

NEW JERSEY
BOARD OF PUBLIC UTILITIES
OFFICE OF CABLE TELEVISION

I/M/O CABLEVISION OF
NEW JERSEY, LLC
CONVERSION TO A SYSTEM-WIDE
CABLE TELEVISION FRANCHISE
BPU DOCKET No. CE09030230

FRANCHISE RENEWAL/
ASCERTAINMENT REPORT

AUGUST 19, 2015

Background/Procedural History

In August 2006, amendments to the New Jersey Cable Act, N.J.S.A. 48:5A-1 et seq. (“State Act”) were enacted which were intended to accelerate cable competition and consumer choice. This legislation provided cable television operators a choice between acquiring traditional franchises town by town, as had been the practice in New Jersey since the 1970’s, or applying directly to the Board of Public Utilities (“Board”) for a system-wide franchise. An additional relevant section of this law was the ability for incumbent cable television operators to automatically convert their existing cable television franchises to a system-wide cable television franchise, by notice to the Board and the affected municipality. (N.J.S.A. 48:5A-25.1(a))

Cablevision of New Jersey, LLC (“Cablevision”) was the holder of 22 traditional municipal consent-based cable television franchises in Northern New Jersey. On March 20, 2009, Cablevision notified the Borough of Fair Lawn and the Board that it would convert the Borough of Fair Lawn to a system-wide cable television franchise, pursuant to N.J.S.A. 48:5A-25.1(a). State law and Board rules require a cable television company operating under a municipal consent ordinance-based franchise converting to a system-wide cable television franchise to abide by the provisions of N.J.S.A. 48:5A-28(h) through (n). By virtue of conversion, Cablevision was relieved of any franchise obligations included in the municipal consent adopted by the Borough of Fair Lawn. As of the date of this report, Cablevision has added 20 additional municipalities to its system-wide cable television franchise area.¹ Cablevision maintains one municipality—Cresskill Borough—under a municipal consent ordinance-based franchise.

Pursuant to the amended State Act (N.J.S.A. 48:5A-19(b)) and the Board’s Regulations of Cable Television (N.J.A.C. 14:18-14.13), Cablevision’s converted system-wide cable television franchise runs for a term of seven years from the date of the first conversion of a municipal consent-based franchise within its cable television system. Cablevision’s system-wide cable television franchise is set to expire on March 20, 2016. Franchise renewal in New Jersey is governed by the federal Communications Policy Act of 1934, as amended (“Federal Act”), the amended State Act, and the Board’s rules in the New Jersey Administrative Code (“N.J.A.C.”). The Federal Act (47 U.S.C. §546) sets forth the *ascertainment* process required to be used by

¹ See Attachment I for list of Cablevision of New Jersey System-wide Cable Television Franchise municipalities.

franchising authorities in the renewal process. Ascertainment is the term utilized to explain the fact-finding process used by franchising authorities to examine the past performance of the cable operator and identify the future cable-related needs of the community. The Board's review of Cablevision's performance under its franchise as stated in both the State Act, and the Board's rules at N.J.A.C. 14:18-14.17(b), is specifically limited to:

1. Any Statewide needs and requirements as may be established by the State Cable Act;
2. The extent to which Cablevision has met its commitments pursuant to N.J.S.A. 48:5A-28 and the rules and regulations of the Office of Cable Television, in accordance with the State Cable Act; and
3. Performance and substantial compliance with material terms and conditions of Cablevision's existing system-wide franchise based on notice and opportunity to cure under applicable Federal law as placed on the record.

The Board's rules at N.J.A.C. 14:18-14.17(c) require that, at least seven months prior to the expiration of the franchise, the Office of Cable Television (OCTV) must issue an ascertainment report to the Board, which must be made available for public inspection.

On April 17, 2013, Cablevision notified the Board of its intention to renew its system-wide cable television franchise. On May 31, 2013, the OCTV notified Cablevision that the OCTV would review Cablevision's performance under its system-wide franchise pursuant to Federal and state guidelines, as outlined above. On October 23, 2014, the OCTV invited Cablevision to file comments on its performance under its system-wide cable television franchise and to assess how it will meet the future needs of the communities listed in its franchise application. Cablevision filed its Initial Comments with the OCTV on January 30, 2015.² In its comments, Cablevision asserts that it has fulfilled its statutory obligations under the system-wide cable television franchise, and that current and future cable related needs of the municipalities served by Cablevision are substantially fulfilled by the State Act's statutory obligations, including higher franchise fees, PEG programming, equipment and training and free municipal connections.

² See Attachment II.

