



Agenda Date: 9/16/10
Agenda Item: 3B

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102
www.nj.gov/bpu

CABLE TELEVISION

IN THE MATTER OF VERIZON NEW JERSEY, INC.)
FOR A WAIVER OF THE REQUIREMENTS TO)
COMPLETE PORTIONS OF FORM F99 – SELECTED)
ACCOUNTING AND STATISTICAL DATA)
ORDER
DOCKET NO. CO09060453

Gregory M. Romano, General Counsel, Mid-Atlantic Region, for Verizon New Jersey, Inc.

BY THE BOARD

This matter relates to the petition of Verizon New Jersey, Inc. (“VNJ” or “Petitioner”) filed with the Board of Public Utilities (“Board”) on June 8, 2009, requesting a waiver of the requirement to complete portions of Form F99 – Selected Accounting and Statistical Data (“Form F99”) pursuant to N.J.A.C. 14:18-16.2.

VNJ provides cable television service pursuant to a systemwide franchise granted by the Board on December 18, 2006 for 316 municipalities in the State of New Jersey, under Docket No. CE06110768. Through subsequent filings, VNJ is currently authorized to provide service to 369 municipalities. Currently, Verizon provides cable television service in all or part of 349 municipalities.

VNJ is also an incumbent local exchange carrier (“ILEC”) that has been providing telecommunications services for over one hundred years throughout most of New Jersey.

N.J.A.C. 14:18-7.1 (b) and N.J.S.A. 48:5A-44 (c) require each cable TV company to file a summary of its finances and operations on a form prescribed by and provided by the Office of Cable Television (“OCTV”), currently Form F99.

N.J.A.C. 14:18-16.2 provides for a deviation from and modification to these regulations, conditions permitting.

Form F99 is an annual filing form provided by the OCTV for Cable TV companies to report on their finances and operations. Amounts and data reported on this form have historically been provided on a cable-specific level basis.

The Petitioner claims that the waiver is necessary because it does not maintain certain data at the cable service-specific level required for certain portions of Form F99 (See Schedule A attached). VNJ further asserts that compiling the information in this manner would result in an undue economic and administrative burden. VNJ asserts that its legacy accounting and financial systems are associated with and structured around its long-standing provision of telecommunications services (as opposed to incumbent cable television companies whose systems are derived from and driven primarily by cable-specific services). VNJ further claims that it would have to implement new data collection, coding, tracking, analysis, manipulation and reporting systems and methods to complete Form F99 on a cable-specific basis. This task of specifically allocating expenses, assets and liabilities among video and telecommunications and other services would be, it asserts, a monumental undertaking.

Second, it states that much of the data sought on Form F99 (other than the revenue information) is irrelevant to the regulation of VNJ because it is not rate regulated. Thus it asserts that since its rates are not tied to expenses, reporting detailed expense data is irrelevant and unnecessary. VNJ further asserts that its financial viability to provide cable service is shown in its submitted company-wide consolidated financial statements.

Finally, VNJ claims that, on balance, the burden of compiling the cable-specific data requested far outweighs the benefit of such information to the OCTV.

In addition to information supplied in the Petition, Staff met with the parties and issued a round of discovery, reviewed VNJ's previously mandated FCC Cost Allocation Manual (CAM), and had follow-up communications to obtain additional information necessary to determine the impact of the waiver on VNJ's subscribers and its ongoing ability to continue to provide safe, adequate and proper service.

Verizon has agreed to provide information requested for certain F99 categories for which a waiver was originally requested (Schedule A, section II). Accordingly, as a formality, the waiver will be denied for these categories. For all other categories, VNJ has either readily provided the specific information required or has not requested a waiver (Schedule A, Section III), so no waiver should be needed with respect to these items.

On August 25, 2010, Verizon filed via email an update of its accounting and financial recordkeeping systems stating that there had been no changes to its accounting or billing systems that would impact Verizon's ability to report data separately for non-regulated services such as cable TV.

The waiver from completing certain portions of F99 should have no effect on any service rate to current Verizon subscribers, and it should not impact the operation and ability of VNJ to continue to provide safe, adequate and proper service, which remains regulated to the extent allowed by Federal and State law.

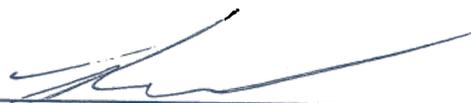
Having reviewed this matter, the Board HEREBY FINDS for good cause shown that the waiver, in part, is appropriate under the present circumstances as requested by VNJ. Therefore, the Board HEREBY APPROVES, in part, and DENIES, in part, Petitioner's request for waiver, as more fully described on Schedule A and subject to the following conditions.

