

# Mendoza Law Office, LLC

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July 2, 2015

## **ELECTRONICALLY FILED**

Mr. Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 Seventh Place East  
Suite 350  
St. Paul, MN 55101

**Re: Notification by Charter Communications, Inc.; Charter Fiberlink CCO, LLC;  
Charter Fiberlink CC VIII, LLC; Charter Advanced Services (MN), LLC; and  
Charter Advanced Services VIII (MN), LLC of Corporate Reorganization**

Dear Mr. Wolf:

On behalf of Charter Communications, Inc., Charter Fiberlink CCO, LLC; Charter Fiberlink CC VIII, LLC; Charter Advanced Services (MN), LLC; and Charter Advanced Services VIII (MN), LLC, this letter transmits the above referenced Notification. Please do not hesitate to contact me or Lindsay Harrison if you have any questions.

Respectfully Submitted,

MENDOZA LAW OFFICE, LLC



Anthony S. Mendoza

Beverly Jones Heydinger	Chair
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
John Tuma	Commissioner
Betsy Wergin	Commissioner

**BEFORE THE STATE OF MINNESOTA  
PUBLIC UTILITIES COMMISSION**

In the Matter of	)	
Notification	)	
by Charter Communications, Inc.;	)	
Charter Fiberlink CCO, LLC;	)	
Charter Fiberlink CC VIII, LLC;	)	Docket No. _____
Charter Advanced Services (MN), LLC; and)	)	
Charter Advanced Services VIII (MN), LLC)	)	
of Corporate Reorganization	)	

**NOTIFICATION BY CHARTER COMMUNICATIONS, INC.; CHARTER FIBERLINK CCO, LLC; CHARTER FIBERLINK CC VIII, LLC; CHARTER ADVANCED SERVICES (MN), LLC; AND CHARTER ADVANCED SERVICES VIII (MN), LLC OF CORPORATE REORGANIZATION**

Charter Communications, Inc. (“Charter”), on behalf of itself and its wholly owned subsidiaries Charter Fiberlink CCO, LLC; Charter Fiberlink CC VIII, LLC; (collectively the “Charter Fiberlink Subsidiaries”), Charter Advanced Services (MN), LLC; and Charter Advanced Services VIII (MN), LLC (collectively the “Charter Advanced Services Subsidiaries”) (jointly the “Charter Subsidiaries”),<sup>1</sup> hereby notifies the Commission that Charter intends to effectuate a *pro forma* corporate reorganization (the “Reorganization”) that will result in the Charter Subsidiaries’ having a new ultimate corporate parent (an entity that will likewise operate

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<sup>1</sup> The Charter Advanced Services Subsidiaries are awaiting a written order in MPUC Docket No. P6716, 5615/C-14-383, involving the question of whether this Commission has jurisdiction over the Charter Advanced Services Subsidiaries’ VoIP service. On May 8, 2015, this Commission voted to assert jurisdiction. However, a written order has not yet been issued. The Charter Advanced Services entities therefore join this Notification, but reserve all rights and objections including without limitation legal and equitable rights relating to jurisdiction, filing, disclosure, relevancy, due process, review, and appeal. Their joining this Notification—as well as any references herein pertaining to non-jurisdictional products and services— may not be construed as a waiver of any rights or objections otherwise available to Charter or the Charter Advanced Services Entities in this proceeding, Docket No. P6716, 5615/C-14-383, or any other proceeding, and may not be deemed an admission of jurisdiction.

under the name “Charter Communications, Inc.” but is referred to in this notice for simplicity as “New Charter”).<sup>2</sup>

The Reorganization will allow New Charter to engage in transactions with two entities that do not operate in Minnesota—Time Warner Cable Inc. (“TWC”) and Advance/Newhouse Partnership (“Advance/Newhouse”), the parent of Bright House Networks, LLC (“BHN”)—by which TWC and BHN will become subsidiaries of New Charter (jointly, the “Transaction”), and Charter will complete the Reorganization simultaneously with the consummation of the Transaction. Because the Transaction requires approval by the Federal Communications Commission and other regulatory agencies and localities, Charter cannot precisely identify when the Transaction—and accordingly the Reorganization—will be consummated.<sup>3</sup> Charter believes that the Transaction and Reorganization will be consummated on or before December 31, 2015.

