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CASE MANAGEMENT

2020 MAR -5 P 4: 17

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

March 5, 2020

VIA HAND DELIVERY

Aida Camacho-Welch, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

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MAR 05 2020

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

CM 20030211

**Re: In the Matter of the Joint Petition of CSC TKR, LLC and Service Electric
Cable T.V. of New Jersey, Inc. for the Approval of the Transfer of Certificates
of Approval of Service Electric Cable T.V. of New Jersey, Inc.**

Dear Ms. Camacho-Welch:

On behalf of CSC TKR, LLC ("Altice USA, Inc."), please find enclosed eleven copies of the petition in the above-captioned matter and exhibits A through E. We have also enclosed the affidavit of Paul Jamieson substantiating a confidentiality claim regarding a limited number of documents. Said confidential documents are being submitted with this filing under seal in a separate inner envelope marked confidential.

CMS

Legal

DTAG

RPA

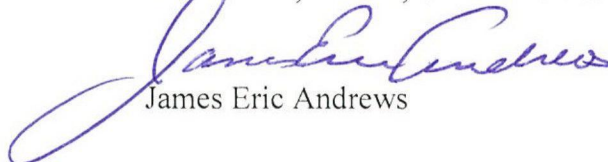
CABLE (4)

L. B. Lambert

Enclosures

Respectfully submitted,

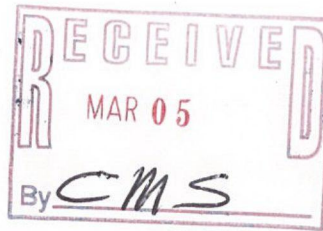
SCHENCK, PRICE, SMITH & KING, LLP



James Eric Andrews

cc: Paul Jamieson, VP Gov. Affairs (w/o encl. via e-mail)
Lawanda Gilbert, Director (w/ encl. via hand delivery)
Stefanie Brand, Esq., Rate Counsel (w/encl. via hand delivery)
Michael P. Meliti, Esq. (w/encl. via Federal Express)

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES



RECEIVED
CASE MANAGEMENT
2020 MAR -5 P 4:17
BOARD OF PUBLIC UTILITIES
TRENTON, NJ

IN THE MATTER OF THE JOINT
PETITION OF CSC TKR, LLC SERVICE
ELECTRIC CABLE T.V. OF NEW
JERSEY, INC. FOR THE APPROVAL OF
THE TRANSFER OF CERTIFICATES OF
APPROVAL OF SERVICE ELECTRIC
CABLE T.V. OF NEW JERSEY, INC.

VERIFIED PETITION

Docket No. _____

Pursuant to N.J.S.A. 48:5A-19 and N.J.A.C. 14:17-6.8, CSC TKR, LLC ("CSC TKR"), a wholly-owned subsidiary of Altice USA, Inc. (together, "Altice"), and Service Electric Cable T.V. of New Jersey, Inc. ("Service Electric") (collectively, "Petitioners"), submit this verified petition ("Petition") requesting that the New Jersey Board of Public Utilities ("Board") approve the transfer of 28 certificates of approval and related authorizations and the accompanying cable systems from Service Electric to Altice (the "Transfers").¹ Service Electric is a cable television company subject to the jurisdiction of the Board and the Office of Cable Television, pursuant to N.J.S.A 48:5A-1 *et seq.*

The Transfers are part of a planned transaction through which CSC TKR will purchase and be assigned substantially all of the assets of Service Electric (the "Transaction"). The Transaction will extend Altice's footprint into the communities currently served by Service

¹ The authorizations held by Service Electric and which are the subject of petition cover the following communities: In Sussex County, New Jersey, (1) Andover Borough; (2) Andover Township; (3) Branchville Borough; (4) Byram Township; (5) Frankford Township; (6) Franklin Borough; (7) Fredon Township; (8) Green Township; (9) Hamburg Borough; (10) Hampton Township; (11) Hardyston Township; (12) Jefferson Township (Operating Authority); (13) Lafayette Township; (14) Newton Town; (15) Ogdensburg Borough; (16) Sandyston Township (Kittatinny Lake); (17) Sparta Township; (18) Stanhope Borough; (19) Stillwater Township; (20) Sussex Borough; (21) Vernon Township; and (22) Wantage Township. And in Warren County, New Jersey: (1) Blairstown Township; (2) Hardwick Township; (3) Hope Township; (4) Knowlton Township; (5) Frelinghuysen Township; and (6) Liberty Township.