PERFORMANCE CRITERIA

1. Any Statewide needs and requirements as may be established by the State Cable Act;

The State Cable Act limits what terms can be imposed on a cable television company operating under a system-wide franchise, pursuant to N.J.S.A. 48:5A-28(h)-(n). With respect to these requirements, Cablevision reports:

The obligations imposed upon system-wide franchisees by the New Jersey Cable Television Act are designed to delineate the cable-related needs of the communities included in such a franchise, and ensure a uniform cable service experience across those communities. By fulfilling its statutory obligations as a system-wide franchise holder under the New Jersey Cable Television Act, Cablevision of New Jersey currently meets the existing cable-related needs of the communities it serves. Further, by committing to continue to meet all of these obligations for the duration of any renewed franchise in the future, as Cablevision of New Jersey will do when it submits its renewal application, the Company will adequately address the future cable-related needs and interests of the system-wide franchise communities.

2. The extent to which Cablevision has met its commitments pursuant to N.J.S.A. 48:5A-28 and the rules and regulations of the Office of Cable Television, in accordance with the State Cable Act;

Cablevision's commitments under its system-wide cable television franchise are delineated in the State Cable Act under N.J.S.A. 48:5A-28:

48:5A-28. Contents of application, commitments by system-wide franchise

Each application for a municipal consent or system-wide franchise shall contain:

...

h. (1) With regard only to applications for a system-wide franchise, a commitment as to those municipalities that are served by a CATV company at the time of the application, to match or surpass any line extension policy operative at the time the system-wide franchise is granted and placed into effect prior to the enactment of

P.L.2006, c.83 (C.48:5A-25.1 et al.) by a local franchise or certificate of approval, for the duration of the system-wide franchise. In any event, the CATV company shall extend its plant along public rights-of-way to all residences and businesses within 150 aerial feet of the CATV company's existing plant at no cost beyond the normal installation rate, and to all residences and businesses within 100 underground feet of the CATV company's plant at no cost beyond the normal installation rate, and shall set a minimum house per mile density of not less than 35 homes per square mile.

(2) This commitment shall be in addition to any and all board orders and rules that impact upon the extension of plant, except that such commitment shall supersede the board's regulations adopted as N.J.A.C. 14:3-8.1 et seq., which shall not apply to CATV companies, including telecommunications service providers that have obtained a system-wide franchise.

i. With regard only to applications for a system-wide franchise, a commitment to provide to each municipality that is served by a CATV company, with two public, educational and governmental access channels. In the event that two or more access channels are requested by a municipality, the municipality shall demonstrate that its cable-related needs require the provision of such additional access channels. Any and all CATV companies operating in a municipality shall provide interconnection to all other CATV companies on reasonable terms and conditions, and the board shall adopt regulations for procedures by which disputes between such CATV companies shall be determined and expeditiously resolved. Each municipality or its nonprofit designee shall assume responsibility for the management, operations and programming of the public, educational and governmental access channels.

j. With regard only to applications for a system-wide franchise, a commitment to install and retain or provide, without charge, one service outlet activated for basic service to any and all fire stations, public schools, police stations, public libraries, and other such buildings used for municipal purposes.

k. With regard only to applications for a system-wide franchise, a commitment to provide free Internet service, without charge, through one service outlet activated for basic service to any and all fire stations, public schools, police stations, public libraries, and other such buildings used for municipal purposes.

l. With regard only to applications for a system-wide franchise, a commitment to provide equipment and training for access users, without charge, on a schedule to be agreed upon between the municipality and the CATV company.

m. With regard only to applications for a system-wide franchise, a commitment to provide a return feed from any one location in the municipality, without charge, to the CATV company's headend or other location of interconnection to the cable television system for public, educational or governmental use, which return feed, at a minimum, provides the ability for the municipality to cablecast live or taped access programming, in real time, as may be applicable, to the CATV company's customers in the municipality. No CATV company is responsible for providing a return access feed unless a municipality requests such a feed in writing. A CATV company that has interconnected with another CATV company may require the second CATV company to pay for half of the CATV company's absorbed costs for extension.

n. With regard only to applications for a system-wide franchise, a commitment to meet any consumer protection requirements applicable, pursuant to board regulations, to cable television companies operating under certificates of approval.

Cablevision's performance

(h) – Line Extension Policy

Under the system-wide cable television franchise structure, Cablevision is required to meet or exceed the line extension policy ("LEP") commitments that it had offered as the municipal consent-based franchise holder in each municipality served. An LEP is a cost sharing formula that determines the dollar amount to be shared between a cable operator and a potential customer for construction along public right-of-way outside of the area where the company has agreed to provide service at no cost beyond installation charges. Cablevision uses a "commercially zoned" LEP in some of its municipalities. In the Boroughs of Bergenfield, Closter, Fair Lawn, Harrington Park, Haworth, Hillsdale, New Milford, Northvale, Oradell, Paramus, Saddle River and Woodcliff Lake and the Township of River Vale, Cablevision provides service to residents in residentially-zoned areas at no cost beyond the installation rates contained in its schedule of prices, rates, terms and conditions filed with the Board and in commercially-zoned areas in accordance with the OCTV's LEP based upon a minimum of 20 homes per mile. In the Boroughs of Demarest, Dumont, Emerson, Norwood, Old Tappan, Rockleigh and Tenafly, Cablevision of New Jersey provides service to any resident at no cost beyond the installation rates contained in its schedule of prices, rates, terms and conditions filed with the Board. Cablevision also employs a commercial LEP which is applicable to businesses. Cablevision continues these policies under its system-wide cable television franchise.

