Agenda Date: 7/19/13 Agenda Item: 3B

CABLE TELEVISION



#### STATE OF NEW JERSEY

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

#### Parties of Record:

Gregory Buscarino, Vice President, Business Planning & Regulatory, Cablevision Systems Corporation

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

#### BY THE BOARD:

On November 2, 2012, Cablevision Systems Corporation. ("Cablevision") filed an aggregated Form 1205 with the Board of Public Utilities ("Board") for the purpose of adjusting maximum permitted rates ("MPRs") for regulated equipment and installation costs covering sixteen (16) rate regulated franchises in New Jersey. The Board is the local franchising authority in New Jersey and is certified to regulate equipment and installation charges. FCC Form 1205 is the form used by cable operators to update their regulated rates for equipment, such as converters and remotes, and customer installations.

Under the revised benchmark rules which apply to operators beginning May 15, 1994, <u>Second Order on Reconsideration</u>, Fourth Report and Order, and Fifth Notice of Proposed Rulemaking, MM Docket No. 92-266, FCC 94-38, ("Second Order on Reconsideration"), cable operators are

required to justify their rates for cable installations and lease of equipment through an annual filing of a new Form 1205 with the franchising authority. Form 1205 is used to determine whether the rates established by the operator are reasonable based on an examination of the operator's costs for the prior year.

Under the FCC's Form 1205 methodology, the charges established for equipment leases and customer installations are based on the prior year's actual cost. Equipment rates are derived from the total capital and maintenance costs per unit of equipment, and installation rates are derived from a calculation of an hourly service charge ("HSC') and an application of that charge to different types of installations.

On December 5, 2012, the matter was transmitted to the Office of Administrative Law (OAL) and assigned to Administrative Law Judge W. Todd Miller (ALJ Miller). On January 31, 2013, a telephone pre-hearing conference was held by ALJ Miller with Cablevision, the Division of Rate Counsel ("Rate Counsel") and the Board Staff (collectively, the "Parties"). The preliminary hearings for these filings were initially set for June 10, 11 and 13, 2013. Petitioner notified its customers of the proposed rate adjustments by way of newspaper announcements informing them of their opportunity to submit written comments for a period of thirty days to Acting Director, Lawanda R. Gilbert. The notices appeared in The Record, Courier News, Home News Tribune, Asbury Park Press, and Daily Record newspapers on March 14, 2013. No comments were received by Acting Director Gilbert.

After review by Staff and Rate Counsel of the supporting documentation, schedules and other discovery requests, the parties reached an initial settlement on April 23, 2013. ALJ Miller subsequently adjourned the scheduled hearings. On June 12, 2013, after further settlement discussions, the Parties reached final agreement and executed a Stipulation of Final Rates ("Stipulation"). The Stipulation was subsequently filed with ALJ Miller.

On June 13, 2013, ALJ Miller filed his Initial Decision with the Board, which recommended that the Stipulation be approved. ALJ Miller found that the parties voluntarily agreed to the settlement and that the settlement is consistent with the law and fully disposes of all issues in controversy.

Having reviewed the record in this matter, including ALJ W. Todd Miller's Initial Decision and the Stipulation, the Board <u>HEREBY FINDS</u> that the Parties have voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues in these proceedings and is consistent with the law. The Board <u>HEREBY FINDS</u> the Initial Decision which adopts the Stipulation to be reasonable, in the public interest and in accordance with law. Therefore, the Board <u>HEREBY ADOPTS</u> the Initial Decision and the Stipulation, attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation as if fully set forth herein.

The Board, also <u>HEREBY ORDERS</u> that Cablevision shall issue credits if any credits are due its subscribers pursuant to the Stipulation within sixty (60) days of the date of this Order, or thirty (30) days after approval of the credit liability statement described below, whichever is later, and that Cablevision shall inform subscribers of the reason for the credits. Said credits shall be denominated as "BPU Credit" on subscribers' bills.

