

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA



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Joint Application of Charter Communications, Inc.;)
Charter Fiberlink CA-CCO, LLC (U6878C); Time) A1507009
Warner Cable Inc.; Time Warner Cable Information)
Services (California), LLC (U6874C);)
Advance/Newhouse Partnership; Bright House) Application No. _____
Networks, LLC; and Bright House Networks)
Information Services (California), LLC (U6955C))
Pursuant to California Public Utilities Code Section)
854 for Expedited Approval of the Transfer of)
Control of both Time Warner Cable Information)
Services (California), LLC (U6874C) and Bright)
House Networks Information Services (California),)
LLC (U6955C) to Charter Communications, Inc.,)
and for Expedited Approval of a *pro forma* transfer)
of control of Charter Fiberlink CA-CCO, LLC)
(U6878C).)
_____)

**JOINT APPLICATION OF CHARTER COMMUNICATIONS, INC.; CHARTER
FIBERLINK CA-CCO, LLC (U6878C); TIME WARNER CABLE INC.; TIME WARNER
CABLE INFORMATION SERVICES (CALIFORNIA), LLC (U6874C);
ADVANCE/NEWHOUSE PARTNERSHIP; BRIGHT HOUSE NETWORKS, LLC; AND
BRIGHT HOUSE NETWORKS INFORMATION SERVICES (CALIFORNIA), LLC
(U6955C) PURSUANT TO CALIFORNIA PUBLIC UTILITIES CODE SECTION 854
FOR EXPEDITED APPROVAL OF THE TRANSFER OF CONTROL OF TIME
WARNER CABLE INFORMATION SERVICES (CALIFORNIA), LLC (U6874C) AND
BRIGHT HOUSE NETWORKS INFORMATION SERVICES (CALIFORNIA), LLC
(U6955C) TO CHARTER COMMUNICATIONS, INC., AND FOR EXPEDITED
APPROVAL OF A *PRO FORMA* TRANSFER OF CONTROL OF CHARTER
FIBERLINK CA-CCO, LLC (U6878C).**

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Dated July 2, 2015

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(U6955C) TO CHARTER COMMUNICATIONS, INC., AND FOR EXPEDITED
APPROVAL OF A *PRO FORMA* TRANSFER OF CONTROL OF CHARTER
FIBERLINK CA-CCO, LLC (U6878C).**

I. INTRODUCTION

Pursuant to Section 854 of the California Public Utilities Code (“PU Code”) and Article 2 and Rule 3.6 of the Rules of Practice and Procedure (“Rules”) of the California Public Utilities Commission (“Commission” or “CPUC”), Charter Communications, Inc. (“Charter”) on behalf of itself and its wholly owned subsidiary Charter Fiberlink CA-CCO, LLC (“Charter Fiberlink”),

Time Warner Cable Inc. (“TWC”), on behalf of itself and its wholly owned subsidiary Time Warner Cable Information Services (California), LLC (“TWCIS”), and Advance/Newhouse Partnership (“Advance/Newhouse”) on behalf of itself and its subsidiary Bright House Networks, LLC (“BHN”) as well as BHN’s wholly owned subsidiary Bright House Networks Information Services (California), LLC (“Bright House California”) (jointly, “Joint Applicants”) submit this application (“Joint Application”) to request that the Commission authorize the transfer of indirect ultimate control of TWCIS and Bright House California as described herein (the “Transaction”) under PU Code Section 854. In addition, Charter hereby notifies the Commission that Charter intends—and to the extent applicable, requests Commission approval—to engage in a *pro forma* transfer of control of Charter Fiberlink as part of a corporate reorganization (the “Reorganization”) to facilitate the Transaction.¹

Through the Transaction, Charter, TWC, and BHN will merge into “New Charter”—creating an advanced, growth-oriented company poised to better provide competitive, high-quality voice and other communications services. Following the Transaction, TWCIS and BHN will both be indirect subsidiaries of New Charter.²

Because the proposed Transaction will occur at the holding company level, this Joint Application does not seek authority for the direct assignment of any certificates, assets, or customers.³ Moreover, because the Transaction does not involve any changes in rates, terms, or

¹ Joint Applicants use the term *pro forma* herein to ensure consistency with related applications filed with other state public utility commissions and local franchising authorities. As discussed at greater length below, Joint Applicants believe that the Reorganization does not involve a “change in actual control” requiring review under PU Code Section 854.

² This Joint Application will refer to the reorganized parent company as “New Charter.” However, the parent entity resulting from the Transaction and Reorganization will ultimately assume the name “Charter Communications, Inc.,” as described more thoroughly herein.

³ After closing the Transaction, if New Charter wishes to make additional changes that require regulatory approval, such as changes to regulated rates, terms, or conditions of service, or with respect to the

conditions of service, this Joint Application does not seek authority for changes to California customers' rates, terms, or conditions of service.

Joint Applicants respectfully submit that the Transaction is in the public interest for reasons set forth more fully below. The Transaction will bring substantial benefits to customers and to the State of California, with no countervailing harms. New Charter will have the requisite financial, technical, and managerial qualifications to provide reliable service throughout its increased footprint, as Charter has done in its current service area in the State. Charter has developed into an industry leader by implementing customer-friendly business practices across its portfolio of services, including its regulated telecommunications services and its voice services.⁴ Charter's business strategy is to make money by serving and retaining a large percentage of households and commercial relationships in its service areas through these best-in-class practices.

Charter, TWC, and BHN aim to extend this model through this proposed Transaction. Under the leadership of Charter's management team that currently provides service to portions of California, New Charter will have both the incentives and resources to reinforce Charter's existing pro-customer model and extend it throughout TWC's and BHN's footprints. The Transaction will therefore produce many public interest benefits, including providing improved voice and other non-jurisdictional services at better value; offering more competition for

transfer of regulated customers, New Charter, through its regulated affiliates, will follow applicable California filing and notice requirements associated with such changes.

⁴ Certain of the subjects and benefits discussed in this filing pertain to non-jurisdictional products and services. While those items are included herein in order to provide a comprehensive view of the public interest benefits of the proposed Transaction, Joint Applicants respectfully reserve all rights relating to the inclusion of or reference to such information, including without limitation Joint Applicants' legal and equitable rights relating to jurisdiction, filing, disclosure, relevancy, due process, review, and appeal. The inclusion of or reference to non-jurisdictional information may not be construed as a waiver of any rights or objections otherwise available to Joint Applicants in this or any other proceeding, and may not be deemed an admission of relevancy, materiality, or admissibility generally or with specific regard to the Commission's actual public interest standard under applicable law.

enterprise customers; spurring the creation of new jobs in California; and expanding other exceptional community initiatives.

In contrast to these substantial public interest benefits, the Transaction will produce no harms. Most importantly, the Transaction will not reduce competition and raises no horizontal concerns, as Charter, TWC, and BHN do not compete in the same geographic markets. Indeed, in California, any overlap within New Charter's proposed footprint would be *de minimis*.⁵ New Charter will continue to face significant competition from wireline competitors (*e.g.*, AT&T, Verizon, and Frontier) across its California footprint, even apart from other forms of competition (*e.g.*, wireless providers). Joint Applicants therefore respectfully urge the Commission to approve the Transaction.

II. DESCRIPTION OF THE PARTIES

A. Charter Companies

1. Charter

Charter is a leading communications company that provides voice and business as well as broadband Internet and video services. Charter markets its services under the *Spectrum* brand. As a result of extensive investment and a commitment to providing the best services, Charter now serves over 5.8 million residential customers and has 386,000 commercial relationships nationwide.⁶ Domiciled in Delaware and headquartered at 400 Atlantic Street, Stamford, Connecticut 06901, Charter operates in 28 states, including California, and employs over 23,500 people nationwide, including approximately 1,500 in California.

⁵ By Joint Applicants' analysis, well under one percent of the census blocks that New Charter will serve in California contain customers of more than one Applicant today. Moreover, the analysis likely overstates the degree of any actual overlap, because even in such census blocks, Joint Applicants typically serve customers in different portions of the census block.

