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November 14, 2016

VIA E-FILEING AND OVERNIGHT MAIL

Ms. Sara J. Clark, Secretary  
Massachusetts Department of Telecommunications and Cable  
1000 Washington Street, Suite 820  
Boston, MA 02118-6500

**Re: OFFER OF SETTLEMENT**  
**DTC 13-10, 14-6, 14-7, 15-4**

Dear Secretary Clark:

Enclosed please find Charter Communications' Offer of Settlement and Joint Motion for Approval of Settlement. Please contact me with any questions. Thank you for your attention to this matter.

Very truly,

Steven J. Horvitz

A large, stylized handwritten signature in black ink, overlapping the typed name "Steven J. Horvitz".

cc: Sandra Merrick, General Counsel  
Sean Carroll, Hearing Officer  
Lindsay DeRoche, Director, Competition Division  
Michael Chowanec, Charter Communications

**OFFER OF SETTLEMENT**  
**DTC Docket Nos. 13-10, 14-6, 14-7, 15-4**  
**Charter Communications (“Charter”) and the**  
**Massachusetts Department of Telecommunications and Cable (“DTC”)**

This Settlement Offer is made by Charter, on November 14, 2016, in connection with the DTC’s rate review in the above-referenced Dockets. Whereas the DTC currently exercises rate regulation authority in 32 Massachusetts communities served by Charter identified in Attachment A, including: (1) 26 communities (the “Legacy Charter Communities”) that were served by Charter prior to the combination of Charter and Time Warner Cable, Inc. (“TWC”) in a May 2016 transaction (the “Transaction”), with 10 such Legacy Charter Communities (the “Recertified Communities”) not subject to rate regulation in any of the referenced Dockets until 2016; and (2) 6 communities (“the “Legacy TWC Communities”) that were served by TWC prior to the Transaction;

Whereas the DTC previously adopted rate orders (“Rate Orders”) in DTC Docket Nos. 13-10, 14-6, and 14-7 approving the submitted FCC Form 1240 filings but rejecting certain aspects of the submitted FCC Form 1205 filings, including, but not limited to, TWC’s proposed hourly service charge in DTC Docket No. 13-10, TWC’s Additional Outlet Service Fee, and the imposition of TWC’s “Navigator” fee and Charter’s “Interactive Guide Service” fee (collectively, the “IGS” fees), the IGS fees not being incorporated in said FCC Form 1205 filings;

Whereas the DTC has not yet issued a rate order in DTC Docket No. 15-4, and therefore has not yet resolved, among other things, how to establish regulated rates in the Recertified Communities;

Whereas on November 3, 2016 and November 9, 2016, the FCC granted the DTC (1) an extension until November 18, 2016, under 47 C.F.R. § 76.933(g)(2), to issue its rate order in Docket No. 15-4 and (2) an extension until November 18, 2016, of the one-year-period limitation of refunds under 47 C.F.R. § 76.942, with respect to Charter’s regulated communities;

Whereas TWC made certain commitments, further memorialized herein, with respect to programming and certain equipment and installation rates in the Legacy TWC Communities;

Whereas TWC and Charter have continued to impose the IGS fees on all Interactive Guide Service and Navigator subscribers;

Whereas TWC continued to impose the Additional Outlet Service Fee on all Additional Outlet Service subscribers until the fee was discontinued in March 2016;

Whereas TWC appealed the DTC’s Rate Order in DTC Docket No. 13-10 to the FCC and obtained in said docket an extension from the DTC to file a proposed refund plan, and TWC

and Charter have secured extensions to file appeals with the FCC of the DTC's Rate Orders in Dockets 14-6 and 14-7 and to file proposed refund plans with the DTC in those dockets;

Whereas Charter and the DTC disagree as to the appropriate regulatory treatment of IGS fees and certain other rate matters, but wish to resolve these rate matters, including the IGS fees, on mutually agreeable terms, without establishing any new precedent or principle; and

Whereas a negotiated resolution is in the public interest as it will provide consumer benefits and provide Charter regulatory certainty.

NOW THEREFORE, in consideration of the exchange of promises and covenants herein contained, the legal sufficiency of which is hereby acknowledged, Charter hereby offers and agrees, subject to approval by the DTC, to settle the disputes in the referenced Dockets and resolve any potential rate refund liability resulting from said Dockets, as follows:

Charter shall refund a total of approximately \$3,150,000 to its subscribers in the affected communities, as specified in Attachment B, under the terms of which, among other things, BST-only subscribers will be credited in full for the amount BST-only subscribers were charged for the IGS fees during the time periods applicable to each of the above-referenced dockets. In particular, Charter shall refund its subscribers during the refund period according to the amounts and subscriber classes set forth in Attachment B, broken down in 12 installments ("monthly credits") to be applied over the course of the 12-month period running from February 1, 2017, to January 31, 2018 ("refund period"). Charter shall apply the applicable monthly credits each month during the refund period to each of its subscribers in the relevant subscriber classes at the time each monthly credit is applied. Consistent with Attachment B, Charter may pay refunds in the form of bill credits and may make refund payments in installments.

