduced and/or maintained at current levels? If yes, then please specify length of time period Charter will not raise or maintain subscriber rates at current levels?*
  - (b) *If Charter is unable to make any commitments to Hawai'i cable subscribers that their rates will not be increasing if the Proposed Transfer is approved and completed, please explain why not.*
  - (c) *What commitments is Charter prepared to make with respect to rates for cable service in the State, if the proposed transaction is approved and effectuated?*

**Response to IR 4(a)-(c):**

Charter reaffirms that there are currently no plans to change OTWC's cable service rates. The Transaction does not itself require an increase in the existing rate structure. Charter will introduce new pricing and packaging and continue to sell these new offerings alongside existing offerings. Additionally, existing customers will be permitted to remain in their packages and may choose to migrate to new Charter offerings at their discretion. Charter does reserve its rights, however, to make price changes, as necessary, to improve the overall customer experience.

Notwithstanding, to the extent this question seeks information regarding rates regulated by the FCC, Applicants respectfully submit that the information sought by this Information Request is not within the DCCA's scope of review related to the Application. As the FCC has expressly stated, franchising authorities may not circumvent FCC rate regulation procedures or standards by attempting to regulate rates through the transfer approval process. *Implementation of Sections 11 and 13 of the Cable Television and Competition Act of 1992*, Report and Order, 8 F.C.C.R. 6828 ¶ 39, n.38 (1993) (in exercising their transfer jurisdiction, franchising authorities may not seek to circumvent federal regulatory authority, including federal rate regulations in particular). To the extent it requests information about other rates, Applicants respectfully submit that such review of rates is also not within the regulatory scope of this proceeding.



- (d) *What commitments is Charter prepared to make with respect to broadband rates in the State, if the proposed transaction is approved and effectuated?*

**Response to IR 4(d):**

Charter expects to be able to deliver base broadband speeds that are faster than comparable plans currently offered by OTWC and save customers money. Consistent with Charter's current practices, we intend to offer these broadband services on a stand-alone as well as bundled basis, without data caps, usage-based pricing, or early termination fees. OTWC generally charges customers \$8.00 per month to lease modem equipment. For those that wish to migrate to Charter's new pricing and packaging, those plans will be offered without modem fees. Charter respectfully notes that the information requested by this Information Request is subject to the prohibition imposed by the FCC on the regulation of broadband service rates.<sup>1</sup>

5. *Charter has stated that it uses uniform pricing across all of its markets. During the public hearings on September 8 – 17, 2015, oral testifiers in rural communities made mention that they are charged the same rates as customers in urban area, yet they receive less services. How will Charter raise service levels to rural areas such that they are comparable to urban areas?*

**Response to IR 5:**

Charter has not thoroughly studied the local market and OTWC's current pricing. However, Charter has no reason to believe at this time that Hawaii will be an exception to the company's general practice of nationally uniform pricing for its broadband and cable service packages subscribed to by the vast majority of subscribers.

Charter will take OTWC systems to all-digital, and Charter has committed to complete the transition within 30 months of the Transaction. As each system is taken all-digital,

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<sup>1</sup> See *In the Matter of Protecting & Promoting the Open Internet*, 30 F.C.C. Rcd. 5601 ¶ 5 (2015) ("We expressly eschew the future use of prescriptive, industry-wide rate regulation"); *id.* at ¶ 37 ("Today, our forbearance approach results in over 700 codified rules being inapplicable . . . . This includes ...no tariffing, no rate regulation, and no cost accounting rules..."); *id.* at ¶ 433 ("For example, should a state elect to... regulate the rates of broadband Internet access service through tariffs or otherwise, we expect that we would preempt such state regulations as in conflict with our regulations."); *id.* at ¶ 505 ("...we forbear from sections 203's tariffing requirements for broadband Internet access service, and adopt mandatory detariffing.").



Charter will market services consistent with Charter's current packaging and pricing strategies, including its base 60 Mbps broadband service. As we have noted before, it is possible that systems serving fewer than 1% of homes may not be taken all-digital or may not receive the same service and pricing due to certain technical and economic limitations and challenges. We will continue to look for creative ways to address these limitations that support service enhancements for these customers.

6. *In its application, Charter has committed to bringing internet access to Hawai'i's low income population. Please provide details as to the eligibility requirements, speeds, and rates of Charter's promised low income internet program.*

**Response to IR 6:**

Charter intends to offer a broadband service for low-income customers to eligible households at a significantly reduced rate and will begin making the offer available within six (6) months after the Transaction closes, and offer it across the Charter footprint, including Hawaii, within three (3) years of closing. As noted, the low income broadband offering is not an existing Charter program. Since OTWC currently has no such program in Hawaii, expansion of this program by Charter will be a significant opportunity for prospective recipients.