Electric to provide Altice's high-quality video offerings and state-of-the-art entertainment platforms to homes and businesses to twenty-eight additional communities in New Jersey. The Transaction's structure is straightforward, involving no telecommunications assets or licenses, no use of CSC TKR's or Service Electric's assets to finance any aspect of the Transaction, and requiring no other regulatory approvals other than the Board.² Following the transfer of the cable systems and Board authorizations, Altice, through its subsidiary CSC TKR, will become the franchised entity serving the New Jersey communities covered by this Petition. In addition, the Transfers would also bring Altice's advanced networks, faster broadband speeds, pro-consumer mobile offerings and more local news to the residents and businesses in New Jersey currently serviced by Service Electric.³

Petitioners respectfully submit that the Transfers described herein are in the public interest. Altice currently has and will continue to have the requisite legal, technical and financial qualifications to operate the Service Electric franchises in New Jersey, as demonstrated by its proven track record in serving residents and businesses in approximately 178 New Jersey communities. The Transfers will benefit customers in the affected communities by providing them with advanced and innovative products and services, without any harm to customers or competition in New Jersey.⁴ In support of this Petition, Petitioners state as follows:

² Altice filed a premerger notification pursuant to the Hart-Scott-Rodino Antitrust Improvements Act on March 2, 2020. Absent further action by federal regulators, the waiting period is scheduled to conclude on April 1, 2020.

³ Although these additional anticipated non-video benefits are not elements of the Board's review or subject to direct Board regulation, Petitioners are including this description to provide the Board with a comprehensive view of how the Transaction would benefit consumers and businesses in the affected communities.

⁴ As discussed below, *infra* Part IV, the Transfers will not involve the issuance of any new indebtedness. Accordingly, the Transaction does not require Board approval pursuant to N.J.S.A. 48:5A-42 or 48:5A-43.

I. DESCRIPTION OF THE PARTIES

A. Altice and CSC TKR

CSC TKR, LLC is a wholly-owned subsidiary of Altice USA, Inc. Altice is one of the largest broadband communications and video services providers in the United States, delivering broadband, pay television, mobile, proprietary content and advertising services to approximately 4.9 million residential and business customers across 21 states through its Optimum and Suddenlink brands.⁵ Altice's footprint, containing a fiber-rich broadband network, passes approximately 8.8 million homes.⁶ Domiciled in Delaware and headquartered at 1 Court Square West, Long Island City, New York 11101, Altice employs approximately 11,000 people.⁷ Altice currently serves residential and business video customers in approximately 178 New Jersey communities, and offers broadband as well as fixed and mobile voice to New Jersey residents and businesses as well.

Altice is investing in New Jersey through a number of initiatives:

- **Video:** Altice's video product suite includes Altice One, an all-in-one home entertainment platform integrating traditional cable and over the top services such as Netflix and Youtube. Altice continues to enhance the Altice One experience for its customers, having just launched Altice One on Apple TV and with plans to launch Amazon Prime Video on Altice One. Altice also added a new sports hub to Altice One that allows fans to access content faster, with a refreshed home screen for faster navigation to popular live content.⁸
- **Broadband:** Altice invested to triple broadband speeds since acquiring Cablevision in 2016, and today every NJ household in Altice's footprint has access to 400 Mbps broadband service. Altice continues to invest in its hybrid-fiber coax ("HFC") network with plans to expand 1Gbps service over HFC. In addition, Altice has a long-term project to build a fiber-to-the-home network in New Jersey that will be capable of delivering of up to 10 Gbps. Through *Altice Advantage*, Altice makes available a 30

⁵ See Altice USA, Inc., Annual Report (Form 10-K), at 2 (Dec. 31, 2019) ("Altice 10-K 2019") (available at <http://d18rn0p25nwr6d.cloudfront.net/CIK-0001702780/270833fe-3f17-4cd7-b6a4-bfaa40455731.pdf>).