- Charter shall not be required to refund affected non-BST-only subscribers in the Recertified Communities.
- Starting no later than February 1, 2017, to coincide with the start of Charter's 2017 rate year, Charter shall not impose an IGS fee, or any other similar fee, charge, or rate on regulated BST-only subscribers in connection with the provision of navigational devices or any successor equipment or software to such subscribers.
- Charter may, at its election, impose an IGS fee, and any other similar fee, on all other (i.e., non-BST-only) subscribers in connection with the provision of navigational devices or any successor equipment or software to such subscribers, and the amount of any such fee shall not be regulated by the DTC.
- Charter shall file FCC Forms 1240 for the Recertified Communities concurrently with Charter's filing of FCC Forms 1240 in its other 16 regulated Legacy Charter Communities for the 2017 rate year (i.e., by November 2, 2016, unless Charter chooses a different filing date under 47 C.F.R. § 76.922(e)(1)). To do so, Charter shall begin with the FCC Forms 1240 the company filed for the Recertified Communities in DTC Docket No. 12-7 (i.e., for

the 2013 rate year) and shall then prepare FCC Forms 1240 for the Recertified Communities taking into account inflation, channel, and external cost adjustments spanning the 2014, 2015, and 2016 rate years and complete the projected period for the 2017 rate year. In preparing each of these FCC Forms 1240, Charter shall not take any True-Up, positive or negative, into account.

- If Charter chooses to not file FCC Forms 1240 for its other 16 regulated Legacy Charter Communities for the 2017 rate year, Charter shall file FCC Forms 1240 for the Recertified Communities for the 2017 rate year (i.e., by November 2, 2016, unless Charter chooses a different filing date under 47 C.F.R. § 76.922(e)(1)), using the procedure outlined above.
- Charter shall not be required to file FCC Forms 1240 or FCC Forms 1205 for the Recertified Communities for the 2016 rate year.
- In accordance with a February 1, 2016, email from Paul Abbott to Lindsay DeRoche, Charter shall not increase the BST programming rates in effect at that time in the Recertified Communities, at least until the beginning of the 2017 rate year (i.e., February 1, 2017), at which time Charter's FCC Forms 1240, filed as described above and subject to the DTC's review, will govern BST programming rates in the recertified communities.
- Charter shall file an FCC Form 1205 for the 2017 rate year that applies to all 26 Legacy Charter Communities. In preparing the FCC Form 1205 for the 2017 rate year, Charter may rely solely on data from pre-Transaction Charter operations. In preparing the FCC Form 1205 for the 2018 rate year, which shall apply to all Charter rate regulated communities in Massachusetts, including the 6 Legacy TWC Communities, Charter shall have the option of relying solely on data from pre-Transaction Charter system operations or on aggregate data from the post-Transaction consolidated Charter system operations.
- Charter shall not be required to file an FCC Form 1205 applicable to the 6 Legacy TWC Communities for the 2016 and 2017 rate years.
- In accordance with a February 12, 2016, letter from Seth Davidson to Sean Carroll, Charter shall maintain its equipment and installation rates in its Legacy TWC Communities at or below the Maximum Permitted Rates calculated using the Hourly Service Charge ordered by the DTC in its November 23, 2015, Rate Order in DTC Docket No. 14-7, at least until the beginning of the 2018 rate year, at which time Charter's FCC Form 1205, filed as described above and subject to the DTC's review, will govern equipment and installation rates in the Legacy TWC Communities.
- In accordance with a February 26, 2016, email from Seth Davidson to Sean Carroll, Charter shall maintain its BST programming rates in the Legacy TWC communities at the 2016 rate year rates noticed in said email, at least until Charter files FCC Forms 1240 for these

communities, at which time such FCC Forms 1240, subject to the DTC's review, will govern BST programming rates in the Legacy TWC Communities.

- The DTC shall withdraw its Application for Review of the FCC Media Bureau's September 30, 2013, Memorandum Opinion and Order (DA 13-2008) within a reasonable time after the DTC approves this Agreement.
- Charter shall withdraw TWC's Appeal to the FCC of the Rate Order in DTC Docket No. 13-10 within a reasonable time after the DTC approves this Agreement.
- Charter shall not appeal to the FCC the DTC's Rate Order in DTC Docket No. 14-6.
- Charter shall not appeal to the FCC the DTC's Rate Order in DTC Docket No. 14-7.
- Beginning with Charter's FCC Form 1205 for the 2017 rate year, Charter shall remove costs associated with the company's Spoke & Hub Delivery and 3rd Party Recovery Expense from Steps D and E of its FCC Forms 1205, and place such costs in Schedule B of its FCC Forms 1205. Charter shall not appeal to the FCC this issue.
- Rates not addressed herein that Charter proposed in its FCC Forms 1240 and FCC Form 1205 filed in DTC Docket No. 15-4 are approved.
- Notwithstanding the total refunded amount and the refund plan in Attachment B, the rate terms identified above are limited to those communities that are or may be rate regulated, and only for so long as they remain rate regulated, consistent with federal and state law, and shall remain in place in such rate regulated communities for a minimum of seven (7) years. After that time, it shall not be a violation of this Agreement for Charter to take a contrary position to the terms hereof and adjust its rates accordingly, subject to then-applicable federal and state law; provided, however, that if Charter implements such rate adjustments, Charter shall provide the DTC Commissioner with at least 90 days prior written notice (specifically identifying the departure from the rate terms hereof), and it also shall not be a violation of this Agreement for the DTC to prospectively assert regulatory authority contrary to the terms hereof, subject to then-applicable federal and state law.
- The terms set forth above resolve all potential rate refund liability associated with the above-referenced Dockets. Charter and the DTC each retain all of their respective rights in any future rate proceedings, except for those matters expressly addressed and resolved herein.
- Except as specified in this Agreement to accomplish the benefits intended by this Agreement, the entry of an order by the DTC approving the Agreement shall not in any respect constitute a determination by the Department as to the merits of any other issue. In no event, shall this Agreement be deemed to constitute in any respect an admission by Charter of wrong-doing or fault.

