



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 ALLEGED FAILURE OF)
HOMETOWN ONLINE, INC. TO COMPLY WITH)
CERTAIN PROVISIONS OF THE NEW JERSEY CABLE)
TELEVISION ACT, N.J.S.A. 48:5A-1 ET SEQ., THE NEW)
JERSEY ADMINISTRATIVE CODE, N.J.A.C. 14:17-1.1
ET SEQ. AND N.J.A.C. 14:18-1.1 ET SEQ. AND
CERTAIN PROVISIONS OF A BOARD ORDER

ORDER ACCEPTING
OFFER OF SETTLEMENT

DOCKET NO. CO10050356

William K. Mosca, Jr., Esq., Bevan, Mosca, Giuditta & Zarillo, P.C., Watchung, New Jersey for Petitioner

BY THE BOARD:

Hometown Online, Inc. ("Hometown") with its principal office located at 47 Main Street, Warwick, New York 10990, is a cable television system operator that provides cable television services to New Jersey customers in Vernon Township, Sussex County and West Milford Township, Passaic County.

The Board's Office of Cable Television ("Office"), and its Inspection and Enforcement Bureau uncovered a number of alleged violations during the course of a routine compliance review. The Office served notice of its allegations that Hometown did not conform to certain provisions of the New Jersey State Cable Television Act, N.J.S.A. 48:5A-1 et seq. and the New Jersey Administrative Code, N.J.A.C. 14:17-1.1 et seq. and N.J.A.C. 14:18-1.1 et seq., and certain provision of a Board Order, as more specifically set forth in Attachment 1 (Schedule of Alleged Violations). The aforementioned statutes and regulations require that all cable systems in New Jersey operate in a manner that protects the rights of the cable consumer.

As a result of correspondence, telephone conversations and settlement conferences between Hometown Online and the Office, on May 26, 2010, Hometown submitted an Offer of Settlement concerning the alleged non-conforming practices. Hometown does not make any admissions but did offer \$43,000.00 in order to resolve all issues alleged by the Office.

Although the settlement disposes of all violations up through March 31, 2010, it preserves the Office's ability to review, examine and inquire about all amounts to be reported on Forms CATV 1 & 2 and Form 99 for calendar years 2009 and 2010, including but not limited to, payments of franchise fees to municipalities, the associated franchise fee revenue basis and pass-throughs of franchise fees to Hometown's customers for this period. To the extent that the Office's review

of these reports for this period uncovers an over collection of franchise fees, the settlement requires Hometown, its affiliates, subsidiaries or successors to issue a refund to its customers. In addition, if the Office's review for this period uncovers an underpayment of franchise fees to the municipalities, the settlement requires Hometown to ensure that the municipalities are paid the full amount owed.

The Board has reviewed the matter and HEREBY FINDS that the Offer represents a reasonable settlement of the alleged violations. Therefore, the Board HEREBY ACCEPTS the Offer of Settlement proffered by Hometown subject to the following conditions:

Hometown shall tender \$43,000.00, payable to Treasurer, State of New Jersey in four (4) installments over three (3) years. The first installment, in the amount of \$17,500 shall be due within ten (10) days of the Board's Order approving this Offer of Settlement. The remaining installments, in the amount of \$8,500 each, shall be due on the first, second and third anniversary of the payment date of the first installment.

2. As part of its Offer of Settlement, Hometown has agreed to the following remedial action:
 - a. Within thirty (30) days of the Board's adoption of this Offer of Settlement, Hometown will issue a one-time credit in the amount of \$2.00 to each retail subscriber to its cable service for the over collection of franchise fees covering the years 2002 through 2008. These credits are expected to total approximately \$3,000.00.
 - b. Hometown will pay to Hardyston Township all amounts due as franchise fees for the period in which Hometown provided video services to Hardyston residents. This amount is estimated to be approximately \$3,000.00 and shall be paid within thirty (30) days of the Board's Order approving this Offer of Settlement.

Hometown, within ten (10) days of the completion of the refund distribution to customers and monetary payment to Hardyston Township, is HEREBY ORDERED to notify the Board, in writing, of the date(s) refunds were paid and the amounts refunded to customers along with proof of the monetary payment to Hardyston Township. The Board FURTHER ORDERS that Hometown shall, within ten (10) days of effectuating the entire refund to its customers, certify in writing to the Office that the refunds have been completed and provide a final accounting by subscriber and total of all such refunds.