For the reasons set forth in more detail below, neither the Reorganization nor the Transaction will result in an actual change of ownership of, or control over, the Charter Subsidiaries. Moreover, the Transaction involves TWC and BHN properties located outside of Minnesota. Following the Reorganization, majority ownership—67% to 69%<sup>4</sup>—of New Charter will be held by the public. Charter’s current single largest shareholder, Liberty Broadband, will remain the largest shareholder after the Reorganization and Transaction. As explained at greater length below, however, at the conclusion of the Transaction and Reorganization, Liberty Broadband will retain a slightly smaller equity interest in the larger New Charter, while

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<sup>2</sup> The term *pro forma* is used herein to ensure consistency with related applications filed with other state public utility commissions and local franchising authorities. For reasons discussed herein, the Reorganization does not involve a change in control or ownership requiring Commission action or approval.

<sup>3</sup> Charter is seeking approval of the Reorganization and Transaction from certain other federal and state regulatory agencies due to, *inter alia*, the transfer in other states of licenses and certificated entities from TWC and BHN to Charter.

<sup>4</sup> These percentages are based on stock outstanding as of June 10, 2015.

effectively retaining its current voting interest. Advance/Newhouse will hold an even smaller equity interest, and a sub-10% voting interest, in New Charter. After the Reorganization, as now, no single shareholder will possess the ability to control New Charter's operations. The board of the company will increase from its current 11-member configuration to a 13-person board. A majority of the 13-person board, however, will not be nominated by either Advance/Newhouse (which will nominate two board members at closing) or Liberty Broadband (which will continue to have the right to nominate three board members), and existing management will continue to direct day-to-day operations.<sup>5</sup> Additionally, neither the Reorganization nor the Transaction will have any impact on the Charter Subsidiaries, nor will they affect the services or the applicable terms and conditions the Charter Subsidiaries currently offer to Minnesota customers.<sup>6</sup> The Reorganization is therefore subject to notice-only filing in accordance with Commission rules and precedent.<sup>7</sup>

In further support of this Notice, Charter provides the following information:

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<sup>5</sup> See *In re Formal Complaint by Communications Workers of America Against Citizens Telecommunications Company of Minnesota, LLC and Frontier Communications of Minnesota Inc.* (“*In re Citizens*”), Docket No. P-405, 407, 6439/C-09-885, Order at 2, (Minn. Pub. Utils. Comm’n Sept. 28, 2009) (finding that Commission approval was not required over a proposed transaction that would result in “current Verizon stockholders owning between approximately 66% and 71% of Frontier,” based on, among other factors, the post-transaction widely held nature of share ownership, the independence of the board, and the continuity of management).

<sup>6</sup> After closing the Transaction, if New Charter wishes to make additional changes that require regulatory approval, such as changes to regulated rates, terms, or conditions of service, or with respect to the transfer of regulated customers, New Charter, through its regulated affiliates, will follow applicable Minnesota filing and notice requirements associated with such changes.

<sup>7</sup> See *In re Citizens*, Order at 4 (collecting precedent); see also *In re Joint Applications of Onvoy, Inc. d/b/a Onvoy Voice Services, Zayo Enterprise Networks, LLC and Zayo Group, LLC for the Approval of Pro Forma Intra-Corporate Transactions*, Docket No. P-5728,6818,6833/PA-11-99, Order (Minn. Pub. Utils. Comm’n Mar. 7, 2011); *In re Pro Forma Intra-Corporate Transaction of Windstream Corp.*, Docket No. P5323/PA-13-404, Letter from Minnesota Department of Commerce to Burl W. Haar, Executive Secretary (June 6, 2013) (describing that with respect to *pro forma* Intra-Corporate Transaction of Windstream Corporation involving creation of new holding corporation, “Commission action is not required, and this docket should be closed”).

