



December 11, 2014

The Honorable Edward J. Markey  
United States Senate  
218 Russell Senate Office Building  
Washington, DC 20510

The Honorable Richard Blumenthal  
United States Senate  
724 Hart Senate Office Building  
Washington, DC, 20510

Dear Senators Markey and Blumenthal:

I am writing in response to your November 20, 2014 letter to Tom Rutledge asking for information about the set top boxes we provide to residential customers for use with our cable services.

**(1) How many of your customers lease set top boxes from your company?**

Charter has approximately 4.16 million video customers, almost all of whom lease set top boxes from Charter.

Charter customers also access its services through customer-owned devices via IP-based applications without relying upon CableCARDs or set top boxes. Charter provides the Charter TV mobile app for iOS and Android platforms, which allows customers to watch live TV programming, browse guide listings, schedule recordings, get recommendations and use their device as a remote. Charter also offers TV Everywhere apps to mobile devices, tablets, PCs and Macs, and other immobile Internet-connected devices.

**a. What percentage of your customers leases one or more set top boxes from your company?**

Almost all of our customers lease one or more set top boxes from us.

**b. On average, how many set top boxes per household do customers lease from your company?**

U.S. pay-TV households have an average of 2.5 pay-TV set top boxes. Charter households are consistent with this national average.



**c. In total, how many set top boxes are leased from your company?**

We have approximately 9.7 million set top boxes in service.

**(2) What is the monthly leasing cost of each type of set top box that your company offers? Please list each box and monthly retail lease price separately.**

Our leasing fees for set top boxes are among the lowest in the industry at \$6.99/month per box. This is a uniform charge for set top boxes across our footprint, including boxes with HD and/or DVR capabilities. We do provide temporary promotional discounting of this rate.

We buy set top boxes from unaffiliated consumer electronics manufacturers for lease to our customers. Charter maintains technical responsibility for this equipment when in the customer's home, including completing firmware and software updates to support bug fixes or introduce new features, and replacing the leased equipment at no cost to the customer should an unresolvable issue occur.

**a. How much does an average customer spend per month to lease set top boxes for their household from your company?**

As indicated above, we have approximately 4.16 million video customers, we have approximately 9.7 million set top boxes in service, and the current rate card for set top boxes is \$6.99/month per box absent a promotional discount. The exact average customer spend is confidential.

**(3) What was the total revenue your company earned from leasing set top boxes to customers in fiscal year 2014?**

Again, as indicated above, we have approximately 9.7 million set top boxes in service and the current rate card for set top boxes is \$6.99/month per box absent a promotional discount. The total revenue for Charter is confidential information.

**(4) Is it possible for customers to purchase a set top box directly from your company?**

No.



**a. If yes, what percentage of your customers buys rather than rents a set top box directly from your company? What is the cost of each type of set top box your company offers for purchase? Please list each type of box and its corresponding price separately.**

Not applicable.

**b. If no, why not?**

Set top boxes are expensive, and such a high upfront cost could be viewed by potential customers as “locking-them in” to our service as early termination fees do. Charter intentionally has no early termination fees in order to provide customers with the flexibility they desire. Customers can simply return a leased set top box with no cost if they choose to cancel service.

In addition, by leasing a set top box, consumers with a malfunctioning box or who desire a new box with the latest functionality are able to swap their box for no cost.

**(5) If a consumer chooses to purchase their own set top box from a company different than yours, does your company require the consumer to pay any installation or support costs separate from those levied on customers who simply lease a set top box from your company?**

No.

Sincerely,

Catherine Bohigian