⁶ *Id.*

⁷ See Altice 10-K 2019 at 18.

⁸ *Id.*

Mbps broadband offering for under \$15/mo. for income eligible customers. Altice is an industry leader in WiFi, which offers Optimum customers unlimited access to wireless high speed data outside the home at more than two millions hotspots across the tri-state area at no incremental cost to their broadband subscription; Altice is also enhancing in home WiFi through its Smart WiFi product offering.

- ***Altice News:*** Altice is a leader in hyper-local news content through its News 12 Networks, which includes News 12 New Jersey, a 24-hour local news channel that provides news, weather, traffic, and sports to customers in New Jersey. News 12 features a robust interactive division including a website, on-demand channel, and mobile app. Altice News products include i24NEWS and Cheddar, which completes its portfolio of hyperlocal, national, business and international news.
- ***Mobile:*** In 2019, Altice launched “Altice Mobile”—a mobile service that provides data, talk and text on an LTE network with nationwide coverage. Altice Mobile is available at a substantial discount to similar wireless offerings.
- ***Community:*** Altice is committed to giving back to the communities it serves by inspiring children through the real-world application of Science, Technology, Engineering & Math (STEM), by providing affordable connectivity options to qualified households through *Altice Advantage*, and by supporting development of digital literacy skills that promote the safe and appropriate use of technology through our Altice *Connect Smart* program. Altice also celebrates the diversity of our communities through national observances and partnerships with community organizations.
- ***Culture and Leadership:*** Altice’s *Diversity and Inclusion* program focuses on strengthening the Company’s relationship with its customer base and today’s talent audience. Altice has expanded *Altice Advantage* to include a larger group of former and current military personnel and expanded its partnerships with a number of organizations aimed at helping Altice hire more veterans. Altice is proud to have been recognized in recent months by the National Association for Multi-ethnicity in Communications as one of the ‘Top Companies for People of Color’ and by the Human Rights Campaign Foundation, for a second year in a row, as a ‘Best Places to Work for LGBTQ Equality.’

B. Service Electric

Service Electric Cable TV of NJ, Inc., headquartered in Sparta, NJ, is a provider of cable TV, broadband and voice service. Operating in Sussex, Warren, and Morris Counties in New Jersey for over 50 years, Service Electric serves twenty-eight communities and provides service via a HFC network with previously-mentioned services to residential, commercial, government

and other entities inside its service footprint. Specifically, Service Electric operates in the municipalities in New Jersey listed *supra*, note 1.

II. DESIGNATED CONTACTS

Questions, correspondence, or other communications concerning this Petition should be directed to the following contacts:

For Altice USA, Inc.:

Paul Jamieson
Robert Hoch
Altice USA
1 Ct Square W
Long Island City, NY 11101
Tel: (929) 418-4872
Paul.Jamieson@AlticeUSA.com
Robert.Hoch@AlticeUSA.com

With copies to:

Luke C. Platzer
Jenner & Block LLP
1099 New York Avenue, NW
Suite 900
Washington, DC 20001
Tel: (202) 639-6000
LPlatzer@jenner.com

And to:

Sidney A. Sayovitz
Schenck Price Smith & King LLP
220 Park Avenue
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Florham Park, New Jersey 07932
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sas@spsk.com

For Service Electric Cable T. V. of New Jersey, Inc.:

James E. Dunstan
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P.O. Box 6104

Springfield, VA 22150-6104
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jdunstan@mobiustlegal.com