Cablevision reports: *Through its municipal consent franchises, Cablevision of New Jersey has previously constructed a system subject to the minimal line extension obligations prescribed by the Board. Pursuant to N.J.S.A. 48:5A-28(h), by virtue of converting its local franchises to the system-wide franchise, Cablevision of New Jersey is in compliance with the required line extension obligations.*

Conclusion: The Office of Cable Television has received no complaints from residents regarding extension of service in the New Jersey system. Therefore, the OCTV finds that Cablevision is performing in accordance with its system-wide cable television franchise.

(i)/(l) – Public Educational and Governmental (PEG) access channels and equipment and training;

(j)/(k) – free basic cable and internet service to public schools, libraries and municipal bldgs.;

(m) – return feeds

The State Act requires that upon request, Cablevision provide to the municipalities: up to two PEG access channels with equipment and training, free basic cable and internet connections to certain municipal locations, and one free return line.

Cablevision reports: *Pursuant to N.J.S.A. 48:5A-28(i) Cablevision of New Jersey offers two public, educational and governmental (“PEG”) channels within each of the municipalities in the system-wide franchise area, based on the cable related needs of each municipality (see Exhibit A for number of PEG channels currently used by each municipality). Cablevision of New Jersey makes available a studio, training, and equipment to interested PEG access users resident within the franchise area, subject to its PEG access user policies, pursuant to N.J.S.A. 48:5A-28 (l).*

In addition, Cablevision of New Jersey provides free basic video service and free Internet service within each of the communities in the system-wide franchise area. Where requested, Cablevision of New Jersey has fulfilled its obligation under N.J.S.A. 48:5A-28(m) to provide return feeds to municipalities for the

purpose of interconnecting to the Company's system to distribute PEG programming.

Cablevision of New Jersey provides other valuable programming and services to the community that exceeds statutory requirements for its system-wide franchise. The Company's award winning News 12 channel focuses on news for residents both in the system and throughout the state. It is the only cable news channel dedicated solely to New Jersey news. The Company's Optimum Community program, formerly called Power to Learn, provides schools with valuable community service and support, in addition to the free basic video service and Internet service described above.

Discussion: Cablevision, as a municipal consent-based cable television franchise holder was providing one PEG access channel to each municipality—two to Oradell Borough—as well as free services to schools, libraries and municipal buildings, prior to the conversion to a system-wide cable television franchise. Cablevision is obligated to provide two channels for PEG access pursuant to N.J.S.A. 48:5A-28(i), if a municipality requests that a second channel be provided. Cablevision has stated it will provide return lines where they have not yet been provided under its municipal consent-based cable television franchises.

Conclusion: As noted above, Cablevision is required to provide two PEG access channels to each municipality where such channels are requested. However, under N.J.A.C. 14:18-15.4(b) and 15.5(b), if a municipality and a cable television company operating under a system-wide cable television franchise cannot agree upon the terms and conditions specified above, either can request intervention by the OCTV. The OCTV has not received any complaints or requests for intervention regarding unmet obligations under these provisions. Therefore, the OCTV finds that Cablevision is in compliance with its system-wide cable television franchise.

(n) – Consumer protection requirements

Cablevision is required under the State Act to meet any consumer protection requirements under the Board's regulations.

Cablevision reports: *Cablevision of New Jersey has substantially complied with all consumer protection obligations under applicable law, as required by N.J.S.A. 48:5A-28(n). Among these, Cablevision of New Jersey abides by the minimum customer service and consumer protection standards in the OCTV regulations. Further, Cablevision of New Jersey provides required “complaint officer” notifications, and maintains a required local business office, which is currently located at 40 Potash Road, Oakland, NJ 07436.*

Discussion: Under the Board’s rules, N.J.A.C. 14:18-16.7, a cable television company that is subject to effective competition may seek relief from the Board on certain notification and recordkeeping requirements. Cablevision sought relief under the rule and in September of 2011, was granted relief pursuant to the rule. In its request for relief, Cablevision committed to cooperate with any reasonable requests for information from the Board or Board staff regarding any matter for which relief was granted.

It is noted that Cablevision’s current local office for the New Jersey system is located at 5 Legion Drive, Cresskill, New Jersey. If Cablevision wishes to close this office and designate 40 Potash Road, Oakland as its local office, the procedures are set forth in N.J.A.C. 14:18-5.1.

