

Time Warner Cable/Charter Communications, Inc. Transaction
Application for Transfer of Control of Cable Television Franchises
Held By Oceanic Time Warner Cable LLC

First Set of Information Requests

These 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. The quality of customer service is a major concern for Hawai'i consumers, the Department of Commerce and Consumer Affairs ("DCCA") periodically receives calls from Hawai'i consumers about delays in reaching an Oceanic Time Warner Cable LLC ("Oceanic") customer care representative or scheduling an in-home repair visit. DCCA also has received calls from irate customers regarding incorrect billing issues, many caused by incorrect information from inexperienced customer service representatives.
 - (a) Please provide specific details regarding the training that Charter's customer service personnel are provided and submit copies of Charter's customer service policies to ensure that its subscribers are provided quality customer service.
 - (b) Oceanic has established objective customer service quality metrics, such as average call center hold time or average length of time to resolve service outages. However, Oceanic has been somewhat inconsistent in meeting those metrics in each franchise area.
 - (i) Please describe the process that Charter will use to assess the quality of its customer service, including any specific service metrics to be established.
 - (ii) Please describe how Charter will remedy these shortcomings. If applicable, please describe successful efforts that Charter has used to monitor and improve customer service in other locations in which it is the franchisee.

- (c) Has Charter identified specific customer service issues in any of the Hawai'i franchise areas? Are there any other specific plans to improve customer service for each of the Hawai'i franchise areas? If yes, please describe each plan and elaborate as to the specific focus of each plan (*i.e.* what is management trying to correct or improve upon)?
- (d) Customers have complained to DCCA about the quality and durability of the digital boxes and/or DVR boxes provided by Oceanic. Subscribers specifically complain that they are provided refurbished boxes that breakdown within a few months. Does Charter have any plans to address this complaint and if yes, what are the plans?

2. Charter has committed that, within four (4) years of the merger it will invest at least \$2.5 billion in the build-out of networks into commercial areas beyond where it currently operates.

- (a) How much of the \$2.5 billion will be invested on Hawai'i franchises?
- (b) Which Hawai'i franchises will benefit from this investment?

If Charter does not yet have specific plans, please describe the process, time frame, and criteria that Charter will use to determine what investments it will make in the Hawai'i franchises.

3. Charter has committed that, within four (4) years of the merger, it will build out one million line extensions to residences in its franchise areas.

- (a) How many of the one million line extensions will be located in its Hawai'i franchises?
- (b) Which Hawai'i franchises will benefit from this investment and where will these line extensions be built?
- (c) Will unserved and/or underserved areas be given preference to receive line extensions?
- (d) What are Charter's plans to service unserved or underserved areas that do not qualify under the twenty-five (25) homes per cable mile extension policy?

If Charter does not yet have specific plans, please describe the process, time frame, and criteria that Charter will use to determine what investments it will make in the Hawai'i franchises.

4. Charter has committed that, within four (4) years of the merger, it will deploy over 300,000 out-of-home WiFi access points.
 - (a) How many of these 300,000 will be deployed in its Hawai'i franchises?
 - (b) Which Hawai'i franchises will benefit and where will they be deployed?
 - (c) Are these out-of-home WiFi access points in addition to any existing access points that Oceanic currently operates?

If Charter does not yet have specific plans, please describe the process, time frame, and criteria that Charter will use to determine how many out-of-home WiFi access points it will deploy in Hawai'i.

5. Charter has committed to creating thousands of U.S.-based jobs and returning call center jobs back to the United States.
 - (a) Will new jobs be created in Hawai'i franchise areas?
 - (b) Which Hawai'i franchises will benefit from the creation of new jobs?
 - (c) How many new jobs are projected to be created in Hawai'i franchise areas?
 - (d) What types of jobs will be created in Hawai'i franchise areas?
 - (e) Will any call centers or customer service offices be closed or relocated in Hawai'i franchise areas?
 - (f) Does Charter anticipate closing or relocating any existing Oceanic facilities in Hawai'i franchise areas?

If Charter does not yet have specific plans, please describe the process, time frame, and criteria that Charter will use to determine the number and type of call center jobs it will support in Hawai'i.

