

August 28, 2020

**VIA ELECTRONIC MAIL**

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

**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.**

**BPU Docket No. CM20030211**

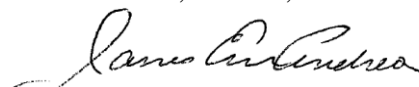
Dear Ms. Camacho-Welch:

On behalf of CSC TKR, LLC (“Altice USA, Inc.”), in accordance with the Board’s directives in the above-captioned matter, we have attached an independent Auditors’ Report prepared by KPMG LLP for Service Electric Cable T.V and a document entitled “AUSA Preliminary Purchase Price Allocation – Service Electric of New Jersey”. We are also enclosing two affidavits substantiating confidential treatment of sections of the above-referenced documents. The confidential versions of the Audit Report and the price allocation document will be sent to Director Lawanda Gilbert in a separate email.

Be advised that the purchase price allocation document sets forth Altice’s preliminary allocation and is subject to adjustments. However, Altice does not expect any changes to be material.

Respectfully submitted,

SCHENCK, PRICE, SMITH & KING, LLP



James Eric Andrews

cc: Paul Jamieson, Altice, VP Gov. Affairs  
Lawanda Gilbert, Director  
Maria Novas-Ruiz, Esq., Rate Counsel  
Chris Ortiz, Esq., Altice USA  
Marilyn Davis, Altice USA



would allow competitors to access competitively sensitive proprietary information and, for this reason, has redacted all the financial data in said report.

4. The information in the Auditors' Report is highly confidential and proprietary in nature. Armed with knowledge of the data set forth therein, a competitor could develop targeted market and investment strategies, including plans that could have a detrimental impact on Altice's competitive position. Therefore, public disclosure of certain information in the Auditors' Report would be of benefit to Altice's competitors because of its inherent commercial value, causing a potential substantial detrimental impact on Altice's financial position.

5. To my knowledge, the Auditors' Report has not been divulged to the general public. Altice will be taking precautions to make sure that this document does not enter the public domain.

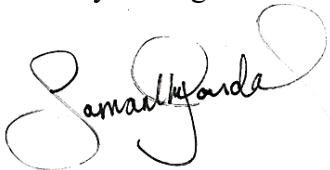
6. Maintaining the confidentiality of the Auditors' Report will not harm the public.

7. In view of the foregoing, it is clear the Auditors' Report contains proprietary confidential financial information, which if disclosed, could give competitors an undue competitive advantage with a potential adverse impact on Altice's financial position. For the reasons outlined above, continued confidential treatment for at least five years from the date of this affidavit is required.



**Paul Jamieson**

Sworn before me this  
28th day of August 2020



**Notary Public**

**SAMANTHA M. PAROAL**  
Notary Public, State of New York  
No. 01PA6275026  
Qualified in Nassau County  
Commission Expires: January 14, 2021

**SCHENCK, PRICE, SMITH & KING, LLP**  
220 Park Avenue  
P.O. Box 991  
Florham Park, New Jersey 07932  
(973) 539-1000  
Attorneys for CSC TKR, LLC

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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.

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:  
: **AFFIDAVIT OF**  
: **PAUL JAMIESON**  
:  
:

**BPU DOCKET NO.: CM20030211**

**STATE OF NEW YORK** :  
: **ss:**  
**COUNTY OF NASSAU** :

**I, PAUL JAMIESON**, being of full age, being duly sworn, deposes and says:

1. I am Vice President, Government Affairs, for CSC TKR, LLC (hereinafter “Altice”). I am familiar with the information referenced in this affidavit. If called as a witness, I could and would testify competently to the same.

2. I submit this affidavit in support of Altice’s request for confidential and proprietary treatment of information in a document entitled “AUSA Preliminary Purchase Price Allocation – Service Electric of New Jersey” (hereinafter “the Purchase Price Allocation Document”) submitted to the N.J. Board of Public Utilities on August 28, 2020 in accordance with the Board’s directives in the above-captioned matter.