Additionally, for all converted municipalities under Cablevision’s system-wide cable television franchise, the OCTV is the designated complaint officer.

Conclusion: The OCTV has received 112 written complaints on the Cablevision of New Jersey system in the six years since March of 2009 or approximately 18 complaints per year. This represents a small percentage of Cablevision’s customers in these 20 municipalities. All complaints have been resolved. To date, the OCTV finds Cablevision has complied with the consumer protection requirements under the Board’s rules.

3. Performance and substantial compliance with material terms and conditions of Cablevision’s existing system-wide franchise based on notice and opportunity to cure under applicable Federal law as placed on the record.

Pursuant to the Federal Act, if the franchising authority finds that there are any substantial violations of the current franchise, it must provide the cable operator "notice and opportunity to cure" (47 U.S.C.A. § 546(d)).

Cablevision reports: *As required by law, Cablevision of New Jersey has maintained during the term of the franchise all records of complaints received for a period of at least 3 years beyond the close of the calendar year of the report, and such records are available for inspection by staff of the Office of Cable Television. Further, during the term of the franchise, Cablevision of New Jersey has timely compiled and filed with the Office of Cable Television the annual customer complaint reports required by N.J.S.A. 48:5A-26.1.*

...

Cablevision of New Jersey has materially complied with all of its existing franchise obligations, and the Company's performance record since its conversion to a system-wide franchise supports renewal of the franchise.

Discussion: To date, Cablevision has not been provided with notice of any substantial non-compliance with the terms of the existing franchise. Compliance reviews are performed of each cable television company in the state every 2-3 years. Since the report of June 2010, no enforcement action has been brought to the Board. However, the OCTV will continue to review Cablevision's compliance under its system-wide franchise and the Board's rules.

Conclusion: The OCTV finds that Cablevision is in compliance with the material terms and conditions of its system-wide cable television franchise.

Additional information provided by Cablevision

Cablevision of New Jersey herein provides additional information for the Board's benefit, to give perspective on the wide range of services Cablevision of New Jersey provides to subscribers in the franchise area.

Over the term of the existing system-wide franchise, the demands for connectivity by our New Jersey customers have increased significantly. Our New Jersey customers want access to data from anywhere, at any time and on a multitude of devices. Cablevision Systems Corporation has met that need by building an advanced, fiber-rich network and coupled it with the most innovative entertainment, information and communications services available in the world. Cablevision Systems Corporation serves over 1 million residential and small business customers in New Jersey using a hybrid fiber and coaxial cable system.

Cablevision of New Jersey's advanced and integrated consumer communications services include iO Interactive Optimum digital television, Optimum Online high speed Internet access, featuring free Optimum WiFi, and Optimum Voice digital voice offerings.

Small businesses are powered by the Company's world-class telecommunications network with our Optimum® for business digital services suite, which features our Optimum family of products. The Company also provides broadband, voice and video service to large, enterprise commercial customers through Lightpath, an award-winning competitive local exchange carrier with customers throughout New Jersey.

Cablevision has offered the following information regarding its products and services:

Some highlights of our Optimum products and services include:

- Broadband Service - Optimum Internet customers can purchase 5 different levels of service including Optimum Ultra 101, a 101 mbps broadband Internet service offering.*
- iPad App – the entire suite of more than 360 standard and high-definition channels live on the iPad*

- *TV to Go – More than 100 networks available to customers from mobile devices outside the home.*
- *Multi-Room DVR- The very first remote storage DVR that allows up to 15 simultaneous recordings (or 75 hours of HD recordings) while watching any channel and play back from multiple rooms within the home.*
- *Open-Connect – A unique partnership that has allowed the Company to deliver one of the best Netflix viewing experiences in the industry.*

While not subject to the Board's/OCTV's review under Cablevision's system-wide cable television franchise, such products and services helps to demonstrate the company's desire to continue to meet its customers' needs.

Next Steps

Pursuant to the Board's rules, within 90 days of the filing of the OCTV Ascertainment Report, Cablevision is required to file its franchise renewal application. Public hearings will be scheduled following the filing of the Cablevision's application to allow public comment.