6. Providing affordable broadband Internet to low-income consumers is a significant concern for DCCA. As part of the proposed merger, Charter expressed its commitment to building upon Bright House Networks' ("BHN") broadband program for low-income consumers.
 - (a) Although BHN does not have a franchise in Hawai'i, will Charter build upon BHN's broadband program for low-income consumers and implement it throughout Hawai'i franchises?
 - (b) What are the eligibility requirements for such a program?
 - (c) If and when such a program is implemented in Hawai'i, will Charter commit to providing DCCA and the public at least six (6) months' notice regarding the offering of the service, eligibility requirements, and the pricing?
 - (d) Will Charter commit to setting the price for the service that is consistent or in alignment with mainland United States affordable broadband programs?

7. Hawai'i consumers have previously expressed concerns that their rates for cable and broadband Internet service will increase following a merger.
 - (a) Will Charter commit that cable service rates will be reduced or, at a minimum, maintained at current levels? If yes, then please specify length of the time period during which Charter will commit to not raise or maintain subscriber rates at current levels?
 - (b) If Charter is unable to make any commitments not to raise Hawai'i cable subscribers' rates after the merger, please explain why it is not able to do so.
 - (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? For example, is Charter prepared to commit to a cap on the level of annual and/or cumulative cable rate increases over the next four (4) years? If so, please describe the commitment with specificity.
 - (d) What commitments is Charter prepared to make with respect to broadband Internet rates in the State, if the proposed transaction is approved and effectuated? For example, is Charter prepared to commit to a cap on the level of annual and/or cumulative broadband Internet rate increases over the next four (4) years? If so, please describe the commitment with specificity.

- (e) On average, how do rates for cable and broadband Internet service currently charged by Oceanic to Hawai`i subscribers compare with prices charged by Charter for such service on the mainland United States? At minimum, for cable service, provide comparison rates for basic and premium services, and for broadband Internet service, provide comparison rates based on speeds that Oceanic currently provides.
 - (f) If the proposed transaction is approved and effectuated, how will the rates that will be charged by Charter for cable and broadband service to Hawai`i subscribers compare with prices charged by Charter for such services on the mainland United States? Will Charter commit that rates for cable and broadband Internet service charged to Hawai`i subscribers will be no higher than prices charged for such services on the mainland United States? To the extent that rates for cable and broadband Internet service charged to Hawai`i subscribers will be higher than prices charged for such services on the mainland United States, please provide an estimate (in percentage or dollar terms) of how much higher the rates will be and an explanation of the justification for this practice.
8. Charter has stated that it will transition to a fully digital format, within thirty (30) months of the merger. This transition will increase broadband Internet speeds and improve video services. In Hawai`i, many subscribers still receive only analog service. Thus, a conversion to an all-digital format will have a significant impact on analog-only cable customers in the State.
- (a) What are Charter's plans (including, but not limited to, timeframes, benchmarks, and expectations) for the conversion of the Hawai`i cable systems to an all-digital format?
 - (b) How much notice does Charter anticipate will be given to subscribers of a pending transition? What type or form of notice will be provided to subscribers?
 - (c) What type of digital converter boxes will be offered to analog service subscribers? Does Charter anticipate that the digital converter boxes will be offered at no-charge to subscribers? If not, what would the charge be? How long will the offer last?
 - (d) Upon transition to all digital service, will Hawai`i subscribers face a price increase for cable service? If there will be an increase in the price for cable service, on average, what will the price increase be?

If Charter does not yet have specific plans, please describe the process, time frame, and criteria that Charter will use to determine the process and timeframe to transition to a fully digital format.

9. Charter has committed to increasing minimum broadband Internet speeds in Hawai'i.
 - (a) Will all Hawai'i franchises offer a minimum 60 Mbps broadband Internet speed?
 - (b) Will any Hawai'i franchises offer 100 Mbps minimum broadband Internet speed?
 - (c) When these speeds are offered in Hawai'i, how will customers receive advance notification? Will subscribers be required to switch their cable modems and/or other broadband Internet equipment? Will Charter provide any additional or different equipment at no-charge to the subscriber? If not, what will the charge be?
 - (d) Will Charter commit that the prices for these services will be no higher than the prices that Charter charges for comparable broadband service on the mainland United States? If Charter is not prepared to make this commitment, please explain the reason why Charter will charge higher prices to subscriber in Hawai'i and describe any pricing commitment that Charter is prepared to make.

