

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Joint)	Application No. C-4774
Application of Charter)	
Fiberlink-Nebraska, LLC, St.)	
Louis, Missouri, Time Warner)	
Cable Information Services)	
(Nebraska), LLC, and Time)	GRANTED
Warner Cable Business LLC, New)	
York, New York, seeking)	
approval of a Transfer of)	
Control, a Financing)	
Arrangement and Related)	
Transactions.)	Entered: October 6, 2015

BY THE COMMISSION:

On July 2, 2015, a joint application was filed Charter Fiberlink-Nebraska, LLC ("Charter Fiberlink") of St. Louis, Missouri, Time Warner Cable Information Services (Nebraska), LLC ("TWCIS") and Time Warner Cable Business LLC ("TWCB") of New York, New York, (collectively referred to herein as the "Joint Applicants") seeking approval of a Transfer of Control, a financing arrangement and related transactions. Notice of the application was published in The Daily Record, Omaha, Nebraska, on July 9, 2015. No protests were filed; therefore, this application is processed pursuant to the Commission's Rule of Modified Procedure.

O P I N I O N A N D F I N D I N G S

The Parties:

Charter Communications, Inc., is a communications company that provides broadband Internet, video, voice and business services. Charter markets its services under the Spectrum Brand. Charter operates in 28 states, including Nebraska and employs over 23,500 people.

Charter Fiberlink is a limited liability company organized and existing under the laws of Delaware and is an indirect wholly owned subsidiary of Charter. Charter Fiberlink's principal office is located in St. Louis, Missouri. Charter Fiberlink is authorized by this Commission to operate in Nebraska as a facilities-based

local exchange and interexchange carrier.¹ Charter has over 180 employees providing service in over 73 communities in Nebraska including Grand Island, Hastings, Kearney, Beatrice, North Platte, and Scottsbluff.

Time Warner Cable is a publicly traded Delaware corporation with its headquarters located in New York, New York. Time Warner Cable offers broadband, video and voice services across portions of 30 states including Nebraska.

TWCIS is a member-managed Delaware limited liability company authorized to do business in the state as a foreign limited liability company. By order dated November 23, 2004, in Docket C-3228, TWCIS is authorized in Nebraska to provide local and interexchange voice service within the State of Nebraska. TWCIS does not provide direct end-user voice services. Rather, TWCIS offers wholesale telecommunications services, including switched access service and local interconnection service to retail VoIP providers, including TWCIS's own non-regulated affiliate that provides retail VoIP service, TWC Digital Phone d/b/a Time Warner Cable.

TWCB is a Delaware limited liability company authorized to do business in the State as a foreign limited liability company. TWCB is authorized to provide interexchange service within the State of Nebraska. TWCB offers a variety of services and products to business and commercial customers including local interconnection and high-capacity transmission services such as Metro Ethernet.

Description of the Arrangement:

The joint applicants also seek approval of the application and the proposed financing that will be used in connection with the consummation of the Transaction which will combine Charter, TWC and BHN into a single company. The basic structure of the Transaction resulting in the transfer of control under consideration is a series of

¹ See *Joint Application of Cable USA, Inc. and F&S Fiber Systems, L.L.C. both of Scottsbluff, Nebraska and Charter Fiberlink-Nebraska L.L.C., of St. Louis, Missouri, Seeking Approval of a Transfer of Control*, Docket C-2531, Granted (July 11, 2001).

mergers after which TWC and BHN and their respective subsidiaries will be subsidiaries of New Charter, which will also be the ultimate parent of Charter's current operating entities.

On May 23, 2015, Charter, along with CCH I, LLC, the current Charter subsidiary that will become New Charter, entered into agreements with TWC, Liberty Broadband Corporation, Liberty Interactive Corporation and A/N parent company of BHN. Under the terms of the Agreements, TWC will merge into a subsidiary of New Charter through a series of mergers. Those mergers will ultimately result in TWC stockholders, other than Liberty, receiving a combination of cash and shares of New Charter Class A common stock in exchange for its shares of TWC stock. In addition, subject to separate conditions set forth in Charter's agreement with A/N, New Charter will acquire BHN for approximately \$10.4 billion, comprised of cash and equity of New Charter. Liberty will invest a total of \$5 billion in connection with the Transaction in exchange for additional shares of New Charter Class A common stock.

The management of New Charter, including Charter's current operating subsidiaries, is expected to remain unchanged. New Charter will assume the Charter name and will be the entity with shares traded on NASDAQ. Upon completion of the Transaction, approximately 68 percent of New Charter, on an as-converted, as exchanged basis, will be publicly held, and a majority of the board will not be nominated by either A/N or Liberty Broadband. Charter's President and CEO will hold a board seat and will be offered the position of Chairman and CEO of New Charter.

New Charter will be the third-largest Multichannel Video Programming Distributor ("MVPD") behind AT&T-DirectTV and Comcast. New Charter will own and/or manage systems serving approximately 19.4 million broadband customers, 17.3 million video customers and 9.4 million voice customers across 41 states. Upon completion of the Transaction, Charter, Fiberlink and each of the TWC Subsidiaries will be indirect subsidiaries of New Charter.