⁶ *See* Charter Communications, Inc., Annual Report (Form 10-K), at 4 (Dec. 31, 2014) ("Charter 10-K 2014") (attached as Exhibit D).

Charter provides voice service to over 2.4 million residential customers via Voice over Internet Protocol (“VoIP”) technology. Charter’s voice services include unlimited long-distance calling in the United States, Canada, Puerto Rico, the U.S. Virgin Islands, and Guam. Calling features include voicemail, call waiting, caller ID, call forwarding and more at no additional charge. In addition, the E911 feature automatically provides the emergency service operator with a caller’s phone number and location.

Charter Business offers scalable, tailored, and cost-effective technology solutions for 386,000 commercial relationships. Charter Business services include data wide area network, wireless backhaul, and “last mile” fiber connectivity to commercial premises.

Although not the subject of the instant Joint Application, Charter also is committed to developing and deploying innovative broadband technology. Charter’s broadband Internet services deliver an industry-leading minimum of 60+ Mbps to the vast majority of its 4.8 million residential broadband customers, including to virtually all of its current customers in California.⁷ Charter was also recognized in 2014 as the nation’s fastest WiFi provider.⁸ Its broadband services are also provided under customer-friendly terms. Charter offers its base 60 Mbps service at lower prices than its competitors, and does not impose data caps or engage in usage-based billing.

Currently the seventh-largest multichannel video programming distributor (“MVPD”) in the United States, Charter serves 4.2 million residential Charter TV video customers over its virtually all-digital network. It has recently unveiled “Worldbox”—an innovative set-top box

⁷ A small portion (less than 1%) of New Charter that is not interconnected to the New Charter network may be offered at lower speeds. And it is possible that systems serving fewer than 1% of homes may not be taken all-digital due to the challenges in interconnecting to the remaining New Charter network.

⁸ See Allion Engineering Services USA, *Allion USA Internet Service Provider Gateway Competitive Analysis* at 11 (March 13, 2014).

that uses a downloadable security solution. Moreover, Charter is currently deploying its “Spectrum Guide”—a cloud-based user interface that enhances the consumer video service and can be accessed through both Worldbox and legacy two-way set-top boxes. Charter’s TV “app” offers over 150 live, linear channels, video on demand (“VOD”) and the ability to download VOD content for future playback. All these innovations will enable New Charter to improve the customer experience while reducing significantly its prices for customer premises equipment (“CPE”), which will reduce overall costs to consumers.

Since the beginning of 2012, the company also has invested over \$5.5 billion in technology and infrastructure—a significant figure when compared with the company’s overall size, including its \$8.7 billion adjusted EBITDA⁹ over the same period. This sizable commitment to innovation and the deployment of broadband technology has led to Charter’s position within the industry as a technological and business leader. Its transition to a virtually all digital network has enabled it to increase its minimum speed offering from 1 Mbps downstream in 2011 to its present 60 Mbps offered to the vast majority of its customers, to grow its HD channel line-up from fewer than 70 channels in 2011 to a present selection of over 200, to launch the innovative Spectrum Guide to a wide range of set-top boxes, and to grow its VOD library to thousands of choices. Although Charter is proud of this record of technological progress, the Transaction would enable New Charter to do far more for millions more subscribers, including current Charter customers and TWC and BHN subscribers in California. Charter therefore seeks increased scale and technological synergies to drive even more competitive and innovative broadband, video, and voice services.

⁹ Adjusted EBITDA is defined as net loss plus net interest expense, income tax expense, depreciation and amortization, stock compensation expense, loss on extinguishment of debt, gain (loss) on derivative instruments, net, and other operating expenses, such as merger and acquisition costs, special charges and (gain) loss on sale or retirement of assets.

2. Charter Fiberlink

Charter Fiberlink is a wholly owned subsidiary of Charter. Charter Fiberlink is a limited liability company organized under the laws of the state of Delaware. Its principal business office is located at 12405 Powerscourt Drive, St. Louis, Missouri 63131. Charter Fiberlink is authorized to do business in California, and it provides limited facilities-based and resold interexchange services as a non-dominant interexchange carrier (“NDIEC”) and limited facilities-based and resold local exchange services as a Competitive Local Exchange Carrier (“CLEC”) pursuant to Certificates of Public Convenience and Necessity (“CPCNs”) issued by this Commission in 2004.¹⁰ Pursuant to this authority, Charter Fiberlink provides interstate and intrastate telecommunications services to business customers, including private line and data wide area network services. Charter Fiberlink does not provide residential end-user voice services itself, but facilitates the provision of VoIP service by its unregulated affiliate by providing network interconnection, telephone numbers, and other services. Charter Fiberlink also provides also provides interstate and intrastate telecommunications services to business customers, including private line and data/wide area network services, and switched exchange access services to interconnecting carriers who terminate calls on its network.

Charter has invested over \$486.6 million in California in the last three years to upgrade to a digital network. Charter’s 1,481 California employees are dedicated to providing quality products and services for residential and business customers in the over 126 communities in

¹⁰ The CPUC issued Charter Fiberlink a CLEC CPCN in May 2004. *See In re Application for a Certificate of Public Convenience and Necessity To Provide Resold and Limited Facilities-Based Local Exchange Telecommunications Services Within California*, D.04-05-011 (Cal. Pub. Utils. Comm’n May 6, 2004). That decision provided authorization for Charter Fiberlink to provide service within the service territories of Pacific Bell Telephone Company, Verizon California Inc., SureWest Telephone Company, and Citizens Telecommunications Company of California, Inc. Charter Fiberlink received its NDIEC CPCN in April 2004. *See In re Application of Charter Fiberlink CA-CCO, LLC for a Certificate of Public Convenience and Necessity To Provide InterLATA and IntraLATA Telecommunications Service in California as a Facilities-Based Carrier*, D.04-04-035 (Cal. Pub. Utils. Comm’n Apr. 19, 2004).

Alhambra, Apple Valley, Atascadero, Big Bear Lake, Burbank, Calabasas, Ceres, Crescent City, Glendale, Hesperia, Long Beach, Los Angeles County, Malibu, Morgan Hill, Pasadena, Paso Robles, Pismo Beach, Porterville, Rancho Cucamonga, Red Bluff, Redding, Riverside City/County, San Benito County, San Bernardino City/County, the San Gabriel Valley, San Luis Obispo City/County, South Lake Tahoe, Stanislaus County, Tulare County, Turlock, Ventura City/County, Victorville, and Watsonville.

B. TWC Companies

1. TWC

TWC is a publicly traded Delaware corporation with its headquarters located at 60 Columbus Circle, New York, New York 10023. TWC delivers high-quality voice, video, and broadband services, reaching over 15 million residential and business customers across portions of 30 states. TWC offers its business, commercial, and enterprise services under its Time Warner Cable Business Class Brand.

TWC was the first multi-system operator to introduce a mass-market, facilities-based VoIP service. In California, that VoIP service is offered on a common carrier basis by TWCIS, described below.

TWC provides advanced cable services to approximately 10.8 million residential video customers, making it the fourth-largest MVPD in the United States, behind Comcast Corporation, DirecTV, and Dish Network. TWC is currently completing its migration to all digital in California. TWC offers its subscribers access to hundreds of video programming channels, on-demand options, and other advanced video services and capabilities. TWC customers can also access content across their devices by utilizing TWC's TV apps and via twctv.com. TWC offers its customers high-quality, high-speed broadband, reaching approximately 11.7 million residential customers in 30 states across the country.

TWC, through its TWC Business Class brand, offers to business customers a broad range of communications and information technology solutions to more than 700,000 customers (more than 1.1 million primary service units), including small, medium, and enterprise businesses, schools, state and local governments, and other telecommunications providers. TWC offers voice solutions, video solutions, broadband Internet access, and Ethernet networking to its customers, and also delivers managed hosting and cloud computing services through its NaviSite operations. The first U.S. provider to receive all eight Metro Ethernet Forum Carrier Ethernet 2.0 certifications, TWC is the largest multi-system operator provider of Ethernet services. TWC also offers cell tower backhaul services for the top 5 mobile network operators and last-mile Ethernet access for other telecommunications providers.

