

REDACTED – FOR PUBLIC INSPECTION

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of:)
)
Applications of CHARTER COMMUNICATIONS,)
INC., TIME WARNER CABLE INC., and) WC Dkt. No. 16-197
BRIGHT HOUSE NETWORKS, LLC for Consent To)
Assign or Transfer Control of Licenses and)
Authorizations)

**INDEPENDENT COMPLIANCE OFFICER’S FOURTH REPORT ON CHARTER’S
COMPLIANCE WITH THE DISCOUNTED BROADBAND SERVICES OFFER
CONDITION**

APRIL 15, 2019

Hon. Barbara S. Jones (Ret.)
BRACEWELL LLP
1251 Avenue of the Americas
New York, NY 10020

REDACTED – FOR PUBLIC INSPECTION

INTRODUCTION

On May 10, 2016, the Federal Communications Commission (“FCC”) issued an order approving the merger of Charter Communications, Inc., Time Warner Cable Inc., and Advance/Newhouse Partnership (as a combined entity, “Charter” or the “Company”), subject to certain conditions. (Mem. Op. & Order, 31 FCC Rcd. 6327 (2016).) On August 17, 2016, the FCC appointed the Honorable Barbara S. Jones (ret.) as Independent Compliance Officer (“ICO”). The ICO is to monitor and assess the Company’s compliance with the Conditions and submit reports that detail Charter’s compliance efforts.

On January 31, 2019, Charter filed its fourth semi-annual report pursuant to the Discounted Broadband Services Offer Condition (the “Discounted Broadband Condition” or the “Condition”). This Report addresses Charter’s progress on satisfying that condition.

EXECUTIVE SUMMARY

Based on the ICO’s assessment of information Charter has presented to the ICO, interviews the ICO has conducted of Charter employees, and the ICO’s review of documents and materials, the ICO believes that Charter is in compliance with the Condition.

COMPLIANCE WITH THE DISCOUNTED BROADBAND CONDITION

The ICO’s observations regarding Charter’s compliance are set forth in detail below. As always, the ICO’s observations are as of at this point in time; the ICO’s assessment of Charter’s compliance with the Condition will continue to be shaped by additional materials received and interviews conducted.

I. STATEMENT OF THE CONDITION

1. Introduction. We find it is in the public interest to ensure that a bundle of video and broadband services is not the consumer's only competitive choice, and this protection may be particularly important for low-income subscribers who may not be able to afford bundled services. Thus, we impose this Condition to ensure an affordable, low-price standalone broadband service is available to low-income consumers in the Company's wireline footprint.
2. Condition.
 - a. Within six (6) months of the Closing Date, the Company shall begin offering a reduced price broadband service to low income families to make broadband access more affordable to them (the "Discounted Broadband Services Offer") and, within a year of the closing date, will offer this service through the Company's footprint where 30 Mbps wireline BIAS is technically available. The Company shall offer year-round, with no limitations imposed on enrollment periods or terms, fixed Broadband Internet Access Service with download speeds of at least 30/4 Mbps and a cable modem to any Eligible Enrollee who does not have an Eligibility Restriction in the Company's footprint for no more than \$14.99 per month. The Company shall submit a written filing with the Commission, within five (5) months of the Closing Date, specifying those markets (including all Charter, Time Warner Cable and Bright House Networks footprints) where 30/4 Mbps wireline Broadband Internet Access Service is not technically available. As part of this offer, the Company shall offer an in-home Wi-Fi router at a price no higher than \$5.00 per month, offer a free-self-installation kit, and waive customary router installation and activation fees.¹
 - b. "Eligible Enrollee" is a potential enrollee meeting the "Eligibility Requirements" of either (i) having at least one child who participates in the National School Lunch Program ("NSLP"), subject to annual recertification; or (ii) being a senior age 65 or older receiving Supplemental Security Income ("SSI") program benefits, subject to annual recertification.
 - c. "Eligibility Restrictions" are having (i) outstanding debt for the Company's services that was incurred within one (1) year prior to the enrollee's request for service under the Discounted Broadband Services Offer; (ii) subscribed to the Company's Fixed Broadband Internet Access Services within sixty (60) calendar days prior to requesting services under the Discounted Broadband Services Offer; or (iii) outstanding debt that is incurred for the Discount Broadband Services Offer and that is subject to the Company's ordinary debt collection procedures.
 - d. The Company shall offer the discounts set forth in this Condition for at least four (4) years from the commencement of the Discounted Broadband Services Offer. For qualifying households that sign up for the Discounted Broadband Services

