

Initial Comments of CSC TKR, LLC
In Support of the Renewal of its System-Wide Franchise

I. INTRODUCTION

CSC TKR, LLC (“CSC TKR,” or the “Company”) submits the following comments in response to the November 10, 2015 request of the Office of Cable Television (“OCTV”). In that request, OCTV seeks comment on CSC TKR’s performance under its existing system-wide franchise, and on how the Company intends to meet the future needs of the system’s communities should the Board of Public Utilities (“Board”) renew the franchise.

As discussed in detail below, since converting its local franchises to the system-wide franchise, CSC TKR has met and surpassed the cable-related needs of all of the communities served by the system-wide franchise, and will continue to do so by offering a broad range of innovative services to our customers and by continuing to fulfill our obligations within the statutory and regulatory framework of our system-wide authorization.

II. PROCEDURAL BACKGROUND

On January 11, 2010, CSC TKR notified the Board and the Borough of Allentown of its intention to convert its municipal consent-based franchise in that Borough to a system-wide franchise.¹ On February 11, 2010, the Board issued an Order acknowledging CSC TKR’s conversion of the Allentown franchise to a system-wide franchise, and establishing a seven-year franchise term, expiring on January 11, 2017.² On six separate subsequent occasions, CSC TKR

¹ This conversion was permitted by one of the 2006 amendments to the New Jersey Cable Television Act. *See* N.J.S.A. 48:5A-25.1 (“A cable television company with a municipal franchise or franchises issued prior to the effective date of [the 2006 State Cable Act amendment] may, if it wishes, automatically convert any or all such franchise or franchises into a system-wide franchise upon notice to the board and the affected municipality”)

² *In the Matter of CSC TKR, LLC for the Conversion to a System-Wide Franchise in the Borough of Allentown*, Order, BPU Docket No. CE10010024, at 4-6 (February 11, 2010).

added several additional communities to the system-wide franchise, and the Board approved each of these additions.³ CSC TKR now serves 33 communities in New Jersey pursuant to its system-wide franchise.⁴

On February 12, 2014, CSC TKR sent the Board a notice of its intention to seek a renewal of the system-wide franchise.⁵ OCTV subsequently invited CSC TKR to comment on its performance and to assess how it will meet the future needs of the communities in the franchise area.⁶ As set forth below, CSC TKR's performance under its existing system-wide franchise, as well as its plans to meet the future needs of the communities within the system, support the renewal of its system-wide franchise.

³ *In the Matter of CSC TKR, LLC for the Conversion to a System-Wide Franchise in the Borough of Florham Park and the Township of Watchung*, Sixth Order of Amendment, BPU Docket No. CE10010024, at 1-2 (Dec. 18, 2013) (providing an overview of each occasion on which the Board acknowledged and approved CSC TKR's addition of municipalities to the system-wide franchise area). In addition, on January 21, 2016, CSC TKR served notice on the Board of the conversion of its municipal consent franchise in the Borough of Highland Park to the system-wide franchise, which is currently pending confirmation by the Board (*Letter to Board Director Lawanda R. Gilbert from Cablevision Area Director, Government & Public Affairs R. Thurman Barnes (January 21, 2016)*).

⁴ The 33 communities are: Boroughs of Allentown, Bound Brook, Chatham, Florham Park, Highland Park, Keansburg, Keyport, Madison, Manville, Matawan, Morris Plains, Raritan, Rockaway, Somerville, South Bound Brook, Union Beach, Victory Gardens, Watchung and Wharton; Town of Morristown, and the Townships of Aberdeen, Bernards, Bridgewater, Denville, Dover, East Hanover, Hamilton, Hanover, Mine Hill, Morris, Randolph, Rockaway and Warren. In addition, CSC TKR continues to serve 27 other municipalities pursuant to municipal consent-based franchises granted to the Company by each of those communities.

⁵ *Letter to Board Secretary Kristi Izzo From Cablevision Area Director, Government & Public Affairs R. Thurman Barnes* (Feb. 12, 2014); *See also* 47 U.S.C. § 546(a) (establishing process for renewal that may be initiated either by the cable operator or the local franchising authority within the 6-month period beginning with the 36th month before franchise expiration).

⁶ *Letter to Cablevision Area Director, Government & Public Affairs R. Thurman Barnes from Director Lawanda R. Gilbert* (Nov. 10, 2015).

