



# Public Service Commission

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John B. Rhodes, Chair

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## PSC Rescinds Charter Merger Approval

### — PSC Takes Swift Action to Address Persistent Non-Compliance and Failure to Live Up to Promises; Seeks Financial Penalties for Charter's Past Failures —

**ALBANY** — The New York State Public Service Commission (Commission) today revoked its approval of the 2016 merger agreement between Charter Communications, Inc. and Time Warner Cable, Inc. because Charter, doing business as Spectrum, has — through word and deed — made clear that it has no intention of providing the public benefits upon which the Commission's earlier approval was conditioned. In addition, the Commission directed Commission counsel to bring an enforcement action in State Supreme Court to seek additional penalties for Charter's past failures and ongoing non-compliance. That enforcement action will be filed today in State Supreme Court in Albany.

With its decision, the Commission determined that Charter failed to deliver the benefits to New Yorkers that were at the core of the merger approval. The various instances of misconduct include:

- The company's repeated failures to meet deadlines;
- Charter's attempts to skirt obligations to serve rural communities;
- Unsafe practices in the field;
- Its failure to fully commit to its obligations under the 2016 merger agreement; and
- The company's purposeful obfuscation of its performance and compliance obligations to the Commission and its customers.

These recurring failures led the Commission to the broader conclusion that the company was not interested in being a good corporate citizen and that the Commission could no longer in good faith and conscience allow it to operate in New York. Today's actions are meant to address Charter's failings and to ensure New York has a partner interested in the public good, not just lining its pockets.

"Charter's repeated failures to serve New Yorkers and honor its commitments are well documented and are only getting worse. After more than a year of administrative enforcement efforts to bring Charter into compliance with the Commission's merger order, the time has come for stronger actions to protect New Yorkers and the public interest," **said Commission Chair John B. Rhodes.** "Charter's non-compliance and brazenly disrespectful behavior toward New York State and its customers necessitates the actions taken today seeking court-ordered penalties for its failures, and revoking the Charter merger approval."

On Jan. 8, 2016, the Commission approved Charter's acquisition of Time Warner. To obtain approval, Charter agreed to a number of conditions required by the Commission to advance the public interest, 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 its network to pass an additional 145,000 un-served or under-served homes and businesses in the State's less densely populated areas within four years of the closing of the transaction.

In approving the transaction, the Commission stated that the merger must yield positive net benefits, after balancing the expected benefits properly attributable to the transaction offset by any risks or detriments that would remain after applying reasonable mitigation measures. Since that time, however, not only has Charter's performance been wholly deficient and its behavior before the Commission contrary to the laws of New York State and regulations of the Commission, but it has also repeatedly claimed not to be bound by the terms of the Commission's approval. Such egregious conduct cannot be condoned and the only reasonable remedy that remains is for the Commission to revoke the 2016 merger approval and order Charter to plan for an orderly transition to a successor provider(s) to serve its New York State customers.

Since the merger, Charter has repeatedly failed to meet its commitments to the State, including its obligation to timely extend its high-speed broadband network to 145,000 unserved and underserved homes and businesses in less densely populated areas of the State. As a result of Charter's adamant refusal to abide by the conditions of the merger approval, the Commission ordered Charter to develop a transition plan. To ensure that Charter's customers are not negatively affected during that process, the Commission further ordered the company to maintain service to the company's more than 2 million customers in New York until an orderly transition occurs.

By its own admission, Charter has failed to meet its commitment to expand its service network that was specifically called for as part of the Commission's decision to approve the merger between Charter and Time Warner Cable. Its failure to meet its June 18, 2018 target by more than 40 percent is only the most recent example. Rather than accept responsibility Charter has tried to pass the blame for its failure on other companies, such as utility pole owners, which have processed tens of thousands of pole applications submitted by Charter.

The Commission rejected Charter's "good cause" claims as part of the orders issued today. Consequently, the Commission directed that Charter pay \$1 million to the State Treasury for missing the June milestone, bringing the total amount of payments ordered by the Commission to \$3 million, and directed the Commission's counsel to bring an enforcement action in State Supreme Court to seek additional penalties for Charter's past failures and on-going non-compliance.

Despite missing every network expansion target since the merger was approved in 2016, Charter has falsely claimed in advertisements it is exceeding its commitments to the State and is on track to deliver its network expansion. This led to the Commission's general counsel referring a false advertising claim to the Attorney General's office for enforcement.

Charter is ordered to file within 60 days a plan with the Commission to ensure an orderly transition to a successor provider(s). During the transition process, Charter must continue to comply with all local franchises it holds in New York State and all obligations under the Public Service Law and the Commission regulations. Charter must ensure no interruption in service is experienced by customers, and, in the event that Charter does not do so, the Commission will take further steps, including seeking injunctive relief in Supreme Court in order to protect New York consumers.

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.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at [www.dps.ny.gov](http://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. Commission documents may also be obtained from the Commission'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.