The exact terms of the program, including eligibility, speeds, and price have not yet been determined. Charter can commit now, however, that: eligible participants will include households with students that participate in the national free and reduced school lunch program, and possibly more; the speed will be at least 10/1 Mbps, and possibly faster; and the price will not exceed \$1 per megabit per second of average download speed offered. Finally, Charter's program will be national in scope and we therefore intend for it to be uniform throughout the service area, including in Hawaii.

7. *During the public hearing held by DCCA in Honolulu, Oahu on September 9, 2015, an inquiry was made regarding Charter's Multichannel Video Programming Distribution service plan. Provide specific details of Charter's plans for Multichannel Video Programming Distribution?*

**Response to IR 7:**

Charter offers three basic video service packages: Select, Silver and Gold. Each of these packages is generally comprised of broadcast and non-broadcast programming,

including PEG programming. In addition, Charter offers premium services such as HBO, as well as video-on-demand and pay-per-view programming options to its customers.

8. *During the public hearings held on September 8 -17, 2015, oral testifiers raised concerns over rate and billing transparency. If the Proposed Transfer is approved and completed, how will Charter address concerns regarding its rate and billing transparency?*

**Response to IR 8:**

Charter's strategy is to offer services with simple, uniform pricing. The company does not offer plans with separate, additional fees common in the industry, such as federal or state Universal Service Fund fees, subscriber line fees or E911 fees.

Moreover, Charter will comply with federal and state requirements governing disclosure to subscribers of rate and service charges. For example, the FCC requires cable operator bills to be fully itemized and include charges for basic and premium services and equipment. Bills must identify all activity during a billing period including optional charges, rebates and credits. 47 C.F.R. § 76.1619(a). In addition, cable operators are required to provide advance notice to subscribers for any rate changes and provide the amount of any such change along with an explanation of its cause. 47 C.F.R. § 76.1603.

The DCCA's rules establish additional transparency obligations that Charter will follow. Cable operators must provide (annually and on customer request) their "fees, charges, deposits, billing practices, and other associated terms and conditions related to cable services" and equipment. HAR § 16-131-61. The rules also require cable operators to provide advance notice of increases in fees and charges, or changing billing practices. HAR § 16-131-62. Cable operators must maintain a list of all cable service rates and charges that are available to subscribers for inspection. HAR § 16-131-27.

9. *Do any of Charter's cable franchise agreements include a financial assurance mechanism (i.e., Surety Bond, Insurance Policy, and/or Irrevocable Letter of Credit)? If so, what are the financial assurance mechanism currently in place? Will Charter provide any such assurances for the Hawai'i franchise areas?*

**Response to IR 9:**

Charter provides service to thousands of communities in its footprint some of which require security mechanisms such as bonds and letters of credit. However, most of Charter's communities do not require such security mechanisms, which have been found to be unnecessary and increase the company's costs without any countervailing benefit to the communities or Charter's customers. The inclusion of financial security measures such as performance bonds is not a matter for review under a transfer of control. Charter has already agreed to meet the terms of its franchises, including any requirements for surety and to the extent such are required by OTWC's existing franchises, Charter commits to meet those terms.

10. *Senator Rosalyn Baker's oral testimony cited that Hawai'i has a significant population of analog cable television users. How will Charter assist low income cable television customers who absolutely cannot, or have difficulties upgrading their televisions in order to receive digital signals?*

**Response to IR 10:**

As noted in Charter's response to IR 8(c) to the DCCA's First Set of Information Requests, it has been customary in the past for Charter to establish promotional offers of up to two free digital boxes to qualified existing customers for up to 24 months following the launch of all-digital service, depending upon the customers' level of service. These promotional offers permit customers to experience the benefits of the digital offering for an extended period of time before any resulting pricing impact.