Attachment I

Cablevision of New Jersey System-wide Cable Television Franchise Municipalities

#	Municipality	County	Date Converted
1	Bayonne City	Hudson	8/3/2015
2	Bergenfield Borough	Bergen	1/11/2010
3	Closter Borough	Bergen	7/19/2010
4	Demarest Borough	Bergen	11/19/2010
5	Dumont Borough	Bergen	1/11/2010
6	Emerson Borough	Bergen	7/19/2010
7	Fair Lawn Borough	Bergen	3/20/2009
8	Harrington Park Borough	Bergen	11/19/2010
9	Haworth Borough	Bergen	1/11/2010
10	Hillsdale Borough	Bergen	1/11/2010
11	New Milford Borough	Bergen	11/19/2010
12	Northvale Borough	Bergen	11/19/2010
13	Norwood Borough	Bergen	7/19/2010
14	Old Tappan Borough	Bergen	12/15/2010
15	Oradell Borough	Bergen	1/11/2010
16	Paramus Borough	Bergen	1/11/2010
17	River Vale Township	Bergen	9/23/2010
18	Rockleigh Borough	Bergen	7/19/2010
19	Saddle River Borough	Bergen	9/17/2010
20	Tenafly Borough	Bergen	6/13/2014
21	Woodcliff Lake Borough	Bergen	7/19/2010

Attachment II

Cablevision of New Jersey, LLC

**Initial Comments in Support of the Renewal of its
System-wide Franchise**

January 30, 2015

January 30, 2015

Via Electronic Mail and U.S. Mail

Ms. Lawanda R. Gilbert
Acting Director
Office of Cable Television
Board of Public Utilities
44 South Clinton Avenue
P. O. Box 350
Trenton, NJ 08625

**Re: Initial Comments of Cablevision of New Jersey, LLC in Support of the
Renewal of its System-Wide Franchise**

Dear Ms. Gilbert:

Pursuant to your request of October 23rd, enclosed please find the Initial Comments of Cablevision of New Jersey, LLC ("Cablevision of New Jersey") submitted in support of the renewal of its system-wide franchise (the "Initial Comments").

Sincerely,

A handwritten signature in black ink, appearing to read "R. Thurman Barnes". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

R. Thurman Barnes
Area Director, Government & Public Affairs

**Initial Comments of Cablevision of New Jersey, LLC
In Support of the Renewal of its System-Wide Franchise**

I. INTRODUCTION

Cablevision of New Jersey, LLC (“Cablevision of New Jersey,” or the “Company”) submits the following comments in response to the October 23, 2014 request of the Office of Cable Television (“OCTV”). In that request, OCTV seeks comment on Cablevision of New Jersey’s performance under its existing system-wide franchise, and on how the Company intends to meet the future needs of the system’s communities should the Board of Public Utilities (“Board”) renew the franchise.

As discussed in detail below, since converting its local franchises to the system-wide franchise, Cablevision of New Jersey has done far more than the minimum required to satisfy our obligations to the municipalities in the franchise area and the Board, and Cablevision of New Jersey has surpassed the cable-related needs of all of the communities served by the system-wide franchise. Cablevision of New Jersey will continue to meet the cable related needs of these communities by offering a broad range of innovative services to our customers, and by continuing to fulfill our obligations within the statutory and regulatory framework of our system-wide authorization.

II. PROCEDURAL BACKGROUND

On March 20, 2009, Cablevision of New Jersey¹ notified the Board and the Borough of Fair Lawn of its intention to convert its municipal consent-based franchise in that Borough to a system-wide franchise.² On June 10, 2009, the Board issued an Order acknowledging

¹ At the time of the March 20, 2009 filing, Cablevision of New Jersey was known as Cablevision of New Jersey, Inc., but subsequently changed its name to Cablevision of New Jersey, LLC. The term “Cablevision of New Jersey” used in this submission refers to both entities.

² This conversion was permitted by one of the 2006 amendments to the New Jersey Cable Television Act. See N.J.S.A. 48:5A-25.1 (“A cable television company with a municipal franchise or franchises issued

Cablevision of New Jersey's conversion of the Fair Lawn franchise to a system-wide franchise, and establishing a seven-year franchise term, expiring on March 20, 2016.³ On five separate subsequent occasions, Cablevision of New Jersey added several additional communities to the system-wide franchise, and the Board approved each of these additions.⁴ Cablevision of New Jersey now serves 20 communities in New Jersey pursuant to its system-wide franchise.⁵

On April 13, 2013, Cablevision of New Jersey sent the Board a notice of its intention to seek a renewal of the system-wide franchise.⁶ OCTV subsequently invited Cablevision of New Jersey to comment on its performance and to assess how it will meet the future needs of the communities in the franchise area.⁷ As set forth below, Cablevision of New Jersey's performance under its existing system-wide franchise, as well as its plans to meet the future needs of the communities within the system, support the renewal of its system-wide franchise.

prior to the effective date of [the 2006 State Cable Act amendment] may, if it wishes, automatically convert any or all such franchise or franchises into a system-wide franchise upon notice to the board and the affected municipality”)

³ *In the Matter of Cablevision of New Jersey, Inc. for the Conversion to a System-Wide Franchise in the Borough of Fair Lawn*, Order, BPU Docket No. CE09030230, at 5-6 (Jul. 1, 2009).