3. Hometown shall, on an on-going basis, provide verified proof to the Office that all required quarterly and annual notices are sent to customers 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 in the form of a true copy of the notices sent and proof of mailing 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.
4. Hometown will comply with those provisions of the Act and the Regulations pertaining to reports to be filed with the Office and in particular will provide the Office complete, timely and accurate Form 99 and CATV-1 and 2 reports, properly categorizing all revenues and franchise fees paid on CATV-2 Part A and Attachment

B – Other Revenues, and properly and accurately categorizing, with appropriate detail and description, the revenues and adjustments that comprise Attachment A – Franchise Fee Revenue Basis. Subject to the terms of Paragraph 7 of the Offer of Settlement, Hometown will also work with the Office to ensure that its 2008 and 2009 financial reports that have been filed or will be filed with the Office are complete and accurate.

5. Hometown will continue to serve its basic cable customers consistent with its obligations under its franchises and other applicable state laws and regulations.
6. Hometown shall provide verified proof, including, where appropriate, certifications of continued compliance, to the Office no later than August 6, 2010, that appropriate corrective action was implemented as of the date of its Offer of Settlement to ensure specifically that:
 - a. Hometown complies with the proper reporting, assessment and payment of municipal franchise fees as promulgated by N.J.S.A. 48:5A-30 and N.J.S.A. 48:5A-34.
 - b. Hometown shall file with the Office Forms CATV-1 and CATV-2 within the appropriate timeframe as required by N.J.S.A. 48:5A-34(a).
 - c. Hometown shall file its schedules of rates, terms, and conditions within the appropriate timeframe as required by N.J.A.C. 14:17-6.16(a).
 - d. Hometown shall, unless specifically waived by the Board, ensure all bills show telephone number of the cable television company; identification of each service for which a separate charge or price is imposed and the rate for each service; the period of service covered by current charges on the bill; and the number of months that a promotional price is in effect, if any, and the date on which the promotion is scheduled to end or the number of months remaining until the end of the promotion as required by N.J.A.C. 14:18-3.7(a)1; N.J.A.C. 14:18-3.7(a)2; N.J.A.C. 14:18-3.7(a)10; and N.J.A.C. 14:18-3.7(a)14.
 - e. Hometown provides customers fifteen (15) days' written notice prior to disconnection for non-payment as required by N.J.A.C. 14:18-3.9(b).
 - f. Hometown provides an annual notice of all monthly service packages and corresponding rates available according to the customer's billing classification as required by N.J.A.C. 14:18-3.18(a)1.
 - g. Hometown provides its customers the annual privacy notice as required by 47 U.S.C. § 551(a)(1), N.J.S.A. 48:5A-56(b) and N.J.A.C. 14:18-3.18(a)2.
 - h. Hometown provides its customers annual notice of the availability of devices for hearing impaired as required by N.J.A.C. 14:18-3.14 (a)2 and N.J.A.C. 14:18-3.18(a)4.

Hometown provides its customers annual notice of the availability of parental lock devices as required by 47 U.S.C. § 544(d)(2), N.J.A.C. 14:18-3.14 (a)1 and N.J.A.C. 14:18-3.18(a)5.

- j. Hometown provides its customers quarterly notice of outage credit availability as required by N.J.A.C. 14:18-3.5 and N.J.A.C. 14:18-3.18(b) 1.
- k. Hometown provides its customers quarterly notice of the complaint officer and the Office's toll free telephone number as required by N.J.S.A. 48:5A-26(c) and N.J.A.C. 14:18-3.18(b) 2.

Hometown provides its West Milford Township customers quarterly notice of availability of senior citizens/disabled discounts as required by N.J.A.C. 14:18-3.18(b)3 and N.J.A.C. 14:18-3.20.