## **I. DESCRIPTION OF THE PARTIES**

Charter is a corporation organized under the laws of Delaware. Charter is domiciled in Delaware and headquartered at 400 Atlantic Street, Stamford, Connecticut, 06901. Charter is a leading communications company that provides broadband Internet, video, voice, and business services. Charter markets its services under the *Spectrum* brand. Charter's broadband Internet services deliver an industry-leading minimum of 60+ Megabits per second ("Mbps") to the vast majority of its 4.8 million residential broadband customers.<sup>8</sup> Currently the seventh-largest multichannel video programming distributor ("MVPD") in the United States, Charter serves 4.2 million residential Charter TV video customers over its all-digital network. Charter provides voice service to over 2.4 million residential customers via Voice over Internet Protocol ("VoIP") technology. Charter's voice services include unlimited long-distance calling in the United States, Canada, Puerto Rico, the U.S. Virgin Islands, and Guam. Calling features include voicemail, call waiting, caller ID, call forwarding and more at no additional charge. In addition, the E911 feature automatically provides the emergency service operator with a caller's phone number and location. Charter also offers scalable, tailored, and cost-effective technology solutions for 386,000 commercial relationships.

The Charter Subsidiaries are Delaware limited liability companies with their principal place of business located at 12405 Powerscourt Drive, St. Louis, Missouri 63131. They are indirect wholly owned subsidiaries of Charter. Pursuant to authority from this Commission,<sup>9</sup> the

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<sup>8</sup> A small portion (less than 1%) of New Charter that is not interconnected to the New Charter network may be offered at lower speeds. And it is possible that systems serving fewer than 1% of homes may not be taken all-digital due to the challenges in interconnecting to the remaining New Charter network.

<sup>9</sup> For Certification-related orders regarding Charter Fiberlink CCO, LLC, see *In re Application of Charter Fiberlink CCO, LLC For a Certificate of Authority To Provide Local, Long-Distance and Local Niche Service*, Docket No. P-5615/M-09-240, Order (Aug. 17, 2009); *In re Joint Application of Charter Fiberlink, LLC, Charter Fiberlink CCO, LLC and Charter Telephone of Minnesota, LLC for Approval To Transfer Certain Assets and Related Regulatory Authority*, Docket No. P-3058/M-09-241 (Minn. Pub.

Charter Fiberlink Subsidiaries provide interstate and intrastate telecommunications services to business customers, including private line and data/wide area network services. The Charter Fiberlink Subsidiaries do not currently have customers for residential end-user voice services themselves, but they enable the Charter Advanced Services Subsidiaries (which supply interconnected VoIP services to residential and business end-users) to offer such services by providing network interconnection, telephone numbers, and other services. The Charter Fiberlink Subsidiaries also provide switched exchange access services to interconnecting carriers who terminate calls on Charter's network. Pre- and Post-Reorganization corporate organization charts are provided in Exhibit A. Charter's more than 1,500 Minnesota employees proudly serve 158 Minnesota communities including Rochester, Apple Valley, Saint Cloud, Lakeville, Duluth, Mankato, and others.

## **II. DESIGNATED CONTACTS**

Communications involving this Notice should be directed to the following contact:

Michael R. Moore  
Vice President & Associate General Counsel, Regulatory Affairs  
Charter Communications, Inc.  
12405 Powerscourt Dr.  
St. Louis, MO 63131  
Phone: (314) 543-2414  
Facsimile: (314) 965-6640  
Email: michael.moore@charter.com

*With copies to:*

Adam Falk  
Senior Vice President, State Government Affairs  
Charter Communications, Inc.

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Utils. Comm'n Aug. 17, 2009). For certification-related orders regarding Charter Fiberlink CC VIII, LLC, see for example, *In re Request by Bresnan Telephone of Minnesota, LLC for Approval for a Certificate of Authority as a Telecommunications Carrier To Provide Local Niche Service*, Docket No. P.5615/NA-98-1512, Order (Minn. Pub. Utils. Comm'n Jan. 12, 1999); *In re Charter Telephone of Minnesota Request to Amend the Certificate of Authority of Charter Telephone of Minnesota, LLC*, Docket No. P-5615/M-09-239, Order (Minn. Pub. Utils. Comm'n Aug. 17, 2009).