IN WITNESS WHEREOF, Charter has executed and delivered this Offer of Settlement to the DTC as of the date first set forth above and agrees to be bound by this Offer upon its adoption by DTC order.

CHARTER COMMUNICATIONS, INC.



By: \_\_\_\_\_  
Michael A. Chowaniec  
VP- State Regulatory Affairs

Dated: November 14, 2016

## Attachment A

### Legacy Charter Communities

Belchertown  
Brimfield  
Chicopee  
East Longmeadow  
Easthampton  
Hadley  
Hampden  
Harvard  
Holden  
Ludlow  
Paxton  
Southampton  
Spencer  
Sturbridge  
West Boylston  
Wilbraham

### Legacy Charter Communities / Recertified Communities

Auburn  
Brookfield  
Charlton  
Dudley  
East Brookfield  
Pepperell  
Upton  
Uxbridge  
West Brookfield  
Worcester

### Legacy TWC Communities

Lee, MA  
Lenox, MA  
Stockbridge, MA  
Dalton, MA  
Pittsfield, MA  
Richmond, MA

## Attachment B

## Charter Communications

## MA Refund Plan - Dockets 13-10, 14-6, 14-7, 15-4

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**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND CABLE**

In re	)	
	)	
Petition of Time Warner Cable	)	
For Review of FCC Forms 1240 and Form 1205	)	D.T.C. 13-10
Petition of Charter Communications	)	
To Establish and Adjust the Basic Service Tier Programming,	)	
Equipment, and Installation Rates	)	D.T.C. 14-6
Petition of Time Warner Cable	)	
For Review of FCC Forms 1240 and Form 1205	)	D.T.C. 14-7
Petition of Charter Communications	)	
To Establish and Adjust the Basic Service Tier Programming,	)	
Equipment, and Installation Rates	)	D.T.C. 15-4

**MOTION FOR APPROVAL OF SETTLEMENT**

Pursuant to 220 C.M.R. §1.04(5), Charter Communications, Inc. (“Charter”) moves the Department of Telecommunications and Cable ("Department") for entry of an order approving the Offer of Settlement (“Settlement”) filed herewith and closing the above-captioned proceedings, subject to the continued jurisdiction of the Department to enforce the terms of the Settlement. As grounds for this motion, Charter states the following:

1. As set forth in the Settlement, the Department has rejected certain aspects of the rate filings previously made by Time Warner Cable, Inc. (“TWC”) and Charter in DTC Dockets Nos. 13-10, 14-6 and 14-7, and the Department has identified similar and additional potential issues in DTC Docket No. 15-4.
2. The DTC’s rate orders in the above-referenced Dockets are subject to existing and potential appeals to the FCC.
3. Charter disagrees with the Department with regard to several rate regulation issues addressed in the above-referenced dockets, including, but not limited to, the appropriate regulatory treatment of TWC’s “Navigator” fee and Charter’s “Interactive Guide Service” fee (collectively, the “IGS” fees).

4. The Settlement is in the public interest as it will establish regulatory certainty, resolve existing litigation and avoid potential litigation, and provide benefits to consumers, including, among other things, prospective rate refunds and the elimination of any IGS fee for customers who subscribe solely to the Basic Service Tier.
5. In no event shall this Motion and the Settlement be deemed to constitute in any respect either a determination on the merits or an admission by Charter of wrongdoing or fault.
6. The Offer of Settlement will become effective only upon entry by the Department of a final order approving the Settlement in full and without change and closing the above-referenced proceedings, subject only to the continued jurisdiction of the Department to enforce the terms of the Settlement. If the Department does not approve the Settlement in its entirety and without change within 30 days of this motion, this Motion and the Settlement shall be deemed to be withdrawn and shall not constitute a part of the record in any proceeding or used for any other purpose.

WHEREFORE, Charter respectfully request that the Department enter an order approving the Offer of Settlement in full and without change and closing the above-referenced proceedings.

Respectfully submitted,

CHARTER COMMUNICATIONS, INC.



By: \_\_\_\_\_  
Michael A. Chowaniec  
VP- State Regulatory Affairs

Dated: November 14, 2016