



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu

CABLE TELEVISION

IN THE MATTER OF THE PETITION OF)
US CABLE OF PARAMUS – HILLSDALE,)
LLC AND CABLEVISION OF NEW JERSEY,) ORDER OF APPROVAL
LLC FOR APPROVAL OF THE TRANSFER)
OF CERTAIN ASSETS AND RELATED)
TRANSACTIONS) DOCKET NO. CM09060449

(SERVICE LIST ATTACHED)

BY THE BOARD

On June 8, 2009, US Cable of Paramus-Hillsdale, LLC (“US Cable”) and Cablevision of New Jersey, LLC, f/k/a Cablevision of New Jersey, Inc. (“Cablevision”) (jointly referred to as the “Petitioners”) petitioned the Board of Public Utilities (“Board”), pursuant to N.J.S.A. 48:5A-40 and N.J.A.C. 14:17-6.10, for approval of the transfer of certain assets from US Cable to Cablevision (“Transaction”). The Petitioners entered into an Asset Purchase Agreement (“Purchase Agreement”) on May 20, 2009.

US Cable, with its principal offices at 28 West Grand Avenue, Suite 10, Montvale, New Jersey 07645, is a Delaware limited liability company that operates a cable television system in the boroughs of Hillsdale and Paramus in Bergen County, New Jersey (the “US Cable System”), pursuant to municipal consents and Certificates of Approval issued by the Board.

Cablevision, a Delaware limited liability company,¹ owns and operates cable television systems serving twenty-two (22) municipalities in Bergen and Hudson Counties in New Jersey, including the Boroughs of Hillsdale and Paramus. Cablevision serves the Boroughs of Hillsdale and Paramus pursuant to municipal consents and Certificates of Approval issued by the Board.

Cablevision is a wholly owned indirect subsidiary of CSC Holdings, Inc. (“CSCH”). CSCH, a Delaware corporation, with offices located at 1111 Stewart Avenue, Bethpage NY 11714, is a wholly-owned subsidiary of Cablevision Systems Corporation (“CSC”), a Delaware corporation, also headquartered at that address. CSCH is a cable television multi-system operator (“MSO”),

¹ On June 26, 2009, Cablevision converted from a corporation to a limited liability company. Cablevision asserts that except for the addition of certain officers and the removal of two directors, this conversion did not result in changes to Cablevision’s officers, directors, or managers as well as their rights, responsibilities or obligations and any company policies.

which, by itself or through subsidiaries, serves approximately 3.1 million subscribers, primarily in the greater New York metropolitan area.

Pursuant to the Purchase Agreement entered into by US Cable and Cablevision, US Cable will transfer to Cablevision certain assets used by US Cable in the operation of its cable television system. The Purchase Agreement sets forth the consideration to be paid by Cablevision, and Cablevision asserts that no new financing will be required to pay for the transferred assets. Furthermore, at the closing of the Transaction, Cablevision will make payments pursuant to the Escrow Agreement. Approximately nine (9) months from the Closing Date, the Escrow Agent shall remit the Escrow Fund amount (net of any potential indemnification retentions) to US Cable. The purpose of the Escrow Fund is to secure US Cable's indemnity obligations to Cablevision under the Purchase Agreement.

The Board previously authorized US Cable to enter into indebtedness and to grant security interests in the assets to be transferred in this Transaction to Webster Bank (BPU Docket No.: CF05030230 dated October 27, 2005). The outstanding balance on this credit facility is approximately \$3.5 million and will be paid at the Closing to satisfy a condition that the Webster Bank lien be released.

Also to be paid from the proceeds of the Transaction is \$87,750.00, payable to the State of New Jersey, pursuant to a condition of the Transaction and an Offer of Settlement by US Cable to the Board to fully resolve all violations alleged by the Office of Cable Television. This Offer of Settlement is listed for the August 19, 2009 agenda under Docket No. CO09080599.

The Petitioners have provided responses to discovery requests regarding the impact of the transfer of assets of US Cable's New Jersey cable television customers. In addition, the Petitioners provided information supporting the ability of Cablevision to continue to provide safe, adequate and proper service subsequent to the transfer.