In addition, TWC sells video and online advertising to local, regional, and national customers by itself, through a consortium of cable companies under NCC Media, and through a number of local/regional interconnects that TWC manages on behalf of itself and other cable operators.

TWC also provides programming acquisition, network management, and maintenance services to BHN pursuant to a management agreement.

2. TWCIS

TWCIS, a wholly owned subsidiary of TWC, is a limited liability company organized under the laws of the state of Delaware, and authorized to do business in California. Its principal offices are located at 60 Columbus Circle, New York, New York 10023. TWCIS is authorized to provide limited facilities-based and resold interexchange services as an NDIEC and limited facilities-based and resold local exchange services as a competitive local carrier (“CLC”) CLEC pursuant to a CPCN issued by this Commission on March 16, 2004.¹¹ TWCIS provides retail

¹¹ *In re Application of Time Warner Cable Information Services (California), LLC for a Certificate of Public Convenience and Necessity To Provide Facilities-Based and Resale Competitive Local, IntraLATA, and InterLATA Voice Services*, D.04-03-032 (Cal. Pub. Utils. Comm’n Mar. 16, 2004). In

VoIP services to consumers and businesses in California and also commercial and wholesale telecommunications services, including switched and high capacity transmission services (e.g., Metro Ethernet) to businesses in California.

TWC provides voice services to approximately 5.3 million residential customers nationwide, including, through TWCIS, approximately 945,000 residential customers in California. TWCIS offers its residential VoIP service (“Home Phone”) throughout TWC’s California footprint, which includes the five greater Los Angeles area counties of Ventura, Los Angeles, Orange, San Bernardino, and Riverside, as well as the desert cities area surrounding Palm Springs, portions of San Diego County, and El Centro, in Imperial County.

Home Phone service features and options include call forwarding, call waiting, Caller-ID, outbound caller-ID blocking, enhanced 911, and unlimited local and long-distance calling throughout the United States and to Canada, Mexico, China, Hong Kong, India, and the U.S. territories. Home Phone customers may also access a secure web portal, (“VoiceZone”) through which they may activate caller ID, set up unwanted call blocking, customize other Home Phone service features and access their voicemail.

C. BHN Companies

1. Advance/Newhouse and BHN

Advance/Newhouse is a partnership established under the laws of New York with a principal place of business at 5823 Widewater Parkway, East Syracuse, New York 13057.

Advance/Newhouse currently holds 33.3% of Time Warner Cable Entertainment-

Advance/Newhouse Partnership (“TWE-Advance/Newhouse”), a partnership organized under

that decision, TWCIS was granted a CPCN in the service territories of Pacific Bell Telephone Company, Verizon California Inc., Roseville Telephone Company, and Citizens Telecommunications Company of California, Inc. (“CTC”).

the laws of New York; TWC currently holds the other 66.67% of TWE-Advance/Newhouse. TWE-Advance/Newhouse is the sole member of BHN, but Advance/Newhouse exclusively tracks the economic performance of BHN and has exclusive day-to-day management responsibility for, and *de facto* control over, the operation of the BHN systems.¹² BHN is a Delaware limited liability company with a principal place of business at 5823 Widewater Parkway, East Syracuse, New York 10357.

BHN is a highly regarded communications company delivering attractive video, home security, voice, and high-speed data services to approximately 2.5 million residential and business customers in six states—Florida, Alabama, Indiana, Michigan, California, and Georgia. BHN is the tenth-largest MVPD in the United States, with over 2 million video customers. Approximately 1.7 million of those customers are located in the growing central Florida region, which includes two of the top 20 designated market areas, Orlando and Tampa Bay. BHN has a strong reputation for customer service in its market areas. It also proudly offers a low-income broadband option (“Connect2Compete”) that partners with schools to provide a low cost Internet service, discounts on Internet-capable devices, and innovative digital literacy training.

2. Bright House California

Bright House California, a Delaware corporation with its principal place of business located at 3701 North Sillect Ave., Bakersfield, California 93308, is a wholly owned subsidiary of BHN. Bright House California was authorized to provide limited facilities-based and resold interexchange services as an NDIEC and limited facilities-based and resold local exchange

¹² To facilitate and simultaneously with the transaction, the TWE-Advance/Newhouse Partnership will be restructured pursuant to the existing agreement among the parties, resulting in Advance/Newhouse being the sole member of BHN.

services as a CLEC in 2005.¹³ Bright House California operates as a wholesale telecommunications carrier providing telecommunications services to its parent, BHN and other carriers, including backhaul services to wireless carriers. BHN utilizes those wholesale services to provide VoIP, video, and broadband services to subscribers throughout its cable franchise areas, which include Bakersfield and Kern County.

III. DESIGNATED CONTACTS

Questions, correspondence, or other communications involving this Joint Application should be directed to the following contacts:

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¹³ See *In re Application of Bright House Networks Information Services (California), LLC for a Certificate of Public Convenience and Necessity To Provide Limited Facilities-Based and Resale Competitive Local, and IntraLATA and InterLATA Telecommunications*, D. 05-06-045 (Cal. Pub. Utils. Comm'n June 30, 2005). In that Decision, Bright House California was granted a CPCN in the service territories of Pacific Bell, Verizon, SureWest, and Citizens Telecommunications Company.

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IV. CERTIFICATES OF FORMATION AND FINANCIAL DOCUMENTATION

Pursuant to Rule 2.2 of the Commission's Rules, copies of the Certificates of Formation for Charter, TWC, Advance/Newhouse, and BHN are attached to this Joint Application as Exhibit A. Copies of Certificates of Formation for Charter Fiberlink, TWCIS, and Bright House California are likewise attached to this Joint Application as Exhibit B. Certificates of Status issued by the California Secretary of State showing that Joint Applicants are in good standing are attached hereto as Exhibit C.

Pursuant to Rule 3.6(e) of the Commission's Rules, Charter's Form 10-K Annual Report (Feb. 24, 2015) which includes the company's most recent annual financial statement, is available at <http://www.sec.gov/Archives/edgar/data/1091667/000109166715000049/chtr123114-10k.htm>, and a copy is attached with Charter's most recently quarterly report ("10-Q") (May 1, 2015) as Exhibit D. TWC's Form 10-K Annual Report (Feb. 13, 2015) which includes the company's most recent annual financial statement is available at <http://www.sec.gov/Archives/edgar/data/1377013/000119312515048927/d868984d10k.htm>, and a copy is attached with TWC's most recent 10-Q (April 30, 2015) as Exhibit E.

Advance/Newhouse Partnership's relevant financial activity is all at the level of its subsidiaries;

financial information for the pertinent subsidiary, Bright House California, is provided as described below. Financial information for Charter Fiberlink, TWCIS, and Bright House California was attached to each company's most recent annual reports filed with the Commission, and copies of that information—and, where available, updated financial information covering the period between year end and March 31, 2015—are likewise included in Exhibit F, submitted under seal.

V. THE TRANSACTION

The proposed Transaction will combine Charter, TWC, and BHN into a single company able to leverage the best aspects of each of the three participants. By combining Charter's business strategy of investing in and offering high-quality services at competitive prices, TWC's operating momentum, and BHN's strong reputation for customer care, the Transaction will deliver benefits to consumers and businesses throughout California and the rest of the country.

Pursuant to the Transaction, TWC stockholders will receive a combination of cash and stock that values TWC at approximately \$78.7 billion, and Advance/Newhouse will receive a combination of cash and partnership units that values BHN at approximately \$10.4 billion. Upon the Transaction's completion, New Charter¹⁴ will serve approximately 23.9 million customers across 41 states.

As described below, there are three components to the Transaction, each of which is expected to occur simultaneously upon the closing.

