

**MEMORANDUM OF UNDERSTANDING AND AGREEMENT  
BETWEEN CHARTER COMMUNICATIONS AND  
CALIFORNIA EMERGING TECHNOLOGY FUND**

By their authorized representatives, and intending to be legally bound, Charter Communications, Inc. ("Charter") and the California Emerging Technology Fund ("CETF") enter into this Memorandum of Understanding and Agreement ("MOU") dated April 7, 2016.

On May 23, 2015, Charter entered into agreements with Time Warner Cable Inc. ("TWC"), Advance/Newhouse Partnership ("A/N"), and Liberty Broadband Corporation ("Liberty") in order to merge with TWC to form a company that is identified in the merger documents as CCH I, LLC ("New Charter") (the "Transaction").

On July 2, 2015, Charter, TWC and A/N along with certain affiliates and subsidiaries of these parties applied to the California Public Utilities Commission ("Commission" or "CPUC") for, among other things, an approval of a transfer of control to New Charter Joint Application of Charter Communications, Inc.; Charter Fiberlink CA-CCO, LLC (U6878C); Time Warner Cable Inc.; Time Warner Cable Information Services (California), LLC (U6874C); Advance/Newhouse Partnership; Bright House Networks, LLC; and Bright House Networks Information Services (California), LLC (U6955C) Pursuant to California Public Utilities Code Section 854 for Expedited Approval of the Transfer of Control of both Time Warner Cable Information Services (California), LLC (U6874C) and Bright House Networks Information Services (California), LLC (U6955C) to Charter Communications, Inc., and for Expedited Approval of a pro forma transfer of control of Charter Fiberlink CA-CCO, LLC (U6878C); (Application 15-07-009) (the "Application").

All the terms of this MOU are expressly contingent upon the approval of the Application and consummation of the Transaction.

This MOU reflects existing and additional commitments that Charter has agreed to make provided that the Application is approved and the Transaction is consummated, and reflects CETF's agreement that, based on those commitments, the concerns expressed in CETF's pleadings, testimony, and appearances regarding the Transaction have been resolved. To the extent that CETF's previous positions are inconsistent with this MOU, those positions are hereby modified in accordance with the terms set forth herein.

**RECITALS**

1. Charter and CETF are entering into this MOU to ensure that there are tangible public benefits derived from the Transaction in California. CETF is a legal party in the Application before the CPUC.
2. The mission of CETF is to close the Digital Divide in California by accelerating broadband deployment and adoption. CETF provides leadership to promote public policy to close the Digital Divide and to facilitate consensus among stakeholders to achieve results. CETF collaborates with Regional Consortia, local governments, and civic organizations to identify opportunities to support broadband infrastructure construction. CETF partners with community-based organizations (CBOs) throughout California that are

experienced in reaching disadvantaged populations in-culture and in-language to increase broadband adoption among low-income households. CETF is focused on results and has a track record of performance with transparency and accountability.

3. CETF actively supports the promulgation of public-private partnerships as a public policy foundation for closing the Digital Divide by harnessing the discipline and innovation of the private sector with the expertise and cultural competency of those working on behalf of the public sector as "trusted messengers" to reach disadvantaged populations. A public-private partnership is characterized by partners reaching agreement on goals, jointly developing an action plan to achieve explicit outcomes, and working together continuously to implement the plan with mutual accountability for results.

4. CETF and Charter are joining forces to work together in collaboration with other stakeholders and CBOs in the true spirit of a public-private partnership with the intent to make a significant contribution to closing the Digital Divide in California. New Charter and CETF further agree that the overall goal regarding broadband adoption should be to get as many low-income households as possible online with high-speed Internet access at home in the shortest amount of time with the least cost. It is with this shared commitment that New Charter and CETF are pursuing innovative approaches to increasing broadband adoption.

