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BOARD OF PUBLIC UTILITIES
MAIL ROOM

June 24, 2016

Via Electronic Mail & Federal Express
Ms. Irene Asbury, Secretary
Board of Public Utilities
44 South Clinton Avenue
Trenton, NJ 08625

RE: Post-Closing Filings Under the Board's Order in I/M/O the Petition of Altice N.V. and Cablevision Systems Corporation and Cablevision Cable Entities for the Approval to Transfer Control of Cablevision Cable Entities and Certain Financing
BPU Docket Nos.: CM 15111255 and TM15111256

Dear Ms. Asbury:

Please be advised that the merger and financing transactions authorized by the Board in the above-captioned matters were consummated on June 21, 2016. We are enclosing copies of the required approvals issued by the federal and state agencies having jurisdiction over the aforementioned transactions. In addition, as expected and consistent with the rating agencies' actions in September 2015 (after the announcement of the transaction), S&P Global Ratings on June 21, 2016 changed its corporate credit rating on Cablevision Systems Corp. from B to BB-, and this letter serves as notification to the Board consistent with the conditions in the merger.

We look forward to continuing our productive engagement with the Board on the implementation of conditions contained in the merger approval.

Sincerely yours,

SCHENCK, PRICE, SMITH & KING, LLP

Sidney A. Sayovitz
Counsel for Petitioners

Encs.

cc: Lawanda Gilbert, Director, Office of Cable Television (via e-mail only)
Paul Flanagan, Executive Director, Board of Public Utilities (via e-mail only)
Christopher Psihoules, Deputy Attorney General (via e-mail only)

Case mgmt - full
Legal - ltr
L. Gilbert - full

{01651497;1 /SAS }

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Applications Filed by Altice N.V. and Cablevision Systems Corporation to Transfer Control of Authorizations from Cablevision Systems Corporation to Altice N.V.	)	WC Docket No. 15-257

MEMORANDUM OPINION AND ORDER

Adopted: May 3, 2016 **Released: May 3, 2016**

By the Chief, Wireline Competition Bureau; Chief, International Bureau; Chief, Media Bureau; and Chief, Wireless Telecommunications Bureau:

I. INTRODUCTION

1. Altice N.V. (Altice) and Cablevision Systems Corporation (Cablevision, and together with Altice, Applicants) filed a series of applications pursuant to sections 214 and 310(d) of the Communications Act of 1934, as amended (Act) in connection with Altice's acquisition of Cablevision and certain subsidiaries.[1] We find that approval of the applications will serve the public interest, convenience, and necessity and hereby grant the applications subject to the condition requested by the Executive Branch Agencies set forth below.

2. On November 5, 2015, the Wireline Competition Bureau, International Bureau, Media Bureau, and Wireless Telecommunications Bureau released a Public Notice seeking comment on the proposed transaction.[2] In response to the Public Notice, four entities opposed or expressed concern about

[1] 47 U.S.C §§ 214, 310(d). *See* Applications for Authority Pursuant to Section 214 of the Communications Act of 1934, as Amended, to Transfer Control of Authorizations from Cablevision Systems Corporation to Altice N.V., WC Docket No. 15-257 (filed Oct. 14, 2015) (Application), http://apps.fcc.gov/ecfs/document/view?id=60001329304. Applicants filed updated ownership information on November 2, 2015. *See* Letter from Yaron Dori, Counsel to Altice N.V., to Marlene H. Dortch, Secretary, FCC, WC Docket No. 15-237 (filed Nov. 2, 2015) (Applicants' November 2, 2015 Update).

