



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

FILED
1-08-16
04:59 PM

In the matter of 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 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).

A.15-07-009
(Filed July 2, 2015)

**MOTION OF CHARTER COMMUNICATIONS, INC. AND
CHARTER FIBERLINK CA-CCO, LLC (U6878C) TO
SUPPLEMENT THE OPENING TESTIMONY OF
ADAM FALK**

[PUBLIC VERSION]

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Dated: January 8, 2016

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Pursuant to Rules 11.1 and 13.8 of the Rules of Practice and Procedure of the California Public Utilities Commission (the “Commission”), Charter Communications, Inc. (“Charter”), on behalf of itself and its subsidiary Charter Fiberlink CA-CCO, LLC, respectfully request leave to supplement the opening testimony of Adam Falk, filed with the Commission on December 4, 2015. In his opening testimony, Mr. Falk noted that within six months after the transfers of control that are the subject of this proceeding—and which are part of a larger transaction (the “Transaction”) between Charter, Time Warner Cable Inc., and Advance/Newhouse Partnership and its subsidiary Bright House Networks—are effectuated, the

merged company (“New Charter”) will introduce a new low-cost broadband offering, enhancing the speed and expanding the eligibility of Bright House Networks’ Connect2Compete program. *See* Opening Testimony of Adam Falk at 21:3-15. Mr. Falk specifically testified, however, that at the time of his testimony “[t]he exact terms of the [offering], including speeds, eligibility and market roll-out ha[d] not yet been announced,” and further noted that he would “provide this information to the Commission once it is available.” *Id.* at 2:13-15.

Since that time, Charter has made additional decisions and new commitments regarding New Charter’s low-cost broadband offering, the details of which were not yet available, and therefore could not be provided to the Commission, at the time of Mr. Falk’s December 4, 2015 opening testimony. Charter seeks to furnish these details to the Commission as supplemental testimony from Mr. Falk; the proposed supplemental testimony is provided as Exhibit 1 to the instant Motion.

Charter continues to believe that retail broadband Internet access services are a subject for the Federal Communications Commission’s review of the larger Transaction, and not properly within the scope of review by the Commission. However, to the extent that the Commission considers such services within the scope of its review—and in light of the fact that Charter has received multiple requests from other parties about the details of its low-cost broadband offering—the proposed supplemental testimony regarding the recently formulated details of New Charter’s low-cost broadband offering is necessary to create a full record before the Commission. No party will be prejudiced by this supplement.

Respectfully submitted January 8, 2016 at San Francisco, California.

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3146/007/X178544.v1

EXHIBIT 1

**BEFORE THE PUBLIC UTILITIES COMMISSION
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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 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).

Application 15-07-009
(Filed July 2, 2015)

SUPPLEMENTAL TESTIMONY OF ADAM FALK

SENIOR VICE PRESIDENT FOR STATE GOVERNMENT AFFAIRS

CHARTER COMMUNICATIONS, INC.

ON BEHALF OF JOINT APPLICANTS

JANUARY 7, 2016

PUBLIC VERSION

1 Joint Application of Charter Communications, Inc.;
2 Charter Fiberlink CA-CCO, LLC (U6878C); Time
3 Warner Cable Inc.; Time Warner Cable Information
4 Services (California), LLC (U6874C);
5 Advance/Newhouse Partnership; Bright House
6 Networks, LLC; and Bright House Networks
7 Information Services (California), LLC (U6955C)
8 Pursuant to California Public Utilities Code Section 854
9 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
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12 **Q: In your opening testimony on December 4, 2015, you stated that New Charter would**
13 **introduce a low-income broadband service, and that you would provide additional information**
14 **about this offering once it was available. Do you now have more details on the service you can**
15 **provide?**
16

17 As I discussed in my December 4, 2015 testimony, within six months after the Transaction closes,
18 New Charter will introduce a new low-income broadband offering within its national service area, and
19 will make the offering available within three years of closing across New Charter's footprint.¹
20
21