3. The Purchase Price Allocation Document sets forth competitively sensitive financial information in connection with Altice's acquisition of Service Electric Cable T.V. of New Jersey, Inc.'s Certificates of Approval, including, but not limited to, dollar amounts relating to receivables, accounts payable, property, plant and equipment, franchise rights, subscriber payments and wages. Altice is concerned that release of this detailed information to the public would allow competitors to access competitively sensitive proprietary information and, for this reason, has redacted all the financial data in the Purchase Price Allocation Document.

4. The information in the Purchase Price Allocation Document is highly confidential and proprietary in nature. Armed with knowledge of the data set forth therein, a competitor could develop targeted market and investment strategies, including plans that could have a detrimental impact on Altice's competitive position. Therefore, public disclosure of the Purchase Price Allocation Document would be of benefit to Altice's competitors because of its inherent commercial value, causing a potential substantial detrimental impact on Altice's financial position.

5. To my knowledge, the Purchase Price Allocation Document has not been divulged to the general public. Altice will be taking precautions to make sure that this document does not enter the public domain.

6. Maintaining the confidentiality of the Purchase Price Allocation Document will not harm the public.

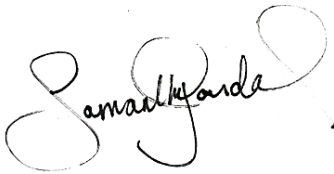
7. In view of the foregoing, it is clear the Purchase Price Allocation Document contains proprietary confidential financial information, which if disclosed, could give competitors an undue competitive advantage with a potential adverse impact on Altice's financial position. For the reasons outlined above, continued confidential treatment for at least five years from the date of this affidavit is required.



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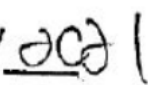
**Paul Jamieson**

Sworn before me this  
28th day of August 2020



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Notary Public

SAMANTHA M. PARDAL  
Notary Public, State of New York  
No. 01PA6275026  
Qualified in Nassau County  
Commission Expires: January 14, 2021 

***REDACTED VERSION***

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

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KPMG LLP  
Suite 200  
1305 Walt Whitman Road  
Melville, NY 11747-4302

## **Independent Auditors' Report**

The Board of Directors  
Service Electric Cable T.V. of New Jersey, Inc.:

### *Report on Statement of Income*

We have audited the accompanying statement of income of Service Electric Cable T.V. of New Jersey, Inc. for the year ended September 30, 2019, and the related notes.

### *Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*



**KPMG**

Melville, New York  
July 13, 2020



***REDACTED VERSION***

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

**STATEMENT OF INCOME**

**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Revenues	\$	
Operating expenses:		
Programming and other direct costs		
Other operating expenses		
Depreciation and amortization		
Total operating expenses		
Operating income		
Other income		
Interest income		
Total other income		
Income before income taxes		
Income tax expense		
Net income	\$	

**SERVICE ELECTRIC CABLE T.V. OF NEW JERSEY, INC.  
NOTES TO FINANCIAL STATEMENT**

Notes: (a) **DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION:**

Service Electric Cable T.V. of New Jersey, Inc. ("the Company") is a subsidiary of Service Electric Television, Inc. The Company operates cable television systems and also provides high speed internet and digital phone services primarily in Sussex County, New Jersey. On February 12, 2020, the Company entered into an Asset Purchase Agreement (the "Purchase Agreement") with CSC TKR, LLC, a subsidiary of Altice USA, to sell all of their assets, properties and rights of every kind and nature, which relate to or are used or held for use in connection with the Business (as defined). These financials have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and pursuant to the provisions of the Purchase Agreement.

(b) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

- (1) The Company recognizes pay television, broadband, and telephony services revenues as the services are provided to customers. Installation revenue for the Company's pay television, broadband and telephony services is recognized as installations are completed, as direct selling costs have exceeded this revenue in all periods reported. Advertising revenues are recognized when commercials are aired.

Revenues derived from other sources are recognized when services are provided, or events occur.

