



**VIA E-MAIL AND OVERNIGHT DELIVERY**

August 26, 2014

Kellie Watson  
General Counsel to the Mayor  
Office of the Mayor  
Louisville Metro Hall  
527 West Jefferson Street  
Louisville, Kentucky 40202  
[kellie.watson@louisvilleky.gov](mailto:kellie.watson@louisvilleky.gov)

Patrick Mulvihill  
Office of the Jefferson County Attorney  
Jefferson Hall of Justice  
600 West Jefferson Street  
Louisville, KY 40202  
[patrick.mulvihill@louisvilleky.gov](mailto:patrick.mulvihill@louisvilleky.gov)

Dear Ms. Watson and Mr. Mulvihill:

We enjoyed meeting with you on August 14, 2014. We truly look forward to partnering with the Louisville Metro Government (the "Metro Government") to provide high-quality cable service to its residents for many years to come. As promised, this letter follows-up on the specific inquiries made during our August 14<sup>th</sup> meeting.

**Customer Service**

Charter's management philosophy puts the customer first. Charter serves its customers by focusing both on the quality of its network and the customer experience. First, to provide reliable service and the fastest speeds, Charter's networks must be advanced and robust. To improve its networks, Charter has invested over \$4 billion since 2012 in infrastructure and technology, and has nearly completed its move to all-digital video service throughout its existing footprint. The result is that Charter's networks are exceptionally advanced, allowing Charter's typical network to provide more than 200 High-Definition ("HD") channels and minimum downstream Internet speeds of 60 Mbps, and in some cases minimum speeds of 100 Mbps. Charter's HD offerings are among the most offered by any cable operator, and its *minimum* speeds far outpace the average Internet speeds of around 13 Mbps recently reported in Kentucky. When Charter has increased its minimum Internet speeds, moreover, it has done so without corresponding increases in price. And it has provided its network upgrades – including more channels and faster Internet speeds – throughout the market, not just to selected neighborhoods.

Second, to improve the quality of the customer experience, Charter has brought its customer care activities from overseas, into the United States, hiring more than 6,000 people in the United States since 2012. Charter has provided significant initial training to these new employees and offers ongoing training to enable them to rise in their field, increasing the skill level of the community and enabling Charter to provide a better customer experience. Charter also has rolled out a variety of new pricing packages and bundles for its residential video, Internet, and voice services, offering savings and convenience to its customers.

It is important to understand that Charter's investments in its networks and the customer experience over the last two years are paying dividends today. That is why reports that rely on older, non-representative data collected from online surveys, such as J.D. Power's 2013 U.S. Residential Television Service Provider Satisfaction Study (using data from as far back as November 2012), do not tell the full story. To accurately assess its performance, Charter relies on independent customer satisfaction research from the Leichtman Research Group ("LRG"). LRG specializes in research and analysis on the broadband, media, and entertainment industries. LRG conducts telephone surveys on randomly selected customers, yielding data that are representative of the markets that Charter serves. That data correlates highly with LRG's independent, nationwide sample, indicating that Charter's results are statistically significant and reliable. Additionally, LRG conducts its surveys more frequently than other syndicated studies. And it has been measuring Charter's customer satisfaction and other metrics for years, allowing Charter to understand and measure trends and the variables that cause those trends to change.

LRG's up-to-date customer surveys show an overall positive growth trend in customer satisfaction over the past two years, proving that Charter's investment in its networks, service reliability, products, pricing, packaging, and customer care are making a positive difference. For example, in the second half of 2013 – a time period not addressed by J.D. Power – 61 percent of Charter's customers rated its service as an 8, 9, or 10 on a 10 point scale, up from 46 percent in 2009 and exceeding the cable industry average of 56 percent. Over the course of 2013, the percentage of Charter's video customers who were "very satisfied" improved from 56 to 60 percent. Likewise, over the same period, Charter's "very satisfied" Internet customers increased from 67 to 70 percent, and such voice customers increased from 74 to 75 percent.