- m. Pursuant to N.J.A.C. 14:18-3.23, Hometown shall ensure that the cost charged to customers to replace lost or stolen converters or other auxiliary equipment shall be in an amount not to exceed the cable operator's current replacement cost of the equipment. The cost charged to customers for damaged equipment shall not exceed the reasonable repair costs or actual replacement cost, whichever is lesser.
- n. Hometown provides its customers annual notice of customer consent for the release of personally identifiable information, in association with complaints received at its offices as required by N.J.A.C. 14:18-6.7(b)2.
- o. Hometown shall file with the Office its annual detailed report of the number and character of complaints made by customers and communicated to the company during the previous year, within the appropriate timeframe as required by N.J.A.C. 14:18-6.7(g).
- p. Hometown shall file with the Office a summary of its finances and operations for the preceding calendar year as required by N.J.A.C. 14:18-7.1(b).
- q. Hometown shall file other periodic reports as directed by the Board or Office as required by N.J.S.A. 48:5A-44(c), N.J.A.C. 14:18-7.1(c) and N.J.A.C. 14:18-7.2.

Hometown shall file with the Office annual telephone system information reports within the appropriate timeframe as required by pursuant to N.J.A.C. 14:18-7.6(b).

- s. Hometown shall file with the Office quarterly telephone system performance reports within the appropriate timeframe as required by N.J.A.C. 14:18-7.7(c).
- t. Hometown shall ensure its customers have adequate access to personnel so that customer phone calls are answered within the thirty (30) second hold time as required by 47 C.F.R. §76.309(c) and N.J.A.C. 14:18-7.8(a)2.
- u. Hometown shall comply with all terms and conditions of Orders and directives issued by this Board and the Director as required by N.J.S.A. 48:5A-9.

The Office will monitor Hometown or its successor's future notice and filing requirements and procedures as set forth in the State Cable Television Act and the New Jersey Administrative Code.

The Board's acceptance of the Offer of Settlement is for purposes of this proceeding only, addresses only those specific allegations and timeframes in the Offer of Settlement, and shall not be construed as limiting the Board's authority in any other matter affecting Hometown or a successor company or operator.

For purposes of assessing penalties for future offenses by Hometown, their parents, affiliates, subsidiaries and successors that may now or in the future operate the cable television systems that are the subject of this Offer of Settlement, such future offenses shall be considered second, third or subsequent offenses, in accordance with N.J.S.A. 48:5A-51(b).

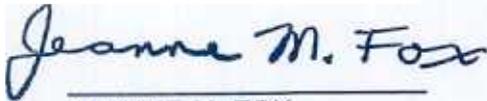
This Offer of Settlement also does not include, and shall not have an impact upon, any party's allegations or claims as they apply to alleged violations of New Jersey's Underground Facility Protection Act, N.J.S.A. 48:2-73 et seq. To the extent that there is a potential for liability on the part of Hometown, its parents, affiliates, subsidiaries, and successors, as a result of alleged Underground Facility Protection Act violations, that liability will remain subject to enforcement or other Board appropriate action.

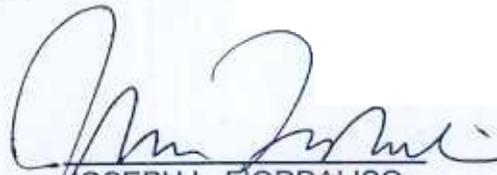
This Offer of Settlement does not relieve Hometown, their parents, affiliates, subsidiaries and successors, from any liability for violations that occurred after March 31, 2010.

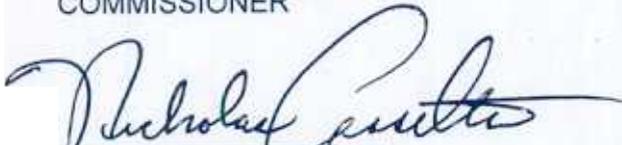
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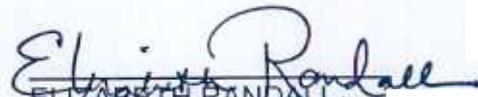
BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT

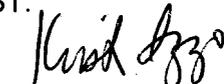

JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

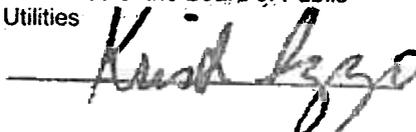

NICHOLAS ASSELTA
COMMISSIONER


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



IN THE MATTER OF THE ALLEGED FAILURE OF HOMETOWN ONLINE, INC. TO COMPLY WITH CERTAIN PROVISIONS OF THE NEW JERSEY CABLE TELEVISION ACT, N.J.S.A. 48:5A-1 et seq., THE NEW JERSEY ADMINISTRATIVE CODE, N.J.A.C. 14:17-1.1 et seq. AND N.J.A.C. 14:18-1.1 et seq., AND CERTAIN PROVISIONS OF A BOARD ORDER