¹⁴ The entity that will become New Charter is a current Charter subsidiary. At the conclusion of the transaction, it will be the corporate parent of the merged entities and will assume the name "Charter Communications, Inc." It will also convert to a C corporation and will be the entity with shares traded on NASDAQ.

First, TWC will become a subsidiary of New Charter through a series of mergers. Those mergers will ultimately result in TWC shareholders other than Liberty Broadband¹⁵ and Liberty Interactive Corporation (collectively, “Liberty”) receiving a combination of cash and stock in New Charter in exchange for their shares of TWC stock, and Liberty receiving stock in New Charter.¹⁶

Second, Charter will merge with a merger subsidiary of New Charter, becoming a subsidiary of New Charter, and each then outstanding share of Charter Class A common stock will be converted into 0.9042 shares of New Charter. New Charter will assume the Charter name and its existing NASDAQ Stock Market ticker symbol (CHTR). Additionally, Liberty Broadband will contribute \$4.3 billion in cash to New Charter in exchange for shares of New Charter Class A common stock.¹⁷

Third, subject to separate conditions set forth in Charter’s agreement with Advance/Newhouse, New Charter will acquire BHN, except for certain limited excluded assets and liabilities, from Advance/Newhouse for approximately \$10.4 billion, consisting of (a) approximately \$2 billion in cash, (b) one share of Class B common stock in New Charter,¹⁸ and (c) common and preferred units, valued at approximately \$8.4 billion, in a partnership that will be a New Charter subsidiary and that will hold all of BHN’s assets, as well as assets of Charter

¹⁵ Liberty Broadband is Charter’s current largest shareholder, holding an ownership interest of approximately 25% in Charter and a much smaller interest in TWC. As described herein, Liberty’s equity interest in New Charter will be somewhat smaller (approximately 18% to 19%) but its voting interest will remain approximately the same pursuant to a five-year irrevocable proxy, subject to certain exceptions, granted by Advance/Newhouse and a proxy granted by Liberty Interactive Corporation.

¹⁶ See Ex. G (Agreement and Plan of Mergers) § 2.02(b).

¹⁷ These shares will be issued at a price equivalent to an exchange ratio of \$176.95 per current Charter share, which represents Charter’s closing price on May 20, 2015, the trading day on which Charter’s offer to acquire Time Warner Cable was based.

¹⁸ New Charter will also receive nominal consideration in exchange for the issuance of Class B common stock, which will represent Advance/Newhouse’s voting interest in New Charter on an as-converted, as-exchanged basis.

and TWC.¹⁹ The preferred units will be convertible into common units of the partnership, and the common units will be exchangeable by Advance/Newhouse, in certain circumstances, for cash or, at the election of New Charter, New Charter Class A common stock, and, together with the partnership units, will represent approximately 13% to 14% of New Charter on an as-converted, as-exchanged basis.²⁰

In connection with BHN's portion of the Transaction, Liberty Broadband will contribute an additional \$700 million in cash (for a total of \$5 billion, including the \$4.3 billion noted above) in exchange for shares of New Charter Class A common stock.²¹ As a result of its investments, Liberty Broadband will own approximately 18% to 19% of New Charter (with additional voting rights pursuant to a five-year irrevocable proxy, subject to certain exceptions, granted by Advance/Newhouse Partnership and a proxy granted by Liberty Interactive Corporation).²²

¹⁹ These partnership units consist of (i) exchangeable common units valued at approximately \$5.9 billion and (ii) convertible preferred units with a face amount of \$2.5 billion, which will pay a 6% coupon. The one share of Class B common stock held by Advance/Newhouse will be economically equivalent to Class A common stock but will initially possess a number of votes reflecting the voting power of the common units and the convertible preferred units held by Advance/Newhouse on an as-converted, as-exchanged basis.

²⁰ An "as-converted, as-exchanged basis" assumes that all of the partnership units held by Advance/Newhouse are converted into Class A common stock of New Charter.

²¹ The shares will be issued at a price per share of (i) if the mergers are consummated prior to the BHN portion of the Transaction, \$172.9963 divided by the Parent Merger Exchange Ratio, which is equal to approximately 3.66 million shares of New Charter Class A common stock, or (ii) if the mergers are not consummated prior to the completion of the BHN portion of the Transaction, \$172.9963, which is equal to approximately 4.05 million shares of Charter Class A Common Stock.

²² By virtue of its exchange of Time Warner Cable shares, Liberty Interactive Corporation will receive approximately 1.7% to 1.9% of New Charter stock. Liberty Interactive has entered into a proxy agreement with Liberty Broadband under which Liberty Broadband will vote Liberty Interactive's New Charter shares.

Upon completion of the Transaction, majority ownership—67% to 69%²³ on an as-converted, as-exchanged basis—of New Charter will be publicly held, and a majority of the 13-person board²⁴ will not be nominated by either Advance/Newhouse (which will nominate two board members at closing) or Liberty Broadband (which will nominate three board members at closing). Tom Rutledge, Charter's President and CEO, will hold a board seat and will be offered the position of Chairman and CEO of New Charter. New Charter will be the third-largest MVPD behind AT&T-DirecTV and Comcast, assuming the AT&T-DirecTV merger is consummated. New Charter will own and/or manage systems serving approximately 19.4 million broadband customers, 17.3 million video customers, and 9.4 million voice customers across 41 states.

Upon completion of the Transaction, Charter Fiberlink, TWCIS, and Bright House California will each be indirect subsidiaries of New Charter.²⁵ Accordingly, this Joint Application does not seek approval of the transfer of customers or for any changes in regulated rates, terms, or conditions of service. The change in indirect ownership of TWCIS and Bright House California will be seamless to California customers, and the *pro forma* change of control of Charter Fiberlink will not change actual control of the company. As noted, after the Transaction is complete, if New Charter wishes to make additional changes that require regulatory approval, such as changes to rates, terms, or conditions of regulated voice services, or transfers of regulated customers, New Charter, through its regulated affiliates, will comply with all applicable California filing and notice requirements associated with such changes.

²³ These percentages are based on stock outstanding as of June 10, 2015.

²⁴ The board of New Charter will increase in size from Charter's current 11-person board.

²⁵ Attached as Exhibit H are pre- and post-organizational charts to assist the Commission in understanding the above description of the Transaction.

VI. STANDARD OF REVIEW

The transfer of ultimate control of TWCIS and Bright House California as described herein should be reviewed and approved under PU Code Section 854(a), which requires Commission authorization before parties consummate any transaction that results in the merger, acquisition, or direct or indirect change in control of a public utility. The primary standard used by the Commission to determine if a transaction should be approved under Section 854(a) is whether the transfers would be adverse to the public interest.²⁶ Section 854(b) on its face has no applicability to the Transaction, because none of the *utilities* at issue in this Joint Application has gross annual California revenues exceeding \$500 million.²⁷ For this reason,²⁸ and because the Commission has “significant flexibility” under section 853, the Commission should review and approve the Transaction without applying Section 854(c);²⁹ indeed, the Commission has consistently exempted mergers such as this one where the utilities at issue are non-dominant

²⁶ See, e.g., *In re Joint Applications of Wild Goose Storage, et al. for Review Under Public Utilities Code Section 854 of the Transfer of Control of Wild Goose Storage from EnCana Corporation to Nisaka Gas Storage, US, LLC and for Approval of Financing Under Public Utilities Code Section 851* (“*In re Wild Goose*”), D.07-03-047, at 4 (Cal. Pub. Utils. Comm’n Mar. 15, 2007) (“[T]he primary question to be determined in a transfer of control proceeding under section 854(a) is whether the proposed transfer will be adverse to the public interest.” (paragraph structure and citation omitted)); *In re Joint Applications of MCI Commc’ns Corp. (MCIC) & British Telecomms.plc (BT) for All Approvals Required for the Change in Control of MCIC’s California Certified Subsidiaries that Will Occur Indirectly as a Result of the Merger of MCIC and BT*, D.97-07-060, 1997 Cal. PUC Lexis 557 (Cal. Pub. Utils. Comm’n July 16, 1997).