- (2) Programming expenses related to the Company's pay television service represent fees paid to programming distributors to license the programming distributed to customers. This programming is acquired generally under multi-year distribution agreements, with rates usually based on the number of customers that receive the programming.
- (3) Depreciation on plant and equipment is calculated on the straight-line basis over the estimated useful lives of the assets.

Expenditures for ordinary maintenance and repairs are charged to expense.

- (4) Advertising - Advertising costs are expensed in the year incurred. [REDACTED]

- (5) Income taxes - The Company's provision for income taxes is based on current period income, changes in deferred tax assets and liabilities. Deferred tax assets are subject to an ongoing assessment of realizability.

- (6) Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**SERVICE ELECTRIC CABLE T.V. OF NEW JERSEY, INC.  
NOTES TO FINANCIAL STATEMENT**

Notes: (b) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

- (7) The Company is assessed non-income related taxes by governmental authorities, including franchising authorities (generally under multi-year agreements), and collects such taxes from its customers. In instances where the tax is being assessed directly on the Company, amounts paid to the governmental authorities are recorded as programming and other direct costs and amounts received from

[REDACTED]

(c) **AFILLIATE AND RELATED PARTY TRANSACTIONS:**

[REDACTED]

[REDACTED]

[REDACTED]

(d) **INCOME TAX EXPENSE:**

The Company files a consolidated federal income tax return with its parent company. The provision for income tax (expense) consists of the following:

<u>Current</u>	
Federal	[REDACTED]
State	[REDACTED]
<hr/>	
<u>Deferred</u>	
Federal	[REDACTED]
State	[REDACTED]
<hr/>	
Total	[REDACTED]

**SERVICE ELECTRIC CABLE T.V. OF NEW JERSEY, INC.**  
**NOTES TO FINANCIAL STATEMENT**

The deferred tax provision represents the effects of changes in the amounts of temporary differences. The types of temporary differences that give rise to significant portions of the deferred tax provision are pensions, non-vested compensation and depreciation.

[illegible]

**SERVICE ELECTRIC CABLE T.V. OF NEW JERSEY, INC.**  
**NOTES TO FINANCIAL STATEMENT**

The Company evaluates performance based on several factors, of which the primary financial measure is Adjusted EBITDA (as defined in the Purchase Agreement), a non-GAAP measure. The Company has presented the components that reconcile Adjusted EBITDA to net income, an accepted GAAP measure as follows:

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**SERVICE ELECTRIC CABLE T.V. OF NEW JERSEY, INC.  
NOTES TO FINANCIAL STATEMENT**

Notes:     **(f) SUBSEQUENT EVENTS:**

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through July 13, 2020, the date the financial statements were available to be issued.

In March 2020, the United States declared a national emergency concerning the outbreak of the coronavirus ("COVID-19"). There have also been extraordinary and wide-ranging actions taken by federal, state and local governmental authorities to contain and combat the outbreak and spread of the virus. We have continued to provide our telecommunications services to our customers during this pandemic. We expect that our future results may be impacted, including if residential or business customers discontinue their service or are unable to pay for our products and services, or if advertising revenue declines. Additionally, in order to prioritize the demands of the business, we may delay certain capital investments. Due to the uncertainty surrounding the magnitude and duration of business and economic impacts relating to COVID-19, including the effort to contain and combat the spread of the virus, and business impacts of government actions, we currently cannot reasonably estimate the ultimate impact of COVID-19 on our business.

**REDACTED VERSION**

Altice USA, Inc.  
SECO Preliminary Purchase Price Allocation  
July 2020

**AUSA Preliminary Purchase Price Allocation - Service Electric of New Jersey**

Dr.	Receivables	\$	
	Property, plant and equipment		
	Customer relationships		
	Franchise rights		
	Goodwill		
Cr.	Accounts payable		\$
	Subscribers' advance payments		
	Accrued wages and withholdings		
	Accrued privilege fees		
	Other Liabilities		
	Cash (consideration paid)		