OFFER OF SETTLEMENT

DOCKET NO. CO10050356

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**ATTACHMENT 1
SCHEDULE OF ALLEGED VIOLATIONS**

OFFER OF SETTLEMENT

DOCKET NO. CO10050356

1. Hometown failed to comply with the proper reporting, assessment and payment of municipal franchise fees as promulgated by N.J.S.A. 48:5A-30 and N.J.S.A. 48:5A-34.
2. Hometown failed to comply with the proper reporting and payment of municipal franchise fees as promulgated by N.J.S.A. 48:5A-30 and N.J.S.A. 48:5A-34 with respect to Hometown's provision of cable service in the Crystal Springs development of Hardyston Township.
3. Hometown failed to remit the 2002 through 2008 franchise fees to Vernon Township and West Milford Township within the timeframe specified, pursuant to N.J.S.A. 48:5A-30(a).
4. Hometown failed to file with the Office in a timely manner Forms CATV-1 in 2003, 2006 and 2007 and CATV-2 in 2006, pursuant to N.J.S.A. 48:5A-34(a).
5. Hometown failed to provide the Office with adequate notice of changes or additions to rates and services by failing to file a schedule of rates, terms, and conditions with at least thirty (30) days notice prior to the effective date, pursuant to N.J.A.C. 14:17-6.16(a) in 2004.
6. Hometown failed to show on all bills the telephone number of the cable television company, pursuant to N.J.A.C. 14:18-3.7(a)1 for the years of 2004 through 2008.
7. Hometown failed to show on all bills identification of each service for which a separate charge or price is imposed and the rate for each service, pursuant to N.J.A.C. 14:18-3.7(a) 2 for the years of 2007 and 2008.
8. Hometown failed to show on all bills the period of service covered by current charges on the bill, pursuant to N.J.A.C. 14:18-3.7(a) 10 for 2006.
9. Hometown failed to show on all bills the number of months that a promotional price is in effect, if any, and the date on which the promotion is scheduled to end or the number of months remaining until the end of the promotion, pursuant to N.J.A.C. 14:18-3.7(a)14 for 2009.
10. Hometown failed to provide customers 15 days' written notice prior to disconnection for non-payment, pursuant to N.J.A.C. 14:18-3.9(b) for 2008.
11. Hometown failed to provide annual notice of all monthly service packages and corresponding rates available according to the customer's billing

classification, pursuant to N.J.A.C. 14:18-3.18(a)1 for the years of 2002 through 2008.

12. Hometown failed to submit proof of the disclosure of the annual privacy notice to all customers, pursuant to by 47 U.S.C. § 551(a) (1), N.J.S.A. 48:5A-56(b) and N.J.A.C. 14:18-3.18(a) 2 for the years of 2002 through 2007.
13. Hometown failed to provide annual notice of the availability of devices for hearing impaired to all customers, pursuant to N.J.A.C. 14:18-3.14 (a) 2 and N.J.A.C. 14:18-3.18(a) 4 for the years of 2002 through 2008.
14. Hometown failed to provide annual notice of the availability of parental lock devices to all customers, pursuant to 47 U.S.C. § 544(d) (2), N.J.A.C. 14:18-3.14 (a) 1 and N.J.A.C. 14:18-3.18(a) 5 for the years of 2003 through 2008.
15. Hometown failed to provide quarterly notice of the outage credit availability as outlined in N.J.A.C. 14:18-3.5, pursuant to N.J.A.C. 14:18-3.18(b) 1 for the third quarter 2002 through the fourth quarter of 2008.
16. Hometown failed to provide quarterly notice of the complaint officer and the Office's toll free telephone number, pursuant to N.J.S.A. 48:5A-26(c) and N.J.A.C. 14:18-3.18(b) 2 for the third quarter 2002 through the fourth quarter of 2008.
17. Hometown failed to provide annual and quarterly notice of availability of senior citizens/disabled discounts in West Milford Township, pursuant to N.J.A.C. 14:18-3.18(b) 3 and N.J.A.C. 14:18-3.20 for the years of 2002 through 2006 and for the third quarter 2007 through the fourth quarter of 2008.
18. Hometown failed to comply with the cost charged to customers to replace lost or stolen converters or other auxiliary equipment, which shall be in an amount not to exceed the cable television operator's current replacement cost of the equipment, pursuant to N.J.A.C. 14:18-3.23(a) in 2008.
19. Hometown failed to provide annual notice of customer consent for the release of personally identifiable information, in association with complaints received at its offices, pursuant to N.J.A.C. 14:18-6.7(b) 2 for the years of 2005 through 2008.
20. Hometown failed to file with the Office in a timely manner an annual detailed report of the number and character of complaints made by customers and communicated to the company in 2007, pursuant to N.J.A.C. 14:18-6.7(g).
21. Hometown failed to file with the Office in a timely manner a summary of its finances and operations for the preceding calendar year, pursuant to N.J.A.C. 14:18-7.1(b) in 2007.