III. DESCRIPTION OF THE TRANSACTION

The Transfer will be effected via a straightforward asset purchase agreement between Service Electric and CSC TKR, with Mr. Edward Walson, Service Electric's controlling principal, serving as guarantor for a small subset of the obligations undertaken by Service Electric. Under the terms of the agreement, Service Electric agrees to assign substantially all of its assets,⁹ as well as certain liabilities,¹⁰ to CSC TKR. Most relevant here, the assigned assets include Service Electric's distribution networks and related facilities and infrastructure, as well as its franchises, licenses, and permits, including the franchises for the communities listed in Footnote 1. In exchange for the assignment of Service Electric's assets, CSC TKR agrees to pay Service Electric a set purchase price of \$150 million, subject to certain adjustments at and after the time of closing. The Transfer will not involve any merger or acquisition of Service Electric by CSC TKR or any other subsidiary of Altice USA.

IV. DESCRIPTION OF THE TRANSACTION FINANCING

The Transfer will be effected via a simple cash purchase of Service Electric's assets. CSC TKR will pay the agreed upon purchase price in full prior to closing. No party will undertake any new indebtedness to finance the Transaction; no party will issue or transfer any

⁹ The agreement excludes specific assets held by Service Electric from the transaction, including certain specified contracts, cash assets, insurance policies, real property, corporate seals and organizational documents, benefit plans and trusts, tax assets, and accounts receivable owned by Service Electric Company (the parent company of Service Electric). The complete list of excluded assets is set forth in Section 2.02 of the agreement. Insofar as the excluded assets include assets and contracts currently used by Service Electric to meet its own legal and regulatory obligations relating to the cable systems, such as performance bonds and insurance policies required of cable television companies under the Board's rules, Altice and CSC TKR will ensure compliance with all applicable requirements before consummation.

¹⁰ The complete list of liabilities to be assumed by CSC TKR is set forth in Section 2.03 of the agreement.

stock to finance this Transaction; and no assets of any party are being offered as security for any new indebtedness as a result of this Transaction.

V. ALTICE POSSESSES THE REQUISITE LEGAL, TECHNICAL, AND FINANCIAL QUALIFICATIONS TO OPERATE THE FRANCHISES CURRENTLY HELD BY SERVICE ELECTRIC

Altice possesses the requisite legal, technical, and financial qualifications to operate the franchises to be transferred from Service Electric to Altice. Indeed, Altice already serves approximately 178 communities in New Jersey and has a proven track record of providing reliable service in those communities. In total, Altice currently serves nearly 5 million residential and business customers across 21 states and offers a wide variety of advanced and innovative services.¹¹ With the current Service Electric footprint under the control of Altice's management team, Altice will have both the incentives and resources to offer Altice's advanced suite of offerings to homes and businesses in twenty-eight additional communities in New Jersey. That same management team has been highly regarded; in 2019, Multichannel News named Altice "Distributor of the Year."¹²

Altice's technical capabilities are also further confirmed by its experience in substantially increasing broadband speeds since it acquired Cablevision in 2016. Altice's current services offer NJ customers download speeds ranging from 20 Mbps to 400 Mbps for residential HFC customers. Indeed, a report published by the FCC found that Altice is one of the best performing Internet Service Providers in the U.S.¹³

¹¹ *Id.*; see also *supra* Part I.A.

¹² See Mike Farrell, *Model Behavior: Altice USA turns the U.S. Cable model on its ear with a distinct European focus*, Multichannel News (Sept. 16, 2019), <https://www.multichannel.com/news/model-behavior>.

¹³ Federal Communications Commission, *Eighth Measuring Broadband America Fixed Broadband Report* at 15 (Dec. 14, 2018) (available at <https://data.fcc.gov/download/measuring-broadband-america/2018/2018-Fixed-Measuring-Broadband-America-Report.pdf>).

VI. THE TRANSACTION WILL BRING SUBSTANTIAL BENEFITS TO THE PUBLIC INTEREST IN THE STATE OF NEW JERSEY

The proposed Transfers will generate substantial public interest benefits for Service Electric's customers in New Jersey.