According to the Joint Applicants, Charter possesses the requisite financial, technical and managerial qualifications to acquire control of the TWC Subsidiaries

and provide reliable service. They state, by combining Charter's business strategy of investing in and offering high-quality services at competitive prices, TWC's operating momentum, and BHN's strong reputation for customer care, the Transaction will deliver benefits to residential and business customers in Nebraska.

Description of the Financing Arrangement:

Pursuant to the Transaction certain operating subsidiaries of New Charter, including Charter Fiberlink and the TWC Subsidiaries will become guarantors of, and, with respect to any secured facilities, will pledge their assets to secure, (1) indebtedness being incurred to finance in part the Transaction, and (2) indebtedness of legacy TWC and its subsidiaries that will become indirect subsidiaries of New Charter.

The Joint Applicants state the financing arrangement is in the public interest as it will enhance the Applicants ability to compete in the market for telecommunications services in Nebraska and have no adverse effect on customers.

The Joint Applicants seek approval from the Commission pursuant to Neb. Rev. Stat. § 75-148, which states in pertinent part,

A common carrier may issue stock, bonds, notes, or other evidence of indebtedness, payable at periods of more than twelve months after the date thereof, when necessary for the acquisition of property, the construction, completion, extension or improvement of facilities, the improvement or maintenance of its service, or the discharge or lawful refunding of its obligations if the common carrier first secures from the Commission an order authorizing such issue and the amount thereof and stating that in the opinion of the Commission the use of the capital to be secured by the issue of such stock, bonds, notes, or other evidence of indebtedness is

reasonably required for the purposes of the carrier.

Charter expects to finance part of the consideration for the Transaction with additional indebtedness of approximately \$24 billion. This additional indebtedness is expected to be in the form of new senior secured bank loans, senior secured notes, and unsecured indebtedness made available to two of Charter's subsidiaries, CCO Holdings, LLC ("CCOH"), and Charter Communications Operating, LLC ("Charter Operating") the immediate holding company for all of Charter's operating subsidiaries.

Incremental Facilities and CCO Bridge Facilities will be used to fund the cash payments required upon consummation of the Transaction. The CCOH Unsecured Bridge if used, may be used to fund additional cash merger consideration to the extent necessary or, in the event the Agreement and Plan of Merger is terminated, to pay any applicable termination fee.

Upon the incurrence of the Incremental Facilities and CCO Bridge Facilities, (i) CCOH, (ii) each existing Charter subsidiary that is already a subsidiary guarantor under the Amended and Restated Credit Agreement (including Charter Fiberlink), and (iii) each of TWC and BHN and, subject to customary exceptions, their domestic subsidiaries (including TWC Subsidiaries)(collectively the "New Charter Guarantors") will (A) become guarantors thereunder and (B) except with respect to the CCO Senior Unsecured Bridge (or, to the extent issued in lieu thereof, the CCO Senior Unsecured Notes or other unsecured indebtedness issued in lieu thereof by Charter Operating) be required to provide lenders and noteholders a security interest in certain assets and property that are required to be pledged as collateral under the Amended and Restated Credit Agreement and any other secured indebtedness issued by Charter Operating in connection with the Transaction.

In connection with the completion of the Transaction, Charter Operating and its subsidiaries, including Charter Fiberlink and the TWC Subsidiaries, also expect to guarantee approximately \$23 billion in indebtedness of TWC and its subsidiaries that will become New Charter subsidiaries. TWC's obligations under the TWC Notes and

Debentures are guaranteed by TWCE. The TWC obligations under the TWC Notes and Debentures are guaranteed by TWCE. The TWC Notes and Debentures are currently unsecured senior obligations of TWC and rank equally with its other unsecured and unsubordinated obligations.

During 1992 and 1993, Time Warner Entertainment Company L.P. ("TWE") issued debentures publicly in a number of offerings. As a result of various internal reorganizations at TWC, TWCE has assumed all of the rights and obligations under TWE's previously issued debentures. TWCE's obligations under the TWCE Debentures are guaranteed by TWC. The TWCE Debentures are currently unsecured senior obligations of TWCE and rank equally with its other unsecured and unsubordinated obligations. Pursuant to the TWCE Indenture, TWC fully, unconditionally and irrevocably guarantees the payment of principal and interest on the TWCE Debentures. The guarantees of the TWCE Debentures are currently unsecured senior obligations of TWC and rank equally in right of payment with all other unsecured and unsubordinated obligations of TWC.

Upon closing of the Transaction Charter Operating and each of the New Charter Guarantors will guarantee and secure the TWC Notes and Debentures and TWCE Debentures. Participation by Charter in the financing arrangements will enable Charter to consummate the above-described Transaction, and, according to the Joint Applicants, will not result in any change in the day-to-day operations of Charter Fiberlink or the TWC Subsidiaries in Nebraska.

Based on the evidence, we find the application to be fair and reasonable and in the public interest. The application should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-4774 be, and it is hereby, granted.

Application No. C-4774

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MADE AND ENTERED at Lincoln, Nebraska, this 6th day of
October, 2015.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Tim Schram

Chairman

Gerald L. Vap

Crystal Knodes

ATTEST:

Frank E. Landis

Seby L. Pule

Executive Director

//s//Frank E. Landis

//s//Gerald L. Vap