Matthew A. Brill
(202) 637-1095
matthew.brill@lw.com

555 Eleventh Street, N.W., Suite 1000
Washington, D.C. 20004-1304
Tel: +1.202.637.2200 Fax: +1.202.637.2201
www.lw.com

LATHAM & WATKINS LLP

December 15, 2014

VIA ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: ***Applications of Comcast Corp., Time Warner Cable Inc., Charter Communications, Inc., and SpinCo for Consent to Assign or Transfer Control of Licenses and Authorizations*, MB Docket No. 14-57**

REDACTED – FOR PUBLIC INSPECTION

Dear Ms. Dortch:

Pursuant to the Second Amended Modified Joint Protective Order ("Protective Order") in this proceeding,[1] Time Warner Cable Inc. hereby submits the enclosed redacted *ex parte* notice containing Highly Confidential Information. The {{ }} symbols denote Highly Confidential Information. The unredacted, Highly Confidential version of this filing is being submitted to the Secretary's office under separate cover and will be made available for inspection pursuant to the terms of the Protective Order.

Please contact the undersigned should you have any questions regarding this matter.

Respectfully submitted,

/s/ Matthew A. Brill

Matthew A. Brill
of LATHAM & WATKINS LLP

Enclosure

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1 *See Applications of Comcast Corp. and Time Warner Cable Inc. for Consent to Assign or Transfer Control of Licenses and Authorizations*, MB Docket No. 14-57, Second Amended Modified Joint Protective Order, DA 14-1639 (rel. Nov. 12, 2014).

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LATHAM & WATKINS LLP

December 15, 2014

VIA HAND DELIVERY

Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: ***Applications of Comcast Corp., Time Warner Cable Inc., Charter Communications, Inc., and SpinCo for Consent to Assign or Transfer Control of Licenses and Authorizations*, MB Docket No. 14-57**

REDACTED - FOR PUBLIC INSPECTION

Dear Ms. Dortch:

On December 11, 2014, Greg King, Senior Vice President, Chief Product and Strategy Officer, Business Services, of Time Warner Cable Inc. ("TWC"), along with Steven Teplitz, Terri Natoli, and Michael Quinn of TWC and Amanda E. Potter and the undersigned of Latham & Watkins LLP, met with the Commission staff members copied below to discuss issues related to TWC's business services offerings.

At the meeting, Mr. King described the various considerations and data on which TWC relies when deciding whether to build out its network to serve a business customer. In particular, TWC identifies the total projected costs and revenue opportunities associated with a particular construction project to calculate an expected rate of return. At a minimum, the project's rate of return must be greater than the cost of capital before TWC would pursue a project, and TWC prioritizes projects not only based on exceeding that initial hurdle but also in light of overall capital budgets.

Mr. King explained that the build-out considerations for in-footprint construction projects and out-of-footprint construction projects are essentially the same, but that the construction costs for out-of-footprint construction projects typically are higher, and the revenue opportunities for such projects are lower for a number of reasons. For example, TWC often does not have pole attachment rights or access to rights-of-way in areas outside of its existing cable franchise areas, nor does it have repair crews and equipment needed to service out-of-footprint areas. These factors, among others, drive up the total cost of a particular opportunity, making it less attractive. In addition, out-of-footprint revenue opportunities usually are lower, for example because (i) TWC cannot sell all of its services (*e.g.*, because of restrictions in video programming agreements) outside of its footprint, (ii) TWC does not have a sales force in such areas to market its business services, and (iii) TWC has less brand recognition (and therefore a lower expected success rate). In addition, the information on which TWC has to model its projected revenues is less certain for out-of-footprint projects, because TWC does not maintain information about businesses located outside of its footprint. As a result of these and other factors, Mr. King explained that out-of-footprint construction projects usually do not make business sense. Mr. King stated that cell tower backhaul projects sometimes are an exception to this rule, particularly when the majority of facilities sought by the wireless carrier are within TWC's footprint and when the architecture of the solution requires a single provider.

