



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

TELECOMMUNICATIONS

IN THE MATTER OF THE PETITION OF TIME WARNER)
CABLE INFORMATION SERVICES (NEW JERSEY), LLC)
D/B/A TIME WARNER CABLE FOR AUTHORITY TO)
PROVIDE LOCAL EXCHANGE AND INTEREXCHANGE)
TELECOMMUNICATIONS SERVICES)
THROUGHOUT THE STATE OF NEW JERSEY)

ORDER

DOCKET NO. TE04091033

(SERVICE LIST ATTACHED)

BY THE BOARD:

Pursuant to N.J.S.A. 48:2-1 et seq. and Section 253 of the Federal Telecommunications Act of 1996, 47 U.S.C. §151 et seq., and by letters dated September 14, 2004 and February 1, 2005, Time Warner Cable Information Services (New Jersey), LLC d/b/a Time Warner Cable ("Petitioner" or "TWCIS") filed an initial and amended Petition respectively with the New Jersey Board of Public Utilities ("Board") requesting authority to provide facilities-based and resold local exchange and interexchange telecommunications services throughout the State of New Jersey.

TWCIS is a limited liability corporation organized under the laws of the State of Delaware. It is a wholly owned subsidiary of Time Warner Cable, Inc. and its ultimate parent is Time Warner, Inc., a publicly traded company. Petitioner's principal offices are located at 290 Harbor Drive, Stamford, Connecticut.

Petitioner has submitted copies of its Certificate of Formation from the State of Delaware and its New Jersey Certificate of Authority to Operate as a Foreign Limited Liability Company. Petitioner is not currently offering telecommunications services in any jurisdiction, including New Jersey. Petitioner's affiliates, Time Warner Cable Information Services, LLC of Maine, North Carolina, Ohio, Texas, Kansas, Missouri, California, South Carolina, Minnesota and New York are authorized to provide local exchange and interexchange telecommunications services in their respective states while Time Warner Cable Information Services, LLC of Wisconsin, New Hampshire, and Hawaii have each filed applications to provide local exchange and interexchange telecommunications services with their respective states. Petitioner states that it has not been denied authority to provide telecommunications services, its authority has not been revoked in any jurisdiction, and it has not been the subject of any civil or criminal proceedings. Petitioner states that it intends to negotiate an interconnection agreement with

Incumbent Local Exchange Carriers ("ILECs") which will be filed with the Board for review and approval.

Petitioner seeks authority to provide facilities-based and resold local exchange and interexchange telecommunications services to its affiliates and to business customers in the State of New Jersey. Petitioner's facilities-based and resold services may include, but are not necessarily limited to, basic telephone exchange, data, internet, call waiting and forwarding, speed dialing, distinctive ringing, three-way calling, operator, 911 and 911E, directory listing, third party and local calling and per use services such as call return and call redial to business customers in New Jersey. Petitioner intends to utilize a variety of resources, including, but not limited to, its own facilities, the ability to interconnect with ILECs, and the ability to purchase transmission and operations capabilities from established vendors.

Petitioner states that its service and repair representatives will be available twenty-four (24) hours a day, seven (7) days a week. Petitioner has no current plans to install facilities in the State of New Jersey for the provision of local exchange services. Petitioner maintains a toll-free number for customer service inquiries. Petitioner will file a proposed tariff with the Board.

Petitioner requests a waiver of N.J.S.A. 48:3-7.8 and N.J.A.C. 14:1-4.3, which requires that books and records be kept within the State of New Jersey and be maintained in accordance with the Uniform System of Accounts ("USOA"), respectively. In the interest of efficiency and to prevent undue burden, Petitioner requests permission to maintain its books and records in accordance with Generally Accepted Accounting Principles ("GAAP") and to keep all books, records, documents and other writings incident to the conduct of Petitioner's business in the State of New Jersey at Petitioner's corporate office located in Stamford, Connecticut. Petitioner also states, upon written notice from the Board and/or Board Staff, it will provide its books and records at such time and place within New Jersey as the Board may designate and will pay all reasonable expenses for examination of the records.