The Board <u>HEREBY ORDERS</u> that if applicable, Cablevision shall submit a certified credit liability statement to the Office of Cable Television, verified by an authorized officer of the corporation, within thirty (30) days of the date of this Order which shall at a minimum include,

but not be limited to, the following items for all Cablevision systems covered in this filing: (a) the number of installations charges by type performed subsequent to effectuating the agreed upon lower installation rates noted in Schedule A of the Stipulation (Schedule A); (b) the amount charged for such installations that exceeded the settlement rates specified in Schedule A; (c) the number of subscribers of record as of the effective date of the implementation of the credit who had been charged an installation rate in excess of the settlement rates, as specified in Schedule A; (d) the total refund amount; and (e) the per-subscriber credit amount, if applicable.

The Board FURTHER ORDERS that within ten (10) days of effectuating the entire credit to its subscribers described above, Cablevision shall certify in writing to the Office of Cable Television that the credits have been completed and provide a final accounting by system of all such credits.

This Order shall be effective on July 29, 2013, and will be null and void if Cablevision does not issue credits within 180 days from the effective date of this Order.

DATED: 7/19/13

**BOARD OF PUBLIC UTILITIES** BY:

PRESIDENT

COMMISSIONER

MARY-ANNA HOLDEN

COMMISSIONER

SEPH L. FIORDALISO

OMMISSIONER

COMMISSIONER

ATTEST:

SECRETARY

I HEREBY CERTIFY that the within

IN THE MATTER OF CABLEVISION OF NEW JERSEY, LLC -BERGEN, COMMUNITY OF TENAFLY; CSC TKR, LLC D/B/A CABLEVISION OF MORRIS, COMMUNITIES OF HOPATCONG, NETCONG, MT. ARLINGTON AND BOONTON TOWNSHIP; CABLEVISION OF OAKLAND, LLC, COMMUNITIES OF BLOOMINGDALE, BUTLER, POMPTON LAKES, RINGWOOD, WANAQUE, LINCOLN PARK AND PEQUANNOCK; CSC TKR, LLC D/B/A CABLEVISION OF RARITAN VALLEY, COMMUNITIES OF METUCHEN AND BEDMINSTER TOWNSHIP (HILLS); CABLEVISION OF MONMOUTH, LLC – SEASIDE, COMMUNITIES OF TOMS RIVER TOWNSHIP AND BERKLEY TOWNSHIP; ANNUAL AGGREGATE FCC FORM 1205

#### **BPU DOCKET CR12110979**

#### SERVICE LIST

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Gregory Buscarino
VP Business Planning & Regulatory
Cablevision Systems Corporation
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Bethpage, New York 11714

Lawanda Gilbert, Esq., Acting Director Office of Cable Television Board of Public Utilities 44 South Clinton Avenue, 9<sup>th</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350

T. David Wand, Esq.
Geoffrey Gersten, Esq.
Deputies Attorney General
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124 Halsey Street
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Newark, NJ 07101

William H. Furlong, Bureau Chief Steven Rastatter, TSA 1 Office of Cable Television Board of Public Utilities 44 South Clinton Avenue, 9<sup>th</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

HU BPU COTY

INITIAL DECISION
SETTLEMENT

OAL DKT. NO. CTV 16167-12 AGENCY DKT. NO. CR12110979

# I/M/O CABLEVISION AGGREGATE FORM 1205.

Sidney Sayovitz, Esq., for Cablevision Systems Corporation (Schenck, Price, Smith & King, LLP, attorneys)

David Wand, Deputy Attorney General, for New Jersey Board of Public Utilities (John Jay Hoffman, Acting Attorney General of New Jersey, attorney)

Christopher J. White, Esq., for Division of Rate Counsel

Record Closed: June 13, 2013

Decided: June 13, 2013

BEFORE W. TODD MILLER, ALJ:

This matter was transmitted to the Office of Administrative Law on December 6, 2012, for determination as a contested case, pursuant to N.J.S.A. 52:14B-1 to -15 and N.J.S.A. 52:14F-1 to -13.