⁴ *In the Matter of the Petition of Cablevision of New Jersey, LLC for the Conversion to a System-Wide Franchise in the Borough of Tenafly*, Fifth Order of Amendment, BPU Docket No. CE09030230, at 1-2 (Jul. 23, 2014) (providing an overview of each occasion on which the Board acknowledged and approved Cablevision of New Jersey's addition of additional municipalities to the system-wide franchise area).

⁵ The 20 communities are: Boroughs of Bergenfield, Closter, Demarest, Dumont, Emerson, Fair Lawn, Harrington Park, Haworth, Hillsdale, New Milford, Northvale, Norwood, Old Tappan, Oradell, Paramus, Rockleigh, Saddle River, Tenafly, and Woodcliff Lake; and the Township of River Vale. In addition, Cablevision of New Jersey continues to serve two other municipalities pursuant to municipal consent-based franchises granted to the Company by each of those communities.

⁶ *Letter to Board Secretary Kristi Izzo From Cablevision Area Director, Government & Public Affairs R. Thurman Barnes* (Apr. 17, 2013); *See also* 47 U.S.C. § 546(a) (establishing process for renewal that may be initiated either by the cable operator or the local franchising authority within the 6-month period beginning with the 36th month before franchise expiration).

⁷ *Letter to Cablevision Area Director, Government & Public Affairs R. Thurman Barnes from Acting Director Lawanda R. Gilbert* (Oct. 23, 2014).

III. ASSESSMENT OF CABLEVISION OF NEW JERSEY'S PAST PERFORMANCE AND PLANS TO MEET COMMUNITY NEEDS

In August of 2006, the New Jersey legislature enacted comprehensive amendments to the New Jersey Cable Television Act.⁸ This legislation created system-wide franchises, and imposed certain “restrictions and pre-conditions” on the scope of review of applications for renewals of such franchises.⁹ Cablevision of New Jersey’s renewal proceeding is limited to a determination of whether Cablevision of New Jersey’s forthcoming application complies with the requirements of N.J.S.A.48:5A-17 and 48:5A-28.¹⁰ Prior to approving a renewal, OCTV shall review the past performance of the cable television operator holding a system-wide franchise, and assess the future cable-related needs and interests of the municipalities covered by the system-wide franchise, consistent with N.J.S.A. 48:5A-28.¹¹

Under N.J.S.A. 48:5A-17, a system-wide franchise applicant must demonstrate that it is willing to conform with the rules and obligations applicable to cable operators under state and federal law.¹² By virtue of Cablevision of New Jersey’s lawful operation under the prior municipal consent franchises approved by the Board, and Cablevision of New Jersey’s automatic conversion of these franchises to a system-wide franchise pursuant to N.J.S.A 48:5A-25.1,¹³

⁸ See P.L. 2006, c. 83.

⁹ *In the Matter of the Application of Verizon New Jersey, Inc. for Renewal of a System-wide Cable Television Franchise* (“*Verizon Renewal Order*”), System-wide Cable Television Franchise Renewal, Docket No. CE13080756, at 3 (Jan. 30, 2014).

¹⁰ *Id.* (quoting N.J.S.A. 48:5A-16(f)); see also N.J.A.C. 14:18-14.9.

¹¹ See N.J.A.C. 14:18-14.17.

¹² *Verizon Renewal Order*, at 4 (“N.J.S.A. 48:5A-17 permits the Board to issue a system-wide franchise following its review of the application, where it finds the applicant has complied or is ready, willing and able to comply with all applicable rules and regulations imposed or pursuant to State or federal law as preconditions for providing cable service.”).

¹³ See note 5, above, for the complete list of communities converted by Cablevision from municipal consent franchises to the system-wide franchise pursuant to N.J.S.A 48:5A-25.1 .

Cablevision of New Jersey has previously met, and continues to meet, the obligations of N.J.S.A. 48:5A-17, and it will affirm its willingness to continue to do so in its application.

While Cablevision of New Jersey's performance assessment herein is focused on the statutory obligations of N.J.S.A 48:5A-28, and related regulations, the scope of these comments does not limit Cablevision of New Jersey's assessment that it is in substantial compliance with all statutory and regulatory obligations of a system-wide franchisee. Further, Cablevision of New Jersey herein provides additional information for the Board's benefit, to give perspective on the wide range of services Cablevision of New Jersey provides to subscribers in the franchise area.

A. Company Background

Cablevision of New Jersey's parent company, Cablevision Systems Corporation, recently marked its 40th anniversary offering advanced communications services to meet the needs of our customers. These services are the direct result of the billions of dollars in infrastructure investment made to build one of the most robust networks in the country.

Over the term of the existing system-wide franchise, the demands for connectivity by our New Jersey customers have increased significantly. Our New Jersey customers want access to data from anywhere, at any time and on a multitude of devices. Cablevision Systems Corporation has met that need by building an advanced, fiber-rich network and coupled it with the most innovative entertainment, information and communications services available in the world. Cablevision Systems Corporation serves over 1 million residential and small business customers in New Jersey using a hybrid fiber and coaxial cable system.

