



Agenda Date: 7/2/20
Agenda Item: 3A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

OFFICE OF CABLE TELEVISION
AND TELECOMMUNICATIONS

IN THE MATTER OF CSC TKR, LLC (ALTICE USA,) ORDER OF APPROVAL
INC.) AND SERVICE ELECTRIC CABLE T.V. OF NEW)
JERSEY, INC. FOR THE APPROVAL OF THE)
TRANSFER OF CERTIFICATES OF APPROVAL OF)
SERVICE ELECTRIC CABLE T.V. OF NEW JERSEY,)
INC.) DOCKET NO. CM20030211

Parties of Record:

James Eric Andrews, Esq., Schenck Price Smith & King, LLP, CSC TKR, Inc. (Altice USA, Inc.)
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On March 5, 2020, CSC TKR, LLC (“CSC TKR”), a wholly-owned subsidiary of Altice USA, Inc. (together “Altice”), and Service Electric Cable T.V. of New Jersey, Inc. (“Service Electric”) (collectively “Petitioners”) filed a petition pursuant to N.J.S.A. 48:5A-19 and N.J.A.C. 14:17-6.8 requesting that the New Jersey Board of Public Utilities (“Board”) approve the transfer of twenty-eight (28) certificates of approval and related authorizations and the accompanying cable systems from Service Electric to Altice (“Transfers”).¹ On March 18, 2020, in response to a Board staff request, Altice supplemented the Petition with a letter referencing N.J.S.A. 48:5A-38 and 40 and including additional information setting forth why the Transaction is in the public interest.²

¹ The authorizations held by Service Electric and which are the subject of the petition cover the following communities: In Sussex County, New Jersey, (1) Andover Borough; (2) Andover Township; (3) Branchville Borough; (4) Byram Township; (5) Frankford Township; (6) Franklin Borough; (7) Fredon Township; (8) Green Township; (9) Hamburg Borough; (10) Hampton Township; (11) Hardyston Township; (12) Lafayette Township; (13) Newton Town; (14) Ogdensburg Borough; (15) Sandyston Township (Kittatinny Lake); (16) Sparta Township; (17) Stanhope Borough (limited area/corridor authorization); (18) Stillwater Township; (19) Sussex Borough; (20) Vernon Township; and (21) Wantage Township; in Warren County, New Jersey: (1) Blairstown Township; (2) Hardwick Township; (3) Hope Township; (4) Knowlton Township; (5) Frelinghuysen Township; and (6) Liberty Township (Corridor Rights only), and in Morris County, New Jersey: (1) Jefferson Township (limited area/corridor authorization).

² Petitioners also filed with the Board a FCC Form 394 - Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise, setting forth pertinent information concerning the Transaction.

Concurrently, also at Board staff request, the parties filed additional disclosure schedules with the Board Secretary that were redacted in the March 5, 2020 submission. On March 27, 2020 the Board issued an Order designating Commissioner Chivukula as Presiding Officer to establish and modify schedules, decide all motions, and otherwise control the conduct of this case, without the need for full Board approval, subject to subsequent Board ratification. Within the Order, the deadline of April 14, 2020 was set for motions to intervene and *pro hac vice*. No motions to intervene were received.

On April 2, 2020, the Company filed an amended Petition to include consideration of the regulations set forth in N.J.S.A. 48:5A-38 and 48:5A-40, and N.J.A.C. 14:17-6.10, in response to a further Staff request. On May 14, 2020 the Board issued a Prehearing Order setting forth, among other items, the Procedural Schedule of deadlines and due dates for Discovery, Settlement Conferences, Public Comments, Hearing Date (if necessary) and Board Determination deadlines. Further, the Prehearing Order determined that the statutory 120-day period for review of the filing of a completed FCC Form 394, (See 47 U.S.C. § 537; 47 C.F.R. § 76.502(b)) did not begin until April 2, 2020, when the completed FCC Form 394 application and accompanying documents collectively were received by the Board. Therefore, the statutory 120-day period for review expires on July 31, 2020. The Prehearing Order also established the nature of proceedings and issues to be resolved. Service Electric and Altice are subject to the Board's jurisdiction and that of the Office of Cable Television and Telecommunications (Office), pursuant to N.J.S.A. 48:5A-1 et seq.

The Transfers involve the purchase and assignment of substantially all of the assets of Service Electric ("Transaction"). The structure, per the petition, involves no telecommunications assets or licenses, no use of CSC TKR's or Service Electric's assets to finance any aspect of the Transaction and requires no other regulatory approvals other than that of the Board. Post Transaction and Board authorizations, Altice through its subsidiary CSC TKR will be the franchised entity serving the subject communities in New Jersey via its operating subsidiary, Cablevision of Morris.

CSC TKR, a Delaware Corporation, and wholly-owned subsidiary of Altice, currently serves residential and business video customers in approximately 178 New Jersey communities, and offers broadband as well as fixed and mobile voice to New Jersey residents and businesses. Altice is a broadband communications and video service provider, serving through its various subsidiaries approximately 4.9 million residential and business customers across 21 states. Service Electric, headquartered in Sparta, NJ, is a provider of cable TV, broadband and voice service, in Sussex, Warren, and Morris Counties, serving the twenty-eight communities listed in footnote 1 above.