More of Charter's customers who have adopted its new pricing and packages are very satisfied (63 percent) than its customers with old pricing and packaging options (55 percent). And Charter's customers with new pricing plans are much more likely to recommend Charter to a friend (with a "Net Promoter Score" of +5) than customers with old plans (with a Net Promoter Score of -6). This is reflected in Charter's A+ rating with the Better Business Bureau – reflecting the highest possible score. All told, Charter's investments in reliable and robust networks and the customer experience are succeeding in making Charter's customers happy. This will be true in Louisville, as it will receive new upgrades and the best of the new pricing and packages that Charter has to offer, ensuring the overall satisfaction of Louisville customers.

### **Local Jobs**

Charter understands how important jobs are to both the Metro Government and its residents. The current franchisee has a call center in Louisville and employs approximately 1,500 people total throughout the region. In addition, Charter currently has approximately 1,100 employees at a

National Call and Network Operations Center in Jefferson County. Currently, we have no plans to decrease these jobs. It is Charter's expectation that we will maintain our employee base in the Louisville metro area, and we actually hope that the number of jobs will increase.

### Broadband Internet

Louisville will be a crucial partner in Charter's efforts to bring its competitive services to the areas governed by the Metro Government. With regard to broadband Internet in particular, Charter is excited about the eventual rollout of network upgrades in Louisville that will result in a 60 Mbps base broadband speed. Further, it is Charter's expectation that a 100 Mbps option will also be available in the future. These upgrades will bring Louisville into the ranks of its peer cities that are provided similar services.

But Charter does not plan to stop there. Charter is pleased to announce its goal of bringing **1 Gbps service** to an MDU or subdivision in the Louisville area within 24 months of closing the transaction. This marks the **first** time in the company's history that it has announced plans to demonstrate 1 Gbps service in a community. While Charter will strive to deliver its 1 Gbps demonstration project within 24 months, the company will need to acquire the cable system and assess its condition before it can identify specific plans and timelines.

### I-NET

As part of its partnership with the Metro Government, Charter intends to comply with all lawful requirements in the franchise. This includes any requirement to build-out I-NET locations required by the franchise. As we discussed, and in order to comply with applicable law, Charter could either directly charge the Metro Government for the costs related to building out those locations, or Charter could offset those costs against the franchise fees it currently pays to the Commonwealth.

### Annual PEG Commitment

Charter acknowledges that, pursuant to an April 1998 estoppel letter and a subsequent settlement agreement entered into in September 1999, the franchisee must pay a \$50,000 annual PEG payment for as long as the current franchise remains in place, and so long as the Metro Government spends at least the same amount on PEG each year. Charter is proud to honor this commitment and provide the \$50,000 annual payment for as long as we are operating under the current franchise, so long as the Metro Government has been spending and continues to spend at least that same amount on PEG each year, as required by the estoppel letter.

### Public Safety Support

Charter certainly recognizes the importance of Public Safety Support to the Metro Government. After reviewing the information related to the provision of this support, we have no doubt that Charter Business can provide this service at fair and reasonable commercial rates, terms, and conditions.

### Corporate Sponsorships

Charter takes seriously its impending role as a member of the community in Louisville and greatly values the residents of the metro area. Accordingly, Charter plans to introduce in the near future a major corporate charitable initiative through which Charter expects to make significant contributions to the communities in our footprint. The new initiative, called "Charter Our Community," will work on a local level, including in Louisville, to help residents stay in their homes. "Keeping People in Homes" will be a theme that highlights Charter's local commitment to community involvement.

### HD PEG Channel

Charter understands the Metro Government's interest in providing its Metro TV PEG channel in HD. Charter believes this issue is best addressed in the negotiation of a renewal franchise. While Charter does not currently offer any PEG channels in HD, Charter considers itself a leader in the movement toward eventually delivering all channels in HD.

### Emergency Alert System

Charter acknowledges that a functioning Emergency Alert System ("EAS") is necessary to provide updated emergency warnings and information, and, as such, is crucial to the well-being of the residents of the metro area. Charter values each and every resident and fully intends to provide an EAS that complies with all FCC rules and regulations. After taking over providing service in Louisville, Charter commits to work closely with the City and all other necessary public service personnel to establish effective protocols for ensuring communications between Charter and the City during emergency situations.

