September 6, 2011

# VIA FEDERAL EXPRESS



SEP 07 2011

PUBLIC SERVICE

COMMISSION

Jeff R. Derouen, Executive Director Kentucky Public Service Commission P.O. Box 615 211 Sower Boulevard Frankfort, KY 40602-8294

# **RE:** Notification of Transaction Involving Time Warner Cable Inc. and Insight Communications Company, Inc.

Dear Mr. Derouen:

Time Warner Cable Inc., a Delaware corporation ("TWC"), and Insight Communications Company, Inc., a Delaware corporation, and its subsidiaries ("Insight" or "the Company," together with TWC, the "Parties"), hereby notify the Kentucky Public Service Commission ("Commission") of their intent to consummate a transaction whereby TWC will acquire Insight. The proposed acquisition will occur through a merger in which Derby Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of TWC ("Derby"), will merge with and into Insight, with Insight as the surviving entity. As a result of the merger, Insight will be a wholly owned direct subsidiary of TWC. Pursuant to the Commission's Order in Administrative Case No. 370, Insight and TWC are giving notice to the Commission of this transfer of control.

TWC and Insight, through their respective operating subsidiaries, are each competitive telecommunications carriers that hold authority to provide intrastate telecommunications services in Kentucky pursuant to certificates of public convenience and necessity issued by the Commission. As discussed in Section IV below, the proposed transaction will produce important public interest benefits and does not present any potential competitive harms. The proposed transaction will involve only a change in the ultimate ownership of Insight Phone of Kentucky, LLC ("Insight Kentucky"), Insight's subsidiary that holds the Certificate of Public Convenience and Necessity issued by the Commission, and will not result in any assignment of any certificates, assets, or customers.

In support, the Parties state:

## I. <u>DESCRIPTION OF THE PARTIES</u>

## A. Time Warner Cable Inc.

TWC is a publicly traded corporation organized under the laws of the state of Delaware, with principal offices located at 60 Columbus Circle, New York, NY 10023. Through its operating subsidiaries, TWC is the fourth largest multichannel video programming distributor ("MVPD") in the United States. TWC provides video, broadband Internet access, telecommunications, and Voice over Internet Protocol ("VoIP") services to residential and

business customers in 28 states across the nation, including Kentucky. TWC's subsidiary, Time Warner Cable Information Service (Kentucky), LLC d/b/a Time Warner Cable, holds a Certificate of Public Convenience and Necessity to provide competitive local exchange telecommunications and interexchange telecommunications services in Kentucky. TWC's financial, technical, and legal qualifications to acquire Insight are matters of public record.

## B. Insight Communications Company, Inc.

Insight is a privately held corporation with principal offices located at 810 7<sup>th</sup> Avenue, 41<sup>st</sup> Floor, New York, NY 10019. It is a technologically advanced cable operator that operates in Indiana, Kentucky and Ohio. Insight provides cable television, broadband Internet access, voice telephony, and data telecommunications offerings to residential and business customers. Insight offers voice services to customers in all of its markets, primarily as a provider of VoIP, but also as a provider of circuit-switched telephone exchange service to a small number of legacy customers in certain areas. The Company also offers IP-based telecommunications on a wholesale and retail basis to business customers.

In Kentucky, Insight Kentucky is authorized to provide local exchange, interexchange, access and toll telecommunications services throughout the state pursuant to an authorization received by AT&T Broadband Phone of Kentucky, LLC on September 14, 2001 and a Tariff Adoption Notice of Name Change filed with the Commission on November 29, 2004. As discussed in Section IV below, Insight Kentucky's telecommunications footprint does not overlap with that of TWC.

# II. CONTACT INFORMATION

For the purposes of this filing, contacts for the Parties are as follows:

# For TWC:

Julie P. Laine Group Vice President & Chief Counsel, Regulatory Time Warner Cable Inc. 60 Columbus Circle New York, NY 10023 (212) 364-8482 Julie.Laine@twcable.com

# With copies to:

Douglas F. Brent Stoll Keenon Ogden PLLC 2000 PNC Plaza 500 West Jefferson Street Louisville, KY 40202 (502) 568-5734 Douglas.brent@skofirm.com

# **For Insight:**

Gregory Cameron Vice President Telecom Legal Affairs Insight Communications Company, Inc. 810 7<sup>th</sup> Avenue, 41<sup>st</sup> Floor New York, NY 10019 (917) 286-2254 Cameron.g@insight-com.com

J.G. Harrington Dow Lohnes, PLLC 1200 New Hampshire Avenue, N.W. Suite 800 Washington, DC 20036 (202) 776-2000 jharrington@dowlohnes.com

#### III. TRANSFER OF CONTROL

#### A. Transfer of Control of Insight

On August 15, 2011, Insight, TWC, and Derby entered into an Agreement and Plan of Merger (the "Agreement") pursuant to which TWC will acquire control of Insight. The acquisition will occur through a merger of Insight and Derby, which is a special-purpose subsidiary of TWC, with Insight as the surviving entity. As a result of the merger, Insight will be a wholly owned, direct subsidiary of TWC. All of Insight's existing subsidiaries that hold state and FCC licenses or authorizations will remain intact and will continue to hold their operating tangible and intangible assets, and will become indirect, wholly owned subsidiaries of TWC, and thus subject to the ultimate control of TWC. A copy of the Agreement is included with the SEC Form 8-K filed by TWC on August 15, 2011 and is available at http://ir.timewarnercable.com/.

