

REDACTED – FOR PUBLIC INSPECTION

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December 4, 2015

VIA HAND DELIVERY

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: **MB Docket No. 15-149**
Charter Communications Response to FCC's Information and Data Request

Dear Ms. Dortch:

Enclosed please find a disk containing supplemental materials from Charter Communications, Inc. in response to the Information and Data Request issued by the Federal Communications Commission ("Commission") on September 21, 2015, in the above referenced docket.

These supplemental materials consist of back-up data for (i) the Analysis of Video Programming Foreclosure Issues Involving Dr. John Malone and Advance/Newhouse Partnership, prepared by Steven C. Salop, Robert Stillman, Jarrod R. Welch and Serge Moresi, and (the "Salop Analysis"), and (ii) the Statement of Dr. Fiona Scott Morton re the Merger of Charter, TWC, and BHN (the "Scott Morton Statement"), both of which were submitted to the Commission on November 2, 2015.

The data provided for the Salop Analysis include the following:

- "Data tables for Data Appendix.xlsx," which contains Tables 1 and 2 from Appendix A, and the full set of SNL Kagan data for subscribers by DMA and MVPD for Q4 2014.
 - The data tables are used in all instances where subscriber counts are needed for more than just the parties; for example, the calculation of diversion ratios. In other words, with the exception of the parties' subscriber counts used in the margin calculation, subscriber counts in all other calculations are based on these SNL Kagan data.

- “Margin calculations.xlsx,” which contains the calculation of the margin figure (which was rounded up to the nearest dollar, as explained in the Salop Analysis).
 - This calculation is laid out in Table 3 of Appendix A of the Salop Analysis, and is replicated in the spreadsheet.
 - The calculations are based on bundle-specific margin calculations performed by CRA (see “New Charter Margins by Bundles - CRA - No Programming Cost Savings - 2015-10-23.xlsx,” Table 8, in the backup to the Scott Morton Statement for the underlying margin calculations).
 - In addition, exact subscriber counts submitted by the parties were used for this calculation; (see “New Charter Margins by Bundles - CRA - No Programming Cost Savings - 2015-10-23.xlsx,” Table 6, in the backup to the Scott Morton Statement for these subscriber counts).
- “SNL Kagan Network Economics 2014.pdf,” which contains the affiliate and advertising revenues for various cable networks.
 - For convenience, extracts of the relevant pages for two channels have been included; the information for the other channels listed in Table 4 of Appendix A all comes from the main PDF.
 - These figures are used to calculate the weighted average per-subscriber per-month affiliate fee for DCI content; this calculation is laid out in Table 4 of Appendix A.
 - The other relevant affiliate and advertising revenues, along with the weighted average for DCI, are used throughout all of our calculations of the estimated actual departure rates, the critical departure rates for permanent foreclosure, and the merger-specific impact on equilibrium affiliate fees as laid out in the appendices.

The data and other sources underlying the tables found in the Scott Morton Statement are provided in several parts. The Scott Morton Statement includes 15 tables. Tables 1, 2, 13, 14, 15 reflect tables copied from or directly derived from the tables and documents cited in the Declaration of Fiona Scott Morton, attached as Exhibit D of the June 25, 2015 Public Interest Statement. Tables 5 through 10 reflect the analysis of New Charter average revenues, gross margins, and the incentive to foreclose OVDs. The backup data, raw source files, and intermediate calculation files for Tables 5 through 10 are included as follows:

- Two Excel files that provided a detailed accounting of the raw sources, assumptions made, and intermediate calculations for each of Tables 5 through 10. The two files differ

with respect to the calculated programming cost efficiencies reported in the Declaration of Professor Katz. The first file (named with "...No Programming Cost Savings...") is calculated using 2014 end of year levels of direct expenses, including the direct expenses associated with programming. The second Excel file (named with "...With Programming Cost Savings...") is otherwise identical except it calculates direct expenses assuming the programming cost efficiencies. Since the programming cost efficiencies affect only service bundles that include video, the two Excel files do not differ with respect to broadband or phone services.

- A folder named "Backup Sources" contains the raw source data and documents underlying Tables 5 through 10. Included in this folder is a file named "Data Description.xlsx," which provides a listing of the folder contents, which party produced the data or document, and a brief description of the source. The "Backup Sources" folder also contains the SNL Kagan data forecasting U.S. MVPD and broadband subscriber levels, which underlies Table 3 in the Scott Morton Statement.

Table 4 is a list of OVDs in the U.S. and provides basic information on the OVDs. Table 11 provides information about the expiration date of certain agreements, based on data Charter provided to the DOJ. Table 12 reflects the weighted average cost of capital published by Bloomberg for the second quarter of 2015.

Also enclosed are a revised Exhibit 108(c)-4 and a new Exhibit 118 containing revised and additional data.

We have redacted video programming confidential information from some of the aforementioned documents.

These supplemental materials, which contain proprietary and non-public information, are being submitted on a Highly Confidential basis under the Protective Order in effect in this proceeding. Consistent with the instructions in the Protective Order, the Highly Confidential version is being hand-filed here, and copies are being provided to the Media Bureau.

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Please let me know if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "John L. Flynn / BPH". The signature is written in a cursive style.

John L. Flynn

Enclosures (Redacted)

cc: V. Lemmé