### Pitt Academy

As a civic-minded corporation, Charter values charitable causes and activities and is always willing to consider requests to assist those who need it most. While Charter cannot commit to the provision of free services to Pitt Academy without more information, it recognizes the value of educational services for students with learning and communications disabilities and will consider the request accordingly.

### Transfer Consideration Extension

As we discussed at the meeting, Charter is happy to extend the Metro Government's time to consider the transfer request until September 26, 2014.

We hope the above information is helpful. As always, please feel free to contact me at 202.621.1900, send an email to [Mark.Brown@charter.com](mailto:Mark.Brown@charter.com), or send a facsimile to 202.733.5960.

Sincerely,



Mark E. Brown  
Vice President, State Government Affairs

## ASSUMPTION AGREEMENT

This Assumption Agreement is entered into this \_\_\_ day of \_\_\_\_\_ 2015, by and between Charter Communications Operating, LLC by Charter Communications, Inc., its Manager ("Charter") and the Louisville/Jefferson County Metro Government ("Louisville" or the "Metro Government").

WHEREAS, Insight Kentucky Partners II, L.P. ("Franchisee") is lawfully operating a cable system in Louisville pursuant City Louisville Ordinance No. 76, Series 1998 as (amended) to the terms of a franchise (the "Franchise"); and

WHEREAS, Time Warner Cable Inc. ("TWC") is the ultimate parent company of Franchisee; and

WHEREAS, on May 23, 2015, Charter Communications, Inc. ("Charter Communications") along with its subsidiary CCH I, LLC ("New Charter") entered into agreements with Time Warner Cable Inc. ("TWC") (the ultimate parent company of Franchisee), Advance/Newhouse Partnership ("A/N"), and Liberty Broadband Corporation ("Liberty") in order to merge with TWC, the ultimate parent of the Franchisee (the "Transaction"); and

WHEREAS, TWC will merge into a subsidiary of New Charter; and

WHEREAS, Charter Communications will merge with a subsidiary of New Charter, and New Charter will assume the name Charter Communications, Inc. ("Charter"); and

WHEREAS, Charter will acquire control of the Franchisee after the consummation of the Transaction.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, Charter and the Metro Government agree as follows:

1. This Assumption Agreement is expressly contingent upon the Metro Government enacting a resolution consenting to the Transaction in the form attached hereto as Exhibit A.
2. The Franchise is valid and outstanding and Franchisee has the right to operate under the Franchise. There are no existing violations or defaults under the Franchise that have not been cured.
3. This Assumption Agreement shall not be further amended or modified except by a written instrument signed by Charter and the Metro Government. Nothing herein shall constitute a waiver of any rights held by Charter, Franchisee or the Metro Government under applicable law.
4. This Assumption Agreement may be executed in counterparts and each counterpart shall be deemed an original instrument, but all such counterparts together shall constitute a single Assumption Agreement.

5. Upon closing of the transaction, Franchise and Charter shall remain bound by the lawful terms and conditions of the Franchise, the letter of Estoppel dated April 24, 1998 (attached hereto and incorporated by reference as Exhibit B), and the settlement agreement between TWC and Metro Government dated \_\_\_\_ 2015, (attached hereto and incorporated by reference as Exhibit C).
6. This Assumption Agreement shall be governed in all respects by applicable federal law and the laws of the Commonwealth of Kentucky and venue for all actions relating hereto shall lie in the federal or state courts in Kentucky.

IN WITNESS WHEREOF, each of the parties has executed this Assumption Agreement as of the date first written above.

The Louisville/Jefferson County Metro Government

Charter Communications Operating,  
LLC by Charter Communications,  
Inc., its Manager

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## SETTLEMENT AGREEMENT

This Settlement Agreement is entered into this \_\_\_ day of \_\_\_\_\_ 2015, by and between Insight Kentucky Partners II, L.P. ("Franchisee") and the Louisville/Jefferson County Metro Government, Kentucky ("Metro Government" or "Louisville").