A. Altice Will Bring Innovative Service Offerings to New Jersey Customers

Altice has deployed a number of innovative service offerings to its customers, which Altice intends to make available in Service Electric's legacy footprint, after necessary technical and operational work dedicated to migration of the Service Electric customers and network to the Altice network, IT and billing platforms, and contingent on technical and marketplace conditions. These benefits include a mix of cable video services subject to the Board's oversight as well as non-video services, which are not subject to Board regulation but which will offer the potential to benefit consumers in the relevant communities. In particular, the Transaction offers the potential for Altice to:

- *Video*: Offer the suite of video tiers available in other portions of Altice's NJ service territory and make available Altice One in the subject communities.
- *Broadband*: Upgrade the Service Electric network to deploy current DOCSIS specifications, enabling higher speeds than currently available, and examine deployment of FTTH in the subject communities over time.
- *Mobile*: Offer Altice Mobile, giving Service Electric customers another choice in wireless, at a pro-consumer price point.
- *Altice News*: Continue to carry and enhance local coverage on News12 and make i24NEWS and Cheddar available to customers in the Service Electric communities.

In sum, Altice's acquisition of Service Electric's cable systems and related assets will offer the residents of Sussex, Warren and Morris counties innovative video offerings as well as a suite of broadband, telephone, and mobile services. Thus, the Transfers will benefit residents and businesses currently served by Service Electric.

VII. APPLICABLE NEW JERSEY ADMINISTRATIVE CODE REQUIREMENTS

A. N.J.A.C. 14:17-6.8 Requirements

1. An affidavit from Service Electric reflecting that it has provided Altice copies of certificates of approval and municipal consent ordinances being transferred is attached as Exhibit B. *See* N.J.A.C. 14:17-6.8(a)(1) & (a)(2).

2. An affidavit from Altice reflecting that it has received from Service Electric copies of each certificate and municipal consent being transferred is attached as Exhibit C. *See* N.J.A.C. 14:17-6.8(a)(1) & (a)(2).

3. A map showing the current service being supplied by Service Electric is being prepared, and will be provided (via a supplement) as Exhibit D. *See* N.J.A.C. 14:17-6.8(a)(4).

4. The names of all cable television companies operating in areas contiguous to that served by transferor under the authorizations involved in this Petition, *see* N.J.A.C. 14:17-6.8(a)(5), are as follows: Altice, Comcast, Verizon.

5. A current schedule of prices, rates, terms and conditions charged for Service Electric's service offerings is attached as Exhibit E. *See* N.J.A.C. 14:17-6.8(a)(6).

6. The officers, directors and principal stockholders holding more than 5% of the voting interest of Petitioner CSC TKR, LLC are set forth in Exhibit 4 to the attached FCC Form 394, which also identifies such information for its ultimate parent Altice USA, Inc. *See* N.J.A.C. 14:17-6.8(a)(7).

7. A copy of the final asset purchase agreement and relevant disclosure schedules is referenced in Exhibit 2 (and appended as Appendix A) to the FCC Form 394, which is attached as Exhibit A to this Petition. *See* N.J.A.C. 14:17-6.8(a)(8).

8. An affidavit by the transferor as to the existence of any judgments, tax claims, of Federal, State, municipal governments or liens against the transferor or property, or equipment

involved in, or associated with the proposed transfer is attached as Exhibit B. *See* N.J.A.C. 14:17-6.8(a)(9).

9. For information concerning Altice's financial condition and qualifications sufficient to meet N.J.A.C. 14:17-6.8(a)(10), see Altice's SEC filings. A copy of Altice's most recent SEC Form 10-K filing for 2019 is available at:

<http://d18m0p25nwr6d.cloudfront.net/CIK-0001702780/270833fe-3f17-4cd7-b6a4-bfaa40455731.pdf>.

10. For a statement of Altice's technical qualifications to operate and maintain the cable television operation and to provide safe, adequate and proper service, *see* N.J.A.C. 14:17-6.8(a)(10), *see* Part V, *supra*.

11. An affidavit from Service Electric that all commitments contained in the current certificate of approval(s), municipal consent ordinance(s) and application(s) for municipal consent have been completed is attached as Exhibit B. *See* N.J.A.C. 14:17-6.8(a)(11).