²⁷ TWCIS’s 2014 revenues were well under \$500 million, and it is anticipated that they will be below \$500 million in 2015 as well. The same is true of Charter Fiberlink and Bright House California. See Exhibit F (filed under seal).

²⁸ See, e.g., *In re Joint Application of California Public Electric Co. et al. for Expedited Approval of Indirect Transfer of Control of California Pacific Electric Company, LLC (U-933-E) Pursuant to California Public Utilities Code Section 854(a)* (“*In re California Public Electric*”), D.12-06-005, at 10 n.5 (Cal. Pub. Utils. Comm’n June 12, 2012); *In re Joint Applications of SBC Commc’ns, Inc. and AT&T Corp. for Authorization To Transfer Control of AT&T’s Communications of California (U-5002-C), TCG Los Angeles, Inc. (U-5462-C), TCG San Diego (U-5389-C), and TCG San Francisco (U-5454-C) to SBC, Which Will Occur Indirectly as AT&T’s Merger with a Wholly Owned Subsidiary of SBC, Tau Merger Sub Corporation* (“*In re AT&T*”), D.05-11-028, at 11 (Cal. Pub. Utils. Comm’n Nov. 22, 2005).

²⁹ See, e.g., *In re AT&T*, D.05-11-028, at 19-20 & nn.25-26.

and/or CLECs from review under section 854(b) and (c), where the utilities were not subject to traditional cost of service regulation; where there is competition; and where the merger would benefit California consumers.³⁰ To the extent the Commission reviews the transaction under Section 854(c), it would consider if the Transaction is, on balance, in the public interest, based on the following factors:

- (1) The financial condition of the resulting public utility;
- (2) The quality of service to public utility ratepayers;
- (3) The quality of management of the resulting public utility;
- (4) The treatment of public utility employees—including both union and non-union employees;
- (5) The treatment of the majority of all affected public utility shareholders;
- (6) The benefits on an overall basis to the California and local economies, and to the communities in the areas served by the resulting public utility;
- (7) The effects of the Transaction on the jurisdiction of the Commission; and
- (8) Any mitigation measures to prevent adverse consequences.

But the Commission may also consider these factors as part of its Section 854(a) analysis; it need not separately review the Transaction under Section 854(c).³¹

Finally, the Reorganization will result in a *pro forma* transfer of control of Charter Fiberlink to New Charter. As explained above, an existing holding company subsidiary in the Charter organizational structure will convert into a C corporation and, through a series of steps, become the ultimate corporate parent of the combined company—including Charter Fiberlink. The transfer of control of Charter Fiberlink does not require review under Section 854, because “the change in legal control . . . is not a change in actual control.”³² This is so because the

³⁰ See, e.g., *id.* at 20-23 n.26.

³¹ See *In re Qwest Commc'ns Corp., LCI Int'l Telecom Corp., USLD Commc'ns, Inc., Phoenix Network, Inc. and US West Long Distance Inc., and U West Interprise America, Inc.*, D.00-06-079, at 13, 15 (Cal. Pub. Utils Comm'n June 22, 2000).

³² See *In re Application of PG&E Co. (U-39-M) for Authorization To Implement a Plan of Reorganization Which Will Result in a Holding Company Structure*, D.96-11-017, 1996 Cal. PUC LEXIS 1141, at *7 (Cal. Pub. Utils. Comm'n 1996) (quoting interim decision); see also *PG&E Corp. v. Pub. Utils. Comm'n*, 118 Cal. App. 4th 1174, 1186-88 & n.11 (2004).

Reorganization will not result in a change of *de facto* control.³³ The transfer of control of Charter Fiberlink is also depicted in the organization charts attached as Exhibit H.

VII. THE PROPOSED TRANSACTION IS IN THE PUBLIC INTEREST UNDER 854.³⁴

A. The Transaction Is in the Public Interest Under Section 854(a).

As noted, the primary standard used by the Commission to determine whether to approve a transaction such as this one under Section 854(a) is whether the transaction will be “adverse to the public interest.” Here, far from being adverse to the public interest, the Transaction will generate substantial public interest benefits, with no countervailing considerations. As explained below, Joint Applicants expect that the Transaction will yield significant synergy savings, which would be spread across a variety of platforms and services, resulting in increased investment and improved and expanded voice and enterprise services, as well as other services, across California, while not resulting in any adverse effects on competition.

1. Improved Voice Service

The Transaction will promote the deployment of advanced voice services and enhance competition in the voice marketplace.³⁵ Approval of the Transaction will provide customers in California with a more robust competitor, leading to better service and value.³⁶ The increased

³³ See *Supra* Part V.A. See also *In re Application of PG&E Co.*, D.96-11-107, 1996 Cal. PUC LEXIS 1141, at *7; see also *PG&E Corp.*, 118 Cal. App. 4th at 1186-88 & n.11.

³⁴ Although some of the benefits of the Transaction pertain to areas beyond the scope of this Joint Application, a comprehensive discussion of the public interest benefits of the Transaction across the entirety of New Charter’s proposed footprint may be found in the Public Interest Statement filed with the FCC on June 25, 2015, which is available at <https://transition.fcc.gov/transaction/charter-twc-bhn/charter-twc-bhn-public-interest.pdf>.

³⁵ As noted, although Bright House California does not provide direct end-use voice services, it enables an affiliate to do so, including by providing connectivity to the public switched network and access to local telephone numbers.

³⁶ For example, the FCC typically considers cable VoIP providers and Incumbent Local Exchange Carriers (“ILECs”) to operate in the same voice telephony market segment. See, e.g., Applications Filed

scale of the merged company will enable it to more effectively make significant fixed-cost investments by spreading those investments over a larger customer base. This scale will also better enable the merged company to invest in and attract a top-tier research and development team, to build facilities for state-of-the-art technological testing and experimentation, and to play an important role in developing proposed standards for standard-setting bodies. Each of these benefits of increased scale will enable New Charter to serve customers with its own technological innovations, as opposed to relying on purchasing whatever the largest players in the industry develop.

Charter, TWC, and BHN are recognized as premier voice service experts with advanced systems. The Transaction will allow the companies to integrate the best features of their respective voice offerings, resulting in improved service for residential and business customers. By combining these companies' voice expertise and advanced services, New Charter will be able to offer the best service and products available, with significant synergistic advantages that will ensure New Charter continues to develop the best new technology well into the future.

Charter will also continue its proud tradition of implementing consumer-friendly policies for its voice services. For example, TWC and BHN voice customers will be able to retain their current phone numbers after the Transaction. New Charter will also extend Charter's policy of not imposing early termination fees or requiring customers to sign long term contracts to all customers of the merged entities.

Finally, while there are strong indications that the Transaction will enhance competition in California, there is no countervailing adverse impact to competition. Within the residential

for Transfer of Control of Insight Commc'ns Co. to Time Warner Cable Inc., Memorandum Opinion and Order, 27 FCC Rcd 497, 504-05, ¶ 17 (2012).

voice market, competitors include traditional providers of phone service such as ILECs (e.g., AT&T, Verizon, and Frontier) and other CLECs, providers of fixed and nomadic VoIP services (including Vonage and many others), and wireless providers, and the strong trend in telephony continues to be toward wireless substitution of fixed telephone lines. Other providers of high-capacity business and wireless backhaul services include the ILECs as well as large CLECs. Therefore, upon consummation of the Transaction, residential and business customers will continue to have numerous competitive alternatives for telephone service and high-capacity business services.

2. Improved Enterprise Services

The Transaction will enable New Charter to serve more communities within particular regions, including in California. The combination of New Charter's greater geographic reach and more rationalized footprint following the Transaction will position New Charter to better compete for enterprise customers, and thus improve competition in that sector.