Petitioner asserts that approval of its Petition will further the public interest by expanding the availability of competitive telecommunications services in the State of New Jersey. Petitioner also asserts that approval of this Petition will provide New Jersey customers with access to new technologies and service choices and will permit customers to achieve increased efficiencies and cost savings.

With regard to its technical and managerial qualifications, TWCIS states that it possesses the technical capability and managerial qualifications to operate and manage its telecommunications operations in the State of New Jersey. Petitioner has submitted the professional biographies of its key personnel, who, according to TWCIS, are well qualified to execute its business plans and have extensive managerial and technical experience in the telecommunications industry.

DISCUSSION

On February 8, 1996, the Federal Telecommunications Act of 1996, P.L. 104-104, 110 Stat. 56, codified in scattered sections of 47 U.S.C. §151 et seq., was signed into law, removing barriers to competition by providing that "[n]o State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service." 47 U.S.C. §253(a).

Any grant of authority is subject to the right of the Board as the state regulatory authority to impose requirements necessary to protect the public safety and welfare, ensure the continued quality of telecommunications services, and safeguard the rights of consumers. 47 U.S.C. § 253(c).

In considering this Petition, the Board recognizes its obligation not to prohibit entry into intrastate telecommunications markets of qualified applicants. 47 U.S.C. § 253(a). The Board also considers the New Jersey State Legislature's declaration that it is the policy of the State to provide diversity in the supply of telecommunications services and the Legislature's findings that "competition will promote efficiency, reduce regulatory delay, and foster productivity and innovation" and "produce a wider selection of services at competitive market-based prices." N.J.S.A. 48:2-21.16(a)(4); N.J.S.A. 48:2-21.16(b)(1) and (3).

Therefore, having reviewed TWCIS' Petition and the information supplied in support thereof, the Board FINDS that the Petitioner is in compliance with the Board's filing requirements to provide telecommunications services in New Jersey. In addition, the Division of Rate Counsel, in comments, noted that the Board should impose a number of conditions upon any approval, mainly concerning structural separation and the issue of cross subsidization. While not accepting all of the conditions set forth by the Division of Rate Counsel, the Board nevertheless agrees that certain conditions would be appropriate. Accordingly, the Board HEREBY AUTHORIZES the Petitioner to provide local exchange and interexchange telecommunications services throughout New Jersey subject to conditions set forth herein.

Because Petitioner, in response to Staff discovery, indicated its plan to use the facilities, billing systems and personnel of its New Jersey cable television parent in the provision of facilities based telecommunications services, a potential for cross-subsidy exists. The Board recognizes that Petitioner is a party to an Inter-Company Services Agreement, whereby a portion of revenues will be paid for the use of in-place cable facilities and personnel. In order to guard against the potential that any of the costs of Petitioner's venture be borne by regulated cable rates, or when financing is used, the Board believes it appropriate that certain conditions be placed on Petitioner's operating authority.

Therefore, the Board HEREBY APPROVES TWCIS' use of its New Jersey cable television parent's coaxial bandwidth and fiber backbone facilities for the provision of telephony services in accordance with our action in earlier matters involving affiliates of Cablevision and Comcast. (See I/M/O The Petition of Cablevision of New Jersey, Inc., CSC TKR, Inc., Cablevision of Oakland, Inc., Cablevision of Paterson, Inc., Cablevision of Rockland/Ramapo, Inc., Cablevision of Warwick, Inc., Cablevision of Hudson County, Inc., Cablevision of Monmouth, Inc., and Cablevision of Newark for Regulatory Approvals, Docket No. C098091001, November 23, 1998). (See also I/M/O the Petition for an Order Authorizing Comcast Business Communications, Inc., to Provide Local Exchange and Interexchange Telecommunications Services, BPU Docket No. TE00100789 (February 15, 2001), and I/M/O a Request by Comcast Cablevision Corporation, Various Comcast New Jersey Cable Television Subsidiaries and Comcast Business Communications, Inc., to Allow Comcast Business Communications, Inc., to Utilize a Portion of Its New Jersey Affiliates Cable Facilities in the Provision of Local and Interexchange Telecommunications Services in the State of New Jersey, BPU Docket No. CO01100699 (January 23, 2002).

