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December 23, 2015

**VIA ECFS**

Marlene H. Dortch, Esq.  
Secretary  
Federal Communications Commission  
445 Twelfth Street, SW  
Washington, D.C. 20554

**Re: *Applications of Charter Communications, Inc., Time Warner Cable Inc., and Advance/Newhouse Partnership for Consent To Transfer Control of Licenses and Authorizations, MB Docket No. 15-149***  
**REDACTED—FOR PUBLIC INSPECTION**

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Dear Ms. Dortch:

Pursuant to the Protective Order for this proceeding,<sup>1</sup> and the instructions set forth in the letter dated October 9, 2015 from William T. Lake, Chief of the Media Bureau of the Federal Communications Commission (the “Commission”), and the Request for Information and Data attached thereto (collectively, the “Request”),<sup>2</sup> AT&T Inc. (“AT&T”) is submitting the attached Third Supplemental Response to the Request.

Separately, AT&T is submitting a copy of this submission and unredacted exhibits to the Secretary’s office and copies of the submission and unredacted exhibits to the Commission Staff.

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<sup>1</sup> *Applications of Charter Communications, Inc., Time Warner Cable Inc., and Advance/Newhouse Partnership for Consent To Transfer Control of Licenses and Authorizations*, MB Docket No. 15-149, Protective Order, FCC 15-110 (rel. Sept. 11, 2015).

<sup>2</sup> *Id.*, Letter from William T. Lake to Stacy Fuller, AT&T Services, Inc. (Oct. 9, 2015).

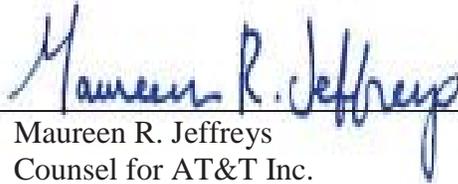
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Please contact me at (202) 942-6608 or [Maureen.Jeffreys@aporter.com](mailto:Maureen.Jeffreys@aporter.com) if you have any questions.

Respectfully submitted,

  
Maureen R. Jeffreys  
Counsel for AT&T Inc.

Enclosure

**THIRD SUPPLEMENTAL RESPONSE OF AT&T INC. TO  
REQUEST FOR INFORMATION AND DATA DATED OCTOBER 9, 2015**

**December 23, 2015**

AT&T's responses to the Request are as follows.

**8. REQUEST:**

**For each zip code identified in Request 7(a) and for AT&T (excluding DIRECTV) as a whole, separately for residential subscribers, bulk residential, and non-residential subscribers, and for each month for the period beginning June 2012, through August 2015 in the states of California, Nevada, Hawaii and New York provide the following:**

- a. AT&T's data as specified in AT&T Attachment B, which seeks subscriber data relating to each of the Company's service plans;**
- b. a complete description of all services that were included in AT&T's response to the "Marginal Recurring Revenue", "Recurring Core Service Plan Revenue", and "Recurring and Non-Recurring Revenue Per Subscriber" fields in the "Service Plan" table mentioned in subpart (a);**
- c. AT&T's data as specified in AT&T Attachment C, which seeks data relating to disconnects; and**
- d. a description of the main types of disconnects that are included in each of the four categories of disconnects - mover, voluntary, non-payment, and all other - reported in AT&T Attachment C, an explanation of the methodology AT&T uses to estimate the number of disconnects in each category including a discussion of the extent to which AT&T is unable to obtain information on the reason for the disconnect and how the disconnect is classified in such cases.**

**RESPONSE:**

Pursuant to discussions with the Commission's staff, AT&T previously submitted (as Exhibit 8.9) certain data on subscribers who discontinued service in the same manner and subject to the same modifications as they were presented in AT&T's Exhibit 5.b.1 in response to Request 5 of the Information and Discovery Requests Dated September 9, 2014 in MB Docket

No. 14-90<sup>1</sup> but limited in geographic scope to California and Nevada.<sup>2</sup> Specifically, AT&T previously provided, by month (from August 2013 through July 2014) and zip code, discontinuation data for each MVPD Service tier or programming package,<sup>3</sup> for each Internet Access Service tier or package,<sup>4</sup> and for telephony service.<sup>5</sup> Today, AT&T is providing comparable data through August 2015 as Exhibit 8.19.<sup>6</sup>

Consistent with the submission in MB Docket No. 14-90, these data do not include information for business subscribers, and AT&T reports data for legacy DSL and telephony to the extent such data are available. Some of the data are not maintained in the requested form in the ordinary course of AT&T's business and may be incomplete or contain inaccuracies.

