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Via Electronic Mail Only

October 13, 2020

Ms. Aida Camacho-Welch, Board Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350
aida.camacho@bpu.nj.gov

Re: In the Matter of the Notification of Pro Forma Internal Restructuring by Charter Communications, Inc. and Spectrum New York Metro, LLC, f/k/a Time Warner Cable New York City LLC, or in the Alternative, Petition for Approval of a Pro Forma Internal Reorganization.
BPU Docket No. CO20090598

Dear Board Secretary:

The New Jersey Division of Rate Counsel (“Rate Counsel”) has reviewed the above referenced Verified Joint Petition of Charter Communications, Inc. (“Charter”) and Spectrum New York Metro, LLC, f/k/a Time Warner Cable New York City LLC (“SNYM”) (jointly, “Petitioners”) filed with the New Jersey Board of Public Utilities (“Board”) on September 16, 2020, seeking expedited Board approval (to the extent required)¹ to effectuate a *pro forma* change in Petitioners’ structure creating a new Charter and SNYM subsidiary, a direct subsidiary of SNYM (“NJ Asset NewCo”) that will hold Charter’s New Jersey cable assets and franchises

¹ Petition, *fn* 1. In support of its request for expedited review Petitioners submit prior Board action in similar and filings and requests that a similar approach be used here if the Board believes review of this matter is necessary. *Id.*, pp. 5-4, citing to *In the Matter of the Petition of Comcast of Burlington County, LLC for a Renewal Certificate of Approval to Continue to Construct, Operate and Maintain a Cable Television System in and for the Borough of Riverton, County of Burlington, State of New Jersey*, Docket No. CE13111113, October 22, 2014; *In the Matter of Comcast Cablevision of Burlington County, Inc., for a Renewal Certificate of Approval to Continue to Construct, Operate and Maintain a Cable Television System in and for the Township of Edgewater Park, County of Burlington, State of New Jersey*, Docket No. CE99100829, June 6, 2001.

(the “Internal Restructuring”).² Rate Counsel submits the within comments on this matter for the Board’s consideration. Rate Counsel is only filing its comments in electronic format. Kindly acknowledge receipt of the electronic filing for Rate Counsel’s records. For the reasons that follow, Rate Counsel has no objection should the Board determine that the matter is subject to review and that approval of the *pro forma* restructuring is prudent and warranted.

Petitioners and Transaction

Charter is a publicly traded corporation and the parent company of all of the “Charter” cable television entities throughout the country including Charter Communications Operating, LLC (“CCO”), which serves itself or through one of its subsidiaries (including SNYM)³ as guarantor on Charter’s secured financings.⁴ Charter and CCO are Delaware companies, headquartered in Stamford, Connecticut. SNYM is a wholly owned indirect subsidiary of CCO and a limited liability Delaware company, headquartered at Palisades Park, New Jersey, providing cable services throughout 14 New Jersey municipalities.⁵ In addition, SNYM holds cable systems and assets in New York City and Mt. Vernon.⁶

The contemplated *pro forma* reorganization will result in the creation of the new directly owned SNYM subsidiary “NJ Asset NewCo,” that will only hold Charter’s New Jersey cable assets. Petitioners have attached under Exhibit A to their Petition, Pre- and post-Internal

² Petition, at pp.2-3.

³ Petitioners note that under N.J.S.A. § 48:5A-42, a pledge of SNYM’s assets in any debt financing arrangement is subject to Board review and approval.

⁴ Petition, p. 9.

⁵ Id., pp. 6-7. Spectrum has municipal consents and offers cable services in 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.

⁶ Id.

Restructuring organization charts depicting the current corporate structure and the proposed new structure post the reorganization transaction. Post transaction, SNYM will retain the New York cable assets it holds today, and also direct ownership and control of NJ Asset NewCo. The transaction will effectuate an indirect *pro forma* change but will not result in any substantial changes to the ultimate ownership by Charter of SNYM and NJ Asset NewCo.⁷ Petitioners assert that post the proposed transaction “Charter will be able to separately decide whether to provide a guarantee from either or both of its New York and New Jersey subsidiaries and whether to pledge the assets owned by either or both of its New York and New Jersey subsidiaries when CCO issues secured debt. To the extent Charter opts to pledge the assets of NJ Asset Newco to secure NJ Asset NewCo’s guarantee of any post-reorganization issuance of CCO debt, Charter recognizes that the Board expects such pledge and guarantee to be subject to Board review and approval under *N.J.S.A.* 48:5A-42.”⁸ Charter also acknowledges its continuing obligations as provided under the Charter TW Approval Order.⁹

Petitioners assert the “restructuring will not change the day-to-day management and operation of the New Jersey system and franchises, and will have no adverse impact on Charter’s current or proposed operations in New Jersey and there will be no disruption to Charter’s service to New Jersey customers, Charter employee pensions, or the offerings, rates, terms or conditions

⁷ Petition, p. 8; and at Exhibit A.

⁸ *Id.*, p. 9.

⁹ *Id.* p. 10. *In the Matter of Petition of Time Warner Cable, Inc., Charter Communications, Inc. and Time Warner Cable New York City LLC, for Approval of the Transfer of Control of Time Warner Cable New York City LLC and Approval of Transaction Financing; In the Matter of the Verified Petition of Charter Communications, Inc. and Time Warner Cable Inc., for Approval of the Transfer of Control of Time Warner Cable Information Services (New Jersey), LLC and Approval of Transaction Financing*, Docket No. CM15070770, February 24, 2016 (“*Charter TWC Approval Order*”).

available to New Jersey customers.”¹⁰ Petitioners further note the “reorganization will enable Charter to withhold the pledge of assets of the newly-formed New Jersey cable subsidiary, NJ Asset NewCo, from securing a guarantee in future CCO secured debt offerings,” which it could not do under the current structure.¹¹ Petitioners stress this ability provides a net benefit to New Jersey consumers by providing Charter the opportunity to quickly access markets to improve its financial condition with opportunities to obtain lower interest rates or more favorable terms, while at the same time protecting the New Jersey franchises and assets that will reside in NJ Asset Newco from debt financing risks.”¹² Therefore, the transaction will result in positive benefits and is in the public interest. *N.J.S.A.* 48:5A-42.

Rate Counsel relies on the assertions provided by Petitioners that the restructuring will allow Petitioners to safeguard New Jersey franchises and assets and allow greater flexibility to seize increased financial opportunities that will promote better service for the benefit of both residential and business customers in this state. Accordingly, Rate Counsel has no objection should the Board determine that the matter is subject to review and that approval of the *pro forma* restructuring is prudent and warranted. Thank you for your attention to this matter.

Respectfully submitted,

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/s/ Maria T. Novas-Ruiz
Maria T. Novas-Ruiz,
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MNR/td
c: Service List

¹⁰ Petition, pp. 9-12.

¹¹ Petition, pp. 9-11.

¹² *Id.*, pp. 11-12.

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**BPU Docket No. CO20090598
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