Petitioners assert that there are no federal regulatory barriers to the Transaction. On April 27, 1998, CSC entered into a consent agreement with the Federal Trade Commission ("FTC") as part of its acquisition of certain cable television systems which were then owned by Telecommunications, Inc. ("TCI"). CSC agreed to divest its interest in TCI's assets located in Hillsdale and Paramus, New Jersey. The agreement stipulated that CSC and its affiliates would not acquire assets or interests in an entity providing cable television services in both Hillsdale and Paramus without providing notice to the FTC, for a period of ten (10) years.² That agreement expired on April 27, 2008. Accordingly, the Board FINDS that there are no FTC conditions or other federal regulatory authorities prohibiting the proposed Transaction.

The Petitioners state that the Transaction will provide benefits to subscribers in Hillsdale and Paramus because the US Cable System is contiguous to the existing Cablevision systems. This will result in benefits to subscribers by way of improved efficiencies and economies of operations as well as enhanced products. Furthermore, upon completion of the Transaction and pursuant to a Transition Agreement, the Petitioners will notify US Cable subscribers of the Transaction during the 60-day transition period. Additionally, information will be distributed to US Cable subscribers in order to enable those subscribers to obtain cable television, high speed data and other services from Cablevision, if they wish to do so.

² *In the Matter of Cablevision Systems Corporation*, 125 F.T.C. 813,824-825 (April 27, 1998).

Cablevision and US Cable operate their Hillsdale and Paramus franchises pursuant to Certificates of Approval and municipal consents. The petition provides that Cablevision will continue to operate under its existing franchises and US Cable will withdraw its franchise renewal Application³ in Hillsdale and terminate its renewal Certificate of Approval in Paramus. Accordingly, the Transaction will not require a transfer of any Certificates of Approval. Additionally, Petitioners assert that FCC Form 394 - Application for Franchising Authority Consent to Assignment or Transfer of Control of Cable Television Franchise was not filed because the Transaction does not involve the assignment or transfer of a cable television franchise.

Upon review of the petition and exhibits submitted in this matter, the Board HEREBY FINDS the Transaction to be made is in accordance with law, is in the public interest, and will not adversely impact the financial integrity of the affected cable companies. The Board FURTHER FINDS that Cablevision has demonstrated that it possesses the financial resources and technical qualifications to ensure the Board of Cablevision's ability to provide safe, adequate and proper service. Moreover, the Board has continuing authority to regulate Cablevision's Hillsdale and Paramus franchises in areas other than rates for basic cable service and equipment and installation⁴ and enforce the cable television system's franchise obligations. In view of the foregoing, the Board HEREBY ORDERS that US Cable is HEREBY AUTHORIZED to withdraw its franchise renewal application in Hillsdale and terminate its renewal Certificate of Approval in Paramus effective as of the date it ceases to operate its system in these communities. The Board FURTHER ORDERS that Petitioners are HEREBY AUTHORIZED to transfer US Cable's assets to Cablevision pursuant to the terms of Purchase Agreement 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, the Office of Cable Television or the State of New Jersey in any future petition or in any proceeding regarding rates, cost of service, franchises, service, financing, accounting, capitalization, depreciation 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) This Order shall not be construed as superseding pending rate proceedings involving the Petitioners.
- 4) The Petitioners shall notify the Board, in writing, within five (5) days of the date on which each of the transactions are consummated.
- 5) Consummation of the above referenced transactions must take place no later than ninety (90) days from the date of this Order, unless otherwise extended by the Board.

³ US Cable has a pending Application for Renewal of its Certificate of Approval that expired by its terms on May 2, 2009. However, pursuant to N.J.S.A. 48:5A-25, US Cable's right to continue providing cable television service in Hillsdale at the present time and through the expiration of the 60 day period following the closing of the Transaction continues by virtue of such filing.

⁴ The FCC granted Cablevision a determination of effective competition on October 2, 2008 in Hillsdale and Paramus (among other communities).