III. ASSESSMENT OF CSC TKR'S PAST PERFORMANCE AND PLANS TO MEET COMMUNITY NEEDS

In August of 2006, the New Jersey legislature enacted comprehensive amendments to the New Jersey Cable Television Act.⁷ This legislation created system-wide franchises, and imposed certain “restrictions and pre-conditions” on the scope of review of applications for renewals of such franchises.⁸ CSC TKR’s renewal proceeding is limited to a determination of whether CSC TKR’s forthcoming application complies with the requirements of N.J.S.A.48:5A-17 and 48:5A-28.⁹ Prior to approving a renewal, OCTV shall review the past performance of the cable television operator holding a system-wide franchise, and assess the future cable-related needs and interests of the municipalities covered by the system-wide franchise, consistent with N.J.S.A. 48:5A-28.¹⁰

Under N.J.S.A. 48:5A-17, a system-wide franchise applicant must demonstrate that it is willing to conform with the rules and obligations applicable to cable operators under state and federal law.¹¹ By virtue of CSC TKR’s lawful operation under the prior municipal consent franchises approved by the Board, and CSC TKR’s automatic conversion of these franchises to a system-wide franchise pursuant to N.J.S.A 48:5A-25.1,¹² CSC TKR has previously met, and

⁷ See P.L. 2006, c. 83.

⁸ *In the Matter of the Application of Verizon New Jersey, Inc. for Renewal of a System-wide Cable Television Franchise* (“*Verizon Renewal Order*”), System-wide Cable Television Franchise Renewal, Docket No. CE13080756, at 3 (Jan. 30, 2014).

⁹ *Id.* (quoting N.J.S.A. 48:5A-16(f)); *see also* N.J.A.C. 14:18-14.9.

¹⁰ *See* N.J.A.C. 14:18-14.17.

¹¹ *Verizon Renewal Order*, at 4 (“N.J.S.A. 48:5A-17 permits the Board to issue a system-wide franchise following its review of the application, where it finds the applicant has complied or is ready, willing and able to comply with all applicable rules and regulations imposed or pursuant to State or federal law as preconditions for providing cable service.”).

¹² *See* note 5, above, for the complete list of communities converted by Cablevision from municipal consent franchises to the system-wide franchise pursuant to N.J.S.A 48:5A-25.1.

continues to meet, the obligations of N.J.S.A. 48:5A-17, and it will affirm its willingness to continue to do so in its application.

While CSC TKR's performance assessment herein is focused on the statutory obligations of N.J.S.A 48:5A-28, and related regulations, the scope of these comments does not limit CSC TKR's assessment that it is in substantial compliance with all statutory and regulatory obligations of a system-wide franchisee. Further, CSC TKR herein provides additional information for the Board's benefit, to give perspective on the wide range of services CSC TKR provides to subscribers in the franchise area.

A. Company Background

CSC TKR's parent company, Cablevision Systems Corporation, has, for over 40 years, provided advanced communications services to meet the needs of our customers. These services are the direct result of the billions of dollars in infrastructure investment made to build one of the most robust networks in the country.

Over the term of the existing system-wide franchise, the demands for connectivity by our New Jersey customers have increased significantly. Our New Jersey customers want access to data from anywhere, at any time and on a multitude of devices. Cablevision Systems Corporation has met that need by building an advanced, fiber-rich network and coupled it with the most innovative entertainment, information and communications services available in the world. Cablevision Systems Corporation serves over 1 million residential and small business customers in New Jersey using a hybrid fiber and coaxial cable system.

In its 2010 report to the legislature on the effects of the 2006 amendments to the Cable Television Act, the Board emphasized the benefit to consumers of more dynamic, better priced triple play (voice, video and data) service offerings by incumbent cable operators since the

amendments were passed.¹³ CSC TKR continues to develop innovative and desirable packages to meet its customer(s)'s needs and to establish the Company's value in the marketplace with respect to its competitors.

CSC TKR's advanced and integrated consumer communications services include *iO Interactive Optimum* digital television, *Optimum Online* high speed Internet access, featuring free *Optimum WiFi*, and *Optimum Voice* digital voice offerings.

Small businesses are powered by the Company's world-class telecommunications network with our *Optimum® for business* digital services suite, which features our *Optimum* family of products. The Company also provides broadband, voice and video service to large, enterprise commercial customers through Lightpath, an award-winning competitive local exchange carrier with customers throughout New Jersey.

