



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

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Joint Application of Comcast Corporation, Time Warner Cable, Inc., Time Warner Cable Information Services (California), LLC, and Bright House Networks Information Services (California), LLC for Expedited Approval of the Transfer of Control of Time Warner Cable Information Services (California), LLC (U-6874-C); and the Pro Forma Transfer of Control of Bright House Networks Information Services (California), LLC (U-6955-C), to Comcast Corporation Pursuant to California Public Utilities Code Section 854(a).	Application No.14-04-013
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RESPONSE OF DISH NETWORK L.L.C. TO JOINT APPLICATION

DISH Network L.L.C. (“DISH”) responds to the Joint Application which initiated this proceeding. In light of additional merger and acquisition activity involving Comcast that impacts California consumers, DISH believes that there is now not enough information available for the Commission to properly consider the Joint Application. Therefore, DISH specifically requests that the Commission wait at least 60 days to establish a procedural schedule to permit interested parties and the Commission to analyze the Application and the impact on it of more recent developments.

I. THE COMCAST-CHARTER TRANSACTION

On April 28, 2014, Comcast Corporation (“Comcast”) and Charter Communications (“Charter”) announced a \$20 billion transaction in which Comcast will divest about 1.4 million Time Warner customers to Charter with another 2.5 million customers being

spun off into a new cable company. Comcast and Charter announced that their deal is contingent upon completion of the principal transaction underlying the Application.¹

On May 1, 2014, Comcast and Charter informed the Federal Communications Commission (“FCC”) that they would soon file an application for approval of their transaction.² They asked the FCC to process the application “contemporaneously” with the Comcast-Time Warner application. On May 12, 2014, an article in an industry trade publication reports the FCC will fold the two transactions into a single docket.³

The Comcast and Charter filing with the FCC on May 1 revealed for the first time that Comcast would acquire Charter’s entire California operations, which when added to Time Warner’s operations in the state makes Comcast the sole major cable services provider in California.

The following summarizes both transactions:

Transaction I: The transaction subject to the Application is valued at about \$45 billion, and will result in Time Warner becoming a wholly owned subsidiary of Comcast. When Transaction I was announced and in its application for approval at the FCC, Comcast indicated that it would divest up to 3 million cable customers, many of whom receive telecommunications

¹ *Divestiture Transaction Fact Sheet*, downloaded April 28, 2014 at <http://corporate.comcast.com/news-information/news-feed/comcast-and-charter-reach-agreement-on-divestitures>.

² *In the Matter of Applications of Comcast Corp. and Time Warner Cable Inc. for Consent to Transfer Control of Licenses and Authorizations* (“FCC Application”), MB Docket No. 14-57, Letter from Kathryn A. Zachem of Comcast Corporation to Marlene Dortch, Secretary, FCC, April 30, 2014.

³ “FCC Will Combine Comcast/TWC, Charter Deals in Same Docket,” *Broadcasting and Cable*, May 12, 2014, <http://broadcastingcable.com/news/washington/fcc-will-combine-comcasttwc-charter-deals-same-docket/131085>

and broadband Internet products in addition to video services.⁴ Comcast and Time Warner did not announce at that time which customers would be divested.

Transaction II: The Comcast and Charter transaction is contingent on regulatory approval of Transaction I. According to the Divestiture Fact Sheet, the number of divested Time Warner subscribers has increased to 3.9 million. The Comcast-Charter divestiture transaction has three phases:

1. **Asset Sale.** Comcast will divest Time Warner Cable Systems serving approximately 1.4 million Time Warner Cable customers to Charter for cash. Charter will use debt to fund the purchase, leaving it with a 5 times debt to EBITDA leverage ratio at closing.
2. **Asset Transfer.** Comcast and Charter will trade about 1.4 million Time Warner Cable customers for 1.6 million Charter customers. Apparently the Charter customers traded to Comcast will include Charter's California customers, giving Comcast a large net gain in customers in California.
3. **Asset Spin-Off.** Comcast will form and spin off to its shareholders a new, independent, publicly traded company that will operate systems serving approximately 2.5 existing Comcast customers, of which none are California customers. Comcast shareholders, including the former Time Warner Cable shareholders, are expected to own 67 percent of the new company, while Charter is expected to directly own approximately 33 percent. This new company will incur leverage of about 5 times EBITDA.

Given the complexities of Transaction II, and its effects in particular in California, additional time is needed to fully analyze the implications of these two transactions. Therefore, DISH respectfully requests that the Commission hold the present proceeding in abeyance for at least 60 days or until Transaction II is filed at this Commission, and that the Commission then consolidate the two transactions into a single proceeding to permit coordinated evaluation of these complex and far-reaching transactions.

Dated: May 16, 2014

⁴ *FCC Application*, p. 6 (April 8, 2014)

Respectfully submitted,

/s/ Richard H. Levin

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