¹ The Company may charge installation fees to the extent that an Eligible Enrollee requests on-site assistance from the Company, either for installation or other technical assistance with the service. In homes where self-installation is not available, the Company will waive the installation fee.

REDACTED – FOR PUBLIC INSPECTION

Offer during the final year of the Discounted Broadband Services Offer, the Company shall provide service pursuant to the Discounted Broadband Services Offer for at least twelve (12) months.

- i. After three (3) years from the commencement of the Discounted Broadband Services Offer, the Company may increase the monthly fee for the Discounted Broadband Services Offer by no more than \$3 (i.e., charging no more than \$17.99 per month).
- e. Qualifying households shall be provided a self-installation kit free of charge and shall not be required to pay modem fees, WiFi router activation fees, or installation fees (unless installation requires a technician's visit on-site).²
- f. For the period during which this Condition is in effect, the Company shall clearly and conspicuously market the Discounted Broadband Services Offer, including but not limited to, undertaking the following actions:
 - i. Providing on the Company's consumer-facing homepage a link to a webpage devoted to describing the Discounted Broadband Services Offer; and
 - ii. Ensuring that prior to interacting with prospective customers, and on an annual basis thereafter, a targeted set of the Company's customer service representatives is trained to inform consumers of the availability of the Discounted Broadband Services Offer, including pricing, and terms and conditions as described in this Condition.
- g. The Company shall establish and maintain a dedicated phone number prospective participants can call in order to verify eligibility for the Discounted Broadband Services Offer and, subject to confirmation, to register for the program if eligible.
- h. The Company shall submit a written report in accordance with the filing and service requirements set forth in Section IX.5 herein on a semi-annual basis that includes a description of the Company's compliance with the Condition, with the first such report to be submitted twelve (12) months after the Closing Date. The Company Compliance Officer shall regularly track the program's implementation, and file the semi-annual report. The report must be signed by this officer and shall include the following, as of the date of the report:
 - i. the total number of households enrolled and receiving service in the Discounted Broadband Services Offer on a monthly basis; and
 - ii. the total number of estimated households eligible to participate in the Discounted Broadband Services Offer on a monthly basis.
- i. The Company shall enroll participating households into the Discounted

² Eligible Enrollees may, but shall not be required to, rent a Wi-Fi router from the Company at a price of no higher than \$5.00 per month. Eligible Enrollees may also purchase a Wi-Fi router at their own expense.

REDACTED – FOR PUBLIC INSPECTION

Broadband Services Offer as follows:

- i. at least 25,000 households enrolled and receiving service by the end of the 12th month after the Closing Date;
 - ii. at least 100,000 households enrolled and receiving service by the end of the 18th month after the Closing Date;
 - iii. at least 225,000 households enrolled and receiving service by the end of the 24th month after the Closing Date;
 - iv. at least 475,000 households enrolled and receiving service by the end of the 36th month after the Closing Date; and
 - v. at least 525,000 households enrolled and receiving service by the end of the 48th month after the Closing Date.
- j. The Company, on its own initiative, may eliminate or relax the Eligibility Restrictions.
 - k. If the Company fails to meet the applicable enrollment and participation goal in any reporting period, then the Company, in its semi-annual report, shall enumerate those steps it plans to take to meet the enrollment requirements.
3. Enforcement.
- a. If the Company fails to meet an enrollment target identified in subpart 2.i., then on the first such failure, the Company shall expand eligibility in the Discounted Broadband Services Offer to include as potential enrollees those living in a household where at least one individual participates in the Supplemental Nutrition Assistance Program (“SNAP”), subject to annual recertification.
 - b. If the Company fails to comply with the Discounted Broadband Services Offer Condition identified herein (except for the first failure to meet an enrollment target identified in subpart 2.i.), then such a failure may result in the extension of the terms, in their entirety, of the Discounted Broadband Services Offer Condition for an additional period of time that is no more than the length of the period of the Company’s non-compliance with the Condition.