Some highlights of our *Optimum* products and services include:

- *Broadband Service* - *Optimum Internet* customers can purchase 5 different levels of service including *Optimum Ultra 101*, a 101 mbps broadband Internet service offering.
- *iPad App* – the entire suite of more than 360 standard and high-definition channels live on the iPad and other mobile devices from anywhere in the home.
- *TV to Go* – More than 160 networks available to customers from mobile devices outside the home.

¹³ New Jersey Board of Public Utilities Report to the Governor and Legislature, "*The Effects of the System-Wide Cable Television Franchise in New Jersey*," *Public Law 2006, Chapter 83* ("2010 System-Wide Franchise Report"), at iv & 11 (Jun. 2010).

- Multi-Room DVR- The very first remote storage DVR that allows up to 15 simultaneous recordings (or 75 hours of HD recordings) while watching any channel and play back from multiple rooms within the home.
- Open-Connect – A unique partnership that has allowed the Company to deliver one of the best Netflix viewing experiences in the industry.

B. Performance Under the Existing Franchise

For the purposes of assessing CSC TKR’s performance during the current franchise term, the review period at issue runs from January 11, 2010 to the present.¹⁴ CSC TKR’s franchise area consists of fully built-out communities converted to a system-wide franchise.¹⁵ The Company provides state-of-the art cable service (along with other advanced services) throughout its entire service footprint.¹⁶ Moreover, CSC TKR has at all times materially complied with the obligations imposed upon system-wide franchisees:

Service Availability.¹⁷ CSC TKR or its predecessors have provided cable service to some of the communities in the system-wide franchise area since the late 1970s. Today, CSC TKR delivers cable service and other advanced digital services by maintaining hundreds of miles of plant passing tens of thousands of homes throughout the 33 communities in the franchise area.

¹⁴ See 47 U.S.C. § 546(a)(1)(B) (stating that the scope of a franchise renewal proceeding under the Federal Cable Act is “for the purposes of . . . reviewing the performance of the cable operator under the franchise *during the then current franchise term*”) (emphasis added).

¹⁵ In recognition of the different circumstances presented by an existing operator converting to a system-wide franchise as opposed to a new applicant, the legislature exempted those engaging in a conversion from having to identify their service area, describe the service to be provided, meet certain build out milestones and insurance requirements, and provide a schedule of rates. See N.J.S.A. 48:5A-25.1(a) (exempting existing operators converting municipal-consent based to system-wide franchises from requirements of N.J.S.A. 48:5A-28(a) to (g)).

¹⁶ The Company notes that a “system-wide franchise . . . shall not require . . . a CATV company with municipal consents issued prior to the effective date of [the 2006 Cable Television Act amendments] to operate outside of the areas covered by such consents.” N.J.S.A. 48:5A-19(b).

¹⁷ See N.J.S.A. 48:5A-25.2(2)-(4).

CSC TKR has at all times during the term of the franchise complied with the statutory obligation prohibiting service discrimination against any group of potential residential cable subscribers because of the income levels of the residents of the local area in which such groups reside.

Reporting. As required by law, CSC TKR has maintained during the term of the franchise all records of complaints received for a period of at least 3 years beyond the close of the calendar year of the report, and such records are available for inspection by staff of the Office of Cable Television.¹⁸ Further, during the term of the franchise, CSC TKR has timely compiled and filed with the Office of Cable Television the annual customer complaint reports, required by N.J.S.A. 48:5A-26.1.

Line Extension. Through its municipal consent franchises, CSC TKR has previously constructed a system subject to the minimal line extension obligations prescribed by the Board. Pursuant to N.J.S.A. 48:5A-28(h), by virtue of converting its local franchises to the system-wide franchise, CSC TKR is in compliance with the required line extension obligations.

Community Programming and Service. Pursuant to N.J.S.A. 48:5A-28(i) CSC TKR offers two public, educational and governmental (“PEG”) channels within each of the municipalities in the system-wide franchise area, based on the cable related needs of each municipality (see Exhibit A for number of PEG channels currently used by each municipality). CSC TKR makes available a studio, training, and equipment to interested PEG access users resident within the franchise area, subject to its PEG access user policies, pursuant to N.J.S.A. 48:5A-28 (l).