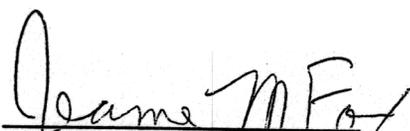
- 1) Within 30 days of the date of this Order, Petitioner shall file revised and recalculated Form F99s for the years ended 2007, 2008 and 2009 adding the applicable amounts for the line items denied a waiver, with the exception of line item 12, "Payments to Pay Cable Program Supplier," which shall commence with the 2010 reporting year and line item 15, "Bad Debt Expense" for year ended 2009, which has already been provided.
- 2) This Order shall not affect or in any way limit the exercise of the authority of the Board, the OCTV or the State of New Jersey in any future petition or proceeding regarding franchises, service, financing, accounting, capitalization, depreciation, rulemakings, adjudications, or any other matter affecting the Petitioner.
- 3) This Order shall not affect or in any way limit VNJ's annual compliance requirement to provide other financial reports and filings due, including Form CATV-1, Form CATV-2, a copy of the system-level audited financial statements of VNJ, including a balance sheet, income statement and statement of cash flows with appropriate notes to the financial statements and a copy of the audited financial statement, stockholders' or annual report, and S.E.C. Form 10-K of VNJ's parent company as previously provided.
- 4) Should circumstances change whereby VNJ becomes capable of providing, without the expressed undue burden, or commences accounting for, at the cable-specific or video level, any of the specific F99 line-item categories waived, or otherwise quarantines the video business in a separate division or separate subsidiary, VNJ shall notify the Board within 30 days of any such change and commence reporting these cable-specific line-item amounts on Form F99 for the calendar year of the change and thereafter.
- 5) Should circumstances change whereby the Board finds it necessary to require any such specific F99 line-item waived granted herein, or any other financial or operating detail necessary to afford the Board an intelligent understanding of the conduct of VNJ's business, the Board has continuing authority pursuant to N.J.S.A. 48:5A-9, N.J.S.A. 48:5A-44, and N.J.S.A. 48:5A-46 to require VNJ to produce any accounting data that the Board needs for regulatory purposes in the future.
- 6) Notwithstanding the above-mentioned email of August 25, 2010, Petitioner shall file a Certification with the Board within thirty (30) days of the date of this Order attesting to the lack of material deviation from the representations provided in the petition regarding VNJ's inability to provide the cited Form F99 line-item amounts. Any such material deviation cited in this Certification shall render this Order voidable by the Board.

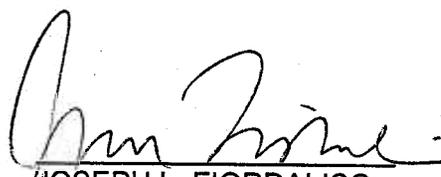
VNJ shall continue to comply with all applicable State and federal laws, and the rules and regulations of the Board of Public Utilities and the Office of Cable Television.

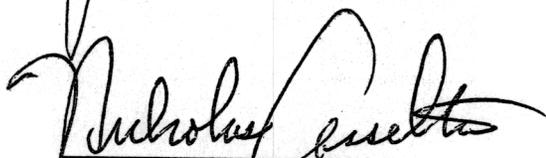
DATED: 9/16/10

BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

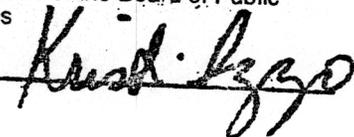

NICHOLAS ASSELTA
COMMISSIONER


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



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Gregory M. Romano
General Counsel, Mid-Atlantic Region
Verizon Communications, Inc
One Verizon Way
VC54S204
Basking Ridge, NJ 07920

Celeste M. Fasone, Director
Office of Cable Television
Bard of Public Utilities
Two Gateway Center
Newark, NJ 07102

Charles A. Russell, Esq.
Deputy Director
Office of Cable Television
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Alex Moreau, Esq.
Deputy Attorney General
State of New Jersey
Division of Law
124 Halsey Street
Newark, NJ 07101

Nueva D. Elma, Chief
Bureau of Accounts
Office of Cable Television
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

William H. Furlong, Chief
Bureau of Inspection
& Enforcement
Office of Cable Television
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Stefanie A. Brand, Esq.
Director
Division of Rate Counsel
31 Clinton Street
Newark, NJ 07102

Lawanda Gilbert, Esq.
Legal Specialist
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102