The market for enterprise services is currently led by national players such as Level 3, AT&T, Verizon, and CenturyLink. These companies are thriving because a provider typically must have a broad regional footprint without significant gaps in coverage areas to serve large enterprises with multiple sites across given geographic regions effectively. Customers typically prefer a single network, with a single set of technical standards and a single point of contact for customer support—benefits that Charter, TWC, and BHN operating as independent companies cannot provide to many multi-location—when some of the locations are out of footprint—and regional businesses. Because the Transaction will increase the size and density of New Charter's footprint, the business case for advanced services will be easier to make. In turn, enterprise customers in New Charter's territories, including Charter's, TWC's, and BHN's respective

current footprints in California, will benefit from access to those advanced services. The Transaction will allow New Charter to increase competition for enterprise customers across a broad footprint, and within its denser market areas. It will also facilitate increased investment in enterprise capabilities, including investment to bring more locations on network and to develop and deploy the advanced platforms needed to manage vast amounts of data.

3. Improved Broadband Service³⁷

New Charter will continue Charter's pursuit of its existing strategy to increase the reach, speed, reliability, and consumer-friendliness of broadband offerings, and New Charter will be better equipped to compete with telco and wireless broadband providers in the expanding high-speed broadband marketplace.

Charter's investments over the past 3.5 years have enabled it, within its present footprint, to offer download speeds of 60 or 100 Mbps as the minimum speeds it sells in almost all service areas. Charter's track record of investment in broadband speed increases includes the deployment of DOCSIS 3.0, which at least quadrupled the number of channels available for downstream transmission over its network. Under Charter's leadership team, New Charter will soon bring base speed tiers from 15 Mbps to Charter's current standard minimum of 60 or 100 Mbps at uniform pricing in TWC and BHN territories, including in California.³⁸

³⁷ As noted, some of the topics described herein pertain to subjects beyond the scope of the Joint Application or the Commission's jurisdiction, and are included only to provide a more complete view of the benefits of the broader Transaction that will give rise to the transfer of control of the regulated entities operating in California. *See supra* note 4.

³⁸ A small portion (less than 1%) of New Charter that is not interconnected to the New Charter network may be offered at lower speeds.

TWC and BHN consumers in California will be further served by the rollout of Charter's customer-friendly contracting practices.³⁹ These practices are notable for what they do not involve. Unlike the practices of many providers, there are no data caps or usage-based billing. There are no contracts with early termination fees. A residential consumer who subscribes to New Charter broadband service will be able to use *any* Internet application and visit *any* Internet service without having to worry about budgeting within an artificial framework. Charter has proactively invested in its network to maintain a robust experience for consumers. New Charter will continue to ensure that broadband customers receive high-quality service no matter how data-intensive their consumption choices are. New Charter's ability to do so will be complemented by the continued expansion of TWC's highly advanced 300 Mbps service offering in certain cities like Los Angeles—an initiative New Charter will continue as these markets go all-digital.⁴⁰

4. Good Corporate Citizenship

New Charter will also preserve and expand programs across all of Charter, TWC, and BHN that establish their strong corporate citizenship. First, and critically, New Charter will recognize the vital importance of promoting diversity and inclusion strongly rooted in the communities it serves. TWC has recognized best practices with respect to diversity and inclusion for employees, suppliers, and corporate governance, and New Charter will incorporate and build upon these. New Charter also will significantly build upon and enrich BHN's

³⁹ As noted, New Charter, through its regulated affiliates, will comply with any applicable California filing and notice requirements associated with such changes.

⁴⁰ New Charter will further increase competition in its services by making wireless a larger piece of its broadband strategy. To do so, it will build on the progress of TWC and BHN in establishing widespread, consumer-friendly, out-of-home WiFi networks. This will enable New Charter to better meet the competitive challenge of wireless broadband—a challenge the companies perceive to be among their most significant going forward.

broadband program for low-income customers by making a broadband offering available with higher speeds and expanded eligibility while continuing to offer the service at a significant discount, and will make the offer available across the New Charter footprint, including Charter's and TWC's current California footprints that do not currently have access to such a program.⁴¹ In addition, Charter is committed to increasing its customer care capacity, and New Charter will do so through investment and in-sourced jobs in the United States. New Charter will bring overseas TWC jobs back to the United States by hiring and training thousands of new employees for its customer service call centers and field technician operations. New Charter will bring many if not most of these jobs in-house, where it will provide significant training, benefits, and opportunities for advancement, adding to the skill level and economic fabric of local communities, while developing its own high-skilled, well-paid workforce devoted to delivering improved customer service in California and across the country.

5. No Change for Customers

Because TWCIS will continue to provide retail voice services to its current customers and Bright House California and Charter Fiberlink will each continue to provide telecommunications inputs to their respective unregulated affiliates, the proposed transfers of control will be seamless to customers. The Joint Application does not request approval of the transfer of customers, any changes in rates, terms, or conditions of service, or the assignment or discontinuance of any certificates.⁴²

6. No Horizontal Concerns

⁴¹ See *supra* note 4.

⁴² As noted previously, if after closing this Transaction, New Charter wishes to make changes that require regulatory approval, New Charter, through its regulated affiliates, will follow applicable California filing and notice requirements associated with such changes.

Because Charter, TWC, and BHN serve distinct geographic areas, a combination of these companies would not reduce competition. Here, the Applicants do not compete in the same geographic markets. Indeed, in California, significantly fewer than 1% of the census blocks that make up New Charter's footprint contain customers of more than one of Charter, TWC, and BHN, and, as noted *supra*, even in those census blocks, each Applicant that is present likely serves different portions of the census block. Moreover, any analysis of potential harms from the Transaction must account for the fact that the relevant industries are competitive and dynamic. As noted, residential and business customers will continue to have numerous alternatives for telephone service, high-capacity business services, and wireless backhaul in California. The Transaction will not result in the combined company holding a dominant share of the market in California for any of these services.

B. The Transaction Is in the Public Interest Under Section 854(c).

For reasons discussed above, the Commission should review and approve the Transaction without applying the factors set forth in PU Code Section 854(c), by finding that Section 854(c) has no application or by waiving application.⁴³ But to the extent the Commission elects either independently to apply Section 854(c) or to consider those factors as part of a Section 854(a) analysis, they too support approval of the Transaction.

1. Financial Conditions

As shown in the financial documents provided in Exhibit D, Charter is currently in strong financial condition. By combining Charter's business strategy of investing in and offering high-quality services at competitive prices, TWC's operating momentum, and BHN's strong

⁴³ See *supra* notes 28-30 and surrounding text.

reputation for customer care in growing, highly competitive service areas, the Transaction will deliver benefits to consumers and businesses in California and throughout the rest of the country.

As described above, Charter currently serves over 5.8 million residential customers and has 386,000 commercial relationships. After the Transaction, New Charter will serve more subscribers, generate more revenue, and earn more EBITDA, strengthening its financial and technical qualifications. Nationwide, voice subscribers will increase from 2.6 million to 9.4 million; broadband subscribers will increase from 5.1 million to 19.4 million; and video subscribers will increase from 4.3 million to 17.3 million. Pro forma revenue will rise from \$9.1 billion to \$35.7 billion. And pro forma adjusted EBITDA will go from \$3.2 billion to \$12.9 billion.

2. Quality of Service

As noted, New Charter will take advantage of the best practices of Charter, TWC, and BHN to the benefit of consumers and businesses in California. Indeed, New Charter will draw on Charter's, TWC's, and BHN's experience in an array of communications and broadband services, including local and long distance voice, data WAN, broadband data and video, as well as other service offerings. And New Charter will benefit from the three entities' experience as service providers, including their long-established relationships with peers, partners, suppliers, regulators, and customers.

3. Quality of Management

New Charter will be managed by a team of experienced officers, all of whom will be intensely focused on innovation, competition, customer service, and service quality, and all of whom are familiar with California and the provision of service in the State. Charter's management team is considered among the best in the industry. The *New York Times* recently

said that Charter's CEO Tom Rutledge has "a reputation for being one of the best operators in the industry,"⁴⁴ and, in 2014, Multichannel News named Charter "Operator of the Year."⁴⁵ New Charter will utilize Charter's, TWC's and BHN's significant managerial capability and experience as top-tier communications service providers, which will benefit TWCIS's and Bright House California's customers.