Following submission of the petition, the Petitioners provided written responses to two rounds of written requests by Staff and Rate Counsel for additional information regarding the impact of the transfer of assets and Certificates of Approval on Service Electric's cable television customers. In addition, the Petitioners provided information supporting the ability of CSC TKR to continue to provide safe, adequate and proper service.

On May 26, 2020 the parties held a telephone discovery settlement conference. At issue was the Petitioners' filing of redacted essential, and fundamental documents such as the Asset Purchase Agreements (APA or Agreement) and Disclosures to the APA. Staff commented that it was unprecedented that such documents, so fundamental to the Board's decision making process, were filed in redacted form. Staff appealed to the Petitioners to refile the documents completely unredacted and on June 9, 2020 the Petitioners complied.

By email dated June 18, 2020, in response to a proposed modification of the procedural schedule, Rate Counsel expressed a request to Presiding Commissioner Chivukula, to convene a status conference in this matter so that any remaining settlement issues may be discussed. Following the status conference, the original schedule was maintained. Consistent therewith a second Discovery settlement conference was held on June 23 to further discuss the progress of the case and outstanding discovery issues.

ALTICE PETITION

Transaction Purchase Price:

Under the terms of the Agreement, CSC TKR will pay Service Electric an arms-length negotiated base purchase price of \$150 million, in cash, subject to Working Capital and EBITDA³ adjustments, that are planned to be settled through a series of standard terms in the context of consummating the Transaction. There are also certain indemnity obligations of Service Electric that extend past the closing of the Transaction to provide Altice with a guaranty of Service Electric's post-closing obligations. The Petitioners assert that no party will undertake any new indebtedness to finance the Transaction; no party will issue or transfer any stock to finance this Transaction; and no assets of any party are being offered as security for any new indebtedness as a result of this Transaction.

Public Interest Benefits:

The Petitioners assert the Transaction will bring substantial benefits to the public in New Jersey including advanced and Innovative Service Offerings⁴ (without any harm to customers or competition in New Jersey) such as (1) the suite of video tiers available in other portions of Altice's NJ service territory and make available Altice One⁵ in the subject communities, and (2) A suite of broadband, telephone, mobile services and news channels, (3) bring Altice's advanced networks, faster broadband speeds, pro-consumer mobile offerings and more local news to the residents and businesses in New Jersey currently serviced by Service Electric. Thus, the Transfers will benefit residents and businesses currently served by Service Electric. Altice intends to make this mix of cable video and non-video services available in Service Electric's legacy footprint, after necessary technical and operational work dedicated to migration of the Service Electric customers and network to the Altice network, IT and billing platforms, and contingent on technical and marketplace conditions.

Integration and transition of Service Electric's operations with Altice:

Altice anticipates integrating Service Electric's operations in a "staged approach" designed to (1) in the near term, bring the increased capacity, broadband speeds, network diagnostic capabilities and other benefits of the Altice core network to the subject communities⁶, and (2) in the medium term, fully integrate these areas into the Optimum footprint, bringing the product

³ EBITDA - Earnings Before Interest, Taxes, Depreciation, and Amortization.

⁴ Altice asserts, as described in the Joint Petition, that it offers products today to its Optimum NJ customer base that are not offered by Service Electric, including Smart Wi-Fi, Internet Security, Service Protection, Altice One, and Cloud-based DVR.

⁵ According to Altice, Altice One delivers the functionality of your TV box, modem, router and streaming apps, into one sleek innovative device, resulting in less clutter in your home.

(https://www.optimum.net/pages/alticeone.html?v_cid=vanity-_-url-_-alticeone)

⁶ Altice expects to be able to increase broadband speeds in the Service Electric footprint to 400Mbps (which Altice asserts it offers to every NJ household in its footprint) within 60-120 days of Closing, and is targeting full migration to the Optimum suite of products in the Fourth Quarter of 2020, although the actual timetable for the network migration and full system integration requires further evaluation and may ultimately vary from this target.

suite and customer experience in line with existing Altice areas in New Jersey - all with a focus on ensuring service continuity to Service Electric customers. Altice further asserts it will incorporate and expand its Advantage Internet program offering, into the legacy Service Electric footprint as the area is integrated to the Optimum platform.

Altice further contends Service Electric's system will become a property of CSC TKR. Initially, to minimize confusion to customers, CSC TKR will continue to market products and services in the legacy Service Electric system under the Service Electric brand. Over time, and after a period of integration with Altice, Altice anticipates that its marketing of Service Electric products and services will transition from the Service Electric brand to Altice's Optimum Brand. Altice states that although the timing of this transition will depend upon the timing of the underlying network and systems integration, Altice anticipates and is targeting this transition, as well as migrating Service Electric's billing/customer database onto the Optimum platform for the 1st First Quarter of 2021.

Altice's plans for the Service Electric's employees:

The Petitioners assert that all 21 Service Electric employees have been offered employment at Altice with comparable salary and benefits, and there are no union contracts at Service Electric so none will require modification employees. Upon Closing, the Transferred Employees will become Altice employees. Altice further asserts it does not have any current plans for workforce changes as a result of the Transaction, subject to its evaluation over time of integration of Service Electric facilities and operations.