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### **III. DESCRIPTION OF TRANSACTION**

To complete the Transaction with TWC and BHN, Charter will undergo certain changes to its corporate structure. Specifically, Charter will utilize an existing subsidiary (CCH I, LLC), which will eventually become New Charter, the ultimate parent, public company of Charter's corporate structure. This subsidiary will convert from an LLC to a C corporation and will become a direct subsidiary of Charter Communications, Inc. Through a series of steps, Charter and all of its subsidiary entities, including the Charter Subsidiaries, will then be placed under the ownership of New Charter. To effectuate this step of the Reorganization, Charter will merge with a subsidiary of New Charter, and each then outstanding share of Charter Class A common stock will be converted into 0.9042 shares of New Charter. New Charter will assume the Charter name and its existing NASDAQ Stock Market ticker symbol (CHTR).

As a result of the Transaction, legacy TWC shareholders will come to own approximately 40% to 44% of New Charter, and Advance/Newhouse will come to have an approximately 13% to 14% interest in New Charter on an as-converted, as-exchanged basis but only an approximately 6% to 7% voting interest.<sup>10</sup> Liberty Broadband, Charter's largest shareholder, which currently holds approximately 25% ownership, will remain the largest shareholder, with a 18% to 19% ownership interest in New Charter, and an approximately 25% voting interest. Legacy Charter shareholders and legacy TWC shareholders will jointly hold 67% to 69% ownership of New Charter, which, like current Charter, will thus be a widely held, publicly traded company.

At the conclusion of the Reorganization and Transaction, the board of New Charter will increase from 11 to 13 members. A majority of the board will not be nominated by either Advance/Newhouse (which will nominate two board members at closing) or Liberty Broadband (which will nominate three board members at closing). Tom Rutledge, Charter's current President and CEO, will continue to hold a board seat and will be offered the position of Chairman. Thus, the Reorganization and Transaction will not effectuate a change of control with respect to Charter's existing board.<sup>11</sup> The management and operations of New Charter, including the Charter Subsidiaries, are expected also to remain unchanged.<sup>12</sup> Reorganizations of this sort do not require Commission review or approval, and therefore this Notification is

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<sup>10</sup> Pursuant to a five-year irrevocable proxy, subject to certain exceptions, granted by Advance/Newhouse Partnership, Liberty Broadband's voting share in New Charter will be up to a maximum of 25.01%. Because of this proxy, Advance/Newhouse will hold a voting interest in Charter of less than 10%.

<sup>11</sup> See *In re Citizens*, Order at 5 (noting that Frontier would "retain[] three-fourths of the seats on its Board of Directors following the closing of this transaction").

<sup>12</sup> See *id.* (noting that Frontier would "continue to control the management of its operations").



provided as to the Transaction and Reorganization as a courtesy, without a specific request for Commission action or review.<sup>13</sup>

#### **IV. CONCLUSION**

For the reasons stated above, Charter respectfully submits this Notification. Should the Commission have any questions regarding this Notification, please do not hesitate to contact us.

Respectfully Submitted,

A handwritten signature in cursive script, reading "Anthony S. Mendoza".