22 ¹ The availability of the service will depend, in some places, on technical limitations in existing networks
23 including the availability of broadband services, and the completion of network upgrades that Charter has
24 already committed to making in those footprints within 30 months. *See Application of Charter*
25 *Communications, Inc., Time Warner Cable Inc., and Advance/Newhouse Partnership for Consent to the*
26 *Transfer of Control of Licenses and Authorizations*, Public Interest Statement at 3, MB Docket No. 15-
27 149 (July 25, 2015).
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PUBLIC VERSION

1 Charter continues to believe that retail broadband Internet access services are a subject for the
2 FCC's review of the larger Transaction, rather than the California PUC's review of the transfers of
3 control over the Joint Applicants' respective regulated California telecommunications affiliates.

4 However, to the extent that the Commission considers such benefits within the scope of its review,
5 Charter has made additional decisions and new commitments regarding New Charter's low-income
6 broadband offering that were not yet available at the time of my December 4, 2015 opening testimony.

7 Since my opening testimony, Charter has announced,² and committed in connection with the
8 FCC's review of the Transaction, that New Charter's low-income broadband offering will deliver 30/4
9 Mbps service to qualifying customers, will be offered at a price of \$14.99 per month, with no additional
10 charge for modem rental, and within three years will be rolled out across New Charter's entire footprint.³
11 Households with at least one child enrolled in the National School Lunch Program (free or reduced
12 lunches), and seniors 65 or older receiving Supplemental Security Income ("SSI"), will be eligible to
13 purchase this service.⁴ In addition to offering significant broadband speeds, New Charter's low-income
14 offering will be the first in the nation to offer a fast broadband service that is aimed specifically at
15 bridging the digital divide for low-income seniors.

16 In developing this low-income offering, Charter reached out to and solicited input from a number
17 of interested parties, including groups representing communities with low levels of broadband adoption,
18 in order to develop a plan that meets the needs of such communities. Charter also recognized various
19 limitations of the "Connect2Compete" program and sought to address these limitations in developing the
20

21 ² See, e.g., Charter Communications, Press Release, *Charter Announces Details of Industry Leading Low-Cost Broadband*
22 *Service* (Dec. 17, 2015), <http://www.prnewswire.com/news-releases/charter-announces-details-of-industry-leading-low-cost-broadband-service-300194831.html>.

23 ³ Subject to technical limitations discussed in note 1 *supra*.

24 ⁴ No credit check will be performed, but eligibility will be subject to an individual settling any outstanding debt to New
25 Charter. Current video and/or phone customers of New Charter would be eligible, but individuals who have subscribed to
26 New Charter broadband services in the previous 60 days would not be.

27 **PUBLIC VERSION**

1 New Charter offering. For example, the New Charter low-income service will offer faster speeds, will be
2 available to a much broader group of low-income individuals (including seniors on SSI), and will be
3 available for subscription year-round, as opposed to limited to a seasonal period that is tied to school
4 enrollment. Assuming that they meet all eligibility criteria, Bright House Networks households that are
5 currently enrolled in Connect2Compete will be allowed to subscribe to New Charter's low-income
6 offering when it becomes available in their service area. Charter's efforts to create a plan that truly meets
7 the needs of low-income households have already been recognized by organizations representing the
8 interests of underserved communities, many of which have come out in support of New Charter's low-
9 income offering since Charter announced further details regarding the service.⁵

10 **Q: What benefits will California residents see from New Charter's Low-income Broadband**
11 **Offering?**

12
13 New Charter's low-income broadband offering will generate significant public interest benefits.
14 First, it will increase penetration of broadband services among low-income families with school-age
15 children and low-income seniors who do not currently subscribe to broadband, and will likewise offer
16 significant savings to eligible families who currently pay more for their broadband service. As I stated
17 earlier, New Charter's offering will be the only high-speed, footprint-wide, low-income broadband
18 service aimed at low-income seniors. Low-income seniors continue to be far more removed from online
19 life than the general population. Only about half of seniors have access to broadband at home,⁶ and, for
20