5. CETF also has acknowledged in filings to the CPUC the value and unique circumstance of New Charter bringing its facilities-based deployment expertise to California to reach unserved and underserved communities. CETF further recognizes that New Charter's commitment to specific broadband infrastructure projects at higher speeds is a significant public benefit that complements its contribution to broadband adoption.

6. CETF and Charter have worked together to delineate a framework that meets the CETF objective for determining public benefits that are "appropriate, fair and comparable."

7. CETF and Charter agree that time is of the essence. California households without broadband access or the ability to afford high-speed Internet service at home are being left behind at an accelerating pace. Therefore, the commitments herein are being implemented with all deliberate speed consistent with appropriate planning and prudent business practices to ensure success.

8. New Charter is committed to provide broadband access to as many consumers as possible, whether on an individual subscription basis or in a public environment that allows concurrent users to access the Internet. In order to address the Digital Divide, New Charter commits to:

- a. Making broadband available across as much of the New Charter footprint as reasonably possible.
- b. Investing in community partnerships with nonprofit organizations, including schools and libraries, in order to establish the knowledgeable and trusted messenger vehicle within the community.

9. CETF acknowledges that New Charter will launch a national low-cost broadband service for low-income individuals<sup>1</sup>. This MOU is not intended to alter the terms of such low-income service offering,

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<sup>1</sup> See, e.g., Charter, Press Release, *Charter Announces Details of Industry Leading Low-Cost Broadband Service* (Dec. 17, 2015), <http://www.prnewswire.com/news-releases/charter-announces-details-of-industry-leading-low-costbroadband-service-300194831.html>.

including, but not limited to eligibility, pricing and broadband speeds and other terms enumerated in the company's December 17, 2015 press release. The commitments contained herein relate to broadband availability and accessibility and the establishment of public-private partnerships to enhance the use of technology to improve the quality of the lives of Californians. These efforts are separate and distinct from the low-income service offerings to be provided by New Charter as recognized in this MOU.

10. While the commitments made in other agreements reached with intervenors in the Transaction, national organizations and imposed by any regulatory body reviewing the Transaction are repeated in this MOU, CETF acknowledges that the reiteration of those commitments herein to the extent they are duplicative and repetitive are not intended to create separate or additional commitments on Charter, but are included for illustrative purposes of New Charter's overall commitment in the area of diversity and other areas of concern to CETF.

### **COMMITMENTS**

1. New Charter will work to address the need to bring broadband service to low-income households in California. Consistent with Charter's commitment to offering all of its customers a very good broadband product designed for data-intensive applications, New Charter's low-cost broadband service will provide Internet access at speeds higher than any current comparable service at a price that is affordable to low-income customers as described below:

- New Charter's offering will deliver 30/4 Mbps service at an initial price of \$14.99 per month, with no additional charge for modem rental. Eligibility for the service shall include either: (1) households with at least one child enrolled in the National School Lunch Program ("NSLP") (either free or reduced); or (2) senior citizens 65 or older receiving Supplemental Security Income ("SSI"). For purposes of this agreement, the initial price shall remain in place for three (3) years from the commencement of the low-income broadband service in California at which time New Charter may increase the monthly fee by no more than \$3 during the remaining term of the agreement (i.e. charging no more than \$17.99 per month).
- New Charter's low-cost offering will be the first in the nation to offer a faster broadband service for low-income seniors. New Charter will begin making this service available in its California service areas within six months after the Transaction closes and throughout the New Charter service areas in California within 15 months, in all areas of the state that have broadband service availability from New Charter.
- No credit check will be performed, but eligibility will be subject to an individual settling any outstanding debt to New Charter. Current video and/or voice customers of New Charter would be eligible, but individuals who have subscribed to New Charter broadband services in the previous 60-days would not be.

2. CETF maintains that there are approximately 2.3 million low-income households in New Charter's service area and Charter estimates that approximately 1 million low-income households in New Charter's service area meet the eligibility requirements for the New Charter program in California. Given that neither Charter or TWC have any similar low-cost service available in California today (and BHN's low-cost offering is significantly less robust), CETF acknowledges New Charter's affordable service

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coupled with the other commitments herein is a significant public interest benefit that will help improve broadband adoption in the state.