11. *Hawaiian Telcom has filed comments alleging that various practices by OTWC have impeded competition in the multichannel video services.*
- (a) *What is OTWC's business justification for not permitting Hawaiian Telcom to purchase, on commercially reasonable terms, Hawai'i high school sports programming that it produces?*
  - (b) *What is OTWC's business justification for refusing Hawaiian Telcom access to purchase Nippon Golden Network and OTWC SURF channels?*
  - (c) *Does Charter intend to continue the practices described in the above sub-paragraphs (a) and (b)?*

- (d) *Will Charter commit to allow competing providers of multichannel video programming services in Hawai'i to purchase content produced by Charter and its affiliates at reasonable and non-discrimination prices, terms, and conditions?*

**Response to IR 11:**

(a) OTWC states that it developed OC16 to provide local high school sports and original, local lifestyle programming to its subscribers. OTWC is not required to offer OC16 to Hawaiian Telcom under applicable law and considers OC16 a proprietary service for its subscribers. The channel is one aspect of OTWC's service that reasonably and fairly distinguishes OTWC from its competitors. Notwithstanding the foregoing, OTWC respectfully submits that the information requested by IR No. 11(a) is not within the scope of the DCCA's review of the joint application,<sup>2</sup> nor DCCA's regulatory authority over OTWC as a programmer and the business transactions that OTWC conducts in that capacity.

(b) See response to IR 11(a) above. Without waiver of any objection, OTWC states that: (i) with respect to Nippon Golden Network, unlike the case with OC16 and the Oceanic SURF Channel (discussed in the second part of this response), OTWC does not have the right to grant Hawaiian Telcom rights to carry the Nippon Golden Network channel; and (ii) with respect to the Oceanic SURF Channel, OTWC developed the Oceanic SURF Channel to provide local surf-related and original, local lifestyle programming to its subscribers and the same issues noted in response to IR 11(a) above apply to it.

(c)(d) Charter has not yet had the opportunity to review the facts or analyze the issues regarding Hawaiian Telcom's comments. As explained by OTWC, Charter respectfully submits that the matters raised by the comments are not appropriate for review by the DCCA.

12. *During the public hearings held by DCCA during September 8 - 17, 2015 and various public written comments received by DCCA, testifiers expressed strong concern regarding the continued support of and access to public access broadcasts via the local PEG channels.*

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<sup>2</sup> The requested information is not reasonably necessary to evaluate the legal, financial, and technical qualifications of Charter to become the new controlling parent of the OTWC. See *Implementation of Sections 11 and 13 of the Cable Television and Competition Act of 1992*, Report and Order, 8 F.C.C.R. 6828, ¶ 86 (1993) (Restricting scope of transfer review of franchise authorities).

- (a) *If the proposed transaction is approved and effectuated, will Charter commit to broadcast PEG channels using full analog transmission on the basic tier, and repeat the transmission on standard digital and high definition formats?*
- (b) *Will Charter commit to place PEG channels in a continuous and sequential manner, to the extent possible, and at the lower tier of the channel placement?*

**Response to IR 12(a) and (b):**

As explained in response to IR 13 in the DCCA's First Set of Information Requests, Charter's acquisition of control of OTWC will not affect OTWC's PEG obligations under its franchise agreements. Charter has a history of working collaboratively with PEG organizations to meet its franchise obligations and that will continue after the Transaction as well. See also Response to IR 2. Charter respectfully notes that the commitments requested by this Information Request are prohibited by the federal Communications Act.<sup>3</sup>

13. *In Charter's Response to First Set of Information Requests, IR 23, Charter stated that if approved and effectuated, the Proposed Transfer will result in an increased debt-to-equity ratio of approximately 95%. How will Charter work toward lowering its projected debt-to-equity ratio if the Proposed Transfer is approved and completed?*

**Response to IR 13:**

The Company does not manage the business to a specific debt-to-equity ratio. Debt-to-equity ratio is partially a function of stock price, which Charter cannot predict. While using an assumptive stock price equal to Charter's closing price on October 1<sup>st</sup> the post-Transaction ratio is higher than Charter's today, it will still be equal to or lower than some of Charter's peer multi-system operators (MSOs). For instance, Charter estimates Cablevision Systems Corporation has a present debt-to-equity ratio of approximately 93%, expected to rise to approximately 159% if its contemplated

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<sup>3</sup> Section 624(e) provides that "[n]o State or franchising authority may prohibit, condition, or restrict a cable systems use of any type of subscriber equipment or any transmission technology." 47 U.S.C. § 544(e). Similarly, the Act prohibits any government control of a cable operator's editorial discretion regarding channel positioning, except as expressly allowed by the Act. 47 U.S.C. § 544(f)(1) ("Any Federal, State, or franchising authority may not impose requirements regarding the provision or content of cable services, except as expressly provided in this title").

transaction with Altice is consummated; and Suddenlink has a debt-to-equity ratio of approximately 123%, expected to rise to approximately 165% if its contemplated transaction with Altice is consummated. Please see attached Exhibit 1 (titled "MSO Debt-To-Equity Ratios") for additional details. Charter also notes that the pro forma Company generates significant free cash flow and is anticipated to de-lever at roughly 0.5x per year and the business plan is fully funded. This means that Charter will not need to raise additional debt to support the business. In addition, Moody's, S&P and Fitch have all viewed this Transaction as a credit positive event, as evidenced by their public statements regarding an upgrade of Charter's CFR rating.