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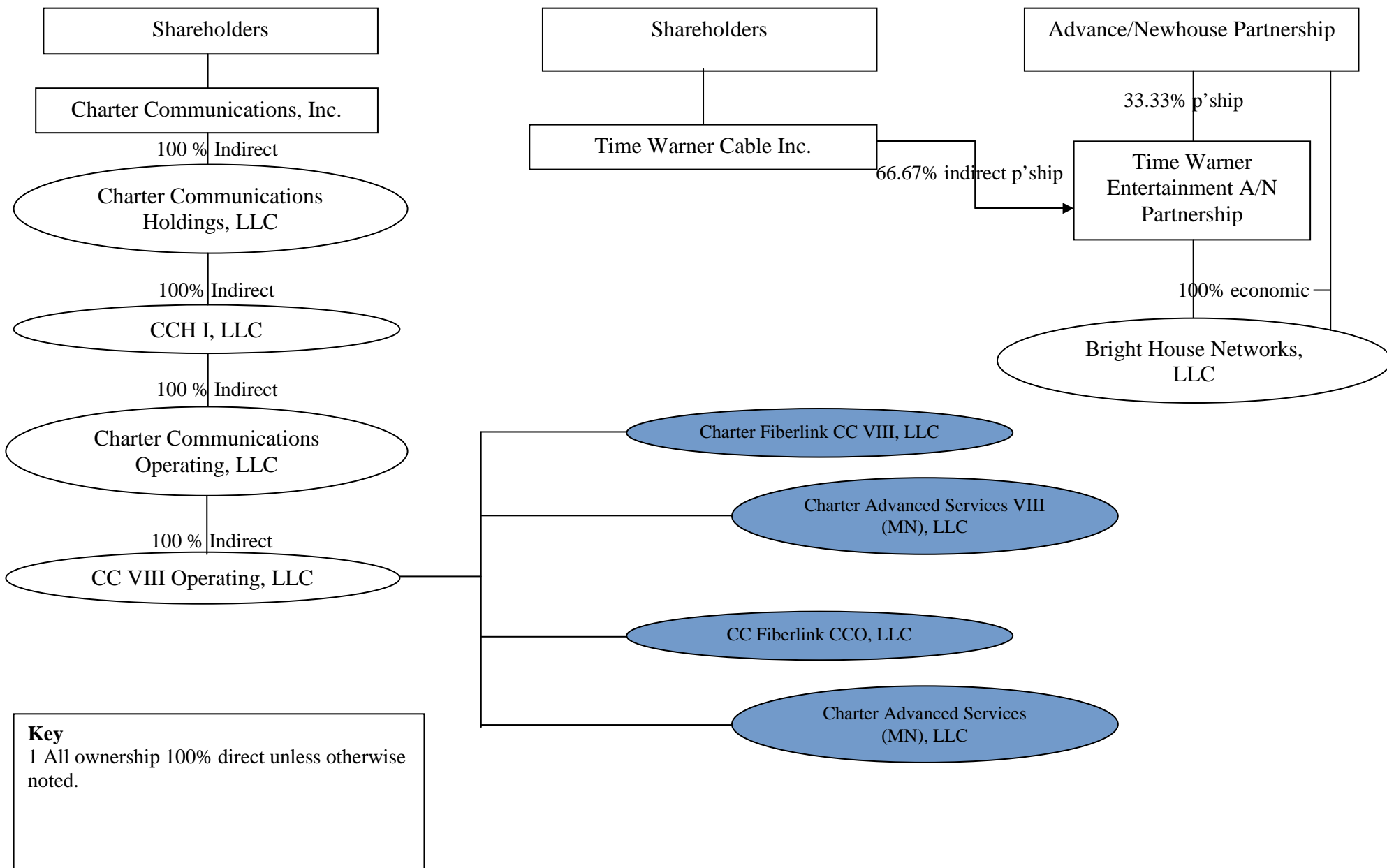
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<sup>13</sup> See *supra* note 7.

