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September 16, 2020

VIA EMAIL: BOARD.SECRETARY@BPU.NJ.GOV

Aida Camacho-Welch, Secretary

Board of Public Utilities

44 South Clinton Avenue

9th Floor

Trenton, NJ 08625

Re: In the Matter of the Verified Petition of Spectrum New York Metro, LLC (f/k/a Time Warner Cable New York City LLC), for Approval to Participate in Certain Financing Arrangements Pursuant to N.J.S.A. §§ 48:5A-40 and 48:5A-42
Our File No. 41008.1000

Dear Secretary Camacho-Welch:

I write on behalf of Spectrum New York Metro, LLC, f/k/a Time Warner Cable New York City LLC (“Petitioner”). Pursuant to the interim e-filing procedures adopted by the Board of Public Utilities on March 19, 2020, annexed hereto please find Petitioner’s Verified Petition in connection with the above-captioned matter.

As always, should you have any questions, please do not hesitate to contact me.

Very truly yours,

Dennis C. Linken

Dennis C. Linken

For the Firm

DCL/rj

cc: w/enc. Dr. Ben Witherell, Chief Economist (via email)
Christine Lin, Administrative Analyst (via email)
Lawanda R. Gilbert, Director (via email)
Rocco Della Serra, Administrative Analyst II (via email)
Stefanie A. Brand, Director (via email)
Maria Novas-Ruiz, Deputy Rate Counsel (via email)
Robert Brabston, Esq., Deputy Executive Director (via email)
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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

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Attorneys for Petitioner
Spectrum New York Metro, LLC
Our File No. 41008.1000

IN THE MATTER OF THE VERIFIED PETITION OF

**SPECTRUM NEW YORK METRO, LLC (f/k/a
TIME WARNER CABLE NEW YORK CITY
LLC),**

for Approval to Participate in Certain Financing
Arrangements Pursuant to N.J.S.A. §§ 48:5A-40 and
48:5A-42

VERIFIED PETITION

Docket No. _____

VERIFIED PETITION

Spectrum New York Metro, LLC, f/k/a Time Warner Cable New York City LLC (“Spectrum” or the “Petitioner”), requests approval, to the extent required, for petitioner to participate in certain Financing Arrangements, as defined below. This Petition is filed pursuant to N.J.S.A. §§ 48:5A-40 and 48:5A-42, and the regulations of the Board of Public Utilities (“Board”). For the reasons set forth below, Petitioner requests that the Board consider and approve this petition on an expedited basis.

In support of this Verified Petition, Petitioner states:

I. EXECUTIVE SUMMARY

Since Charter Communications, Inc. (“Charter”) acquired Time Warner Cable Inc. in 2016 (the “TWC Merger”),¹ it has worked with the Board to bring new and innovative products and services to its customers in Bergen and Hudson County, New Jersey. Charter has made significant investments in equipment, network facilities, and service to enhance its product offerings and the operations to support high-quality customer care. These investments have greatly benefitted Spectrum’s New Jersey customers.

With this filing, Spectrum seeks approval, to the extent necessary, to participate in certain transactions pursuant to the Financing Arrangements, as defined below (each, a “Transaction”), that Charter Communications Operating, LLC (“CCO”), a Delaware limited liability company and an indirect subsidiary of Charter, may choose to undertake. The substantive terms and conditions governing these Financing Arrangements are expected to be substantially the same, albeit improved, as the terms and conditions governing the financing of the TWC Merger that was approved by the Board (the “TWC Merger Financing”). These Financing Arrangements will strengthen Charter’s financial condition, and by extension, Spectrum’s ability to continue providing new products and services to its New Jersey customers. Bolstering Charter’s and Spectrum’s financial strength is expected to lead to a more robust and competitive cable services marketplace wherein the company can continue to innovate and deliver benefits and value to its New Jersey customers.

¹ See Board Order Approving Stipulation of Settlement, Docket No. CM15070772 (the “*TWC Merger Order*”) (approving Charter’s financing arrangements in connection with the TWC Merger).