[2] *Applications Filed for Transfer of Control of Cablevision Systems Corporation to Altice N.V.*, Public Notice, 30 FCC Rcd 12373 (WCB, IB, MB, WTB 2015) (listing all authorizations and licenses to be transferred or assigned). Applicants state that proceedings at the New York State Department of Public Service Commission (NY PSC) and New Jersey Board of Public Utilities are pending. Applicants further state that they have provided notice of the transfer of control of the telephone certificate of public convenience and necessity of Cablevision to the Connecticut Public Utility Regulatory Authority. Letter from Yaron Dori, Counsel for Altice N.V., to Marlene H. Dortch, Secretary, FCC, WC Docket No. 15-257, at 2 (filed Feb. 25, 2016) (Response to Information Request) (citing *Joint Petition of Altice N.V. and Cablevision Systems Corporation and Subsidiaries for Approval of a Holding Company Level Transfer of Control of Cablevision Lightpath, Inc. and Cablevision Cable Entities, and for Certain Financing Arrangements*, Case No. 15-M-0647 (NY PSC filed Nov. 4, 2015) (*NY PSC Proceeding*); *Joint Petition of Altice N.V. and Cablevision Systems Corporation and Subsidiaries*, Case No. TM15111256 (NJ BPU 2015)). Our review of applications filed with the Commission does not affect the states' independent proceedings on the proposed transaction, nor do we intend any finding in this Memorandum Opinion and Order to pre-judge the states' independent consideration of matters before them under applicable state law or precedent, which may differ from our standard of review. On November 4, 2015, the U.S. Department of Justice (DOJ) granted early termination of

(continued…)

the transaction.[3] On December 16, 2015, DOJ, the U.S. Department of Justice, including the Federal Bureau of Investigation, with the concurrence of the U.S. Department of Homeland Security and the U.S. Department of Defense (collectively, the Executive Branch Agencies) filed a letter requesting that the Commission defer action until the Executive Branch Agencies completed their review of the transaction for matters related to "national security, law enforcement, and public safety issues."[4] On April 20, 2016, the Executive Branch Agencies advised the Commission that they have no objection to grant of the applications provided that we condition it on compliance by Altice and Cablevision with the commitments and undertakings set forth in the April 18, 2016 Letter of Agreement (2016 LOA) from the Applicants and Cequel Corporation d/b/a Suddenlink Communications (Cequel) to the DOJ, pursuant to which Applicants are bound by the definitions, rights, and obligations contained in the December 11, 2015 National Security Agreement (2015 NSA) between Altice, Cequel, and the DOJ.[5]

3. We have carefully reviewed the record, including supplemental information filed and verified by Applicants that we requested.[6] Based on our analysis, we find that the likely public interest benefits outweigh any potential public interest harms. Accordingly, we conclude that the transaction, on balance, serves the public interest, and we consent to the proposed assignments and transfers of control subject to compliance by Altice and Cablevision with the terms of the 2016 LOA and 2015 NSA.

II. BACKGROUND

A. Description of the Applicants

1. Altice N.V.

4. Altice, a publicly-traded holding company incorporated in the Netherlands, operates, through its subsidiaries, as a provider of fixed and mobile voice, video, and broadband services in France, Belgium, Luxembourg, Portugal, Switzerland, Israel, the French Caribbean and Indian Ocean regions, the Dominican Republic, and—more recently—the United States.[7] Altice serves approximately 34.5 million subscribers worldwide.[8] On December 18, 2015, the Commission granted the applications of Altice and Cequel Corporation d/b/a Suddenlink Communications (Suddenlink) seeking approval for the assignment and transfer of control of licenses held by Suddenlink to Altice.[9] The acquisition of Suddenlink marked

(Continued from previous page)
its pre-merger review under the Hart-Scott-Rodino Antitrust Improvement Act of 1975. Early Termination Notice, https://www.ftc.gov/enforcement/premerger-notification-program/early-termination-notices/20160027.

[3] *See* Communications Workers of America (CWA) Petition; MFRConsulting Comments; Zoom Telephonics, Inc. (Zoom) Comments; Cogent Communications, Inc. (Cogent) Comments; Joint Reply Comments of Altice and Cablevision (Applicants' Reply); Zoom Telephonics, Inc. Reply; MFRConsulting Reply. We agree with Applicants that MFRConsulting is required to sign its pleadings in accordance with section 1.52 of the Commission's rules, which it has not done for all submissions it has made in this proceeding. Applicants' Reply at 2 (citing 47 CFR § 1.52, which requires that all pleadings submitted to the Commission be signed by an attorney or, if not signed by an attorney, verified by the party submitting it to the Commission). The Commission requires pleadings to be signed to be part of a full evidentiary record, and because MFRConsulting repeated its general arguments in signed submissions, *see, e.g.*, MFRConsulting's Feb. 19, 2016 Submission at 2, we address its objections below.

[4] *See* Letter from Kristin A. Taylor, Attorney, U.S. Department of Justice, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 15-257 (filed Dec. 16, 2015).