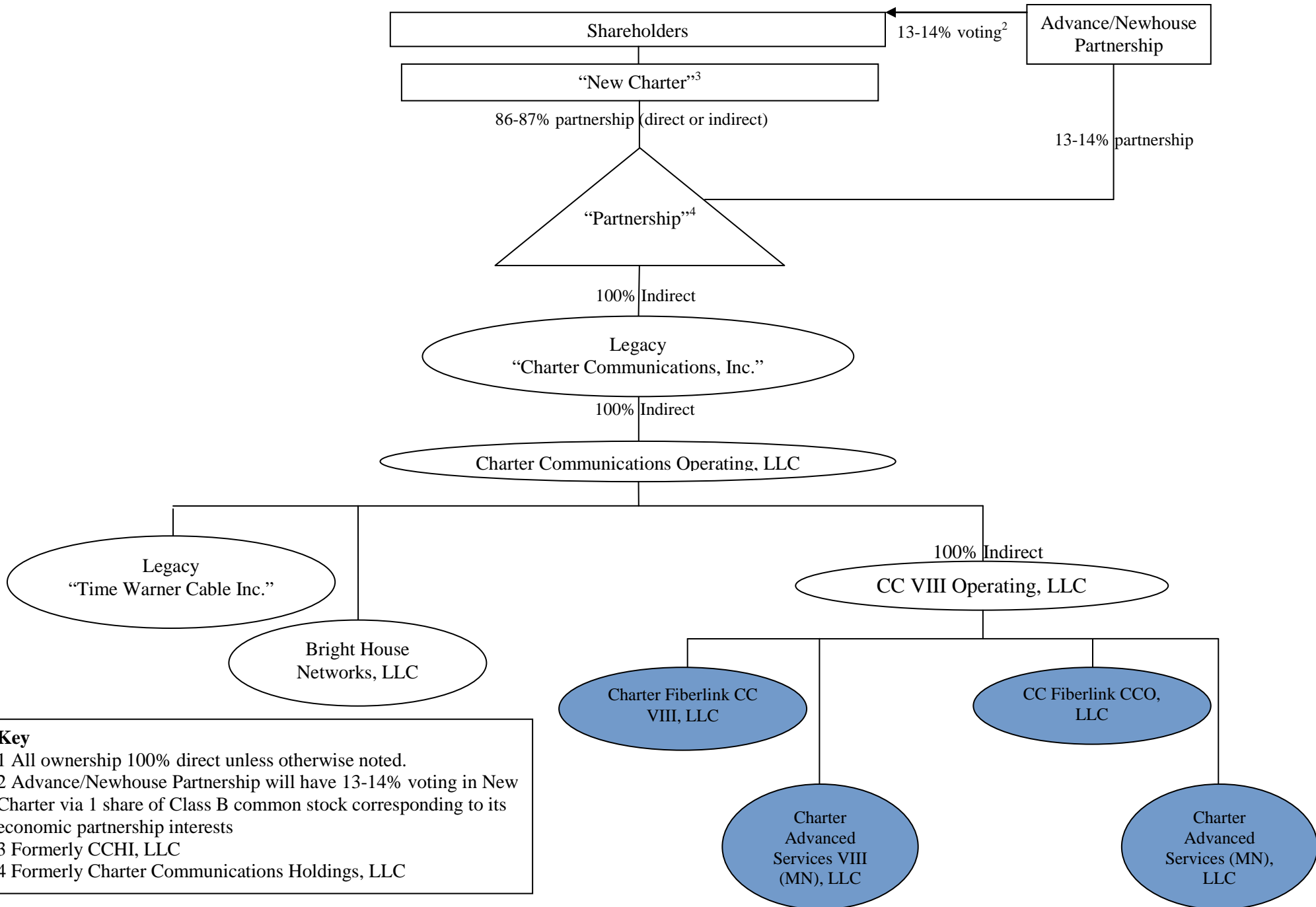
# **EXHIBIT A:**

## **Pre- and Post-Transaction Organization Charts**

## Diagram of Organization Structure Prior to Transactions<sup>1</sup>



## Diagram of Organization Structure Following Transactions<sup>1</sup>

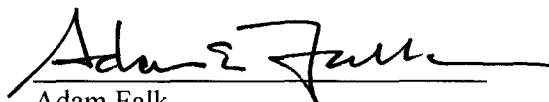


**Key**  
 1 All ownership 100% direct unless otherwise noted.  
 2 Advance/Newhouse Partnership will have 13-14% voting in New Charter via 1 share of Class B common stock corresponding to its economic partnership interests  
 3 Formerly CCHI, LLC  
 4 Formerly Charter Communications Holdings, LLC

**AFFIDAVIT**


I, Adam Falk, hereby declare that I am the Senior Vice President, State Government Affairs, of Charter Communications, Inc. and am authorized to make this Affidavit on behalf of Charter Communications, Inc.; Charter Fiberlink CCO, LLC; Charter Fiberlink CC VIII, LLC; Charter Advanced Services (MN), LLC; and Charter Advanced Services VIII (MN), LLC. I further state that I have reviewed the foregoing Notice, that all the facts set forth above are true and correct to the best of my knowledge, information, and belief, and that I expect to be able to prove the same at any hearing held in this manner.

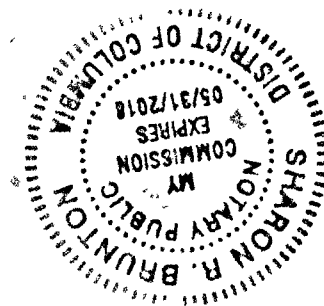
**Charter Communications, Inc.**



Adam Falk  
Senior Vice President, State  
Government Affairs  
Charter Communications, Inc.

Sworn and subscribed before me this 2 day of July, 2015

  
Notary Public



My commission expires 5-31-18