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LATHAM & WATKINS LLP

January 29, 2015

VIA ELECTRONIC FILING

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th 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**

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Dear Ms. Dortch:

On November 26, 2014, Time Warner Cable Inc. ("TWC") submitted a letter describing an *ex parte* presentation to staff by Kevin Leddy, Executive Vice President, Corporate Strategy, and Howard Pfeffer, Senior Vice President, Broadband Engineering and Technology. That presentation described TWC's Internet traffic-exchange policies, as well as the business and technical considerations that impact its arrangements with other network providers. TWC submits this letter in response to further questions from Commission staff on TWC's interconnection policies and practices.

As TWC has explained, peering arrangements have always involved some mutual exchange of value between the two interconnecting networks. Many of TWC's peering arrangements provide for "settlement-free" interconnection in cases where the value being exchanged between two networks is broadly symmetrical and falls within an agreed-upon ratio. A large number of these arrangements also provide that, in the event the exchange of traffic becomes significantly unbalanced and one party sends far more traffic than it receives, that party pays the other in accordance with longstanding industry practice. These so-called "sender pays" provisions in otherwise settlement-free arrangements can trigger payments by *either* party depending on the direction and magnitude of the net traffic flow. For example, TWC recently signed a new interconnection agreement with {{

}}. Whichever party exceeds the {{ }} ratio is responsible for paying the receiving party for the added costs of the increased traffic.[1]

Where a balanced flow of traffic with another network is unlikely, TWC has reached paid peering agreements, such as those with {{ }}. In other agreements the parties forgo monetary payment and instead agree to a barter transaction; for instance, in TWC's agreement with {{ }}. And where the parties do not agree to use traffic ratios to govern their agreements, other factors such as traffic volume, geographic locations, traffic distribution, and the number of customer routes typically are considered.

Although there is no industry standard for when to augment capacity at an interconnection point, a commonly used benchmark is to consider increases when a port consistently reaches a utilization rate of {{ }}. Many ports can run efficiently at higher rates; in fact, some CDNs intentionally manage their traffic in this manner. {{ }} We noted at the November 26 meeting that {{ }} Internet traffic delivered to TWC's network is transmitted to TWC by CDNs, while approximately {{ }} of incoming traffic is streaming video.

In addition to its broadband Internet access service, TWC provides transit services to other networks. In this highly competitive marketplace—in which the price for transit has fallen approximately 99 percent over the past 10 years—TWC's pricing is tightly constrained by and generally cannot exceed what the market will bear for an equivalent interconnection service (full transit, partial routes, international connectivity[2], etc.). TWC cannot successfully charge its peering customers more than companies like {{ }} charge for transit. While TWC provides transit services in some cases, it also purchases transit services from other networks to ensure that its end users can access all Internet endpoints. While TWC's acquisition and development of a backbone network has reduced its need to pay for transit or enter direct interconnection agreements, TWC still relies on third-party transit services as an essential part of its network operations.

TWC provides network connectivity services to Bright House Networks ("BHN") that enable BHN to offer its high speed data service. {{ }}

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1 TWC indicated during the November 26, 2014 meeting that the ratio of traffic entering TWC's networks to outbound traffic is typically {{ }}.

2 The primary purpose of TWC's agreements governing interconnection with international carriers is to have optimal reachability to such carriers' customers.

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TWC is in the early stages of rolling out enhanced broadband and video services through its "Maxx" initiative. As of the end of 2014, TWC has completed the transition to Maxx services for {{ }} customers in Los Angeles and New York City, reaching roughly {{ }} of the Company's total broadband customers. Additionally, approximately {{ }} customers in Austin, Texas, have received Maxx upgrades to their broadband services. Including the partial rollout in Austin, approximately {{ }} of TWC customers have received upgrades through the Maxx initiative.

Please contact the undersigned with any questions.

Respectfully submitted,

/s/ Matthew A. Brill

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of LATHAM & WATKINS LLP

cc: Hillary Burchuk