22. Hometown failed to file with the Office in a timely manner other periodic reports, pursuant to N.J.S.A. 48:5A-44(c), N.J.A.C. 14:18-7.1 (c) and N.J.A.C. 14:18-7.2 in 2007.
23. Hometown failed to file in a timely manner annual telephone system information reports with the Office, pursuant to N.J.A.C. 14:18-7.6(b) for the years of 2005, 2007, 2008 and 2009.
24. Hometown failed to file in a timely manner quarterly telephone system performance reports with the Office, pursuant to N.J.A.C. 14:18-7.7(c) for the first quarter of 2005, for the third quarter of 2007 through the fourth quarter of 2008 and for the fourth quarter of 2009.
25. Hometown failed to comply with the FCC Customer Service Standard requiring that a customer's wait time shall not exceed thirty (30) seconds from when the connection is made, pursuant to 47 C.F.R. § 76.309(c) and N.J.A.C. 14:18-7.8(a) 2 for the third quarter of 2006 through the first quarter of 2007 and the third quarter of 2007 through the first quarter of 2009.
26. Hometown failed to comply with Board Order in Docket No. CO03100796, whereby cable operators were required to either identify each component for all service packages and the rate for each component directly on the bill as required by N.J.A.C. 14:18-3.7 or provide the same information via a bill insert, "bill stuffer" or separate mailing sent to each customer on at least a bi-monthly basis, ensuring that the customer would receive the insert or mailing at least six (6) times per calendar year. Hometown failed to declare its intention in writing to the Director of the Office of Cable Television that it would be bound to the requirements of the waiver for the 2004 calendar year. The filing of its intention was due no later than February 1, 2004, with implementation of either method to begin on that date, pursuant to N.J.A.C. 14:17-11.1.



**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
OFFICE OF CABLE TELEVISION**

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(908)753-8300
Attorneys for
Hometown Online, Inc.

)
IN THE MATTER OF THE ALLEGED)
FAILURE OF HOMETOWN ONLINE, INC.)
TO COMPLY WITH CERTAIN PROVISIONS OF)
THE NEW JERSEY CABLE TELEVISION ACT,)
N.J.S.A. 48:5A-1 ET SEQ., THE NEW JERSEY)
ADMINISTRATIVE CODE, N.J.A.C. 14:17-1)
ET SEQ. AND N.J.A.C. 14:18-1.1 ET SEQ.)
AND CERTAIN PROVISIONS OF A)
BOARD ORDER)
_____)

OFFER OF SETTLEMENT

Docket No. C010050356

WHEREAS Hometown Online, Inc. (“Hometown”), owns and operates a cable television system in New Jersey, pursuant to N.J.S.A. 48:5A-1 et seq.; and

WHEREAS Hometown is subject to the jurisdiction of the Board of Public Utilities (the “Board” or “BPU”) and the Office of Cable Television (“OCTV”) within the BPU, pursuant to the New Jersey Cable Television Act, N.J.S.A. 48:5A-1 et seq. (the “Act”), and the New Jersey Administrative Code, N.J.A.C. 14:17-1 et seq. and N.J.A.C. 14:18-1 et seq. (the “Regulations”); and

WHEREAS New Jersey cable companies are required to comply with the provisions of the Act, the Regulations and Board Orders issued thereunder; and

WHEREAS the OCTV has conducted an investigation with regard to Hometown's compliance with the Act and the Regulations; and

WHEREAS, as a result of said investigation, the OCTV has alleged that certain obligations imposed upon Hometown under the Act and the Regulations were not timely met and/or that Hometown failed adequately to comply with such requirements; and