10. Charter has committed to introducing innovative video services as part of the merger. In particular, Charter has highlighted its Worldbox and Spectrum Guide as innovations that it will roll out.
 - (a) Will subscribers be required to switch and/or upgrade any of their existing video equipment? If yes, please describe the equipment to which subscribers will need to switch.
 - (b) If changing video equipment is required for subscribers to utilize these innovations, how will Charter notify customers in Hawai'i that changes need to take place?
 - (c) If subscribers need to change their equipment, will they need to purchase the equipment or will it be provided without cost? If subscribers will be required to purchase equipment, please describe the cost and any extended payment plans that Charter will offer.

11. Currently, Oceanic offers a stand-alone Internet service at a rate of \$14.99. Will Charter commit to maintain this stand-alone rate for Internet service after the merger is completed? If so, for how long a period is Charter prepared to commit? If not, what is the maximum rate to which Charter is prepared to commit during the first four (4) years after the transfer is effectuated, if approved?
12. Hawai'i consumers have sought symmetry between download and upload speeds in broadband Internet service. Is Charter prepared to provide broadband Internet offering symmetrical upload and download speeds? Please describe any specific service Charter proposes to offer, including the speed and price, and the timeframe for deployment.
13. Please describe Charter's experience with Public, Educational and Governmental ("PEG") access organizations that provide local cultural programming in their franchise areas on the mainland United States. Please provide specific examples relevant to Hawai'i.
14. If the proposed transaction is approved, how will Charter improve or expand PEG access? At minimum, describe whether any changes will be proposed regarding the level of support for PEGs, equipment deployed for PEG use, and channel line-up for PEG services. If Charter anticipates reducing support for PEGs, please describe the extent of any reduction and the justification for doing so.
15. If the proposed transaction is approved, will Oceanic (under Charter's control) be able to comply fully with the terms, conditions, and requirements of its cable franchises in the State. Please be as detailed as possible about any adverse effect that the proposed transaction will have on Oceanic's ability to comply, and provide all assurances as applicable and appropriate. Will Charter seek any changes in the existing franchise agreements? If yes, please describe the changes that Charter expects to request and the justification for any such request.
16. Please provide a detailed explanation of the commitment of Oceanic (under Charter's control) to keep abreast with changing technological developments and how it intends to incorporate such developments into its cable systems and other services such as broadband, if the proposed transaction is approved and effectuated.

17. Identify and describe with detail how the proposed transaction will serve the public interest of the communities of each of Oceanic's cable franchise areas, specifically:
 - (a) Oahu, the City and County of Honolulu;
 - (b) Maui County (includes Molokai and Lanai and excluding Lahaina);
 - (c) Lahaina, Maui;
 - (d) West Hawai'i;
 - (e) East Hawai'i; and
 - (f) Kauai County.
18. How will the proposed transaction impact Oceanic's overall workforce? How will Oceanic's local management team and operations be impacted?
19. How will the proposed transaction impact the financial resources and ability of Oceanic (under Charter's control) to provide cable and broadband Internet services in its cable franchise areas?
20. Will funds be given to expand and upgrade the cable systems and infrastructure in Hawai'i, in particular, funds for real-time video testimony at State legislative hearings and county council meetings on the neighbor islands?
21. If the proposed transaction is approved, will Oceanic (under Charter's control) continue to maintain its books and records in the State?
22. What is Charter's credit rating? How does it compare to other large cable multi-system operators? If approved, how will the proposed transaction impact Charter's credit rating?
23. What is Charter's debt to equity ratio? How does this compare to other large cable multi-system operators? If approved, how will the proposed transaction impact Charter's debt to equity ratio?

24. If the proposed transaction is approved, please explain how Charter plans to ensure that it will be able to service its debts as they come due?
25. Under the proposed financing agreement outlined in the proposed transaction, how will Charter pay off its short-term liabilities?
26. Please provide a copy of the pro forma financial statements along with the assumptions used in preparing its response to Section II, G, in the State of Hawaii Application for Transfer of Cable Television Franchise.