Altice's plans for Service Electric's COA commitments:

Altice asserts it is contractually committed to undertake and fulfill obligations of Service Electric as set forth in the Asset Purchase Agreement, including those in Certificates of Approval ("COA") adopted by and other authorizations issued by the Board for their duration.

Altice's plans for Service Electric's Local Offices:

Altice states it has no current plans to close or relocate any Service Electric local offices or other facilities at this time, subject to applicable government requirements (e.g., State directives triggered by the Coronavirus pandemic). Altice further claims it is specifically planning to retain Service Electric's Sparta headquarters location⁷—where customers go and most employees work. Other facilities, such as hub sites that are owned or leased, will be evaluated over time during integration of Service Electric facilities and operations.

Altice's plans for Service Electric's customer service operation and quality of service:

Altice asserts that once the network and system integration described above is complete, Service Electric will benefit from the self-service tools and other resources of Altice's customer care operations not available to Service Electric customers today such as Altice's IVR, the Optimum Support application and the ability to chat with customer care representatives online. Altice further asserts Altice's customer care representatives will answer customer telephone calls and route them to those representatives with knowledge and expertise on the nature of the service inquiry. Altice does not expect any disruption to subscribers' ability to reach Altice customer service as a result of the Transaction.

⁷ 320 Sparta Avenue, Sparta NJ 07871

Altice’s plans are for realigning Service Electric’s channels and Programming:

According to Altice, it is still evaluating the exact programming to be provided but anticipates offering a “more diverse set of channels (both in linear and video-on-demand) comparable to the Optimum channel lineup...” However, Service Electric, in conjunction with Altice, filed an alteration in channel allocation with the Office on June 2, 2020, and revised on June 4, 2020, deleting sixteen channels and one tier of channels (Music Choice) described as “Niche Programming from Service Electric’s channel lineup”, effective on or around July 1, 2020. Service Electric posted also posted the channel deletion announcement on its website on the same day.

Altice’s plans to resolve expired franchises:

The Municipal Consents and COA’ s in certain Service Electric municipalities have either expired or are in the process of being renewed. Altice asserts it (1) intends to negotiate terms of a new municipal consent agreement in Sparta; (2) noted pending petitions for COAs in certain municipalities, and (3) stated that if necessary, it intends to negotiate a new municipal consent with the townships in the Regionalized franchise area, as it has done with its other municipal consent communities in the current Altice footprint.

While Altice asserts its rates and pricing is comparable to that of other providers, and that its NJ footprint is among the most competitive in the country, Altice states it has not determined rate plans for the subject communities at this time.

Altice does not expect this Transaction to cause any delays in either Altice’s and Service Electric’s New Jersey cable systems.

Summary of Comments:

Pursuant to the Procedural Schedule, comments regarding the Transaction were accepted through July 1, 2020. Comments were received from Altice, Rate Counsel, and approximately 80 residents in the Service Electric territory, including several municipal officials.

Elected Officials and Residents:

Congressman Josh Gottheimer – Fifth Congressional District

Congressman Gottheimer submitted comments on behalf of the Mayors and constituencies in the communities he serves seeking high-speed internet especially in light of the importance of access to internet services during the COVID-19 pandemic. The Mayors and constituents represented include Andover-Borough, Andover Township, Branchville Borough, Frankford Township, Franklin Borough, Fredon Township, Green Township, Hamburg Borough, Hampton Township, Hardyston Township, Lafayette Township, Town of Newton, Stillwater Township, Sussex Borough, Vernon Township, Wantage Township, Blairstown Township, Hardwick Township, Hope Township, Knowlton Township, Frelinghuysen Township, Sandyston Township, and Liberty Township.

As part of the comments, Congressman Gottheimer requested the Board consider the following as it determines whether to grant regulatory approval of the transfer of Service Electric’s certificates to Altice: 1) Direct Altice to establish and commit to meeting specific minimum internet speeds in all households and businesses it serves; 2) Direct Altice to work in coordination with the Mayors to extend services to identified coverage gaps in their towns; 3) Request that Altice improve customer service to areas it seeks to serve by offering more available appointments, including on weekends.

Mayor M. Adele Starrs – Knowlton

Mayor Starrs submitted comments expressing concern and seeking the Board withhold approval of the acquisition unless commitments are made concerning the provisioning of improved cable and internet/broadband services throughout the service area. In addition, several outstanding issues concerning franchise agreements with respect to the homes per mile ratio in the area are of significant import in the provisioning of service to the community. The situation, the Mayor stated is exacerbated by the COVID-19 pandemic bringing greater concerns to the community respecting internet access, speeds, the ability of businesses to facilitate revenues for their agricultural and farming communities and the ability to provide adequate services to schools.

Mayor Kevin Duffy – Hardwick

Mayor Duffy submitted comments seeking the Board withhold approval unless concessions are made to extend cable lines throughout the community. The Mayor noted that Altice, in its petition made assurances of improved internet speeds and cable service to the twenty-eight communities it plans to serve post acquisition. The Mayor cited access to service is of paramount concern for the communities covered in the merger petition. The pandemic, the Mayor states, has highlighted the need for adequate service. In addition, specifically cited are the issues associated with the cost of the extension of service to the municipal building in the community.