Accordingly, the Board DIRECTS that total usage by TWCIS of Time Warner's New Jersey cable television fiber backbone and coaxial bandwidth facilities for the provision of telephony services by TWCIS or any other entity in the aggregate shall be at all times less than 5% of any

fiber facilities over any given fiber backbone route, and less than 16 megahertz (MHz) of its total coaxial facility bandwidth, unless otherwise provided for through explicit Board approval. The Board FURTHER DIRECTS that, at least 90 days prior to the provision of and actual use of Time Warner's New Jersey cable television fiber backbone and coaxial bandwidth facilities by TWCIS and/or any other entity for the provision of telecommunications services, Time Warner will file with the Board certifications that the proposed facility usage is less than 5% of any fiber facilities over any given fiber backbone route, and less than 16 megahertz (MHz) of its total coaxial facility bandwidth, together with an appropriate accounting and valuation of the market value of the facilities, billing systems and personnel to be used by TWCIS. In addition, Time Warner shall certify that the proposed payments by TWCIS under the Inter-Company Services Agreement are sufficient to appropriately compensate Time Warner for the use of its facilities, systems and personnel, and affirm that similar terms would be extended to any third party user seeking use of its facilities, systems and personnel in a similar manner. In the absence of such a showing, Time Warner will be required to file an appropriate petition, pursuant to N.J.S.A. 48:5A-40 and/or 41, in order to obtain the necessary Board approval prior to the use of such cable television facilities for the provision of telecommunications services. In addition, this Order is subject to the following conditions:

Use of the cable television network billing systems or personnel for telephony purposes by TWCIS shall not lessen the obligation of Time Warner to its cable subscribers or impair its ability to provide safe, adequate and proper service.

2. TWCIS and Time Warner shall keep records of all construction, repair and maintenance costs associated with the use of cable facilities for telephony purposes.
3. TWCIS and Time Warner shall keep records of all time spent by cable television employees in the monitoring, installation, repair, maintenance, operation of the facilities and equipment used in the provision of telephony services.
4. TWCIS and Time Warner shall keep records of all time and costs attributable to cable television employees' time and equipment used in the provisioning of billing and collection services provided in connection with TWCIS' provision of telephony services.
5. TWCIS and Time Warner shall keep their books and records in a manner that all costs, charges, interest income, accounting entries and associated matters, including construction, operating and maintenance costs, regarding use of cable facilities, billing systems and personnel in the provision of telephony services can be readily obtained and/or determined.
6. In the event that Time Warner elects to file a cost-of-service case, or should the state now or in the future be granted continued, further, or renewed jurisdiction or control over cable television or video service rates, the Board and its staff reserve the right to review all proposed cost allocations and adjust them to the extent necessary to eliminate any cross-subsidization. The Board further notes and reserves its continuing jurisdiction and authority, pursuant to N.J.S.A. 48:5A-9 and 48:2-13 and all other applicable laws, to investigate and audit or inquire, or to require the submittal of any data by TWCIS, Time Warner and/or their respective subsidiaries, affiliates or parents as the Board or the Director of the Office of Cable Television, under the supervision of the Board may deem necessary in the future to ensure that no cross-subsidization occurs between the telephony and cable operations.

7. The approval extended to TWCIS, and Time Warner herein shall not constitute approval of any inter-company loan arrangement among or between Time Warner and its parent, affiliates and/or other related parties, nor eliminate the need for further Board review and approval if otherwise required under applicable law.
8. In the event that TWCIS enters into an agreement with a New Jersey cable operator other than Time Warner for the purpose of utilizing the cable operator's facilities for telecommunications purposes, the above conditions apply to any such agreement, unless explicitly modified by the Board.