WHEREAS, Franchisee is the duly authorized holder of a franchise, pursuant to City of Louisville Ordinance No 76, Series 1998 (as amended), (the "Franchise"), authorizing Franchisee to serve Metro Government and to operate and maintain a cable system there; and

WHEREAS, Time Warner Cable Inc. ("TWC") is the ultimate parent company of Franchisee; and

WHEREAS, on May 23, 2015, Charter Communications, Inc. ("Charter Communications") along with its subsidiary CCH I, LLC ("New Charter") entered into agreements with Time Warner Cable Inc. ("TWC") (the ultimate parent company of Franchisee), Advance/Newhouse Partnership ("A/N"), and Liberty Broadband Corporation ("Liberty") in order to merge with TWC, the ultimate parent of the Franchisee (the "Transaction"); and

WHEREAS, TWC will merge into a subsidiary of New Charter; and

WHEREAS, Charter Communications will merge with a subsidiary of New Charter, and New Charter will assume the name Charter Communications, Inc. ("Charter"); and

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, Franchisee and Metro Government agree as follows:

1. All existing violations or defaults under the Franchise, if any, will be cured by the execution of this Settlement Agreement.
2. Franchisee has the right to operate under the Franchise, which is in full force and effect.
3. Metro Government acknowledges that Charter possesses the legal, financial, and technical qualifications to operate the cable system in Metro Government, and therefore there is no basis for Metro Government to withhold consent to Charter's acquisition of control of Franchisee, as described in the FCC Form 394 Charter submitted to Metro Government on July 2, 2015.
4. The Franchise shall be assumed by Charter pursuant to the terms of the Charter Assumption Agreement, attached here as Exhibit A.
5. Franchisee and Metro Government agree to the following:
  - a. After Charter acquires control of Franchisee, Charter agrees to meet the terms of the commitments it made to Louisville in a letter dated August 26, 2014, attached hereto as Exhibit B.

- b. Franchisee has a call center in Louisville and employs approximately 1,500 people total throughout the region. Charter employs approximately 1,100 additional employees at a National Call and Network Operations Center in Jefferson County. Currently, Charter has no plans to decrease the approximately 2,600 jobs in Louisville and Jefferson County. It is Charter's expectation that it will maintain its employee base in the Louisville metro area, and it hopes that the number of jobs will increase.
- c. After Charter acquires control of Franchisee, Charter shall comply with the FCC Encryption Order (FCC 12-126) as summarized in Exhibit C for any subscribers required to acquire a set-top box as a result of Charter's encryption of its signal. In most cases, existing customers will be eligible to receive a number of boxes free for one-, two-, or five- year terms depending on their programming package and other factors, including Medicaid eligibility and current equipment. If signal encryption occurs in Louisville, the Digital Box Offering, as described in Exhibit C, shall be made available and Charter shall be subject to the notification obligations and all other rights and responsibilities set forth in the FCC Encryption Order shall apply. Nothing herein shall be interpreted to be inconsistent with the FCC's Encryption Order with respect to Charter's services.
- d. Franchisee shall provide base download speeds up to sixty (60) Mbps in Louisville within twenty-four (24) months after Charter acquires control of Franchisee, with the ultimate goal of providing base download speeds up to one hundred (100) Mbps in Louisville.
- e. Franchisee shall bring a 1 Gbps trial service offering a multi-dwelling unit or subdivision located in the Urban Services District in Louisville within twenty-four (24) months after Charter acquires control of Franchisee.
- f. As soon as six months after closing the transaction, but no later than thirty-six months after closing the transaction, Charter will offer a low-cost broadband program for certain qualifying low-income consumers in Louisville.
- g. After Charter acquires control of Franchisee, Franchisee will provide capacity to insert twenty-five (25) spots per month for twelve (12) months for local area public service announcements for the promotion of MetroTV and Louisville events and at no cost to Louisville. MetroTV will produce all of the spots to be provided on Franchisee's cable system and deliver the spots for airing in accordance with Charter's standard policies and practices. Any unused spots will not carry over to the following month. Franchisee will provide the spots on a random schedule and reserves all rights to control the placement of the spots on the cable system.
- h. If during the remaining term of the existing Franchise, Franchisee changes the channel position of MetroTV after Charter acquires control, Franchisee shall



contribute up to twenty thousand dollars (\$20,000) in reasonable expenses actually incurred toward the cost of marketing and rebranding the new channel position. MetroTV shall provide receipts within 60 days following the channel relocation, itemizing the reimbursable costs and Franchisee shall pay those expenses within 60 days thereafter, up to the maximum permitted under this section.