Mayor Timothy C. McDonough – Hope

Mayor McDonough echoes the requests and concerns of the elected officials in surrounding towns and emphasized in the comments the rural demographic and the difficulties associated with internet service provided to residences and businesses and seeks commitments to improve service especially in light of the pandemic as a condition of the acquisition of service.

Mayor Steven Lance – Blirstown

Mayor Lance expressed the same concerns regarding the delivery of quality service and joined in the request for extended cable television service commitments by Altice. The Mayor highlighted in the comments submitted how access to cable and internet service is essential to the community.

Mayor Chris Carney- Frankford Township

Mayor Carney also joined in the requests and concerns of fellow mayors in seeking that the Board withhold approval of the petition unless specific commitments are met by Altice to extend cable lines in the service territory.

Carrine Piccolo-Kaufer – Hardyston Township Manager/Planner

Manager Piccolo- Kaufer concurred with the sentiments of officials in the surrounding areas seeking increased access to cable and internet services for the community. Service is scattered and farmers are not able to sell directly to the public or use remote equipment absent internet service. Each are concerns raised in submitted comments.

Community Comments

In addition to comments submitted by elected officials within the service area over 80 residents of the affected communities submitted comments focused on the quality of service provided and the limitations of the current service. Residents seek improved quality and reach of their cable service, increased internet speeds and the extension of service throughout the towns served being acquired through the Transaction. The common concern raised is the slow broadband speed offered; the insufficiency of the DSL service currently provided; the lack of internet in

some areas of the community; unreliable cable and internet service; and limited access to services.

Rate Counsel Comments

On June 26, 2020, Rate Counsel filed comments recommending that the Board's approval of the Transaction be subject to the following conditions:

1. Affordable broadband Internet access: Altice should commit to continuing its Altice Advantage Internet ("AAI") program throughout its existing and new footprint for at least three years at a monthly rate of no more than \$14.99. In addition, Altice should commit to offering stand-alone broadband internet access throughout its existing and new footprint for at least three years at a monthly rate of no more than \$24.95.
2. No data caps: The Board should seek a three-year commitment by Altice not to impose data caps on broadband Internet.
3. Commitment, without an expiration date, to not block or throttle Internet traffic.
4. Commitment to upgrade: commitments to specific milestones regarding Altice's specific broadband upgrade plans, shown separately by community and with projected dates such upgraded speeds will be available.
5. Free internet to schools, libraries, certain nonprofits and municipal office buildings.
6. Network reliability and public safety: Altice should provide: i. "Warm dial tone" (access to E911 service) even when voice services are suspended or disconnected; ii. Quarterly public reports to the Board and to Rate Counsel regarding, at a minimum metrics concerning: Answer time for repair and technical assistance; Average installation period; Outages; and The Network Outage Reporting System ("NORS") data that Altice submits to the FCC submitted simultaneously to the Board and Rate Counsel; and iii. a commitment to coordinate with local, state, and federal emergency and public safety officials to facilitate preparations for and responses to manmade and natural emergencies to protect the public safety and welfare of New Jersey's consumers and communities. The companies should commit to transfer information about SECTV's experiences and procedures (including lessons learned) in these matters to Altice.
7. Service Quality: (1) improve Service Electric's service quality as measured by at least the following two metrics: consumer complaints as a percentage of complaints and average speed of answer to reach a customer service representative; (2) achieve such improvement within three months of the Transaction's closing; and (3) maintain such improvement.
8. Programming diversity: require Altice to continue to carry the existing PEG channels.
9. Community anchor institution: Altice indicates that, as a condition of its merger with Cablevision, it continues to support eighteen community centers that are anchor institutions with free 100 Mbps service. Altice should commit to continue this support and also commit to support at least two anchor institutions in the territory that it proposes to acquire from Service Electric.

10. Employment: Altice should commit to no reduction in the number of employees in the SECTV territory for two years following the close of the transaction and thereafter not to exceed 15% during a five-year period with notice to the Board with copy to Rate Counsel.
11. Annual Public Benefits Report: Altice should commit to submit, within thirty (30) days from the close of the transaction and annually thereafter during a four-year period, a report related to the public benefits asserted by Altice in its filing to the Board with a copy to Rate Counsel.

In addition to the above, Rate Counsel also recommended pandemic-related commitments as follows:

- a. Pandemic-related emergency internet access – distance learning: Altice indicated that to support remote school learning during the COVID-19 pandemic it has expanded customer eligibility for its AAI program beyond the existing requirements to include all households with K-12 and/or college students and that to support the community there is no cost for customers that subscribe to AAI between March 16 and June 30. Altice also partnered with school districts to provide a Student WiFi product, allowing school issued devices to be provisioned to access the Altice's outdoor WiFi access points at no charge through June 30. Schoolchildren continue to need to be connected. Altice should commit to continue the important pandemic-related programs throughout its existing and new territory through December 31, 2020. Schoolchildren, especially those most at risk of falling behind their grade levels during this time of isolation, may be attending summer classes and therefore continue to need to engage in distance learning in the upcoming months and through the fall and early winter months.
- b. Pandemic-related emergency internet access – assisting older persons overcome social isolation: Working with appropriate state agencies and stakeholders, and using its Altice Mobile product, Altice could commit to help older persons overcome the social isolation they are experiencing during these unprecedented time by providing wifi hotspots at no charge in independent living, assisted living, and nursing homes.
- c. Billing and termination procedures: Altice should increase the billing payment period and during the pandemic, eliminate late payment charges.
- d. Pandemic-related emergency internet access – keeping people connected: Altice could commit to continuing its moratorium on broadband and phone disconnections through December 31, 2020 and establishing an arrearage management fund to help customers pay their arrearages.