- 6) 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.
- 7) Petitioners shall file journal entries with the Board to record the transactions approved herein within 185 days of final closing, including
 - a) Pursuant to N.J.A.C. 14:17-6.10(12), the actual journal entries for both US Cable and Cablevision to record the Transaction,
 - b) pursuant to Section 2.8 of the Purchase Agreement, the journal entry reflecting the allocation of purchase price among each of the assets and liabilities transferred including the excess purchase price over net book value recorded for each asset and liability with an explanation thereof of the fair value basis employed to make these fair value adjustments, and
 - c) any other journal entry adjustments arising from this Transaction not previously contemplated in the petition or in discovery.
- 8) Petitioners shall provide, pursuant to Section 2.4 of the Purchase Agreement, a detailed Closing Statement within thirty (30) days of the Closing, including but not limited to:
 - a) the Purchase price,
 - b) a description and amount of each Purchase Price Adjustment,
 - c) the description and amount of each additional receipt and disbursement made at closing, including any third party receipts and disbursements such as those made to Webster Bank and the BPU,
 - d) The "Closing Payment,"
 - e) the "Escrow Amount," and
 - f) the UCC-3 Termination statements and any and all lien releases, satisfaction of debt or other evidences of US Cable being rendered free and clear of any encumbrance with respect to Webster Bank or any other entity.
- 9) Petitioners shall provide, pursuant to Section 2.5 of the Purchase Agreement, the Final Adjustment Amount within 185 days of the Closing.
- 10) Approval herein of the acquisition of US Cable's assets shall not constitute automatic approval of any business contract referenced in the

Purchase Agreement or supporting documents, if Board approval, pursuant to N.J.S.A 48:5A-1 et seq. would otherwise be required.

- 11) US Cable shall provide, within 90 days of the date of closing, revised Office of Cable Television Forms CATV-1 and CATV-2 that shall reflect all categories of gross revenue, as defined by the applicable statutes, for the period January 1, 2009 through the last day of business for the franchises involved.
- 12) US Cable remains liable for all franchise fees, CATV Universal Fund Fees and the State Assessment fee accrued for the period January 1, 2009 through their last day of business to be reflected in the CATV-1 and CATV-2 filings to be submitted pursuant to Condition 11.
- 13) If any changes to Cablevision's prices, terms and conditions result from this Transaction, Cablevision shall file within 45 days of the closing of the Transaction a revised tariff for cable television service reflecting all charges as required by the Board, The Office of Cable Television or the Federal Communications Commission highlighting all changes resulting from the Transaction.
- 14) 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 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 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 OCTV with copies of such records for three (3) years in accordance with N.J.A.C. 14:18-3.7.
 - d) That within ninety (90) days from the date of closing of the Transaction, Cablevision will provide certification that the US Cable system is and will remain fully compliant with Emergency Alert System ("EAS") obligations imposed by the FCC on digital programming services, effective December 31, 2006, and will retain the current levels of EAS functionality as currently being provided under the State Operational Plan.

Should Petitioners be unable to complete their review of their respective systems within 90 days of closing, each Petitioner shall file a certified report with the OCTV prior to the expiration of the 90 day period setting forth its progress on the requirements set forth above in paragraphs a through d. Petitioners will at that

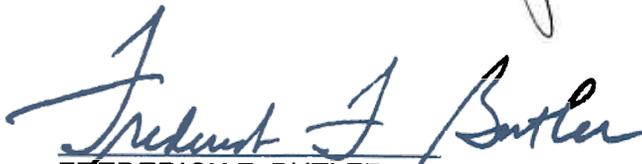
time have the option of requesting an extension of time of up to 90 days to finalize the review of their systems and certify to same with regard to the provisions of paragraphs a through d set forth above.

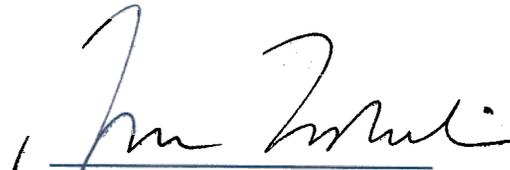
All parties to the Transactions must comply with the New Jersey Cable Television Act and applicable sections of the New Jersey Administrative Code.

DATED: 8/19/09

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

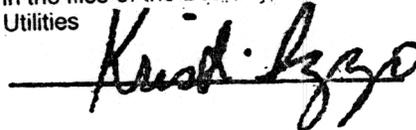

JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

ATTEST: 
KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



SERVICE LIST

I/M/O Petition of Cablevision of New Jersey, Inc. and US Cable of Paramus-Hillsdale, LLC for Approval of the Transfer of Certain Assets and Related Transactions

Docket No. CM09060449

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SERVICE LIST (con't.)

I/M/O Petition of Cablevision of New Jersey, Inc. and US Cable of Paramus-Hillsdale, LLC for Approval of the Transfer of Certain Assets and Related Transactions

Docket No. CM09060449

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