The parties have agreed to a settlement and have prepared a Settlement Agreement indicating the terms thereof, which is attached and fully incorporated herein.

## OAL DKT. NO. CTV 16167-12 -

I have reviewed the record and the terms of settlement and I FIND:

- The parties have voluntarily agreed to the settlement as evidenced by their signatures or their representatives' signatures.
- The settlement fully disposes of all issues in controversy and is consistent with the law.

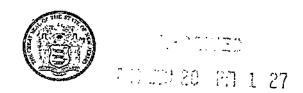
I CONCLUDE that this agreement meets the requirements of N.J.A.C. 1:1-19.1 and that the settlement should be approved. I approve the settlement and therefore ORDER that the parties comply with the settlement terms and that these proceedings be concluded.

hereby FILE my initial decision with the BOARD OF PUBLIC UTILITIES for consideration.

This recommended decision may be adopted, modified or rejected by the BOARD OF PUBLIC UTILITIES, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

6-13-13	al Relly
DATE	W. TODD MILLER, ALJ
Date Received at Agency:	
Date Mailed to Parties:	6/18/13

/sd



CHRIS CHRISTIE

Governor

KIM GUADAGNO Lt. Governor State of New Jersey

OFFICE OF THE ATTORNEY GENERAL
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF LAW
PO Box 45029
Newark, NJ 07101

JOHN J. HOFFMAN Acting Attorney General

CHRISTOPHER S. PORRINO Director

June 12, 2013

Via Electronic and Regular Mail

The Honorable W. Todd Miller, ALJ Office of Administrative Law 1601 Atlantic Avenue Atlantic City, New Jersey 08401

Re: L/M/O Cablevision of New Jersey, LLC Annual Aggregate Form 1205

BPU Docket No.: CR12110979 OAL Docket No.: CTV 16167-2012

Dear Judge Miller:

Please find enclosed for your review the Stipulation of Settlement, executed by the parties, i.e. Cablevision Systems Corporation, the Division of Rate Counsel, and the Staff of the Board of Public Utilities. Thank you for your cooperation and attention to this matter.

Respectfully submitted,

JOHN J. HOFFMAN ACTING ATTORNEY GENERAL OF NEW JERSEY

T. David Wand

Deputy Attorney General

Enclosure

c: Service List (w/encl.; via E-Mail)



## Before the STATE OF NEW JERSEY OFFICE OF ADMINISTRATIVE LAW

In the Matter of: Cablevision of New Jersey, LLC - Bergen, (Community of Tenafly); CSC TKR, LLC: d/b/a Cablevision of Morris (communities of Hopatcong, Netcong, Mt. Arlington, and Boonton: Town); Cablevision of Oakland, LLC - (communities of Bloomingdale, Butler, Pompton: Lakes, Ringwood, Wanaque, Lincoln Park and Pequannock); CSC TKR, LLC d/b/a Cablevision of: Raritan Valley - (communities of Metuchen and Bedminster Township (Hills)); Cablevision of: Monmouth, LLC—Seaside, (communities of Toms: River Township and Berkley Township) - Annual: Aggregate FCC Form 1205 (collectively, "Cablevision")

BPU Docket No. CR12110979
OAL Docket No. CTV 16167-2012

STIPULATION OF SETTLEMENT

#### INTRODUCTION

WHEREAS, the Cable Television Consumer Protection and Competition Act of 1992, Pub. L. No. 102-385 106 Stat 1460 (1992) codified at 47 <u>U.S.C.</u> § 543 <u>et seq.</u> (the "Federal Act"), classified the delivery of cable television services into two separate rate regulated categories: (i) "basic service" (consisting primarily of "off-the-air" local television broadcast signals and public, educational and governmental channels) and associated equipment and installation and (ii) cable programming services ("CPS") (consisting of certain other packages of television channels) and associated equipment;

WHEREAS, under the Federal Act, basic service is regulated by the local franchising authority ("LFA");