Rate Counsel acknowledged Board oversight relates to cable operations. The Petitioners, in seeking the Board's approval of the acquisition, Rate Counsel noted, include broadband plans as a transaction-related benefit. Accordingly, Rate Counsel requests firm commitments on the stated benefits that will flow to New Jersey customers. Altice's broadband promises, Rate Counsel contends, must be reviewed when considering the benefits resulting from the Transaction. Therefore, Rate Counsel asks that appropriate conditions and commitments be incorporated into the Board's Order.

Further, Rate Counsel commented that it is concerned with the impacts of the COVID-19 pandemic and that the economic downturn will jeopardize Altice's network investment plans. Consistent with the positive benefits standard of review, Rate Counsel seeks the above stated conditions be met. Rate Counsel cited commitments made in previously approved transactions and concern that similar commitments were not contained in this filing. The potential benefits described in the petition, Rate Counsel contends are not commitments and therefore, the Transaction does not meet the positive benefits test. Rate Counsel concluded that enforceable commitments summarized above are necessary for Board approval of the Transaction.

Altice Comments

In addition to the benefits outlined in the petition, on June 30, 2020 Altice filed a letter with Board Staff outlining voluntary commitments which it will engage in following the consummation of the Transaction. They include the following:

1. Broadband

- a. *Availability of 1 Gig Internet.* Within twenty-four (24) months of the closing of the Transaction (the "Closing"), Altice will make the necessary investments to offer its Altice 1 Gig Internet (or comparable product) to all residential households and small businesses passed by the Service Electric system.
- b. *Low-Income Broadband.* By January 1, 2021, Altice will make available Altice Advantage Internet or its equivalent to new customers in the Service Electric service territory that meet either of the following eligibility criteria: (1) households with children that have a student eligible for the National School Lunch Program; or (2) persons age 65 and older who are eligible for benefits under the Supplemental Security Income program from the federal government. No credit check shall be required to enroll. Any current or former Service Electric customers in arrears will not be eligible until those debts have been cleared. The low-income broadband product described herein shall be available through December 31, 2023. Note: Customers who have subscribed to any broadband service offered by either entity within the prior sixty (60) days of applying for AAI or its equivalent are not eligible.

2. Network Expansion

Altice agrees to extend its network to requesting residential households or small businesses within Service Electric's franchised areas with a density of at least 25 homes per mile (as measured from the applicable franchise's Primary Service Area), with no customer contribution toward the cost of construction in the public right of way and as otherwise consistent with the Board's Office of Cable Television and Telecommunications Standard Line Extension Policy set forth in each municipal consent. This is a commitment intended to expand the availability of services to more households and businesses that were previously unserved. Altice intends to apply this commitment to existing Service Electric municipal consents that may contain higher line extension density standards.

3. **Franchise and Other Community Engagement**

Altice is committed to developing strong and positive relationships with the communities in the Service Electric service area. With a department dedicated to government and community services, Altice will have more resources to support building those relationships. As part of this effort, we are committed to engaging with the municipalities to ensure that franchise agreements are renewed in a timely way, including those agreements which are currently expired. With regard to existing franchises, and subject to the network expansion commitment in Section 2, above, Altice hereby affirms its commitment to comply with the obligations contained in franchises applicable to the Service Electric communities, subject to applicable law.

DISCUSSION

When considering mergers involving cable entities various statutes and Board regulations apply to the Transaction and are addressed herein. Cable entities in New Jersey are generally governed under the Cable Television Act, N.J.S.A. 48:5A-1 et seq. N.J.S.A. 48:5A-38(a) in part provides that "no CATV company shall combine, merge, or consolidate with, or acquire control of, another organization without first obtaining the approval of the board, which shall be granted only after an investigation and finding that such proposed combination, merger, consolidation, or acquisition is in the public interest." Petitions for approval of a merger or consolidation must also conform with the filing requirements found in N.J.A.C. 14:17-6.18.

Based on review of the record provided and the recommendation of Staff, as discussed below, the Board is persuaded that an adequate investigation has been conducted that supports a finding that the proposed transaction is in the public interest and should be approved subject to conditions.