In its 2010 report to the legislature on the effects of the 2006 amendments to the Cable Television Act, the Board emphasized the benefit to consumers of more dynamic, better priced

triple play (voice, video and data) service offerings by incumbent cable operators since the amendments were passed.¹⁴ Cablevision of New Jersey continues to develop innovative and desirable packages to meet its customer(s)'s needs and to establish the Company's value in the marketplace with respect to its competitors.

Cablevision of New Jersey's advanced and integrated consumer communications services include *iO Interactive Optimum* digital television, *Optimum Online* high speed Internet access, featuring free *Optimum WiFi*, and *Optimum Voice* digital voice offerings.

Small businesses are powered by the Company's world-class telecommunications network with our *Optimum® for business* digital services suite, which features our *Optimum* family of products. The Company also provides broadband, voice and video service to large, enterprise commercial customers through Lightpath, an award-winning competitive local exchange carrier with customers throughout New Jersey.

Some highlights of our *Optimum* products and services include:

- *Broadband Service* - *Optimum Internet* customers can purchase 5 different levels of service including *Optimum Ultra 101*, a 101 mbps broadband Internet service offering.
- *iPad App* – the entire suite of more than 360 standard and high-definition channels live on the iPad and other mobile devices from anywhere in the home.
- *TV to Go* – More than 100 networks available to customers from mobile devices outside the home.

¹⁴ New Jersey Board of Public Utilities Report to the Governor and Legislature, "*The Effects of the System-Wide Cable Television Franchise in New Jersey*," *Public Law 2006, Chapter 83* ("*2010 System-Wide Franchise Report*"), at iv & 11 (Jun. 2010).

- Multi-Room DVR- The very first remote storage DVR that allows up to 15 simultaneous recordings (or 75 hours of HD recordings) while watching any channel and play back from multiple rooms within the home.
- Open-Connect – A unique partnership that has allowed the Company to deliver one of the best Netflix viewing experiences in the industry.

B. Performance Under The Existing Franchise

For the purposes of assessing Cablevision of New Jersey’s performance during the current franchise term, the review period at issue runs from March 20, 2009 to the present.¹⁵ Cablevision of New Jersey’s franchise area consists of fully built-out communities converted to a system-wide franchise.¹⁶ The Company provides state-of-the art cable service (along with other advanced services) throughout its entire service footprint.¹⁷ Moreover, Cablevision of New Jersey has at all times materially complied with the obligations imposed upon system-wide franchisees:

Service Availability.¹⁸ Cablevision of New Jersey or its predecessors have provided cable service to some of the communities in the system-wide franchise area since the late 1970s. Today, Cablevision of New Jersey delivers cable service and other advanced digital services by

¹⁵ See 47 U.S.C. § 546(a)(1)(B) (stating that the scope of a franchise renewal proceeding under the Federal Cable Act is “for the purposes of . . . reviewing the performance of the cable operator under the franchise *during the then current franchise term*”) (emphasis added).

¹⁶ In recognition of the different circumstances presented by an existing operator converting to a system-wide franchise as opposed to a new applicant, the legislature exempted those engaging in a conversion from having to identify their service area, describe the service to be provided, meet certain build out milestones and insurance requirements, and provide a schedule of rates. See N.J.S.A. 48:5A-25.1(a) (exempting existing operators converting municipal-consent based to system-wide franchises from requirements of N.J.S.A. 48:5A-28(a) to (g)).

¹⁷ The Company notes that a “system-wide franchise . . . shall not require . . . a CATV company with municipal consents issued prior to the effective date of [the 2006 Cable Television Act amendments] to operate outside of the areas covered by such consents.” N.J.S.A. 48:5A-19(b).

¹⁸ See N.J.S.A. 48:5A-25.2(2)-(4).

maintaining hundreds of miles of plant passing tens of thousands of homes throughout the 20 communities in the franchise area. Cablevision of New Jersey has at all times during the term of the franchise complied with the statutory obligation prohibiting service discrimination against any group of potential residential cable subscribers because of the income levels of the residents of the local area in which such groups reside.

Reporting. As required by law, Cablevision of New Jersey has maintained during the term of the franchise all records of complaints received for a period of at least 3 years beyond the close of the calendar year of the report, and such records are available for inspection by staff of the Office of Cable Television.¹⁹ Further, during the term of the franchise, Cablevision of New Jersey has timely compiled and filed with the Office of Cable Television the annual customer complaint reports, required by N.J.S.A. 48:5A-26.1.

Line Extension. Through its municipal consent franchises, Cablevision of New Jersey has previously constructed a system subject to the minimal line extension obligations prescribed by the Board. Pursuant to N.J.S.A. 48:5A-28(h), by virtue of converting its local franchises to the system-wide franchise, Cablevision of New Jersey is in compliance with the required line extension obligations.

