



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**www.bpu.state.nj.us**

**TELECOMMUNICATIONS**

IN THE MATTER OF THE PETITION OF )  
CABLEVISION LIGHTPATH – NJ, INC. )  
FOR A DECLARATORY RULING OR, IN )  
THE ALTERNATIVE, FOR APPROVAL OF )  
A PROPOSED INTRA-COMPANY )  
REORGANIZATION AND RELATED )  
AUTHORIZATIONS )

**ORDER OF APPROVAL**

DOCKET NO. TM07060394

(SERVICE LIST ATTACHED)

BY THE BOARD:

On June 20, 2007, Cablevision Lightpath–NJ., Inc. (CLI or Petitioner), by its counsel, filed a petition with the Board of Public Utilities (Board) requesting a declaratory ruling that Board approval is not required with respect to what the Petitioner describes as an intra-company reorganization. In the alternative, CLI requests that the Board approve the proposed transaction, to the extent Board approval is required by the applicable statute.

The transaction in question entails the acquisition of additional shares of common stock of Cablevision Systems Corporation (CVC), the ultimate corporate parent of CLI, by members of the Dolan family (Dolan Family). Following completion of the proposed reorganization, the Dolan Family will own all of the outstanding shares of common stock of CVC, and CLI will continue to be a wholly owned, indirect subsidiary of CVC. CLI will continue to offer services at the same terms, rates and conditions that it currently provides such services in the State. In a related filing at Docket No. CM07060389, CVC is also requesting the Board's approval of the reorganization as it relates to its cable providers within New Jersey, collectively, CSCTKR .

For the reasons more fully explained below, the Board determines that Board approval of this transaction is required, and based on the record in this proceeding, that Board approval is warranted.

**BACKGROUND**

CLI, a Delaware corporation, is a wholly-owned subsidiary of Cablevision Lightpath, Inc. (Lightpath), which in turn is a wholly-owned subsidiary of CSC Holdings Inc. (CSC Holdings), a Delaware corporation. CSC Holdings is a direct, wholly owned subsidiary of CVC. CVC is a corporation organized under the laws of the State of Delaware whose principal place of business is located in Bethpage, New York. CVC is a publicly-held corporation and, according to Petitioner, currently is the 5th largest cable television provider in the USA, with most

customers residing in New York, New Jersey, Connecticut, and Pennsylvania. CVC also offers high-speed Internet, as well as digital cable, and VOIP phone service. In New Jersey, CLI was authorized to provide local exchange and interexchange telecommunications services on March 18, 1998. See Order, I/M/O the Petition of Cablevision Lightpath-NJ, Inc. for the Authority to Provide Local Exchange and Interexchange Services, Docket No. TE97120883. Currently, CLI has approximately 139 business customers in New Jersey.

## DISCUSSION

According to the petition, members of the Dolan Family, as a result of their ownership of Class B shares, currently have the right to elect 75% of the directors of CVC and hold approximately 64% of the voting power. Additionally, the Dolan Family owns approximately 20% of the outstanding shares of common stock of CVC. Pursuant to the terms of an Agreement and Plan of Merger (Agreement), the Dolan Family will acquire all of the outstanding shares of common stock of CVC not already owned by them (the Reorganization). According to the petition, the Reorganization will be effected through the creation of a newly formed entity, Central Park Holding Company, LLC, that will hold the Dolan Family's stock in CVC. Following the completion of the proposed transactions, CLI will continue to be a wholly-owned, indirect subsidiary of CVC. The petition states that as a privately owned company, CLI will have increased flexibility to make decisions that may negatively affect quarterly results, but that may, over the long term, provide greater value to the company and its customers. The petition also states that the management and operations of CLI will remain unchanged after the proposed transactions, and that approval of the transaction will not alter the service, rates or manner in which service is provided to existing customers.

The petition discusses certain funding related to the Reorganization and represents that CLI will not pledge or encumber any of its property, assets, franchises, privileges or rights. Based on that representation, the Board notes that a more complete discussion of the financing related to this Reorganization is included as part of BPU Docket No. CM07060389.