FINDINGS AND CONCLUSIONS

After careful consideration of the complete record in this matter, the Board **HEREBY FINDS** the Transaction is in accordance with law, is in the public interest, has a likelihood to create positive benefits and there will be no adverse impact on the financial integrity of the affected cable companies. The Board **FURTHER FINDS** that Altice appears to possess the financial resources and technical qualifications to ensure Altice's ability to provide safe, adequate and proper service. Moreover, the Board has continuing authority to regulate the CATV System's customer service and enforce the CATV system's franchise obligations. In view of the foregoing, the Board **HEREBY ORDERS** that Petitioners be and are **HEREBY AUTHORIZED** to transfer Service Electric's Certificates of Approvals and assets to CSC TKR, and to allow Service Electric's certificates in the affected municipalities to expire once the transfer has been fully completed and to execute all documents related thereto.

This Order is subject to the following conditions:

- 1) This Order shall not affect or in any way limit the exercise of the authority of the Board or the Office of Cable Television and Telecommunications or the State of New Jersey in any future petition or in any proceeding regarding franchises, services, financing, accounting, capitalization, depreciation, maintenance or any other matters affecting the Petitioners.
- 2) This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of tangible or intangible assets now owned or hereinafter to be owned by Petitioners.
- 3) The Petitioners shall notify the Board, in writing, within five (5) days of the date on which each of the Transactions is consummated.
- 4) Consummation of the above referenced Transactions must take place not later than ninety (90) days from the date of this Order, unless otherwise extended by the Board.
- 5) Petitioners shall file a Certification with the Board within thirty (30) days of the closing attesting to the lack of material deviation in the executed closing documents or final terms from those terms and conditions described herein and /or submitted to the Board with the Petition. Any such material deviation in the executed closing documents shall render this Order voidable by the Board.
- 6) Petitioners shall file the "Allocation of Purchase Price", pursuant to Section 2.06 of the APA, and all journal entries with the Board to record the transactions approved herein within forty-five (45) days of final closing.
- 7) Petitioners shall file the results of the audit performed by the accounting firm KPMG to affirm Service Electric's representations in the APA, within forty-five (45) days of final Closing.
- 8) Altice shall be liable for the State assessment, pursuant to N.J.S.A. 48:5A-32, and municipal franchise fees, pursuant to N.J.S.A. 48:5A-30, due and owing as of the statutory payment dates for the preceding calendar year relating to the CATV System's assets being acquired pursuant to the Purchase Agreement approved herein.
- 9) All franchise obligations, commitments and agreements shall continue in force in all respects under Altice's ownership.
- 10) Pursuant to N.J.S.A. 48:5A-26(d), Altice shall maintain a local business office or agent as required by all franchise commitments and at a minimum shall maintain it within Sussex County for the purpose of receiving, investigating and resolving complaints. Currently, the local office serving this provision is located at 320 Sparta Avenue, Sparta, New Jersey.
- 11) Altice shall file within thirty (30) days of the Closing of the Transaction a revised tariff for cable television service identifying the applicable rates for the Service Electric system.
- 12) All of the obligations imposed upon Service Electric under the Certificates of Approval issued by the Board for the municipalities served by Service Electric in this instant matter, or by any and all Offers of Settlement involving Service Electric, or other commitments

made by Service Electric relating to its operation in the municipalities served by Service Electric, including, but not limited to and/or relating to any and all of the terms, conditions and requirements of any Certificate of Approval, Offers of Settlement, or other matters within the jurisdiction of the Board shall be assumed by Altice upon consummation of the Transaction.

- 13) All representations and commitments made by Service Electric in the municipalities serviced by the CATV System and the Board are fully enforceable against Altice as if set forth at length herein and shall also be assumed by Altice.
- 14) Approval of the transfer of assets and Certificates of Approval herein shall not constitute automatic approval of any business contract referenced in the Agreement or supporting documents, if Board approval pursuant to N.J.S.A. 48:5A-1 et seq. would otherwise be required.
- 15) Altice shall provide the Board all applicable lien releases from all Service Electric's creditors for all assets transferred by Service Electric not later than thirty (30) days after the Closing Date.
- 16) Within thirty (30) days following the Closing, Altice will submit a detailed description of the current network in Service Electric areas including system capacity, analog/digital RF allocation, and maximum broadband speed offering (downstream and upstream), as well as location of all nodes and other major connection points within the system.
- 17) Altice shall provide updates on the targets and progress of its public interest benefit assertions, including but not limited to: (1) increase broadband speeds in the Service Electric footprint to 400Mbps within sixty to one hundred and twenty (60-120) days of closing, (2) the targeting of full migration to the Optimum suite of products in the Fourth Quarter of 2020, (3) the migrating of Service Electric's billing/customer database onto the Optimum platform for the 1st First Quarter of 2021, and (4) Altice's plan to complete a backhaul connection between the Service Electric system and Altice existing master headend in Parsippany, and (5) all other upgrades, enhancements, programming and channel realignment, and all other benefits asserted in the petition and in discovery responses (Other Benefits). Since Altice anticipates integrating Service Electric's operations in a "staged approach"⁸, Altice shall, within thirty (30) days after closing, provide the Board a descriptive and detailed plan identifying in detail each stage of network and systems integration, accompanied by specific targeted dates of progress and completion (Progress Reports). Further, Altice shall provide the Board such Progress Reports every sixty (60) days thereafter until Service Electric's system is fully integrated and all Other Benefits have been installed and initiated.
- 18) Within ninety (90) days of completion of the integration of Service Electric's system with Altice's system, Altice will file with the Office a complete copy of as built drawings for the system detailing all areas served, and full system design including the location of all nodes and other major connection points within the system and with adjoining and connected Altice facilities.