WHEREAS, while Hometown disputes some or all of the OCTV's allegations, it nevertheless wishes amicably to resolve the issues raised by the OCTV without the need for expensive and time-consuming litigation;

NOW THEREFORE, Hometown submits this Offer of Settlement as follows:

The OCTV has alleged that Hometown has failed to comply with:

- a. The proper reporting, assessment and payment of municipal franchise fees ("franchise fees") as promulgated by N.J.S.A. 48:5A-30 and 34, affecting payments of franchise fees to municipalities and collection of franchise fees from Hometown's customers;
- b. Certain provisions of the Act and the Regulations pertaining to the customer notices;
- c. Certain provisions of the Regulations pertaining to the format of bills for service and disconnection notices for non-payment;
- d. Certain provisions of the Regulations pertaining to customer service standards;
- e. Certain provisions of the Regulations pertaining to the cost charged to customers for lost, stolen or damaged equipment or other auxiliary equipment;

- f. Certain provisions of the Act and the Regulations pertaining to reports to be filed with the OCTV;
- g. Certain provisions of the Regulations pertaining to schedules of all rates, terms and conditions to be filed with the Board;
- h. Certain provisions of a Board Order in Docket No. CO03100796 issued October 23, 2003, pertaining to notice of intention for a waiver of elements of N.J.A.C. 14:18-3.7, and the subsequent amended provisions of N.J.A.C. 14:18-3.7; and
Certain provisions of the Act and Regulations pertaining to Hometown's provision of cable service in the Crystal Springs development of Hardyston Township.

- 2. Hometown has made and will continue to make internal systems changes to update its systems and internal processes, including but not limited to the maintenance of billing records, in accordance with N.J.S.A. 48:5A-30, 34, 44 and 46 and N.J.A.C. 14:18-7.1 (b), (c) and 7.2. Such maintenance of its books, records and accounts shall provide, at a minimum, the proper and accurate basis to support the results reported in OCTV annual report Forms F99, CATV 1 & 2 and Hometown's system level financial statements, accompanied by any reconciliations, as deemed necessary, among these reports themselves and between these reports and billing system records. Hometown will also work with the OCTV to ensure that its 2008 and 2009 financial reports that have been filed or will be filed with the OCTV are complete and accurate.

3. Hometown states that its systems have been modified as of January 20, 2010 to exclude the charging of franchise fees on all revenues received from subscribers' purchases of service from premium entertainment channels (e.g., HBO, Cinemax, Starz, Showtime) and revenues from more than one set top box (e.g., cable box, gateway, ATM residential gateway, IP set top box) per subscriber, consistent with the requirements of N.J.S.A. 48:5A-30.
4. Within thirty (30) days of the Board's adoption of this Offer of Settlement, Hometown will issue a one-time credit in the amount of \$2.00 to each retail subscriber to its cable service for the overcollection of franchise fees covering the years 2002 through 2008. These credits are expected to total approximately \$3,000.00.
5. Hometown will pay to Hardyston Township all amounts due as franchise fees for the period in which Hometown provided video services to Hardyston residents. This amount is estimated to be approximately \$3,000.00 and will be paid within thirty (30) days of the Board's Order approving this Offer of Settlement.
6. Hometown will pay to the State of New Jersey the sum of \$43,000.00 (Forty Three Thousand Dollars), in four (4) installments over three (3) years. The first installment, in the amount of \$17,500 shall be due within ten (10) days of the Board's Order approving this Offer of Settlement. The remaining installments, in the amount of \$8,500 each, shall be due on the first, second and third anniversary of the payment date of the first installment.

