



Department of Public Service

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Charter Agrees to \$13 Million Settlement Following Review of Company's Compliance with Merger Conditions

**— Cable Company Missed Deadline to Expand Network; Commits to Detailed
Compliance Plan and to Pay \$1 Million for Low-Income Customers —**

ALBANY — The New York State Department of Public Service (Department) today announced it had reached a potential settlement agreement with Charter Communications Inc. over the company's failure to meet its requirement to build-out its cable network as required in last year's approval of Charter's acquisition of Time Warner Cable Inc.

"The Commission conditioned its approval of the merger on Charter's agreement to undertake several types of investments and other activities," said **Department Interim CEO Gregg C. Sayre**. "While Charter is delivering on many of them, it failed to expand the reach of its network to un-served and under-served communities and commercial customers in the time allotted."

On Jan. 8, 2016, the Public Service Commission approved Charter's acquisition of Time Warner Cable Inc. To obtain approval, Charter agreed to a number of conditions required by the Commission, including delivering broadband speed upgrades to 100 Mbps statewide by the end of 2018, and 300 Mbps by the end of 2019, and building out their network to pass an additional 145,000 un-served or under-served homes and businesses within four years of the closing of the transaction. While Charter has reported that it completed the first speed upgrade ahead of schedule, as of May 18, 2017, it had only extended its network to pass 15,164 of the 36,250 premises it was required to pass in the first year.

In lieu of a potential penalty for missing its build-out target, Charter agreed to pay \$1 million in grants for equipment to provide computer and internet access to low-income users, and to set aside \$12 million as a security to meet its network expansion commitment going forward. Under the agreement, Charter commits to completing its build-out requirement of 145,000 new passings in 21,646 increments over six periods through May 18, 2020. To ensure the company keeps its promise, Charter will forfeit its right to earn back up to \$1 million each time it misses a six-month build-out target. The actual amount forfeited will vary, depending upon the percentage of the target missed and whether or not Charter can demonstrate it has timely performed specific tasks.

Charter has also agreed to develop a communications plan within 60 days of the settlement's execution to inform New Yorkers whether they are part of the build-out plan.

On January 8, 2016, using strengthened review standards signed into law by Governor Andrew M. Cuomo, the Commission approved the sale of Time Warner to Charter, a company that provides television, internet and voice services. To offset potential negative impacts of the sale, the Commission put in place several notable conditions, including requiring Charter to extend its network to pass an additional 145,000 homes and businesses across the State by 2020 in four equal phases of 36,250 premises per year.

Upon reviewing Charter's filings, reviewing additional information from the company, and meetings with interested stakeholders, Department staff has determined that Charter failed to pass the required 36,250 premises by May 18, 2017.

The settlement offer will be issued for public comment, and it will then require final Commission approval to take effect.

Charter is the largest cable provider in the State. It provides digital cable television, broadband internet and VoIP telephone service to more than two million subscribers in New York State in more than 1,150 communities, with a potential customer base of five million households in its franchise areas. The company provides cable television, Internet and telephone service in the major metropolitan areas of the State: Buffalo, Rochester, Syracuse, Albany and the boroughs of Manhattan, Staten Island, Queens and parts of Brooklyn.

The settlement agreement may be obtained by going to the Documents section of the Department's Web site at www.dps.ny.gov and entering Case Number 15-M-0388 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Department documents may also be obtained from the Department's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.