⁸ More fully described in response to staff discovery questions S-2 and S-3.

- 19) Altice USA (CSC TKR and Cablevision) and Service Electric Cable TV of NJ, their parents, affiliates, subsidiaries, successors or assigns, shall continue to provide, on an on-going basis, proofs, in the form of a true copy of notices and verified proofs of mailing, to the Office that all required quarterly and annual notices were sent to customers on the earlier of thirty (30) days of the completion of such notices or ten (10) days following the end of the quarter or annual period for which the notice was sent in accordance with N.J.S.A. 48:5A-26(c), N.J.A.C. 14:18-3.5 and N.J.A.C. 14:18-3.18. This requirement is consistent with the Board's prior Orders for Cablevision in Docket Nos. CO03090707, CX05040335, CO07080635, CO09080600 and CO16050416. This requirement is also consistent with the Board's prior Order for Service Electric Cable TV of New Jersey in Docket No. CO09010085.
- 20) Altice USA (CSC TKR and Cablevision) and Service Electric Cable TV of NJ, their parents, affiliates, subsidiaries, successors or assigns, shall comply with all terms and conditions of all Orders and directives issued by this Board and the Director as required by N.J.S.A. 48:5A-9.
- 21) Within sixty (60) days of closing, Altice shall institute monthly meetings with Staff via telephone conference, or in person as necessary, for a period of two years for the purpose of reviewing existing, as well as new requests for service that involve line extension or significant non-standard installation cost contributions from potential customers in the former Service Electric system referred to them by the Office of Cable Television and Telecommunications. These meetings shall include construction and/or technical personnel that were employed by Service Electric prior to Closing. This time period may be extended as necessary by the Director of the Office of Cable Television and Telecommunications in consultation with Staff.
- 22) Altice shall comply with all existing line extension policies contained in each Service Electric franchise, and will fulfill all outstanding line extension requests that have not been completed as of the date of the closing of the Transaction, including but not limited to the following requests:
 - a. Within 180 days of Closing, Altice will commence construction to serve the entirety of the development known as Homestead Farms in Frelinghuysen Township. Altice shall complete all needed construction within the public right-of-way necessary to extend service to all residents/properties throughout the community. Service to individual homes will be governed by the applicable standard and non-standard installation rates in effect at the time.
 - b. Within sixty (60) days of Closing, Altice shall commence discussions with Township of Hardwick officials regarding plans to complete the extension of service within the public right-of-way to the municipal building at 40 Spring Valley Road as part of the primary service area (PSA) depicted on the map on file with the Office, included as part of the original regionalization franchise application in Docket No. CE93110525 dated July 18, 1996 (and renewed automatically for 10 years on July 18, 2011). Altice will complete all needed construction necessary to provide service to the entirety of Spring Valley Road between Millbrook Road and the Hardwick municipal building driveway. In furtherance of this provision, within sixty (60) days of Closing, Altice shall file for Staff review, a detailed cost of the

portion of the extension beyond the public right-of-way only, necessary for the provision of service to the municipal building.

- c. Within one hundred and twenty (120) days of closing, Altice will commence construction in the public right-of-way from the end of existing plant on Knowlton Road in Knowlton Township, to serve the homes between numbers 5 and 36 Koeck Road (inclusive) in the Township of Knowlton. This extension shall be designed with the capability to add future service, via non-standard installation, to numbers 1 and 3 Koeck Road, as well as numbers 8, 10 and 12 Koeck Road if requested, and at reasonable costs after Staff review. Service to these homes and other individual homes on Koeck Road will be governed by the applicable standard and non-standard installation rates in effect at that time. Altice will complete all needed construction within the public right-of-way necessary to extend service to all residents/properties along this section of Koeck Road within six (6) months of closing, unless extenuating circumstances such as make-ready or pole licensing requires an extension of this deadline, after consultation with Staff.
- 23) For three (3) years from the issuance of this Order, if there is any net loss of employees in the former Service Electric system greater than fifteen percent (15%), Altice shall notify the Board of such change and provide an appropriate explanation.
- 24) Altice shall continue to abide by all existing cable customer service standards, performance standards, and service metrics as delineated under N.J.A.C. Title 14, including but not limited to Chapters 3, 10 and 18, and N.J.S.A. 48:5A, including, but not limited to, requirements related to billing practices, termination of service. With respect to required proration of service in the Service Electric territory, Altice shall continue to abide by the requirements in N.J.A.C. 14:18-3.8.
- 25) Within ninety (90) days from the date of closing of the proposed Transaction, Petitioners shall certify, for each system under their control, as well as each system to be acquired/transferred as part of this Docket the following items:
- a. That all New Jersey cable television systems under their respective ownership and/or control, are in full compliance with Article 820 of the National Electrical Code as previously certified.
 - b. That all Board Ordered requirements or conditions arising out of any and all Offers of Settlement and Certificates of Approval have been or are being satisfied within the time frame set forth therein.
 - c. That sufficient funds will be available to fund all outstanding network extensions, rebuilds, upgrades, or other construction commitments arising from a system's Primary Service Area (PSA), Certificate of Approval, Municipal Consent, Letters of Intent or other Orders or agreements, including but not limited to the Board Order in Docket No. CX01070460 and documentation provided subsequent thereto.
 - d. That billing records are available for all customers in New Jersey cable television systems under their respective ownership and/or control and to provide the Board and its Office with copies of such records for three (3) years in accordance with N.J.A.C. 14:18-3.7.

