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COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

December 23, 2016

Thomas M. Rutledge
President and Chief Executive Officer
Charter Communications, Inc.
400 Atlantic Street, 10th Floor
Stamford, CT 06901

Dear Mr. Rutledge:

As you know, the U.S. Senate Permanent Subcommittee on Investigations held a hearing on June 23, 2016, as part of its investigation into the customer service and billing practices of cable and satellite television providers.¹ The Subcommittee's Minority Staff Report detailed deficiencies in these practices for each of the cable and satellite providers it investigated, including both Charter Communications (Charter) and Time Warner Cable (TWC), which merged after PSI began its investigation.² Two of the issues identified in the report and addressed at the hearing were the confusing placement of broadcast retransmission and regional sports network fees on customer bills and the inadequate disclosure of regular pricing in advertisements.

At the hearing, we expressed our concern that Charter, TWC, and their competitors obscured the cost of programming by categorizing some programming costs as fees, such as the "Broadcast TV Surcharge" or "Regional Sports Network Fees." We found that Charter and TWC grouped those fees alongside taxes and regulatory charges.³ Such placement is misleading in that it suggests to the subscriber that the government requires the cable or satellite provider to impose these charges. As you are aware, no federal, state, or local government levies the "Broadcast TV Surcharge" or "Regional Sports Network Fee," which are charged entirely at the discretion of Charter or TWC. When asked at the hearing about how these fees would be listed on bills under the newly merged company, Charter replied, "our intention is to overlay Charter's business practices with Time Warner Cable, and we do not charge an RSN [Regional Sports Network] fee, so hopefully that will be something that will be removed entirely from the bill."⁴ We would like to know whether Charter has removed RSN or broadcast retransmission fees from customer bills, and if not, whether it has given them, as we said at the hearing, a "more honest display."⁵

¹ Permanent Subcommittee on Investigations, *Hearing on Customer Service and Billing Practices in the Cable and Satellite Television Industry*, 114th Cong. (June 23, 2016) (S. Hrg. 114-409).

² Permanent Subcommittee on Investigations, *Inside the Box – Customer Service and Billing Practices in the Cable and Satellite Industry*, Minority Staff Report, 114th Cong. (June 23, 2016).

³ *Id.*

⁴ Permanent Subcommittee on Investigations, *Hearing on Customer Service and Billing Practices in the Cable and Satellite Television Industry*, 114th Cong. (June 23, 2016) (S. Hrg. 114-409).

⁵ *Id.*

Also at the hearing, Senator McCaskill discussed how the price of service Charter advertises reflects only the promotional price of service, even though the expiration of promotional pricing could lead to an increase of a customer's bill by up to 50%.⁶ She asked each cable and satellite provider present whether it disclosed the non-promotional price of service in its advertisements as conspicuously as it did the limited promotional price. She also asked whether the companies disclosed the non-promotional price *at all* to potential customers. The Subcommittee did not get an adequate response to these questions.⁷

In light of these concerns, we ask that you provide the Subcommittee with recent reproductions of order confirmations, online bills, and paper bills in which its customers were charged Broadcast TV surcharges and Regional Sports Network Fees. We also ask that you provide a briefing for Subcommittee staff on any changes in its advertising or billing practices since the hearing that increase transparency for consumers.

We appreciate your cooperation with the investigation and thank you for your assistance in this matter. Please contact Rachael Tucker with the majority staff or Jackson Eaton with the minority staff at (202) 224-3721 with any questions. Please send any official correspondence relating to this request to Kelsey_Stroud@hsgac.senate.gov.

Sincerely,



Rob Portman
Chairman
Permanent Subcommittee on Investigations



Claire McCaskill
Ranking Member
Permanent Subcommittee on Investigations

⁶ Permanent Subcommittee on Investigations, *Inside the Box – Customer Service and Billing Practices in the Cable and Satellite Industry*, Minority Staff Report, 114th Cong. (June 23, 2016).

⁷ Permanent Subcommittee on Investigations, *Hearing on Customer Service and Billing Practices in the Cable and Satellite Television Industry*, 114th Cong. (June 23, 2016) (S. Hrg. 114-409).