21 ⁵ See, e.g., Charter Communications, Press Release, *Charter Announces Details of Industry Leading Low-Cost Broadband*
22 *Service* (Dec. 17, 2015), [http://www.prnewswire.com/news-releases/charter-announces-details-of-industry-leading-low-cost-](http://www.prnewswire.com/news-releases/charter-announces-details-of-industry-leading-low-cost-broadband-service-300194831.html)
23 [broadband-service-300194831.html](http://www.prnewswire.com/news-releases/charter-announces-details-of-industry-leading-low-cost-broadband-service-300194831.html) (including praise for the New Charter plan from, *inter alia*, leaders of the National Urban
24 [League, the National Action Network, the League of Latin American Citizens, Connected Nation, and the Rainbow Push](http://www.prnewswire.com/news-releases/charter-announces-details-of-industry-leading-low-cost-broadband-service-300194831.html)
25 [Coalition\); Jeff Baumgartner, *Charter Pledges Low-Cost Broadband After TWC-BHN Deals*, Multichannel News \(Dec. 17,](http://www.prnewswire.com/news-releases/charter-announces-details-of-industry-leading-low-cost-broadband-service-300194831.html)
26 [2015\), <http://www.multichannel.com/news/distribution/charter-pledges-low-cost-broadband-after-twc-bhn-deals/396091>](http://www.prnewswire.com/news-releases/charter-announces-details-of-industry-leading-low-cost-broadband-service-300194831.html)
27 [\(reporting on Public Knowledge's statement in support of the New Charter plan\).](http://www.prnewswire.com/news-releases/charter-announces-details-of-industry-leading-low-cost-broadband-service-300194831.html)

28 ⁶ Pew Research Center, *Older Adults and Technology Use: Adoption is Increasing, but Many Seniors Remain Isolated from*
29 *Digital Life* 1, 7 (Apr. 3, 2014), http://www.pewinternet.org/files/2014/04/PIP_Seniors-and-Tech-Use_040314.pdf (47% of
30 seniors reported having a high-speed broadband connection at home); see also Thom File & Camille Ryan, U.S. Census

31 **PUBLIC VERSION**

1 less affluent seniors, the adoption rate decreases to 25%.⁷ New Charter's service will help low-income
2 seniors in the combined company's footprint to benefit from telemedicine at home, to stay connected to
3 friends and family, and to engage with their communities.⁸

4 Second, New Charter's low-income broadband offering will reduce prices for all participating
5 households below what they would otherwise pay for comparable service—and relatedly, third, because
6 the New Charter service will offer the highest speeds of any plan targeted at low-income households
7 (speeds that are faster than most broadband subscriptions of all types), it will provide participants with
8 higher speed services than they might otherwise receive. New Charter's low-income broadband service
9 will offer much higher speeds for a lower per megabit cost than other services that specifically target
10 low-income households, as well as low-income offerings generally. New Charter's low-income
11 broadband service will be offered at just \$0.50 per Mbps download speed. By comparison, Time Warner
12 Cable's Everyday Low Price plan costs \$7.50 per download Mbps in areas that have not received
13 broadband speed upgrades associated with Time Warner Cable's Maxx initiative (and \$5 per download
14 Mbps in areas that have received such speed upgrades), and Bright House Networks' Connect2Compete
15 costs \$10 per download Mbps. Comcast's Internet Essentials program provides 10 Mbps for \$9.95,
16 which translates to approximately \$1 per download Mbps. Likewise, when AT&T/DIRECTV's low-
17 income offering goes into effect, it will cost approximately \$1 to \$2 per download Mbps, depending on
18 the service area.