12. Service of notice of the proposed transfer to subscribers will be effected shortly, and Petitioners will promptly provide proof of service to the Board once complete. *See* N.J.A.C. 14:17-6.8(a)(13).

13. Service of notice of the proposed transfer to all electric and telephone utilities serving the area, and upon all cable television companies required to be notified, will be effected shortly, and Petitioners will promptly provide proof of service to the Board once complete. *See* N.J.A.C. 14:17-6.8(b).

14. Service of notice of the proposed transfer to the clerk of each municipality being served by Service Electric will be effected shortly, and Petitioners will promptly provide proof of service to the Board once complete. *See* N.J.A.C. 14:17-6.8(b).

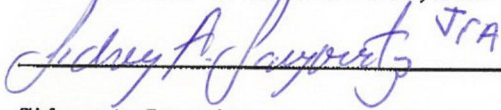
14. Service of notice of the proposed transfer to other owners or managers of the public rights of way, if any, will be effected shortly, and Petitioners will promptly provide proof of service to the Board once complete. *See* N.J.A.C. 14:17-6.8(d).

VIII. CONCLUSION

Altice has a relentless focus on innovating to improve service for its customers. Its proven track record demonstrates that Altice has the requisite legal, technical, and financial capability to assume operation of the legacy footprint of Service Electric. And the improved service offerings to homes and businesses within twenty-eight additional New Jersey communities, along with improved economies of scale, show that the Transaction is in the public interest. Petitioners therefore request that the Board issue an order approving the proposed transfer of certificates of approval from Service Electric to CSC TKR.

Dated: March 5, 2020

CSC TKR, LLC, A WHOLLY-OWNED
SUBSIDIARY OF ALTICE USA, INC.



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Paul.Jamieson@AlticeUSA.com
Robert.Hoch@AlticeUSA.com

Counsel for CSC TKR and Altice

Respectfully submitted,

SERVICE ELECTRIC CABLE T. V. OF
NEW JERSEY, INC



Michael P. Meliti, Esq.
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365 W. Passaic Street, Suite 130
Rochelle Park, New Jersey 07662
Tel: (201) 947-4100
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Counsel for Service Electric

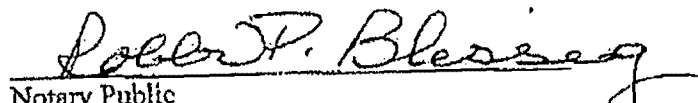
VERIFICATION

STATE OF N.J. §
COUNTY OF Sussex §

I, Robert H. Williams, Jr., state that I am General Counsel of Service Electric Cable T.V. of New Jersey, Inc. ("Service Electric"); that I am authorized to make this Verification on behalf of Service Electric; that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to Service Electric are true and correct to the best of my knowledge, information, and belief.


Robert H. Williams, Jr.

Sworn and subscribed before me this 5 day of March, 2020.


Notary Public

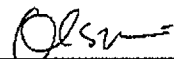
My commission expires Sept. 19, 2023.

Robbin P. Blessing
Notary Public
State of New Jersey - Sussex County
My Commission Expires Sept. 19, 2023

VERIFICATION

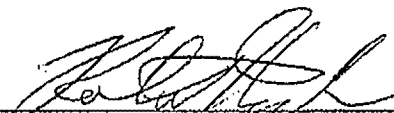
STATE OF NEW YORK §
COUNTY OF QUEENS §

I, Michael Olsen, state that I am Executive Vice President, General Counsel and Secretary of CSC TKR, LLC ("CSC TKR"); that I am authorized to make this Verification on behalf of CSC TKR; that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to CSC TKR are true and correct to the best of my knowledge, information, and belief.



Michael Olsen

Sworn and subscribed before me this 5th day of March, 2020.



Notary Public

My commission expires Feb. 17, 2022.

ROBERT HOCH
NOTARY PUBLIC, STATE OF NEW YORK
NO. 02HO6002764
QUALIFIED IN WESTCHESTER CO.
COMMISSION EXPIRES FEB. 17 2022