II. DESCRIPTION OF THE PETITIONER

Spectrum is a wholly owned indirect subsidiary of CCO and is a limited liability company organized under the laws of the state of Delaware. Its principal New Jersey office is located at 200 Roosevelt Place, Palisades Park, New Jersey 07650. Spectrum provides cable service in 14 New Jersey communities: Cliffside Park, Edgewater, Englewood, Englewood Cliffs, Fairview, Fort Lee, Leonia, Little Ferry, Moonachie, Palisades Park, Ridgefield, Ridgefield Park and Teterboro in Bergen County, and the town of Guttenberg in Hudson County. Spectrum offers its New Jersey subscribers access to hundreds of video programming channels, on-demand options, and other video services and capabilities, including its award-winning regional news channel Spectrum News NY1.

Spectrum's indirect parent company, Charter, is a publicly traded corporation that is also the parent company of all "Charter" cable television entities throughout the United States. Charter is the nation's second largest cable television company, serving more than 30 million subscribers. Charter and CCO are domiciled in Delaware and headquartered at 400 Atlantic Street, Stamford, Connecticut 06901.

III. DESIGNATED CONTACTS

Questions, correspondence or other communications concerning this Petition should be directed to:

For Spectrum and Charter:

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IV. DESCRIPTION OF REQUESTS TO THE BOARD

Spectrum and Charter are asking for financing authority within the same parameters as those approved in the TWC Merger that the Board already reviewed extensively. In connection with the TWC Merger, the Board authorized Spectrum to guarantee and pledge its assets as security for approximately \$24 billion in new indebtedness to be incurred by Charter, including approximately \$3.8 billion in senior secured term loans, a \$2.0 billion incremental secured term loan, and approximately \$15.5 billion in senior secured notes (the “Notes”).² The Notes had maturities

² See *TWC Merger Order*.

ranging from approximately five (5) to forty (40) years, and were issued at interest rates ranging from 3.579% to 6.834% in accordance with then-prevailing market rates and the Notes' varying durations of maturity.³ The Board concluded that approval of these financing transactions was "consistent with the applicable law and [] in the public interest."⁴

As set forth below, Petitioner seeks Board authorization to participate in two similar sets of financing arrangements by CCO. First, Petitioner requests authorization to participate in certain financing up to an initial aggregate amount of up to \$5.0 billion (the "Initial Aggregate Amount"). Second, Petitioner is simultaneously requesting authorization to participate in certain financing in an incremental amount or amounts such that the face value of CCO and its subsidiaries' total secured long-term indebtedness ("Total CCO Secured Debt"), inclusive of the Initial Aggregate Amount, will not exceed \$60.568 billion (the "Total CCO Secured Debt Cap") at any one time (collectively, the "Financing Arrangements").

For all Financing Arrangements, Petitioner currently expects that Petitioner (along with substantially all other subsidiaries of CCO) will provide a guarantee of the Financing Arrangements secured by a pledge of substantially all of Petitioner's assets (and substantially all assets of CCO and of substantially all of its other subsidiaries).

A. Initial Aggregate Amount Authorization Request

In order to maintain adequate flexibility to respond to market conditions and requirements and to respond to other new business and financing opportunities (including the repayment, refinancing or modification of the terms of then-current outstanding debt or the repurchase of

³ *Id.* The BPU also approved the issuance of additional unsecured indebtedness by Charter and for Spectrum to become guarantor and to pledge its assets in support of approximately \$23 billion in previously unsecured Time Warner Cable debt.

⁴ *Id.*

outstanding equity), Petitioner first seeks approval to participate in Financing Arrangements up to the Initial Aggregate Amount, consistent with the terms outlined below.

Initial Aggregate Amount Financing Arrangements:

Initial Aggregate Amount: Up to \$5.0 billion

Issuer/Borrower: Consistent with the TWC Merger Financing, under a CCO Notes Offering (as defined below) Transaction, CCO will be a co-issuer with Charter Communications Operating Capital Corp., a Delaware corporation. CCO is expected to be the sole borrower under any other type of Financing Arrangement.

Debt Instruments: While any Transaction is expected to be an offering of secured notes (any such offering, a “CCO Notes Offering”), the Financing Arrangements may include one or more of the following forms of debt instruments: offerings of notes or debentures (including notes convertible into equity and private notes that may be exchanged for public notes); amendments to conventional credit facilities, such as revolving credit facilities and term loans; letters of credit; and bridge loans; or a combination thereof.