- 7 The terms set forth above are offered in full settlement of any violations or potential violations of the Act, the Regulations or Board Orders up to and inclusive of March 31, 2010 and which have been or could have been alleged by the Board or the OCTV against Hometown with regard to the matters under investigation. Upon approval by the Board of this Offer of Settlement and fulfillment of the terms set forth hereinabove, the Board and OCTV release Hometown Online, its parents, affiliates, subsidiaries, and successors from any and all liability with respect to such violations or potential violations.
8. Notwithstanding the settlement of violations as outlined in Paragraph 7, OCTV reserves the right to review, examine and inquire about all amounts to be reported on Forms CATV 1 & 2 and Form F99 for calendar years 2009 and 2010, including but not limited to, payments of franchise fees to municipalities and the associated franchise fee revenue basis and pass-throughs of franchise fees to Hometown's customers for this period. To the extent that OCTV's review of these reports for this period uncovers an overcollection of franchise fees, Hometown, its affiliates, subsidiaries or successors shall issue a refund to its customers. If OCTV's review for this period uncovers an underpayment of franchise fees to the municipalities, Hometown shall ensure that the municipalities are paid the full amount owed. However, Hometown shall not be assessed any additional fines or penalties in connection with such OCTV reviews for deficiencies that occurred during the period outlined in Paragraph 7.
9. This Offer of Settlement does not include, and shall not have any impact upon, any party's allegations or claims, as they apply to alleged violations of New

Jersey's Underground Facility Protection Act, N.J.S.A. 48:2-73 et seq. To the extent that there is a potential for liability on the part of Hometown, its parent, affiliates, subsidiaries and successors, as a result of such alleged violations, if any, it will remain subject to enforcement or other appropriate Board action.

10. Hometown agrees to take the following actions going forward:
 - a. it will comply with those provisions of the Act and the Regulations pertaining to reports to be filed with the OCTV and in particular will provide the OCTV complete, timely and accurate Form F99 and CATV-1 and 2 reports, properly categorizing all revenues and franchise fees paid on CATV-2 Part A and Attachment B – Other Revenues, and properly and accurately categorizing, with appropriate detail and description, the revenues and adjustments that comprise Attachment A – Franchise Fee Revenue Basis. Subject to the terms of Paragraph 7, Hometown will also work with the OCTV to ensure that its 2008 and 2009 financial reports that have been filed or will be filed with the OCTV are complete and accurate;
 - b. it will comply with the provisions of the Act and the Regulations pertaining to customer notices no later than June 1, 2010, except where compliance with the provisions of the Act and the Regulations has been waived by the Board;
 - c. it will comply with those provisions of the Regulations pertaining to the format of bills for service and disconnection notices for non-payment;

- d. it will ensure that customers have adequate access to Company personnel by answering subscriber phone calls within the 30 second hold time as required by N.J.A.C. 14:18-7.8(a)2 and 47 C.F.R. §76.309(c);
- e. it will comply with those provisions of the Regulations pertaining to the cost charged to customers for lost, stolen or damaged equipment or other auxiliary equipment;
- f. it will comply with those provisions of the Regulations pertaining to schedules of all rates, terms and conditions to be filed with the Board;
- g. it will comply with the provisions of the Act and Regulations pertaining to the proper recording, assessment and payment of municipal franchise fees;
- h. it will comply with the provisions of the Act and Regulations pertaining to the collection and reporting of the number and character of customer complaints;

it will comply with the provisions of the Act and Regulations pertaining to the form and filing of annual, quarterly, and other periodic reports to the Office;
- j. it will continue to serve its basic cable customers consistent with its obligations under its franchises and other applicable state laws and regulations; and
- k. it will comply with all terms and conditions of Orders and directives issued by the Board and the Director as required by N.J.S.A. 48:5A-9.

In the event of any future repeated violation(s) of the Act, the Regulations or Board Orders which are the subject of this Offer of Settlement, Hometown agrees

that any such violation(s) shall be considered as second, third or subsequent violations, as appropriate, pursuant to the provisions of N.J.S.A. 48:5A-51(b), for the purposes of determining the amount of any applicable penalty.

12. By executing this Offer of Settlement, Hometown does not waive its right to seek relief from any of the obligations imposed by paragraph 10 above (i) in the event that the law shall change, so as to impose a lesser or no standard upon Hometown, and (ii) in the event that the Federal Communications Commission shall make a finding of "effective competition" with respect to Hometown's cable system.
13. Neither this Offer of Settlement nor any approval of this Offer of Settlement shall be deemed an admission by Hometown of any violation of the Act, the Regulations or any Board Orders nor a determination by the Board that any such a violation has occurred.
14. The execution of this Offer of Settlement shall not be relied upon by Hometown, its parents, affiliates, subsidiaries or successors in an attempt to mitigate any future repeated violation of the Act, the Regulations or any Board Orders.

BY: 
Kenneth Volz
Chief Financial Officer, Hometown Online, Inc.

Dated: 5/24/10