14. *Will the Proposed Transfer impair or impact the ability of OTWC (under Charter's control), in any way, to comply with terms, conditions, and requirements of its cable franchises in the State? Please be as detailed as possible and provide all assurances as appropriate.*

**Response to IR 14:**

Charter does not anticipate that the Proposed Transfer will impair or impact the ability of OTWC (under Charter's control), in any way, to comply with terms, conditions, and requirements of its cable franchises in the State. Charter has confirmed its intention to comply with all such obligations in its Form 394 as well as in its Testimonies at the 9 State-wide hearings and before the Cable Advisory Committee. See also Response to IR 1 and IR 2 above.

15. *How will the Proposed Transfer impact the financial resources and ability of OTWC (under Charter's control) to provide cable and broadband services in its cable franchise areas?*

**Response to IR 15:**

Charter believes the Proposed Transfer will positively impact its financial resources as evidenced by the ratings agencies' upgrade of Charter's CFR rating, driven in part by the expected benefits from Charter's enhanced scale and the significant free cash flow the company will generate. Charter expects to have sufficient operating funds to service debt obligations and provide all of the benefits described by the parties in this docket and elsewhere, including the continued provision of cable and broadband services by OTWC in its franchise areas.

16. *The Proposed Transfer will result in the indirect transfer of OTWC's cable franchise from TWC to Charter. Aside from the Hawai'i cable franchises and related assets, are there any other TWC entities and businesses operating in the State that will be impacted by the proposed transaction. If there are, please be as detailed as possible and provide a narrative regarding all efforts taken with respect to each of these Hawai'i entities and businesses including efforts take to be in compliance with all State laws and regulations.*

**Response to IR 16:**

In addition to OTWC's Hawaii cable franchises and related assets, there are two other TWC entities and businesses operating in Hawaii. Time Warner Cable Information Services (Hawaii), LLC ("TWCIS") and Time Warner Cable Business LLC ("TWCB") are each wholly-owned subsidiaries of Time Warner Cable Inc. that will be impacted by the Proposed Transfer. Each of these entities holds a Certificate of Authority issued by the Public Utilities Commission of the State of Hawaii ("PUC") to provide certain telecommunications services in the State. In order to comply with PUC requirements related to the Proposed Transfer, Charter and TWCIS and TWCB, filed a Joint Petition for approval of the indirect transfer of control of TWCIS and TCWC from TWC to Charter on July 15, 2015, in Docket No. 2015-0207. As previously mentioned, Charter has certified in FCC Form 394, Section V, Part II, that it will use its best efforts to comply with the terms of the franchises and applicable state laws or local ordinances and related regulations.

17. *During the CAC meeting held on October 6, 2015, CAC members expressed concern regarding the physical security of OTWC's cable television and broadband internet networks, and the interface between OTWC's networks and county emergency management systems.*
- (a) *If the Proposed Transfer is approved and completed, how will Charter address concerns regarding the physical security of its cable television and broadband internet networks in the Hawai'i franchise areas?*
- (b) *If the Proposed Transfer is approved and completed, how will Charter address concerns regarding the interface between its Hawai'i franchise area networks and local county emergency management systems?*



**Response to IR 17(a):**

Charter is not aware of specific concerns raised regarding physical security concerns relating to OTWC's cable television and broadband internet networks and does not expect any negative impact on the security of these networks following the Transaction. As for Charter, cybersecurity is a priority and will remain so following the Transaction. Charter has integrated the National Institute of Standards and Technology ("NIST") Framework for Improving Critical Infrastructure Cybersecurity into its risk management process and complies with the International Standards Organization's cybersecurity standards. Charter proactively monitors its network for cyber threats, continually scans its systems for vulnerabilities, conducts cyber risk assessments on an ongoing basis, and maintains an updated suite of plans to instantly respond to a cyber incident.

Charter also makes the most of opportunities to share what it has learned about cybersecurity, as well as to learn from others. Charter cybersecurity personnel take part in multiple industry-specific cybersecurity working groups in which participants in a particular industry (*e.g.*, cable operators or Internet service providers) come together to share information on cyber threats and strategies. In addition, Charter representatives regularly meet with federal government officials to keep abreast of developing cyber threats and trends.