WHEREAS, under the provisions of the New Jersey Cable Television Act ("New Jersey Act"), N.J.S.A. 48:5A-1 et seq., the LFA is the Board of Public Utilities ("Board");

WHEREAS, the Federal Act required the FCC to issue regulations governing the standards to be used by LFAs in regulating basic service rates;

WHEREAS, under FCC rules, 47 C.F.R. § 76.900 et seq., a cable operator may adjust its equipment and installation rates annually by filing with the LFA an FCC Form 1205;

WHEREAS, on November 2, 2012, Cablevision filed an aggregate FCC Form 1205 (the "1205 Filings") with the Board, Docket No. CR12110979, on behalf of its regulated New Jersey communities consisting of Tenafly, Hopatcong, Netcong, Mt. Arlington, Boonton Township, Bloomingdale, Butler, Pompton Lakes, Ringwood, Wanaque, Lincoln Park, Pequannock, Metuchen, Bedminster Township (Hills), Toms River Township and Berkley Township (all communities being referred to herein as the "Regulated Communities") requesting approval of changes in the regulated equipment and installation rates charged by these systems;

WHEREAS, on December 5, 2012, the above rate filings were transmitted to the Office of Administrative Law ("OAL") for initial disposition, under /OAL Docket No. CTV 16167-2012;

WHEREAS, on January 31, 2013, pursuant to N.J.A.C. 1:1-13.1, a telephone pre-hearing conference was held in this matter before the Honorable W. Todd Miller, Administrative Law Judge ("ALJ") at which ALJ Miller set forth, among other things, the issues to be decided and dates for plenary hearings of June 10, 11, and 13, 2013;

WHEREAS, on February 1, 2013, Cablevision implemented the equipment and installation rates proposed in its 1205 Filings as filed on November 2, 2012;

WHEREAS, the Parties engaged in discovery with regard to the 1205 Filings; and

WHEREAS, staff members of the Office of Cable Television ("Staff"), the Division of Rate Counsel ("Rate Counsel") and Cablevision, having engaged in settlement discussions in advance of scheduled evidentiary hearings, reached agreement on the disposition of this matter.

NOW THEREFORE, Cablevision, Rate Counsel, and Staff (collectively, the "Parties") hereby STIPULATE and agree to the following for consideration by the Board:

- 1. Cablevision provided public notice by notifying its customers of the proposed rate adjustments via newspaper announcements and has informed them of their opportunity to submit written comments for a period of thirty (30) days.
- 2. The effective date for the equipment and installation service rates reflected on Schedule A hereto is February 1, 2013, and the rate cycle established under the 1205 Filings is February 1, 2013 through January 31, 2014. The rates set forth in Schedule A apply to Cablevision subscribers located within the five (5) cable television systems that provide cable television service to the Regulated Communities (the "Encompassing Systems") and include a monthly credit of \$3.25 to the applicable One-Time "Installation" and "Change of Service" rate items listed on Schedule B, with the exception of a "Downgrade of Service" for which a credit of \$16.50 shall apply. The rates set forth in Schedule A for the items listed on Schedule B shall be implemented on or about thirty (30) days after this Stipulation of Settlement is executed by all the parties ("Implementation Date").