19 These three benefits, in California, are expected to be substantial. Based on estimates that
20 Charter has provided to the FCC in connection with its review of the transaction, Charter anticipates that
21

22 Bureau, *Computer and Internet Use in the United States: 2013*, at 3 tbl.1 (Nov. 2014) (indicating that 56.3% of seniors 65
23 years and older have high-speed Internet connection at home, with "high-speed Internet" defined as "Internet service type
other than dial-up alone").

24 ⁷ See Pew Research Center, *supra*, at 2.

25 ⁸ See, e.g., U.S. Administration on Aging, Eldercare Locator, <http://www.eldercare.org> (online resource connecting
26 individuals to resources for older adults and their families); New LifeStyles Online, <http://www.newlifestyles.com> (providing
27 searchable, nationwide database of resources for senior living and care as well as products and services of interest to seniors).

28
PUBLIC VERSION

1 approximately [BEGIN CONFIDENTIAL INFORMATION: :END CONFIDENTIAL
2 INFORMATION] households in census blocks in New Charter's California footprint⁹ satisfy the
3 income criteria¹⁰ (either NSLP or SSI¹¹) for New Charter's low-cost broadband service offering. The
4 resulting low-income broadband service will offer underserved communities the opportunity to access
5 broadband at industry-leading speeds. New Charter's offering will give eligible low-income households
6 access to robust broadband that will facilitate their access to job applications, government services,
7 homework assignments and other aspects of technology-based curricula, healthcare and insurance
8 coverage, and free educational and entertainment content. Indeed, households subscribing to the low-
9 income service in New Charter's footprint will experience the Internet at speeds faster than most
10 broadband subscribers in the United States enjoy.¹²

11 Therefore, to the extent the Commission decides to consider the benefits of the Transaction
12 beyond those arising out of the Joint Applicants' regulated telecommunications operations, New
13 Charter's low-income broadband offering will represent a significant public interest benefit to California
14

15 ⁹ This estimate is based on projections of eligible households within census blocks in which the Joint Applicants offer
16 broadband service today, and is therefore not exact. For instance, New Charter's commitment to expand its residential and
17 commercial buildout, described in my opening testimony, may make the low-income offering available to additional
18 households above and beyond those the Joint Applicants can serve today. Conversely, the Joint Applicants cannot always
19 serve all homes in census blocks in which they offer service today due to technical limitations or the location of their plant,
20 e.g., in census blocks at the edges of their networks. However, the estimate nonetheless demonstrates that the number of
21 California households that stand to benefit from the planned low-income offering is significant.

22 ¹⁰ Charter does not have an estimate of how many of these income-qualified households would need to settle outstanding debt
23 to New Charter before purchasing the service, or who are already Charter, TWC, or BHN broadband subscribers and thus
24 would become eligible to purchase New Charter's planned low-income offering only if they cease purchasing their existing
25 service and then subscribe to New Charter's low-cost offering after 60 days (or longer). However, due to individuals moving
26 and other mobility factors, the "new customer" eligibility criterion may have only a limited effect on participation over time.

27 ¹¹ Charter does not have an estimate of how many such households include seniors receiving SSI in which an existing
28 broadband Internet service account is presently held by a different member of the household; however, as with the "new
customer" requirement discussed in note 10 *supra*, such households would be eligible with the SSI-recipient senior as the
account holder.

¹² See *Media Bureau Makes Available Broadband Subscriber Data Relevant to Review of Proposed Charter-Time Warner
Cable-Advance/Newhouse Transactions*, Public Notice, DA 15-1310, Ex.1, MB Docket No. 15-149 (Nov. 13, 2015)
(Residential Fixed Broadband Subscriber Counts by Provider and Speed (Nationwide)).

PUBLIC VERSION

1 residents. As none of the Joint Applicants offer today a low-income broadband service at comparable
2 speeds, prices, or eligibility, New Charter's plan to offer this low-income service is a Transaction-
3 specific benefit to low-income California residents.
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27 **PUBLIC VERSION**