The Transaction will not cause any interruption in service to customers. No existing service will be discontinued, reduced, or impaired as a result of the proposed transaction, nor will the proposed transaction cause any immediate change to any customer's service provider. To the contrary, as described below, the Transaction will enhance the Company's ability to deliver high-quality telecommunications offerings.

#### B. TWC's Qualifications

TWC has the technical, managerial, and financial qualifications to acquire control of Insight. TWC is among the largest providers of video, high-speed data and voice services, and has technologically advanced, well-clustered cable systems located across the country. As of June 2011, TWC served approximately 14.5 million residential and business services customers, with approximately 26.9 million primary service units. During the most recent fiscal quarter, TWC generated revenues of approximately \$8.6 billion and \$673 million from the provision of residential and business services, respectively. In addition, its advertising and other revenues exceeded \$500 million for the same quarter. A copy of TWC's most recent 10-Q and its 10-K for the year ended December 31, 2010 are available at http://ir.timewarnercable.com/.

TWC is operated by a highly qualified management team, all of whom have significant experience in telecommunications. Information concerning the legal, technical, managerial and financial qualifications of TWC was included with the various filings submitted to the Commission with respect to its operations in Kentucky, and is, therefore, already a matter of record. The Parties request that the Commission take official notice of these existing descriptions of TWC's qualifications and incorporate them by reference herein. In addition, TWC has a history of successfully acquiring and integrating network facilities and customers from other companies, such as its 2006 acquisition of cable systems from Adelphia Communications Corporation and Comcast.

#### IV. <u>PUBLIC INTEREST CONSIDERATIONS</u>

The Parties submit that the transaction described herein will serve the public interest, convenience, and necessity. The proposed transaction will bring together two successful carrier entities with adjacent territories, creating a stronger competitor by merging Insight's systems into TWC's national footprint. By combining adjacent cable systems, the proposed transaction will create efficiencies by reducing costs and eliminating redundancies, which will allow increased investment in programming, infrastructure upgrades and improved customer service. The transaction will create scale and scope advantages in procuring key inputs such as long-distance service, 911 connectivity, and directory assistance and other database services. Thus, the combined company will be better able to compete with incumbent LECs and DBS providers in providing video, voice and Internet access services.

The proposed transaction will also benefit medium-sized businesses and large enterprise customers, as well as wholesale customers including wireless carriers, as a result of TWC's more extensive experience with such services and its broad array of service offerings. TWC has robust service options that will enable it to enhance the competitiveness of enterprise and wholesale services available in Insight Kentucky's service territory.

Further, the proposed transaction will not diminish competition in any relevant market or otherwise harm the public interest. The respective networks and service territories of TWC and Insight do not overlap in Kentucky, and neither offers service off-net. There is one local franchise area in Kentucky in which both TWC and Insight hold a cable television franchise. However, there is no actual overlap between the two companies' networks, and Insight Kentucky provides its facilities-based telephone exchange service only within portions of TWC's franchise areas that TWC itself does not serve. Thus, the proposed transaction will not result in a decrease in competition. TWC and Insight each are non-dominant, competitive telecommunications providers in Kentucky. Thus, TWC's acquisition of Insight will foster greater competition vis-a-vis incumbent LECs. Both TWC and Insight are focused on competing against the dominant incumbent LEC likewise represents the dominant player and competitive focal point with respect to data communications. In addition, as indicated above, the Transaction will not cause any interruption in service to customers.

# v. <u>CONCLUSION</u>

For the reasons stated above, the Parties respectfully submit that the public interest, convenience and necessity would be furthered by the proposed transfer of control.

Questions regarding this letter may be directed to the undersigned.

Respectfully submitted,

INSIGHT COMMUNICATIONS COMPANY, INC. By:

aman Gregory Cameron

Vice President Telecom Legal Affairs /Insight Communications Company, Inc. 810 7<sup>th</sup> Avenue, 41<sup>st</sup> Floor New York, NY 10019 TIME WARNER CABLE INC.

By:

Julie P. Laine Group Vice President & Chief Counsel, Regulatory Time Warner Cable Inc. 60 Columbus Circle New York, NY 10023

# v. <u>CONCLUSION</u>

For the reasons stated above, the Parties respectfully submit that the public interest, convenience and necessity would be furthered by the proposed transfer of control.

Questions regarding this letter may be directed to the undersigned.

Respectfully submitted,

INSIGHT COMMUNICATIONS COMPANY. INC. By: TIME WARNER CABLE INC.

By:

nice P. Jaine

Gregory Cameron Vice President Telecom Legal Affairs Insight Communications Company, Inc. 810 7<sup>th</sup> Avenue, 41<sup>st</sup> Floor New York, NY 10019

Julie P. Laine Group Vice President & Chief Counsel, Regulatory Time Warner Cable Inc. 60 Columbus Circle New York, NY 10023