(See App’x B § VI.)

[BEGIN HIGHLY CONFIDENTIAL INFORMATION]

[END HIGHLY

CONFIDENTIAL INFORMATION]

II. OBSERVATIONS

A. Charter’s Approach to Satisfying the Condition

Charter’s approach to satisfying the Discounted Broadband Condition remains the same as detailed in the ICO’s previous reports.

1. Product Offering

The service Charter has deployed to satisfy the Condition is still branded as Spectrum Internet Assist (“SIA”), and it provides eligible consumers with fixed BIAS with download speeds of 30/4 Mbps for \$14.99 per month. The price includes the provision of a cable modem as well as all of Charter’s standard internet features. SIA customers are permitted to bundle internet service with Charter’s video and voice offerings, and they may add a WiFi router to the service for an additional \$5.00 per month. Self-installation is free-of-charge and Charter provides complimentary professional installation where self-installation is not available.

2. Enrollment

[BEGIN HIGHLY CONFIDENTIAL INFORMATION]

.³

³ [BEGIN HIGHLY CONFIDENTIAL INFORMATION]

[END HIGHLY CONFIDENTIAL INFORMATION]

.⁴ [END HIGHLY CONFIDENTIAL INFORMATION]

3. Marketing

To market SIA, Charter continues to maintain a link on its homepage to a SIA-dedicated site, as required by the terms of the Condition. Charter also continues to host community events, send direct mailings and emails, and place outbound marketing calls. Since the inception of the program, Charter has [BEGIN HIGHLY CONFIDENTIAL INFORMATION]

[END HIGHLY CONFIDENTIAL
INFORMATION]

⁴ [BEGIN HIGHLY CONFIDENTIAL INFORMATION]

[END HIGHLY CONFIDENTIAL
INFORMATION]

B. Charter’s January 31, 2019 Discounted Broadband Report

As reported in the January 31, 2019 Discounted Broadband Report, [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] households had enrolled in and were receiving SIA service as of November 30, 2018. That total is over [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] more households than the Condition requires Charter to have enrolled by the end of May 2018, and only [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] households shy of the 475,000 households the Condition requires Charter to enroll by the end of May 2019. Accordingly, Charter has more than satisfied the enrollment benchmarks required by the Condition. Charter additionally estimates that as of the end of November 2018 there were approximately [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] households in its footprint potentially eligible to participate in SIA.

1. Information Included

The January 31, 2019 Discounted Broadband Report contains two sections, a narrative section outlining Charter’s compliance with the Condition in broad strokes, and an attached chart listing month-by-month SIA enrollment numbers and eligibility estimates. As such, it contains all of the information and data required by the Condition.

2. Reliability of the Data

The two pieces of data in the report that require verification are (1) Charter’s month-by-month SIA enrollment numbers, and (2) Charter’s SIA eligibility estimates. [BEGIN HIGHLY

CONFIDENTIAL INFORMATION]

[END HIGHLY CONFIDENTIAL INFORMATION] Accordingly, the ICO remains confident in Charter’s process for reporting its SIA enrollment and eligibility numbers.

C. Additional ICO Review and Verification

[BEGIN HIGHLY CONFIDENTIAL INFORMATION]

[END HIGHLY CONFIDENTIAL INFORMATION]

CONCLUSION

It is the ICO's view that Charter is in compliance with the terms of the Discounted Broadband Condition.