Community Programming and Service. Pursuant to N.J.S.A. 48:5A-28(i) Cablevision of New Jersey offers two public, educational and governmental (“PEG”) channels within each of the municipalities in the system-wide franchise area, based on the cable related needs of each municipality (see Exhibit A for number of PEG channels currently used by each municipality). Cablevision of New Jersey makes available a studio, training, and equipment to interest PEG

¹⁹ See N.J.A.C. 14:18-6.7.

access users resident within the franchise area, subject to its PEG access user policies, pursuant to N.J.S.A. 48:5A-28 (l).

In addition, Cablevision of New Jersey provides free basic video service and free Internet service within each of the communities in the system-wide franchise area. Where requested, Cablevision of New Jersey has fulfilled its obligation under N.J.S.A. 48:5A-28(m) to provide return feeds to municipalities for the purpose of interconnecting to the Company's system to distribute PEG programming.

Cablevision of New Jersey provides other valuable programming and services to the community that exceed statutory requirements for its system-wide franchise. The Company's award winning News 12 channel focuses on news for residents both in the system and throughout the state. It is the only cable news channel dedicated solely to New Jersey news. The Company's *Optimum Community* program, formerly called *Power to Learn*, provides schools within the system-wide franchise area with valuable community service and support, in addition to the free basic video service and Internet service described above.

Consumer Protection. Cablevision of New Jersey has substantially complied with all consumer protection obligations under applicable law, as required by N.J.S.A. 48:5A-28(n). Among these, Cablevision of New Jersey abides by the minimum customer service and consumer protection standards in the OCTV regulations.²⁰ Further, Cablevision of New Jersey provides required "complaint officer" notifications, and maintains a required local business office, which is currently located at 40 Potash Road, Oakland, NJ 07436.²¹

Franchise Fees. Pursuant to 48:5A-30(d), Cablevision of New Jersey pays a franchise fee in the amount of 3.5% to each of the municipalities in the system, plus a payment of 0.5% to

²⁰ See N.J.A.C. 14:18-3.1 through 3.27

²¹ See N.J.S.A. 48:5A-26.

the State Treasurer to support the CATV Universal Access Fund. At all times during the term of the existing franchise, Cablevision of New Jersey met its franchise fee obligations in accordance with applicable law, including timely payment of annual franchise fees by January 25th accompanied by the required written verifications.²²

Cablevision of New Jersey has materially complied with all of its existing franchise obligations, and the Company's performance record since its conversion to a system-wide franchise supports renewal of the franchise.

C. Cable-Related Needs

The obligations imposed upon system-wide franchisees by the New Jersey Cable Television Act are designed to delineate the cable-related needs of the communities included in such a franchise, and ensure a uniform cable service experience across those communities. By fulfilling its statutory obligations as a system-wide franchise holder under the New Jersey Cable Television Act, Cablevision of New Jersey currently meets the existing cable-related needs of the communities it serves. Further, by committing to continue to meet all of these obligations for the duration of any renewed franchise in the future, as Cablevision of New Jersey will do when it submits its renewal application, the Company will adequately address the future cable-related needs and interests of the system-wide franchise communities.

²² Cablevision notes that some of the communities now part of the system-wide franchise were for at least some part of the franchise term served under a municipal consent-based franchise under which Cablevision's franchise fee obligation was 2% of gross revenues, payable to the only the municipality. *See* N.J.S.A. 48:5A-30(a) & (d). At all relevant times (March 20, 2009 to the present), Cablevision was in compliance with the applicable franchise fee payment obligations imposed upon it at the time the payments were due.

IV. CONCLUSION

For the reasons outlined above, Cablevision of New Jersey has fulfilled its obligations under its existing system-wide franchise and will continue to meet the needs of the community on a going-forward basis through its continued adherence to its obligations. Cablevision of New Jersey is confident that at the conclusion of the renewal process contemplated by the Federal Cable Act and the New Jersey Cable Television Act, the Board will grant Cablevision of New Jersey a renewal of its system-wide franchise.

EXHIBIT A

**NUMBER OF PEG CHANNELS CURRENTLY USED BY EACH MUNICIPALITY IN
CABLEVISION OF NEW JERSEY, LLC SYSTEM-WIDE FRANCHISE***

MUNICIPALITY	PEG CHANNELS IN USE
Bergenfield	1
Closter	1
Demarest	1
Dumont	1
Emerson	1
Fair Lawn	1
Harrington Pk.	1
Haworth	1
Hillsdale	1
New Milford	1
Northvale	1
Norwood	1
Old Tappan	1
Oradell	2
Paramus	1
River Vale	1
Rockleigh	1
Saddle River	1
Tenafly	1
Woodcliff Lake	1

*Data current as of January 2015