- On or about thirty (30) days after this Stipulation of Settlement is approved by the Board, Cablevision shall owe a credit of \$3.25, without interest, for each of the One-Time Installation rate items listed on Schedule B (with the exception of a "Downgrade of Service" for which a credit of \$16.50 shall apply) that was incurred by a current Cablevision subscriber located within the Encompassing Systems between March 8, 2013 and the Implementation Date. To the extent a credit is required to be applied under the conditions set forth herein, such credit shall be made to currently existing subscribers that incurred such One-Time Installation rate items during the stated period and are serviced by the Encompassing Systems.
- 4. Any current cable television service customers in the Regulated Communities that are receiving equipment that is subject to the offer set forth in Schedule C as of the execution date of this Stipulation and which offer is scheduled to expire before January 31, 2014, shall continue to receive such equipment under the terms of such offer through January 31, 2014.
- This Stipulation of Settlement is subject to the approval of the Board and all revenues collected as a result of these rates shall be subject to a refund, pursuant to the rules and regulations of the FCC and those of the Board if the Board finds these rates are not implemented in accordance with the terms set forth herein or in accordance with applicable law.
- 6. This Stipulation of Settlement resolves all issues raised by Cablevision's 1205 Filings in this Docket.
- 7. The Parties agree that, except as otherwise expressly provided herein, this Stipulation of Settlement has been made exclusively for the purpose of this proceeding and that the stipulations contained herein, in total or by specific items, are in no way binding upon the parties in this proceeding if this Stipulation of Settlement is not approved by the Board, in other proceedings before the Board, or in other forums or jurisdictions, and should not be construed as a waiver of any rights under law held by any party; nor are the contents of this Stipulation of Settlement, in total or by specific items, by inference, inclusion, or deletion, in any way to be considered or used by another party as any indication of the position of any party hereto on any issue litigated or to be litigated in other proceedings. The Parties acknowledge that the terms of this Stipulation of Settlement shall not be deemed to be effective until approved in its entirety by the Board.

This Stipulation contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Stipulation. Each term is vital to the agreement as a whole, since the parties expressly and jointly state that they would not have signed the agreement had any term been modified in any way. Each party is entitled to certain procedures in the event that any modification is made to the terms of this Stipulation. That is, each signatory party must be given the right to be placed in the position it was in before the Stipulation was entered. Therefore, if any modification is made to the terms of this Stipulation, it is essential that each party be given the option, before the implementation of any new rate resulting from this action,

(8)313647;1/SAS) 3

either to modify its own position to accept the proposed changes, or to resume the proceeding as if no agreement had been reached.

The parties believe these provisions are fair to all concerned and therefore, they are made an integral and essential element of this Stipulation. This being the case, all parties expressly agree to support the right of any other party to this Stipulation to enforce all terms and procedures detailed herein

CABLEVISION SYSTEMS CORPORATION

AIN Post

By:	100	
	Sidne	A. Sayovitz, Esq.
		, Price, Smith & King, LLP

DATE: May 23, 2013

JEFFREY S. CHIESA ATTORNEY GENERAL OF NEW JERSEY Attorney for the Staff of the Board of Public Utilities

By:	DATE:
T. David Wand,	
Deputy Attorney General	

STEFANIE A. BRAND, DIRECTOR. DIVISION OF RATE COUNSEL, NEW JERSEY DIVISION OF RATE COUNSEL

By: Christopher J. White, Esq.
Deputy Rate Counsel

DATE: 6-3-13

either to modify its own position to accept the proposed changes, or to resume the proceeding as if no agreement had been reached.

The parties believe these provisions are fair to all concerned and therefore, they are made an integral and essential element of this Stipulation. This being the case, all parties expressly agree to support the right of any other party to this Stipulation to enforce all terms and procedures detailed herein.

CABLEVISION SYSTEMS CORPORATION		
By: Sidney A. Sayovitz, Esq. Schenck, Price, Smith & King, LLP	DATE:	,
JOHN JAY HOFFMAN ACTING ATTORNEY GENERAL OF NEW JERSEY Attorney for the Staff of the Board of Public Utilities  By: T. David Wand Deputy Attorney General	DATE:	6/12/13
STEFANIE A. BRAND, DIRECTOR DIVISION OF RATE COUNSEL, NEW JERSEY DIVISION OF RATE COUNSEL	•	
By: Christopher J. White, Esq. Deputy Rate Counsel	DATE:	