**10. REQUEST:**

**In a separate CSV format file, calculate AT&T's (excluding DIRECTV):**

- a. Monthly residential per subscriber profit margins for Internet access service, MVPD service and telephone service;**

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<sup>1</sup> *Applications of AT&T Inc. and DIRECTV for Consent To Assign or Transfer Control of Licenses and Authorizations*, MB Docket No. 14-90.

<sup>2</sup> Hawaii and New York are outside of AT&T's ILEC wireline footprint. In addition, AT&T omitted the columns and rows from Exhibit 5.b.1 that do not pertain to the disconnect data requested by the Commission staff.

<sup>3</sup> All MVPD Service tiers and programming packages offered by AT&T are available in each zip code in which AT&T offers MVPD Service; however, the availability of individual channels, such as RSNs and local network affiliates, can vary by location. Data are also reported for MVPD Services in total in order to capture subscribers for whom the MVPD Service tier or programming package is unknown.

<sup>4</sup> Data are also reported for Internet Access Service in total in order to capture subscribers for whom the Internet Access Service tier or package is unknown.

<sup>5</sup> Data are provided separately for VoIP services and for legacy telephony services.

<sup>6</sup> Exhibit 8.20 contains notes and definitions of terms used in Exhibit 8.19.

**RESPONSE:**

In response to this request, AT&T is providing two Excel files entitled “Exhibit 10.a.1” and “Exhibit 10.a.2.”<sup>7</sup>

Exhibit 10.a.1 provides responsive information for AT&T’s IP-TV services, High-Speed Internet Access services, and IP-based phone service. For each of these services, the Exhibit identifies the total average revenue per unit (“ARPU”),<sup>8</sup> Cost of Acquisition (“COA”), Cost of Service (“COS”), Cost of Maintenance (“COM”), and General and Administrative (“G&A”) costs. The Exhibit also identifies the elements that comprise each of these categories, and the amounts associated with each of these elements. For each month, the Exhibit identifies the per subscriber “Recurring Margin,” which is equal to the ARPU minus the COS, COM, and G&A costs.<sup>9</sup> Although COA is shown in the table, that value is not included in the Recurring Margin.

Exhibit 10.a.2 provides responsive information for AT&T’s legacy DSL and voice services. For each of these services, the Exhibit identifies total revenues and total expenses, including COA, COS, COM, and G&A costs. For each month, the Exhibit identifies the per subscriber “Recurring Margin,” which is equal to the ARPU minus the COS, COM, and G&A costs.<sup>10</sup> Although the COA is shown in the table, that value is not included in the Recurring Margin.

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<sup>7</sup> AT&T is providing an Excel file rather than a CSV file because Excel files allow for the inclusion of formulas, which identify the methodology used for these calculations. Such calculations cannot be shown in a CSV file.

<sup>8</sup> A “unit” is a subscriber. AT&T’s High-Speed Internet Access services include Fiber to the Premises (“FTTP”), Fiber to the Node (“FTTN”) services, and IPDSL services. AT&T’s FTTP and FTTN facilities also support AT&T’s IP-TV service (an MVPD service), whereas AT&T’s IPDSL service does not support AT&T’s IP-TV service. The Exhibit shows combined ARPUs for FTTP and FTTN services, and a separate ARPU for IPDSL service.

<sup>9</sup> The recurring margin is Earnings Before Interest, Taxes, Depreciation, and Amortization (“EBITDA”).

<sup>10</sup> The recurring margin is EBITDA.

These data are provided for each month from July 2013 through September 2015.

- b. monthly profit per new MVPD service subscriber that incorporates these subscribers' purchases of other services; and**

**RESPONSE:**

Pursuant to discussions with Commission staff, AT&T is providing an Excel file entitled "Exhibit 10.b," which contains, for each quarter from Q4 2013 to Q2 2015, estimates of the lifetime value ("LTV") for new MVPD Service customers who also purchase (i) Internet Access Service (*i.e.*, "double play" customers); and (ii) Internet Access Service and Telephony Service (*i.e.*, "triple play" customers).<sup>11</sup> The LTV data can be found under the tab entitled "Exhibit 10.b." A detailed description of the methodology that AT&T used to calculate the LTV data can be found under the tabs entitled "Definitions" and "Formulas" in Exhibit 10.b.

- c. provide a complete and detailed description of the methodology used to calculate subparts (a) and (b).**

**RESPONSE:**

The methodology that AT&T used to calculate subparts (a) and (b) is described in AT&T's responses to Request 10.a and Request 10.b.

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<sup>11</sup> AT&T is providing an Excel file rather than a CSV file because Excel files allow for the inclusion of formulas, which identify the methodology used for these calculations. Such calculations cannot be shown in a CSV file.