4. Utility Employees

Charter has not yet begun the transition efforts, because the Transaction requires approval from this Commission, the FCC, and other regulatory agencies and local governments. Joint Applicants are therefore unable to make representations about the impacts of the Transaction on specific employees. But Joint Applicants expect that New Charter will create more United States jobs as a result of the Transaction. Charter has grown by 7,000 employees since 2012, and, as previously stated, expects to bring TWC jobs back to the United States, adding thousands of jobs to the American economy. New Charter will bring many if not most of these jobs in-house, where it will provide significant training, benefits, and opportunities for advancement, adding to the skill level and economic fabric of local communities, while developing its own high-skilled, well-paid workforce devoted to delivering improved customer service in California and across the country.

New Charter will also build on each individual company's commitments to good corporate citizenship, including by expanding TWC's commitment to diversity and inclusion.

⁴⁴ See *For Charter Communications Chief, Time Warner Cable Is a Long-Sought Prize*, N.Y. Times, May 31, 2015, available at <http://www.nytimes.com/2015/06/01/business/media/capturing-a-prize-in-cable.html>.

⁴⁵ See *Multichannel News Names Charter "Operator of the Year,"* Multichannel News (Sept. 3, 2014), available at <http://www.multichannel.com/news/marketing/multichannel-news-names-charter-operator-year/383513>.

Joint Applicants further certify that all Charter, TWCIS, and Bright House California employees will be treated fairly during the integration process.

5. Utility Shareholders

The public utilities at issue, Charter Fiberlink, TWCIS, and Bright House California, are each wholly owned subsidiaries and do not have traditional shareholders; accordingly, this factor is not relevant to the Commission's analysis. But as explained more fully above, legacy TWC shareholders will be entitled to receive for each share of TWC stock, either (a) a combination of \$100 per share and approximately 0.4891 shares of TWC stock, or (b) a combination of \$115 per share and approximately 0.4125 shares of TWC stock, and current Charter shareholders will receive 0.9042 shares of New Charter for each share of the current Charter stock. This is fair compensation based on current and recent performance.

6. State and Local Economic Benefits

As explained in greater detail in the immediately preceding section, the Transaction will generate substantial pro-consumer and pro-competitive benefits including accelerated deployment of existing and new innovative products and services for millions of customers, including existing Charter, TWC, and BHN customers in California.

7. Jurisdiction of the Commission

The Transaction, if approved, will have no effect on the Commission's jurisdiction. Charter Fiberlink, TWCIS, and Bright House California will continue to operate in accordance with the CPCNs issued to them by the Commission, and will continue to be subject to regulation under the PU Code and the Commission's rules and regulations. Furthermore, as noted, if New Charter elects to make any changes in its regulated services or rates, terms, and conditions, New

Charter, through its regulated affiliates, will follow applicable California filing and notice requirements associated with such changes.

VIII. CEQA COMPLIANCE

The California Environmental Quality Act (“CEQA”) applies only to “[p]rojects,” which are defined as any “activity which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.”⁴⁶ In contrast, CEQA does not apply where the “activity will not result in a direct or reasonably foreseeable indirect physical change in the environment.”⁴⁷ The CEQA Guidelines provide for an exemption “[w]here it can be seen with certainty that there is no possibility that the [proposed] activity in question may have a significant effect on the environment.”⁴⁸ The instant Transaction is not a request to construct or move any physical telecommunications facilities, but rather involves only the transfer of control through the acquisition of equity interests, and the Commission has concluded on numerous occasions that such transfers do not require CEQA review, because there is no possibility that granting approval to such transfers would have an adverse environmental effect.⁴⁹ The Commission should therefore conclude that the Transaction does not require CEQA review. Accordingly, pursuant to Rule 2.5 of the Commission’s Rules, Joint Applicants request a determination that the Transaction is not a “project” for purposes of CEQA.

IX. ADDITIONAL INFORMATION

A. Customer Transfer Notification

⁴⁶ Cal. Pub. Res. Code § 21065.

⁴⁷ Cal. Code Regs. tit. 14 § 15060(c)(2) (CEQA Guidelines).

⁴⁸ *Id.* § 15061(b)(3).

⁴⁹ *See, e.g., In re California Public Electric*, D.12-06-005 at 14.

Following the Transaction, each of Charter Fiberlink, TWCIS, and Bright House California will continue to offer existing services to their respective customers under existing rates, terms, and conditions, and there are no planned transfers of customers among these utilities. Therefore, no notice of transfer is required. New Charter, through its regulated affiliates, will continue to comply with all applicable customer notice requirements as noted above.

B. Certification Per D.13-05-035

The transfers of control described in this Joint Application will not result in the transfer of any CPCN or constitute new entry into the California market, because the operating utilities all have existing CPCNs and the involved parties are parents of those utilities.⁵⁰ Joint Applicants therefore submit that the Commission's Certification requirements adopted in D.13-05-035 do not apply to the instant Transaction and Reorganization.

Out of an abundance of caution, however, Charter, as the acquiring company, is providing a modified Certification that is required under Ordering Paragraph 18 D.13-05-35 where a CPCN is being transferred or new entry is occurring. But given the size of Charter, its numerous affiliates and the large number of employees who might be deemed to be acting in a "management capacity," it would be unreasonably burdensome for Charter to make the broad certification provided for in D.13-05-035. Instead, Charter has used its best efforts to provide below a certification that is focused on applicant Charter and its regulated California utility, Charter Fiberlink (U6878C). Charter has also made inquiry into Liberty Broadband, which, as noted, will own more than 10% of New Charter following the Transaction. This certification is

⁵⁰ As noted, following the Reorganization and Transaction, a current subsidiary of Charter will replace Charter as the ultimate parent corporation. With respect to Charter Fiberlink, this change in the ultimate corporate parent is purely *pro forma*, because it will not result in any change in actual control.

provided based on a reasonable investigation, is made to the best of the company's knowledge and is verified by the attached Charter verification.

1. Charter Communications, Inc. has (a) filed for bankruptcy;⁵¹ but has not (b) been convicted of a felony; (c) been (to its knowledge) the subject of a criminal referral by judge or public agency; or (d) had a telecommunications license or operating authority denied, suspended, revoked, or limited in any jurisdiction. Charter's financial qualifications are discussed at greater length, *supra*.
2. Charter Communications, Inc. does not itself operate as a telecommunications company, but it holds numerous voice operating subsidiaries providing service in 27 states. Charter Communications, Inc. has not been sanctioned for violations of any state telecommunications statutes. While certain of Charter's voice affiliates may have been subject to minor regulatory sanctions for violations of telecommunications statutes or regulations since Charter began providing competitive voice services in 2002, none of its voice affiliates has been subject to any material regulatory sanction during that time. Additionally, no Charter voice affiliate has had a certificate or license to operate in a state revoked for violation of a telecommunications statute or regulation. Moreover, for the foreseeable future, Time Warner Cable Information Services (California), LLC and Bright House Networks Information Services (California), LLC will continue to operate in California as separate affiliates, fully compliant with California's statutes and regulations, as they have up to this point.
3. Charter Communications, Inc.'s public utility operating subsidiary in California, Charter Fiberlink (U6878C), has been the subject of informal complaint proceedings before this Commission alleging violations of the PU Code and/or the Commission Rules. Any decisions in these proceedings are known to the Commission.
4. *Documentation:* Charter Communications, Inc. is required to file annual and quarterly reports with the Securities and Exchange Commission. As required by applicable SEC rules, Charter Communications, Inc. discloses material legal proceedings in these reports. These filings also provide the Commission with information concerning the backgrounds of Charter Communications, Inc.'s current directors and officers and its financial statements.
5. Liberty Broadband currently has an ~25% ownership interest in Charter Communications, Inc., and, following the Transaction and Reorganization, will have an ~19-20% ownership interest and ~25% voting interest pursuant to a five-year irrevocable proxy, subject to certain exceptions, granted by Advance/Newhouse Partnership. But Liberty Broadband's minority interest does not and will not impact New Charter's day-to-day operations. Liberty Broadband has not, to Charter's knowledge, (a) filed for bankruptcy; (b) been convicted of a felony; (c) been (to its

⁵¹ On March 27, 2009, Charter filed for a pre-arranged Chapter 11 bankruptcy as part of a financial restructuring. Charter emerged from bankruptcy in November 2009.

knowledge) the subject of a criminal referral by judge or public agency; or (d) had a telecommunications license or operating authority denied, suspended, revoked, or limited in any jurisdiction.