## SCHEDULE A

## **CABLEVISION SYSTEMS CORPORATION**

EQUIPMENT AND ONE TIME INSTALLATION CHARGES/MONTHLY LEASE RATE	PRIOR BD APPROVED RATES EFF. 2/1/2012	SETTLEMENT RATES EFFECTIVE 2/1/2013	DIFF	<u>%</u>
INSTALLATION CHARGES				
New Connect (incl. VCR & A/B Switch at time of install)	\$36.70	\$36,70	\$0.00	0.0%
Reconnect (incl. VCR & A/B Switch at time of install)	\$36.70 HSC +	\$36.70 HSC +	\$0.00	0.0%
Non Standard Connect (150 feet or more)	Materials	Materials		
CHANGE OF SERVICE CHARGES				
Additional Outlet at Time of Install	\$11.70	\$11.70	\$0.00	0.0%
Additional Outlet Separate Trip	\$36.70	\$36.70	\$0.00	0.0%
Upgrade, Lateral Change, Video Game, Parental Lock, VCR & A/B	<b>A</b> DO <b>T</b> O	400.70	60.00	2.00/
Switch Install - Separate Trip	\$36.70	\$36.70	\$0,00	0.0%
Downgrade of Service*	\$23.45	\$23.45	\$0.00	0.0%
Relocate	\$36.70	\$36.70	\$0.00	0.0%
Service Call	\$36.70	\$36.70	\$0.00	0.0%
Hourly Service Fee	\$36.70	\$36.70	\$0.00	0.0%
Restore Service Fee	\$1.99	\$1. <del>9</del> 9	\$0.00	0.0%
Disconnect	No Charge	No Charge		0.0%
EQUIPMENT FEES				
IO Digital Cable Box or IO DVR Box	\$6.71	\$6.71	\$0.00	0.0%
IO HD Digital Cable Box or IO DVR HD Box (High Definition TV	ውድ ታል	\$6.71	\$0.00	0.000
required)	\$6.71	·	•	0.0%
Remote Control	\$0.24	\$0.24	\$0.00	0.0%
Cable Card (Customers with digital TV)	\$2.00	\$2.00	\$0.00	0.0%
Basic Only/Basic Only with tO Navigation	n No Charge	No Charge		0.0%

<sup>\*</sup>Downgrades are offered at no charge unless a cable box pick up is required.

#### SCHEDULE B

## CABLEVISION SYSTEMS CORPORATION

## ONE TIME INSTALLATION CHARGES

## **INSTALLATION CHARGES**

New Connect (incl. VCR & A/B Switch at time of install) Reconnect (incl. VCR & A/B Switch at time of install)

## **CHANGE OF SERVICE CHARGES**

Additional Outlet at Time of Install
Additional Outlet Separate Trip
Upgrade, Lateral Change, Video Game, Parental Lock, VCR & A/B
Switch Install – Separate Trip
Downgrade of Service\*
Relocate
Service Call
Hourly Service Fee

<sup>\*</sup>Downgrades are offered at no charge unless a cable box pick up is required.

## **SCHEDULE C**

Subject to the terms of this Stipulation, the equipment offer that Cablevision voluntarily instituted as part of its digitization initiative that current customers in the Regulated Communities are receiving and which offer is scheduled to expire before January 31, 2014 is set forth below:

Customer Scenario	Offer
Residential digital customer with at	Unlimited additional cable boxes or
least one (1) Cable box or	CableCards at no cost for one (1)
CableCard.	year.



## State of New Jersey

OFFICE OF ADMINISTRATIVE LAW

9 Quakerbridge Plaza Mercerville, NJ 08619 (609) 689-4028 Fax (609) 689-4070 1791 J. 132 24 171 20 FM 1 27 34 270

Laura Sanders Director & Chief ALJ

Robert J. Giordano, ALJ & Manager of Organizational Development

Board of Public Utilities
Office of Cable Television
Celeste Fasone, Director
44 South Clinton Ave
P.O. Box 350
Trenton, NJ 08625-0350

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Re: TRANSMITTAL OF FILES

CTV 16/67-13

CTV

We are hereby forwarding to you our complete file jacket(s) for the matter(s) listed via Lawyers Service.

Should a listed jacket not be included in this batch, please call the undersigned.

DATE Sandra DeSarno Hlatky, (609) 689-4028

AGENCY RECEIPT