The Transaction will enable Charter to take advantage of the best cybersecurity practices employed by Charter, TWC, and BHN. Immediately after the Transaction closes, Charter intends that top cybersecurity personnel from the three merging companies will collaborate to identify cybersecurity practices that the new Company can adopt on an enterprise-wide basis. Cybersecurity personnel will remain closely involved in implementing these practices as the three merging companies' respective networks are integrated.

**Response to IR 17(b):**

Charter is not familiar with specific concerns regarding the interface between OTWC's Hawai'i franchise area networks and local county emergency management systems and does not expect any negative impact on the interface following the Transaction. We do note that with respect to public safety communications, Charter's systems for handling public safety alerts are robust and frequently tested. Following the Transaction, Charter expects to identify and utilize the best practices of each company to ensure that these systems remain efficient and reliable throughout the new company's broader geographic footprint, including Hawaii.

18. *Describe in sufficient detail the current status of Charter/TWC's merger applications before other local franchising authorities ("LFA"), the Federal Communications Commission, and the federal Department of Justice. Have any LFAs acted on the proposed transaction? Please provide details.*

**Response to IR 18:**

Charter, TWC and BHN have submitted appropriate applications to the FCC and DOJ seeking approval of the Transaction. These applications remain pending at this time. Charter has also filed applications for approval of various voice and/or video consent from state regulatory agencies in approximately 15 states across the country. Video authority consent remains pending in New York, New Jersey and Hawaii. Over 120 consents will have been received from LFAs by the end of October, while another 123 LFAs have advised that they will allow the 120 day clock to run, which will be deemed consent to the Transaction.

19. *The National Digital Cable Carriage Agreement signed by the National Cable and Telecommunications Association ("NCTA") gives a public television station in a cable market up to four streams of noncommercial digital programming on cable TV. If the Proposed Transfer is approved and completed, how will Charter work towards complying with the National Digital Cable Carriage Agreement?*

**Response to IR 19:**

Charter confirms that it is a signatory to the referenced National Digital Cable Carriage Agreement signed by NCTA in 2005. This is a voluntary agreement that Charter joined and with which it complies across its footprint.

## **EXHIBIT 1**

### **MSO Debt to Equity Ratios**

	Charter	New Charter	New Charter YE '15 Target Price <sup>(1)</sup>	Cablevision	Cablevision PE <sup>(4)</sup>	Cablevision PE <sup>(4)</sup> YE '15 Target Price <sup>(3)</sup>	Suddenlink <sup>(6)</sup>	Suddenlink PE <sup>(6)(7)</sup>	Comcast	TWC	CableOne	DISH	DirectTV <sup>(8)</sup>
Total Debt (\$ in millions) <sup>(2)</sup>	\$14,013	\$60,859	\$60,859	\$8,478	\$14,522	\$14,522	\$5,100	\$6,820	\$48,523	\$23,046	\$550	\$13,768	\$20,765
Shares Outstanding (in millions) <sup>(2)</sup>	112.0	342.4	342.4	276.5	276.5	276.5	NA	NA	2,492.4	283.0	5.8	463.2	504.5
Per Share Closing Price on 10/06/2015	\$185.82	\$185.82	\$211.60	\$32.95	\$32.95	\$29.71	NA	NA	\$58.97	\$187.17	\$416.59	\$59.55	\$93.55
Equity Value (\$ in millions)	\$20,816	\$63,624	\$72,451	\$9,110	\$9,110	\$8,214	\$4,132	\$4,132	\$146,978	\$52,964	\$2,435	\$27,581	\$47,197
Debt / Equity Ratio	67.3%	95.7%	84.0%	93.1%	159.4%	176.8%	123.4%	165.1%	33.0%	43.5%	22.6%	49.9%	44.0%

(1) Debt includes capital lease obligations and is as of June 30, 2015 per latest 10-Q filings.

(2) Shares outstanding per the cover of the latest 10-Q filings for each company.

(3) Based on analyst consensus 12-month target price of \$211.60 per Charter share, as sourced from Bloomberg on 10/7/2015.

(4) Cablevision pro forma for new debt from Alice acquisition, totaling a net of \$6.08 after refinancing of Cablevision's existing TL A, TL B, and Newsday term loan.

(5) Debt balance based on latest quarterly target price of \$29.71 per Cablevision share, as sourced from Bloomberg on 10/7/2015.

(6) Suddenlink pro forma for new debt from Alice acquisition, totaling \$1.78.

(7) Suddenlink pro forma for new debt from Alice acquisition, totaling \$1.78.

(8) Closing share price for DirectTV is as of July 24, 2015, the last day of trading prior to completion of the AT&T acquisition.