Petitioners requested that the Board issue a declaratory ruling that its approval is not required with respect to the proposed transactions stating that neither N.J.S.A. 48:2-51.1, nor 48:3-10 apply because the Reorganization occurs at holding company levels, and does not affect CLI or its immediate parent, Lightpath. The Board believes that it may review holding company transactions to determine the impact of such transactions on telecommunications service in New Jersey. In 1991, the Board determined that its jurisdictional statutory authority allowed it to exercise jurisdiction not only over the bottom corporate tier of the chain, "but to any entity which owns, controls, manages or operates that entity." In the Matter of the Proposed Corporate Restructuring of Certain Affiliates of Tele-Communications, Inc., at 6, BPU Docket No. CM90121496 (February 7, 1991) (hereinafter "TCI"). However, in reaching this conclusion, the Board noted that the focus of its concern was not to micro-manage the non-jurisdictional affairs of the holding company, but to review the proposed holding company transaction to guard against any adverse impact on the New Jersey utility subsidiary with regard to its ability to provide safe, adequate and proper service.

By letter dated July 27, 2007 the New Jersey Department of the Public Advocate,<sup>1</sup> Division of Rate Counsel (Rate Counsel) submitted comments to be considered by the Board in connection

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<sup>1</sup> Although the July 27, 2007 submission references the CLI portion of the transaction (Docket No. TM07060394), the specific comments and recommendations contained therein pertain to the cable television portion of the transaction (Docket No. CM07060389). The merits of the specific recommendations will be discussed in the cable Order.

with the overall Reorganization.' Rate Counsel implies that the Reorganization may have a negative impact on New Jersey consumers and CVC's ability to meet its pension obligations. Rate Counsel states that CVC has not yet finalized the financing documents that would be executed in connection with the transactions, and that it is likely that New Jersey assets would be at risk in the event of a default under the financing transactions, regardless of whether these assets are specifically pledged as collateral or not. Rate Counsel recommends that certain conditions be imposed on CVC if the transaction is approved including freezing CVC's rates that are regulated by the Board, and barring CVC from passing along to customers any transaction costs from this transaction. Rate Counsel also recommends that CVC be required to provide the BPU with reports to allow the Board to evaluate the financial integrity of CVC on a periodic basis to determine if the additional debt burden resulting from the transaction is jeopardizing the provision of service to New Jersey customers.

By letter dated August 6, 2007, CVC submitted a reply to Rate Counsel's comments, and stated that Rate Counsel's proposed requirement to provide periodic reports is unnecessary because information will remain available to the Board after the Reorganization. With regard to Rate Counsel's request for additional information, Petitioner states that Cablevision has provided the Board with ample information upon which to evaluate the company's financial integrity under the Reorganization and to provide additional financial information would be duplicative and unnecessary.

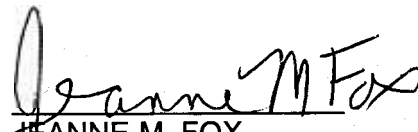
#### FINDINGS AND CONCLUSIONS

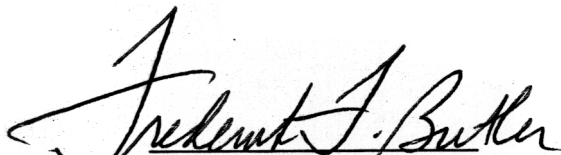
In keeping with the Board's decision in TCI, the Board has reviewed the proposed transaction to determine its impact on the New Jersey operating entity, CLI, and its subscribers. Accordingly, after careful review of this matter, the Board FINDS that the transaction will have no negative impact on competition, the rates of current customers, or on employees. The Board also FINDS that the transfer will have no negative impact on the provision of safe, adequate and proper service as the petition represents that there will be no change in the day to day operations, active management or service which will continue to be provided consistent with Petitioner's tariffs and applicable law. Moreover, a positive benefit may be expected from the strengthening of CLI's competitive posture in the telecommunications market as the result of being a privately held company with the increased flexibility to make decisions that may over the long term provide greater value to customers.

Accordingly, after careful review of this matter, the Board FINDS that the change of control will have no material negative impact on the rates of current customers, or on employees. The Board also FINDS that the transfer will have no negative impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, after investigation, having considered the record and exhibits submitted in this proceeding, the Board FINDS that the proposed transfer is in accordance with the law and public interest. The Board HEREBY ORDERS that the Petitioners shall notify the Board of the closing of the proposed transactions within 30 days of the consummation of the transfer.

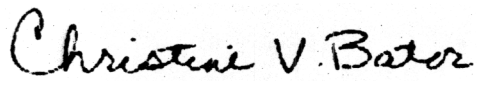
DATED: 9/13/07

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BY:

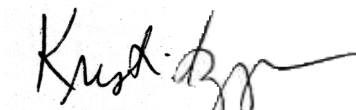
  
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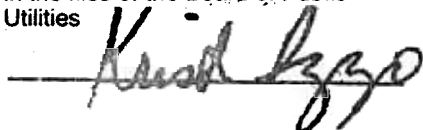
  
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COMMISSIONER

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  
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