Additionally, out of an abundance of caution, TWCIS and Bright House California are providing the compliance certification required under Ordering Paragraph 14 of D.13-05-035, although neither is transferring its CPCN or otherwise exiting the market. This certification is provided based on a reasonable investigation, is made to the best of the companies' knowledge and is verified by the attached verifications. Specifically:

TWCIS verifies that it is in compliance with all Commission reporting, fee, and surcharge transmittals. Bright House California similarly verifies that it is in compliance with all Commission reporting, fee, and surcharge transmittals.

C. Request for Expedited Approval

The Reorganization and Transaction should have no adverse effect on any California customers. As demonstrated above, the authority requested under Section 854 will not change the manner in which Charter Fiberlink, TWCIS, or Bright House California will provide service to their customers. Nor will the authority requested change the rates paid by these customers or the terms and conditions of their service. Accordingly, Joint Applicants respectfully submit that the information presented in this Joint Application is sufficient to permit the Commission to rule on the Transaction, and that this matter is appropriate for expedited approval.

D. Procedural Requirements

1. Rule 2.1(c) Categorization and Determination of the Need for Hearings

Joint Applicants propose that this proceeding be categorized as ratesetting consistent with Rule 7.1(e)(2), Rule 1.3(e), and Commission precedent. Hearings are unnecessary in this proceeding, and the information included in this Joint Application enables the Commission to

“reach findings on all issues that California statutes require the Commission to address” when evaluating an application under Section 854.⁵² Joint Applicants accordingly request that the Commission evaluate their request based on this submission without conducting an evidentiary hearing. Such an approach is consistent with the process used by the Commission in other CLEC/NDIEC transfer of control applications.⁵³

2. Proposed Schedule

July 2, 2015	Applications Filed
July 6, 2015	Notice of Application of Filing Appears on Commission’s Daily Calendar
August 6, 2015	Period for Submission of Protest Expires
August 17, 2015	Reply to Protests (if any)
August 31, 2015	Prehearing Conference (if necessary)
September 4, 2015	Scoping Memo Issued
October 2, 2015	Proposed Decision (“PD”) Issued
October 23, 2015	Comments on PD ⁵⁴
October 30, 2015	Reply Comments on PD

⁵² See *In re Application of Comcast Business Commc’ns, Inc. for Approval of the Change of Control of Comcast Business Commc’ns, Inc.*, D.02-11-025, at 36 (Cal. Pub. Utils. Comm’n Nov. 7, 2002).

⁵³ See, e.g., *In re Joint Application of Verizon Commc’ns, Inc. and MCI, Inc. To Transfer Control of MCI’s California Utility Subsidiaries to Verizon, Which Will Occur Indirectly as a Result of Verizon’s Acquisition of MCI*, D.05-11-029 (Cal. Pub. Utils. Comm’n Nov. 18, 2005).

⁵⁴ If no protests are filed and the Commission grants the relief requested, Joint Applicants request that the Commission waive the comment period on a proposed decision in this proceeding as an uncontested matter under Commission Rule 14.6(c)(2).

December 3, 2015	Decision Adopted
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3. Rule 2.1(c) Determination of Issues To Be Considered

Joint Applicants respectfully submit that the only issue to be considered is whether the indirect transfer of control of TWCIS and Bright House California as described herein is in the public interest consistent with PU Code Section 854(a).

4. Compliance with Procedural Requirements

This Section cross-references compliance with the Rules applicable to this Joint

Application:

Rule	Requirement	Section/Exhibit
2.1(a)	Legal Name and Address	II
2.1(b)	Person To Receive Notice	III
2.1(c)	Categorization/Hearing/Proposed Schedule	IX.C, D
2.2	Formation Agreements and California Qualifications	Exhibits A, B, C
2.4	CEQA	VII
3.6(a)	Character of Business	II
3.6(b)	Description of Property	II

3.6(c)	Reasons for Transaction	VII
3.6(d)	Terms of Transaction	VII
3.6(e)	Financial Information	Exhibits D, E, F (Filed under seal)
3.6(f)	Transaction Documents	Exhibit G

X. Conclusion

For the reasons stated above, Joint Applicants submit that the public interest, convenience, and necessity will be furthered by approval of this Joint Application and respectfully request expedited approval to permit Joint Applicants to consummate Transaction in a timely manner.

Respectfully submitted this 2nd day of July, 2015.

_____/s/
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Attorneys for Advance/Newhouse
Partnership; Bright House Networks, LLC;
and Bright House Networks Information
Services (California), LLC

SIGNATURE AND VERIFICATION

I, Adam Falk, hereby declare that I am the Senior Vice President, State Government Affairs, of Charter Communications, Inc. and am authorized to sign the foregoing Joint Application and make this verification on behalf of Charter Communications, Inc. and Charter Fiberlink CA-CCO, LLC. I have read the foregoing Joint Application; and the information set forth therein is true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 2 day of July 2015, at Washington D.C.



Adam Falk
Senior Vice President, State Government Affairs
Charter Communications, Inc.



SIGNATURE AND VERIFICATION

I, Michael Quinn, hereby declare that I am the Group Vice President and Chief Regulatory Counsel, Time Warner Cable Inc. and Time Warner Cable Information Services (CA), LLC, and am authorized to sign the foregoing Application and make this verification on behalf of both of them. I have read the foregoing Application; and the information set forth therein is true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 1st day of July 2015, at 5:15 pm

Michael W. Quinn

Michael Quinn
Group Vice President & Chief Regulatory Counsel
Time Warner Cable Inc.

Commonwealth of Virginia
City/County of Fairfax

Sworn to and subscribed before me on
the 1st day of July, 2015

Georgette Odessa Coleman
Notary Public's Signature



SIGNATURE AND VERIFICATION

I, Steven A. Miron, hereby declare that I am the Chief Executive Officer of Bright House Networks, LLC, and the Chief Executive Officer of A/NPC Holdings LLC, which is the managing partner of Advance/Newhouse Partnership, and I am authorized to sign the foregoing Joint Application and make this verification on behalf of Advance/Newhouse Partnership, Bright House Networks, LLC, and Bright House Information Services (CA), LLC. I have read the foregoing Joint Application; and the information set forth therein is true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 1st day of July, 2015.

A handwritten signature in black ink, appearing to read "Steven A. Miron", written over a horizontal line.

Steven A. Miron
CEO, A/NPC Holdings, LLC (managing partner of Advance/Newhouse Partnership)
CEO, Bright House Networks, LLC

LIST OF EXHIBITS

- A. Certificates of Formation of Charter Communications, Inc., Time Warner Cable Inc., Advance/Newhouse Partnership, and Bright House Networks, LLC**
- B. Certificates of Formation of Charter Fiberlink CA-CCO, LLC, Time Warner Cable Information Services (CA), LLC, and Bright House Networks Information Services (California), LLC**
- C. Certificates of Status**
- D. Form 10-K, Annual Report of Charter Communications, Inc. and 10-Q, Quarterly Report of Charter Communications, Inc.**
- E. Form 10-K, Annual Report of Time Warner Cable Inc. and 10-Q, Quarterly Report of Time Warner Cable Inc.**
- F. Additional Financial Information—Confidential, Filed Under Seal**
- G. Agreement and Plan of Mergers**
- H. Pre- and Post-Transaction Structure**