The Board also FINDS that, in accordance with N.J.S.A. 48:2-59 and 48:2-60 and N.J.S.A. 52:27EE-52, the Petitioner is subject to an annual assessment by both the Board and the Division of Rate Counsel, respectively. The Board notes that the Petitioner will not be permitted to provide telecommunications services until a tariff is filed with the Board.

The Board FURTHER ORDERS that:

1. Petitioner shall file its tariff with the Board.
2. Petitioner shall file an Inter-Company Service Agreement with its affiliate to use affiliate's New Jersey Cable Facilities to provide telecommunications services in New Jersey.
3. Pursuant to N.J.S.A. 48:2-16(2)(b) and N.J.A.C. 14:3-6.3, Petitioner shall file an annual report as of December 31 of each year, which is due on or before March 31 of the following year. Pursuant to N.J.S.A. 48:2-16.3, if Petitioner fails to file an annual report by the due date, Petitioner shall be subject to a penalty of \$5.00 for each day thereafter until such report is filed.
4. Pursuant to N.J.S.A. 48:2-62, Petitioner shall file a statement of gross intrastate revenues from operations form (AR3-1) as of December 31 of each year, which is due on or before June 1 of the following year.

On or before February 1st of each year, the Petitioner will receive from the Division of Audits an annual report package and a statement of gross intrastate revenues from operations form for the preceding calendar year. The purpose of these documents is to report the Petitioner's financial information and gross intrastate revenues from operations as of December 31 of each year. The annual report and a statement of gross intrastate revenues from operations form are due on or before March 31 and June 1 of the following year, respectively. If Petitioner does not receive these documents, it is Petitioner's responsibility to obtain them from the Board. It is also the Petitioner's responsibility to ensure timely filing of these reports.

Regarding the Petitioner's request for waivers of the Board rules, the Board HEREBY FINDS that the Petitioner has demonstrated good cause why the Board should grant relief from its requirements that the Petitioner maintains its books and records in accordance with USOA and within New Jersey. Therefore, subject to the Petitioner's continuing responsibility to provide the Board books and records upon 48 hours notice, and in the manner requested, and to pay to the Board any reasonable expenses or charges incurred by the Board for any investigation or

examination of these books and records, the Board HEREBY APPROVES the Petitioner's request for the exemptions from maintaining its books and records in accordance with USOA and in New Jersey.

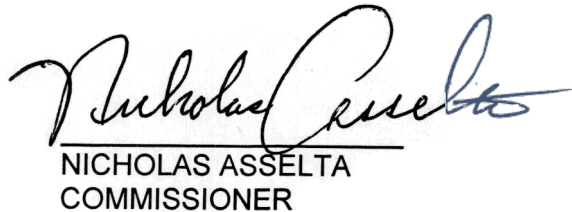
DATED: 1/28/09

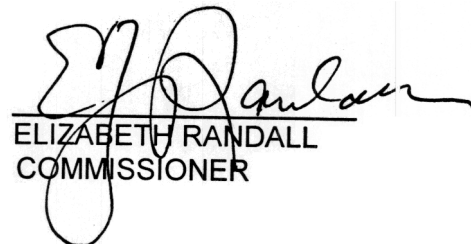
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BY:


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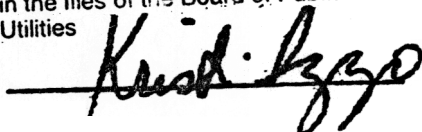

NICHOLAS ASSELTA
COMMISSIONER


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 PETITION OF TIME WARNER CABLE INFORMATION
SERVICES (NEW JERSEY), LLC D/B/A TIME WARNER CABLE FOR
AUTHORITY TO PROVIDE LOCAL EXCHANGE AND
INTEREXCHANGE TELECOMMUNICATIONS
SERVICES THROUGHOUT THE
STATE OF NEW JERSEY

DOCKET NO. TE04091033

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