In addition, CSC TKR provides free basic video service and free Internet service within each of the communities in the system-wide franchise area. Where requested, CSC TKR has

¹⁸ See N.J.A.C. 14:18-6.7.

fulfilled its obligation under N.J.S.A. 48:5A-28(m) to provide return feeds to municipalities for the purpose of interconnecting to the Company's system to distribute PEG programming.

CSC TKR provides other valuable programming and services to the community that exceed statutory requirements for its system-wide franchise. The Company's award winning News 12 channel focuses on news for residents both in the system and throughout the state. It is the only cable news channel dedicated solely to New Jersey news. The Company's *Optimum Community* program, formerly called *Power to Learn*, provides schools within the system-wide franchise area with valuable community service and support, in addition to the free basic video service and Internet service described above.

Consumer Protection. CSC TKR has substantially complied with all consumer protection obligations under applicable law, as required by N.J.S.A. 48:5A-28(n). Among these, CSC TKR abides by the minimum customer service and consumer protection standards in the OCTV regulations.¹⁹ Further, CSC TKR provides required "complaint officer" notifications, and maintains a required local business office, of which there are currently three, located at: 275 Centennial Avenue, Piscataway, New Jersey 08854; 2137 Hamilton Avenue, Hamilton, New Jersey 08619; and 683 Route 10 East Randolph, New Jersey 07869.²⁰

Franchise Fees. Pursuant to N.J.S.A. 48:5A-30(d), CSC TKR pays a franchise fee in the amount of 3.5% to each of the municipalities in the system, plus a payment of 0.5% to the State Treasurer to support the CATV Universal Access Fund. At all times during the term of the existing franchise, CSC TKR met its franchise fee obligations in accordance with applicable law,

¹⁹ See N.J.A.C. 14:18-3.1 through 3.27

²⁰ See N.J.S.A. 48:5A-26.

including timely payment of annual franchise fees by January 25th accompanied by the required written verifications.²¹

CSC TKR has materially complied with all of its existing franchise obligations, and the Company's performance record since its conversion to a system-wide franchise supports renewal of the franchise.

C. Cable-Related Needs

The obligations imposed upon system-wide franchisees by the New Jersey Cable Television Act are designed to delineate the cable-related needs of the communities included in such a franchise, and ensure a uniform cable service experience across those communities. By fulfilling its statutory obligations as a system-wide franchise holder under the New Jersey Cable Television Act, CSC TKR currently meets the existing cable-related needs of the communities it serves. Further, by committing to continue to meet all of these obligations for the duration of any renewed franchise in the future, as CSC TKR will do when it submits its renewal application, the Company will adequately address the future cable-related needs and interests of the system-wide franchise communities.

²¹ Cablevision notes that some of the communities now part of the system-wide franchise were for at least some part of the franchise term served under a municipal consent-based franchise under which Cablevision's franchise fee obligation was 2% of gross revenues, payable to the only the municipality. *See* N.J.S.A. 48:5A-30(a) & (d). At all relevant times (January 11, 2010 to the present), Cablevision was in compliance with the applicable franchise fee payment obligations imposed upon it at the time the payments were due.

IV. CONCLUSION

For the reasons outlined above, CSC TKR has fulfilled its obligations under its existing system-wide franchise and will continue to meet the needs of the community on a going-forward basis through its continued adherence to its obligations. CSC TKR is confident that at the conclusion of the renewal process contemplated by the Federal Cable Act and the New Jersey Cable Television Act, the Board will grant CSC TKR a renewal of its system-wide franchise.

EXHIBIT A

**NUMBER OF PEG CHANNELS CURRENTLY USED BY EACH MUNICIPALITY IN
CSC TKR, LLC SYSTEM-WIDE FRANCHISE***

MUNICIPALITY	PEG CHANNELS IN USE
Aberdeen	1
Allentown	1
Bernards	2
Bound Brook	1
Bridgewater	1
Chatham	1
Denville	1
Dover	1
East Hanover	1
Florham Park	1
Hamilton	1
Hanover	1
Highland Park	1
Keansburg	1
Keyport	1
Madison	1
Manville	1
Matawan	1
Mine Hill	1
Morris Plains	1
Morris	1
Morristown	1
Randolph	1
Raritan	1
Rockaway Borough	1
Rockaway Township	1
Somerville	2
South Bound Brook	1
Union Beach	1
Victory Gardens	1
Warren	1
Watchung	1
Wharton	1

*Data current as of February 2016