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John B. Rhodes, Chair

Contact:

James Denn | James.Denn@dps.ny.gov | (518) 474-7080

<http://www.dps.ny.gov>

<http://twitter.com/NYSDPS>

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PSC Issues Orders to Show Cause to Penalize Charter Communications and Potentially Terminate NYC Franchise Agreements

— Communications Giant Faces \$1 Million Payment for Missing Network Expansion Requirements; Scrutinized for Potential Violations of NYC Franchise Agreement —

ALBANY — The Chair of the New York State Public Service Commission announced today that the Commission is seeking \$1 million on behalf of the State from Charter Communications, Inc. for failing to meet the terms of an agreement to expand its broadband network in the time allotted, and that it has also commenced an investigation into whether Charter's franchise agreement with New York City should be terminated for breaches, including underpayments and failure to meet network deployment obligations.

“It is critically important that regulated companies strictly adhere to the state’s rules and regulations,” **said Commission Chair John B. Rhodes.** “If a regulated entity like Charter’s cable business decides to violate or ignore the rules, we will take swift action and hold them accountable to the full extent of the law.”

In the Chair’s first order, Charter is directed to respond to Commission staff’s findings that the company should pay \$1 million to the State Treasury for missing a December deadline to expand its network to 36,771 additional homes and businesses that did not have high speed broadband as of the date of Charter’s acquisition of Time Warner cable.

Under the Commission’s 2016 order approving Charter's acquisition of Time Warner Cable, and a subsequent compliance agreement approved last Fall, Charter is required to extend its network to pass an additional 145,000 houses or businesses within four years, and meet incremental milestones. Charter must pay up to \$1 million for each failure to meet a milestone. A detailed audit by Commission staff found more than 14,000 passings claimed by Charter for its December milestone were ineligible, causing Charter to fall short of the milestone by more than 8,000 passings.

In the Chair’s second order, the Commission opened a proceeding to investigate Charter’s compliance with its New York City franchise agreements. If the company materially breaches its franchise agreements, the Commission can terminate the agreements. The order notes that Charter’s recently filed report on its network expansion milestone under the Commission’s merger approval order claimed to have passed 42,889 residential and/or business units, of which 12,467 were located in New York City. Based on this representation, Commission staff has concerns as to whether

Charter complied with the network deployment section of the New York City franchises, which would have required many of these addresses to have already been passed.

The order also demands that Charter explain why its franchise fees paid to New York City pursuant to franchise agreements have allegedly declined following the company's acquisition of Time Warner. Charter is directed to provide records regarding franchise payments made to New York City in the time since the Commission approved the acquisition of Time Warner Cable, as well as payments made by Time Warner Cable prior to the acquisition, including the formula and supporting information used to calculate such payments. If Charter is found to have materially breached its franchise agreements with New York City, the Commission has the power to terminate the agreements.

In addition to the actions taken today, on December 8, 2017, the Commission commenced a management and operations audit of Charter Communications' telephone service quality, which was triggered by several service interruptions. An independent third-party auditor will soon be added to the Commission staff's audit team in the next phase of this ongoing review.

Today's orders may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Numbers 15-M-0388 (Buildout) or 18-M-0178 (NYC franchise) 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.