Maturity: The maturity period will be consistent with the maturity period for similar debt instruments and will not be determined until each Transaction is finalized. To maintain flexibility, approval is sought for Financing Arrangements that have a maturity period consistent with then-current market conditions.

Interest: The interest rate of any CCO Notes Offering is expected to be at a fixed rate. In order to maintain flexibility, approval is sought for Financing Arrangements that, depending on the type of debt instrument, will accrue interest at a rate(s) that may be fixed (typically set at signing or closing based on then current market conditions) or floating (consisting of a base rate, which will float with a rate index such as LIBOR or the Federal Funds Rate, plus an applicable margin), or a combination of fixed rates and floating rates.

Guarantees/Collateral: Consistent with the TWC Merger Financing, the Financing Arrangements are expected to be (i) guaranteed by CCO Holdings, LLC (a Delaware limited liability company and the direct parent of CCO) and substantially all of the subsidiaries of CCO, including Spectrum, (ii) secured by a pledge of (A) substantially all of the assets of CCO and each of CCO’s subsidiaries, including Spectrum and (B) the membership interests held by the direct parent of CCO and each such subsidiary. Petitioner seeks authority to participate as a guarantor and pledgor in the Financing Arrangements up to the Initial Aggregate Amount.

Purpose: The Financing Arrangements may be used to fund the repayment or refinancing of then-current outstanding debt (including reducing interest rates, extending maturities, or increasing the size of certain credit facilities), to fund share repurchases, working capital requirements (including the development and expansion

of distributed network systems), and other general corporate purposes of Charter and its subsidiaries.

Accordingly, Petitioner requests Board authorization to participate in the Financing Arrangements up to the Initial Aggregate Amount, as a guarantor and by pledging its assets as collateral for the Financing Arrangements, with terms materially consistent with those outlined above and approved previously by the Board in connection with the TWC Merger Financing.

B. Total CCO Secured Debt Cap Authorization Request

Concurrently with the Initial Aggregate Amount request above, Petitioner also seeks Board approval to participate in Financing Arrangements up to a Total CCO Secured Debt Cap of up to \$60.568 billion. As opposed to authorization for an issuance of debt up to a specified amount (as in the Initial Aggregate Amount request above), this second authorization would facilitate CCO's entering into Financing Arrangements from time to time, in amounts to be determined based on market opportunities, provided that Total CCO Secured Debt does not exceed the Total CCO Secured Debt Cap. This authorization would thus allow Charter to take advantage of opportunities that arise in the market periodically—including, for example, to refinance existing debt on improved terms or to extend the maturity date of existing debt—while remaining below its targeted leverage ratio of 3.5x:1.0.⁵

As of June 30, 2020, Total CCO Secured Debt was \$55.568 billion. Charter's LTM EBITDA for the period ending June 30, 2020 was \$17.5 billion. The resulting ratio of Total CCO Secured Debt to Charter LTM EBITDA (the "CCO Secured Debt Ratio") was 3.175x. The CCO Secured Debt Ratio for the period ending June 30, 2016, immediately following the execution of the approved TWC Merger, was 3.454x.

⁵ "LTM EBITDA" means "last twelve months earnings before interest, taxes, depreciation, and amortization."

Maintaining a total secured indebtedness at or below the Total CCO Secured Debt Cap is intended to allow CCO to maintain a CCO Secured Debt Ratio that is below its targeted ratio of 3.5:1.0. Based on its current LTM EBITDA, the CCO Secured Debt Ratio for \$60.568 billion Total CCO Secured Debt would be 3.461x. Accordingly, Petitioner also seeks Board approval to participate in Financing Arrangements up to the Total CCO Secured Debt Cap consistent with the following terms:

Total CCO Secured Debt Cap Financing Arrangements:

Total CCO Secured Debt Cap: Up to \$60.568 billion at any one time, inclusive of the Initial Aggregate Amount.

Terms related to the **Issuer/Borrower**, the **Debt Instruments**, the **Maturity**, the **Interest**, and the **Purpose** are identical to the terms set forth in Section IV(A) *supra*.