Mr. King next discussed TWC's experiences partnering with other providers to serve business customers with locations outside of TWC's footprint. With respect to broadband Internet access service, Mr. King stated that, although TWC has had an interest in pursuing multiple-provider arrangements for years, TWC has found such arrangements to be very challenging. Mr. King explained that, unlike other types of business services, there currently are no industry-standard practices with respect to broadband Internet access service. Different Internet service providers ("ISPs") offer different speed tiers and have varying network architectures, making it difficult for TWC (or any ISP) to ensure a consistent level of service. Relatedly, ISPs have no visibility into other providers' networks, which would make it nearly impossible for TWC to know about, much less address, service-related issues that arise as a result of a third party ISP's network. Mr. King also explained that, even if those hurdles could be overcome, double marginalization can make the retail price of a multiple-ISP broadband service unattractive to prospective customers.

Mr. King stated that TWC does sell wholesale services to a number of value-added resellers that act as service aggregators for businesses that want to purchase a single broadband service across multiple locations. In addition, Mr. King stated that TWC recently {{

}}. Mr. King explained that, {

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In contrast to TWC's nascent experience partnering for the sale of broadband Internet access service, Mr. King stated that TWC regularly leases access facilities ("Type II service") from third-party telecommunications carriers in order to offer Ethernet services to businesses with a presence both inside and outside of TWC's footprint. Likewise, TWC sells wholesale Ethernet service as Type II service to other carriers, which is then used to provide service to customers with a presence in TWC's footprint. Such buying and selling arrangements are common as a result of uniform standards for the provision of Type II service developed within the industry, including standard speeds and technical specifications that enable TWC (and carriers that purchase Type II service from TWC) to ensure a consistent level of service for business customers.

Mr. King also discussed TWC's 2013 acquisition of DukeNet Communications, LLC, an 8,700-mile regional fiber-based network providing wholesale wireless backhaul and other business services to customers in Alabama, Florida, Georgia, North Carolina, South Carolina, Tennessee, and Virginia. As TWC explained in Commission filings associated with the transaction, TWC's acquisition of DukeNet has enabled TWC to offer its business customers broader, more robust on-network connectivity, which has strengthened the ability of TWC to compete with the dominant ILECs, as well as other large telecommunications providers, operating within the combined TWC-DukeNet footprint.[1] Mr. King also explained that obtaining route diversity, and in turn the improved redundancy required by larger business customers, was an important rationale for the DukeNet acquisition.

Finally, Mr. King explained that Comcast and TWC presently do not receive serious consideration from many large, super-regional and national businesses due to the geographic limitations of their respective footprints. Mr. King stated that the combined footprint of Comcast and TWC would enable Comcast post-transaction to compete more effectively against incumbent LECs and other more established competitors for enterprise customers, as the increased number of on-net locations will enable the combined company to offer a more valuable service. In turn, the significant expansion of retail opportunities is likely to lead the combined company to purchase more Type II services from wholesale providers outside the combined company's footprint.

Please contact the undersigned should you have any questions regarding this notice.

Respectfully submitted,

/s/ Matthew A. Brill

Matthew A. Brill
of LATHAM & WATKINS LLP

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1 *See DukeNet Communications, LLC, Transferor, and Time Warner Cable Inc., Transferee, Application for Authority Pursuant to Section 214 of the Communications Act of 1934, as Amended, to Transfer Control of Domestic Section 214 Authorization of DukeNet Communications, LLC,* WC Docket No. 13-206, Application at 9-10 (filed Oct. 31, 2013).

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LATHAM & WATKINS LLP

cc: John Adesalu
Allen Barna
Kathy Berthot
Jim Bird
Tim Brennan
Paula Cech
Ben Childers
Adam Copeland
Bill Dever
Lisa Gelb
Jonathan Levy
Alex Marinello
Betsy McIntyre
Virginia Metallo
Bakari Middleton
Joel Rabinovitz
Eric Ralph
Michelle Schaefer
Johanna Thomas
Brenda Vilanueva
Andrew Wise
Sean Yun