Should Petitioners be unable to complete their review of their respective systems within ninety (90) days of closing, each Petitioner shall file a certified report with the Office prior to the expiration of the ninety (90) day period setting forth its progress on the requirements set forth above in paragraphs (a) through (d). Petitioners will at that time have the option of requesting an extension of time of up to ninety (90) days to finalize the review of their systems and certify to same with regard to the provisions of paragraphs (a) through (d) set forth above.

26) Consistent with its June 30, 2020 filing, Altice shall adhere to the following commitments:

1. Broadband

a. *Availability of 1 Gig Internet.*

Within twenty-four (24) months of the Closing of the Transaction (the "Closing"), Altice will make the necessary investments to offer its Altice 1 Gig Internet (or comparable product) to all residential households and small businesses passed by the Service Electric system.

b. *Low-Income Broadband.*

By January 1, 2021, Altice will make available Altice Advantage Internet or its equivalent to new customers in the Service Electric service territory that meet either of the following eligibility criteria: (1) households with children that have a student eligible for the National School Lunch Program; or (2) persons age 65 and older who are eligible for benefits under the Supplemental Security Income program from the federal government. No credit check shall be required to enroll. Any current or former Service Electric customers in arrears will not be eligible until those debts have been cleared. The low-income broadband product described herein shall be available through December 31, 2023. Note: Customers who have subscribed to any broadband services offered by either entity within the prior sixty (60) days of applying for AAI or its equivalent are not eligible.

2. Network Expansion

Altice agrees to extend its network to requesting residential households or small businesses within Service Electric's franchised areas with a density of at least 25 homes per mile (as measured from the applicable franchise's Primary Service Area), with no customer contribution toward the cost of construction in the public right of way and as otherwise consistent with the Office's Standard Line Extension Policy set forth in each municipal consent. This is a commitment intended to expand the availability of services to more households and businesses that were previously unserved. Altice intends to apply this commitment to existing Service Electric municipal consents that may contain higher line extension density standards.

3. Franchise and Other Community Engagement

Altice will engage with the municipalities to ensure that franchise agreements are renewed in a timely manner, including those agreements which are currently expired. With regard to existing franchises, and subject to the network expansion commitment in Section 2, above, Altice shall comply with the obligations contained in franchises applicable to the Service Electric communities, subject to applicable law.

Pursuant to Altice's asserted intention to endeavor to resolve all open and/or ongoing issues with certain expired Service Electric franchises:⁹

- a. Within thirty (30) days of this order, Altice shall establish a designee to be responsible for establishing a schedule to bring all franchise renewals into compliance with all state and federal requirements for franchising and provide it in writing to the Office and all municipalities covered by this order.
- b. Within sixty (60) days of this Order, Altice shall provide a written report on the status of all franchises covered to the Office and shall continue monthly reporting until formally released from the commitment by the Director of the Office. Furthermore, any changes to the company's designee shall be provided in writing to the Director of the Office and the municipalities within fifteen (15) days of same and the replacement provided. Notwithstanding any changes to personnel, Altice shall be required to provide the requisite monthly franchise status reports to the Office.
- c. Within sixty (60) days of this Order, Altice shall make available representatives to meet on a monthly basis, with Staff of the Office for the purpose of reviewing the status of franchise renewals and the designated representatives shall respond to all requests for information.

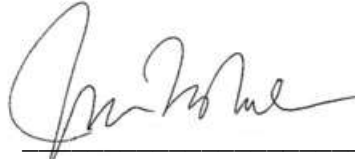
The conditions set forth by this Order are binding and enforceable by the Board and failure to comply will result in an enforcement action.

⁹ Including but not limited to: Andover Borough, Hampton Township, Jefferson Township, Sparta Township, Stillwater Township, and the Regionalization Area.

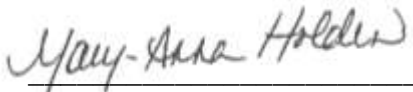
This Order shall be effective on July 6, 2020.

DATED: July 2, 2020

BOARD OF PUBLIC UTILITIES
BY:



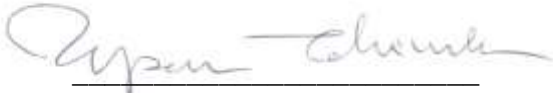
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MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER




UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF CSC TKR, LLC (ALTICE USA, INC.) AND SERVICE ELECTRIC CABLE
T.V. OF NEW JERSEY, INC. FOR THE APPROVAL OF THE TRANSFER OF CERTIFICATES
OF APPROVAL OF SERVICE ELECTRIC CABLE T.V. OF NEW JERSEY, INC
DOCKET NO. CM20030211

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