3. New Charter will work with CETF to develop the plan to inform eligible and prospective customers, including the content of the communications and information materials. New Charter will make the final decisions with regard to customer communications, including frequency and content.

4. Upon request, New Charter shall report annually to the CETF executives and more informally on a quarterly basis or as reasonably requested by the CETF President and its CEO on the progress being made in enrolling eligible low-income households. Information provided to CETF by Charter shall be maintained confidential and subject to the parties entering a non-disclosure agreement.

5. New Charter's Regional Vice President for Government Affairs, or its equivalent, will meet with the CETF President and CEO on a semi-annual basis, upon request.

6. Charter understands the importance of ensuring a low-income offering is available and accessible, and therefore shall place media buys with ethnic and community print media shown to be effective in reaching the target populations in-language. CETF may offer recommendations for ethnic and community print media, but New Charter will make all final decisions with regard to such media buys and placement.

#### 7. Broadband Deployment<sup>2</sup>

a. New Charter will provide service to new broadband passings for approximately seventy-thousand (70,000) homes and businesses within its service area that currently are capable of receiving analog-only cable television services from Charter, BHN or TWC in the following counties within the New Charter service area within three (3) years following the close of the Transaction: Kern, Modoc, Monterey, San Bernardino, and Tulare. According to the United States Census for the period 2010-2014, the vast majority of these new broadband passings will be in communities where more than twenty-five percent (25%) of households speak a language other than English in the home and therefore this provides an added benefit to communities of color.

i. The 3-year time frame is subject to the timely receipt of all permits, easements and other right-of-way authorizations, including but not limited to utility make-ready and may be extended for good cause shown by New Charter.

b. New Charter will provide service to new broadband passings for eighty thousand (80,000) additional homes and businesses within its California service area within 4-years following the close of the Transaction. At least fifty percent (50%) of those new broadband passings must be in communities where more than twenty-five percent (25%) of households speak a language other than English at home, based upon data derived from the United States Census for the period 2010-2014.

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<sup>2</sup> The commitment in this section 7 or a portion thereof are also contained in other agreements with other interveners such as with Monterey County and the City of Gonzales and therefore the commitments made in this MOU are inclusive of other commitments made in other agreements.

- i. The 4-year time frame is subject to the timely receipt of all permits, easements and other right-of-way authorizations, including but not limited to utility make-ready and may be extended for good cause shown by New Charter.
  - ii. The priority areas for the 80,000 additional broadband passing shall include the following counties: Monterey, Tulare, Kern (including California City), Stanislaus, San Bernardino, Riverside, Imperial, and Modoc.
- c. New Charter will deploy at least twenty-five thousand (25,000) out-of-home wireless broadband hotspots within its California service area within 4 years of the close of the Transaction. At least fifty percent (50%) of those wireless hotspots will be in communities where more than twenty-five percent (25%) of households speak a language other than English at home based upon data derived from the United States Census for the period 2010-2014.
- i. The 4-year time frame is subject to the timely receipt of all permits, easements and other right-of-way authorizations, including but not limited to utility make-ready and may be extended for good cause shown by New Charter.

8. New Charter shall collaborate with CETF to meet with elected county and city officials, and other regional and community stakeholders in their service areas to present the framework of a plan no later than June 30, 2017 to meet the terms of its commitments in Section 7. Charter will make the final determination regarding locations for deployment required under Section 7. However, the purpose of this commitment is to ensure clear communication from New Charter regarding the New Charter implementation of this commitment. CETF shall assist New Charter in securing cooperation from local officials and permitting agencies in the services areas specified herein to achieve the deployments as soon as reasonably possible.

9. New Charter is prepared to deliver broadband access as it becomes available to as many users as possible located in New Charter's footprint in California. This will include a comprehensive network assessment of the following counties: Monterey, Tulare, Kern, Stanislaus, San Bernardino, Riverside, Imperial, and Modoc.