- i. Pursuant to an April 1998 estoppel letter and a subsequent settlement agreement entered into in September 1999, Franchisee shall pay a \$50,000 annual PEG payment for as long as the current franchise remains in place, and so long as the Metro Government spends at least the same amount on PEG each year.
  - j. After Charter acquires control of Franchisee, Franchisee shall provide one free outlet of basic Internet service at 20 Mbps, including a modem and WiFi router for wireless indoor access and, at such time that Charter begins the deployment of outdoor WiFi, at least one "hot spot" for such outdoor use at each of the following community center locations as set forth in Exhibit D. This obligation shall extend for a term of twenty-four months from the date of installation of the basic Internet service offering.
6. This Settlement Agreement shall not be further amended or modified except by a written instrument signed by Franchisee and Metro Government. Nothing herein shall constitute an amendment or modification of the Franchise, or a waiver of any rights held by Franchisee or Metro Government under applicable law.
  7. This Settlement Agreement may be executed in counterparts and each counterpart shall be deemed an original instrument, but all such counterparts together shall constitute a single Settlement Agreement.
  8. This Settlement Agreement shall be governed in all respects by applicable federal law and the laws of the Commonwealth of Kentucky and venue for all actions relating hereto shall lie in the federal or state courts in Jefferson County, Kentucky.
  9. All covenants, representations and obligations contained in this Settlement Agreement are deemed to be material conditions of the Settlement Agreement.

IN WITNESS WHEREOF, each of the parties has executed this Settlement as of the date first written above.

Louisville/Jefferson County  
Metro Government, Kentucky

Insight Kentucky Partners II, L.P.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Exhibit D

California Community Center  
1600 West Saint Catherine Street  
Louisville, KY 40210

Southwick Community Center  
3621 Southern Ave  
Louisville, KY 40211

Baxter Community Center  
1125 Cedar Ct.  
Louisville, KY 40203

Shawnee Arts & Cultural Center  
607 South 37th St.  
Louisville, KY 40211

Parkhill Community Center  
1703 South 13th St.  
Louisville, KY 40210

**Charter Digital Box Offering**

**Residential Consumer**

Level of Service	Other Criteria	Current Equipment	Free New Equipment	Term
Limited Basic Only	Non-Medicaid	None	Up to 2	24 months
	Medicaid	None	Up to 2	60 months
Expanded Basic	N/A	None	Up to 2	12 months
Digital	N/A	At least 1 Digital receiver or CC	Up to 1 additional	12 months

**Residential MDU Consumer**

Level of Service	Other Criteria	Current Equipment	Free New Equipment	Term
Limited Basic Only	Non-Medicaid	None	Up to 2	Life*
				24 months
	Non-Medicaid	None	Up to 2	Life*
Expanded Basic	N/A	None	Up to 2	60 months
				Life*
Digital	N/A	At least 1 Digital receiver or CC	Up to 1 additional	12 months
				12 months

\* The term for the first free receiver of a Residential MDU customer is free for the life of the bulk agreement with the property owner.

In most cases, customers will be eligible to receive a number of boxes free for one-, two- or five-year terms depending on their programming package and other factors. Even after those free terms have expired, the \$6.99 monthly fee for boxes is only a small fraction of the overall cost Charter bears to provide the box. Digital boxes are a major capital investment. It would take several years to reach a break-even point based on the cost of the box. For consumers and for Charter, the benefit of the digital box is that it enables us to provide the best possible television experience - enabling an improved viewing experience with many more channels and providing access to Video on Demand for our customers. It's about significantly increasing the value of our service for the customers, not attempting to profit off boxes.