Terms related to the **Guarantees/Collateral** are identical to the terms set forth in Section IV(A) *supra*, except that Petitioner seeks authority to participate as a guarantor and pledgor in the Financing Arrangements up to the Total CCO Secured Debt Cap.

Petitioner therefore also requests Board authorization to participate in the Financing Arrangements up to the Total CCO Secured Debt Cap, as a guarantor and by pledging its assets as collateral for the Financing Arrangements, with terms materially consistent with those outlined above and approved previously by the Board in connection with the TWC Merger Financing.

V. REQUEST FOR EXPEDITED TREATMENT

Approval of this petition is in the public interest and should be granted expeditiously. Expedited action is warranted because of the anticipated benefits to Charter and Spectrum and the company's New Jersey customers, and because the authorization requested herein is substantially the same as its authorization of the TWC Merger Financing, which the Board reviewed extensively. The Financing Arrangements themselves will have no adverse impact on the rates, terms and conditions of cable services that Spectrum provides to customers in New Jersey.

Expeditious treatment of both requests is respectfully requested to facilitate Spectrum's ability to participate in the Financing Arrangements described above. In particular, Petitioner respectfully requests that the Board consider the Initial Aggregate Amount request quickly.

Expeditious approval of Spectrum's participation in the Financing Arrangements, particularly the Initial Aggregate Amount Financing Arrangements, will help facilitate the favorable reception by Charter's investors of any Transactions and other transactions, and will thereby enable Spectrum and Charter to better serve New Jersey residents. By contrast, any protracted delay could harm both Charter's and Spectrum's ability to access the market on more favorable terms.

Concurrently with this petition, Petitioner, together with Charter, is submitting a Notification of *Pro Forma* Internal Restructuring, or in the Alternative, Petition for Approval of a *Pro Forma* Internal Reorganization. Should the Board permit the proposed restructuring to go forward based on that notification or, in the alternative, based upon a determination that formal approval is required, should the Board approve the proposed restructuring before approving the authorizations sought herein, the authorizations sought herein would no longer be required, and this petition would be mooted.

VI. PUBLIC INTEREST CONSIDERATIONS

The Financing Arrangements will serve the public interest in promoting competition among cable services providers and by ensuring the continued financial health and viability that will allow Charter and Spectrum to innovate and deliver value to its customers. The Financing Arrangements are expected to enhance the financial condition and prospects of Charter and Spectrum, increase its liquidity and accelerate the introduction of new technologies, products and services to its customers. These enhancements are expected to allow Spectrum to strengthen its competitive positions to the benefit of its customers and the cable television marketplace. The

Financing Arrangements will allow Charter to pursue growth strategies and to expand operations by allowing Spectrum to continue offering customers an expanded line of products and services. As a result of the Financing Arrangements, Petitioner believes it will be able to compete more effectively against cable service providers and other providers of video and online programming and services and offer products and services that will attract and retain more customers.

At the same time, the Financing Arrangements will have no adverse impact on the customers of Spectrum. The Financing Arrangements will be transparent to Spectrum's customers and will not disrupt service or cause customer confusion or inconvenience. The Financing Arrangements themselves will have no adverse impact on the rates, terms and conditions of cable services that Spectrum provides to customers.

VII. CONCLUSION

For the reasons stated above, Petitioner respectfully submits that the public interest, convenience and necessity would be served by expeditious grant of this Petition for approval of this Petition to permit Petitioner to participate in the Financing Arrangements described above.

Respectfully submitted,

/s/ Dennis C. Linken
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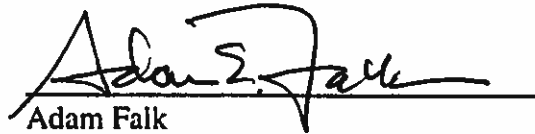
Dated: September 16, 2020

CITY OF WASHINGTON,
DISTRICT OF COLUMBIA

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VERIFICATION

I, Adam Falk, hereby declare that I am the Senior Vice President, State Government Affairs of Charter Communications, Inc., indirect parent company of Spectrum New York Metro, LLC (“Spectrum”); that I am authorized to make this Verification on behalf of Spectrum; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.



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

Executed before me this 16th day of September, 2020.