10. New Charter and CETF will collaborate to identify by January 30, 2018 seventy-five (75) anchor institutions to which New Charter has committed to provide free broadband. These locations will be in rural areas and low-income urban areas so users may access the Internet, including wireless capabilities, from these locations, at download and upload speeds comparable to the New Charter network and capable of supporting, in the aggregate, at least 1,875 users simultaneously at those speeds from the 75 locations combined. New Charter and CETF in consultation with CBO partners will evaluate whether and where to further use the funding commitments described in this MOU to leverage the benefit of these 75 public locations. New Charter will accept recommendations for appropriate public locations from CETF, but final decisions shall be in the discretion of New Charter.

11. New Charter is knowledgeable of the California Advanced Services Fund (CASF) program. New Charter understands the importance of adequate funding of CASF to ensure rural deployment to unserved areas and will work with CETF and Regional Consortia to establish future goals and authorized funding for CASF through legislation and/or other appropriate legislative or regulatory mechanisms that

afford non-discriminatory access to public funds for the purpose of promoting broadband deployment in unserved and underserved areas and broadband adoption in low-income communities.

**Broadband adoption includes access, education, tools, and service levels.**

12. New Charter agrees to target its low-cost broadband offering when it is available in order to effectively reach the eligible populations. As an aspirational goal, New Charter agrees that over a period of five (5) years from the close of the Transaction, it will seek to enroll 350,000 broadband customers which CETF and New Charter will endeavor with sincere commitment and in good faith to achieve. The parties acknowledge this is a goal and not an enforceable commitment.

13. New Charter and CETF will outreach to potential community-based organizations (CBO) partners regarding consumer outreach to meet the aspirational goal described above. New Charter and CETF in consultation with CBO partners will develop a mutually-agreed upon plan no later than June 30, 2017 to target broadband adoption in accordance with the goals of the MOU.

14. Provided they serve communities within New Charter's service areas, CETF partners may include: Youth Policy Institute, Southeast Community Development Corporation, Humboldt State University California Center for Rural Policy, EveryoneOn, United Ways of California, Radio Bilingue, California Foundation for Independent Living Centers, YMCA of Greater Long Beach, The Stride Center, Chicana Latina Foundation, and Latino Community Foundation.

These CBOs have deep experience and a track record of achieving broadband adoption. To the extent any of these organizations are selected by CETF as its partners, CETF will be responsible for implementing a grant agreement and for payment under such agreement. Further, it shall be CETF's obligation to manage any CBO grants related to this MOU and develop performance accountability standards related to achieving the aspirational goal described in Section 12 above. The results of CETF's efforts will be reported semi-annually to New Charter.

15. New Charter will, upon reasonable request, meet with CETF and selected CBOs to explore opportunities to raise awareness of Charter's low cost broadband offering utilizing local programming resources of the company in California.

16. New Charter shall provide CETF \$6.5 million for each of the five (5) consecutive years of this MOU for a total commitment of \$32.5 million. The first payment shall be due within 180 days from the close of the Transaction and annually thereafter in five (5) equal installments totaling \$32.5 million. These funds may be used by CETF directly or in conjunction with its CBO partners through grants to support programs and policies designed to improve the School2Home initiative and other efforts to make technology more useful in people's lives. CETF shall work with organizations that serve people with disabilities to ensure equitable outreach to this population and opportunity for broadband adoption. The funds shall not be used to pay for or otherwise alter the low-income broadband service, including eligibility requirements offered by Charter to low-income broadband service customers. These funds shall be used only in New Charter's service territory and for CETF administration and management expenses. This funding commitment is in lieu of and supersedes the broadband adoption funding commitment to provide \$10 million over a period of four (4) years to organizations to support public-private partnerships and technology initiatives set forth in Charter's March 11, 2016 reply brief.

17. At the conclusion of each year of the five (5) consecutive years of this MOU, CETF will provide New Charter with an annual report detailing the use and disposition of the funds received from New Charter pursuant to Paragraph (16) above. CETF commits to work with New Charter on the form and content of such reports, which shall include, at a minimum, an accounting of the manner in which the funds were expended, description of any programs or initiatives supported and the location of such programs or initiatives within New Charter's California service area, and identification of any CETF partners with whom funds were shared and for what purpose. Such reports shall disaggregate the disposition of funding received from New Charter pursuant to Paragraph (16) above from any funding CETF receives from sources other than New Charter. Reports under this paragraph shall be provided to New Charter no later than April 15th of each year following the year in which the funds were received.

**Other agencies focused on network development and enhancement.**

18. Charter already participates in CENIC, K-12 and other programs bringing network connectivity to educational facilities. New Charter will continue to pursue other appropriate projects in its California footprint.

19. New Charter shall engage with the California Telehealth Network (CTN) and invite CTN (in addition to CENIC and K-12HSN) to stakeholder meetings, at the request of CETF.

**Miscellaneous.**

20. The agreements, representations, and commitments herein are expressly contingent upon approval of the Application and consummation of the Transaction. Should the Application be denied or the Transaction not be consummated for any reason, this MOU will be void and the representations herein will have no effect on the parties to this MOU.

21. Any monies or other services provided by New Charter to CETF or its CBO partners under this MOU must be used exclusively for the benefit of residents in the New Charter service areas.

22. Provided that the Application before the Commission is approved and the Transaction is consummated, Charter and CETF agree to fulfill the commitments presented herein.

23. CETF agrees that the commitments made in this MOU resolve any and all issues presented in CETF's pleadings, comments, testimony, appearances, correspondence, or other representations in connection with this Transaction and the Commission's review of this Transaction in the Application.

24. New Charter and CETF agree that the terms of this MOU replace and supersede any representations that are inconsistent with these terms, whether presented in formal comments, testimony, pleadings, appearances, correspondence, or any other informal or formal submissions in connection with this Transaction or the Commission's review of this Transaction in the Application.

25. CETF agrees to support the approval of the Transaction subject to the commitments identified herein. CETF agrees that commitments made herein resolve its concerns regarding the Transaction.

26. The MOU and the conditions specified herein, unless otherwise specified, will remain in effect for five (5) years following closing of the proposed Transaction, at which time, New Charter and CETF will meet in good faith to assess the impact of this MOU, discuss potential future changes to and/or an extension of the MOU.

27. This MOU constitutes the entire agreement between the parties in this proceeding, and this MOU expressly supersedes any prior agreements, without limitation, relating to the Transaction or the Commission's review of the Transaction. The terms of this MOU will remain in effect unless the programs herein described are otherwise modified or superseded by law or the decision of the Commission, or the Federal Communications Commission, with regard to the approval of the Transaction.

28. This MOU does not create a legal partnership among or between any of the undersigned parties. No party has the authority to bind the others to any agreement, contract, or understanding with any third party or to act in any way as the representative or agent of the other.

29. The parties to this MOU intend that the planning, development, implementation, and oversight be a cooperative, mutual, long-term endeavor in which the parties actively participate, in good faith and with due diligence. Nothing in this MOU is intended to imply or otherwise suggest that CETF has any authority or discretion over the corporate governance, employment, programming, procurement, philanthropic, and/or community investment decisions of Charter, TWC, BHN, or New Charter.

30. Both parties were represented by counsel in connection with this MOU and the MOU is the product of mutual negotiation and drafting amongst the parties.

31. This MOU will be interpreted and enforced pursuant to California law. This MOU may be executed in counterparts.

Executed by: California Emerging Technology Fund

Dated: April 7, 2016

By: 

Sunne Wright McPeak

President and CEO

California Emerging Technology Fund

Executed by: Charter Communications, Inc.

Dated: April 7, 2016

By: 

Adam E. Falk

Senior Vice President, State Government Affairs

Charter Communications, Inc.