[5] *See infra* Section III.D.

[6] *See supra* note 2.

[7] Application at 4.

[8] *Id.*

[9] *See Applications Filed by Altice N.V. and Cequel Corporation d/b/a Suddenlink Communications to Transfer Control of Authorizations from Suddenlink Communications to Altice N.V.*, WC Docket No. 15-135, Memorandum Opinion and Order, 30 FCC Rcd 14352 (WCB, IB, MB, WTB 2015) (*Suddenlink/Altice Order*).

Altice's entry into the United States, as neither Altice, nor any of its subsidiaries, had any other U.S. operations prior to the consummation of the Altice/Suddenlink transaction.[10] Suddenlink offers cable television, broadband, interconnected Voice over Internet Protocol (VoIP), and certain competitive telecommunications services to 1.5 million customers in seventeen southern and western states. The footprint of Suddenlink's network does not overlap in whole or in part with that of Cablevision, and the two companies do not operate in any of the same markets.[11]

2. Cablevision Systems Corporation

5. Cablevision offers digital television, Internet services, and VoIP service to approximately 3.1 million subscribers in New York, New Jersey, and Connecticut.[12] Cablevision also operates a network of over 1 million Wi-Fi Internet access points across the Cablevision footprint. Cablevision's subsidiary, Cablevision Lightpath, Inc., offers competitive telecommunications services to companies in the New York Metro area[13] and also owns Cablevision Media Sales, the company's advertising sales division. Cablevision provides news and information in its service area through the News 12 programming networks; Newsday, a Long Island daily newspaper; amNewYork, a free daily serving New York City; and Star Community Publishing, a publisher of weekly shoppers and community papers on Long Island.[14]

B. Description of the Transaction

6. Applicants state that on September 16, 2015, Cablevision and Altice entered into an Agreement and Plan of Merger (Agreement) pursuant to which Altice would acquire 100 percent of the shares of Cablevision.[15] Applicants state that "Altice has formed a chain of three wholly owned Dutch subsidiaries, with each subsidiary wholly owning the next and the lowest level entity wholly owning a newly formed Delaware corporation, Neptune Holding US Corp."[16] Applicants represent that Neptune Holding US Corp. wholly owns Neptune Merger Sub Corp. (Merger Sub), also a Delaware corporation.[17] Applicants state that "Merger Sub will be merged with and into Cablevision, after which point Merger Sub will no longer exist as a separate entity."[18] Applicants further state that "Cablevision will be the surviving corporation; it will be 100 percent directly owned by Neptune Holding US Corp. and 100 percent indirectly owned by Altice."[19] After consummation of the proposed transaction, Cablevision would ultimately be majority owned and controlled by Patrick Drahi, a citizen of Israel (approximately a 60.45 percent interest through his indirect ownership interest in Altice).[20]

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[10] Application at 4. Altice states that it consummated the Suddenlink transaction on December 21, 2015. Letter from Yaron Dori, Counsel to Altice N.V., to Marlene H. Dortch, Secretary, FCC, WC Docket No. 15-135 (filed Jan. 20, 2016).

[11] Application at 4; *see also Suddenlink/Altice Order*, 30 FCC Rcd at 14354, para. 5.

[12] Application at 4-5. Cablevision also serves a single franchise community in Pennsylvania. *Id.*

[13] Applicants define the New York Metro area as Cablevision's service region in the Bronx, Brooklyn, Long Island, Greater Hudson Valley, Northern New Jersey, and Southern Connecticut. *Id.* at 5 n.1.

[14] Applicants state that Altice's acquisition of Cablevision excludes any interest in Cablevision's programming interests, MSG Networks and AMC Networks, Inc. *Id.* at 7.

[15] *Id.* at 5.

[16] *Id.*

[17] *Id.*

[18] Application at 5.

[19] *Id.*

[20] Applicants provided organizational charts depicting pre-closing and post-closing ownership chains. *See* Application at Attach. A. On November 2, 2015, Applicants also stated, "CPP Investment Board, a Canada-

(continued...)

III. DISCUSSION

A. Standard of Review

7. Pursuant to sections 214(a) and 310(d) of the Act, we must determine whether the Applicants have demonstrated that the proposed transfer of control of licenses and authorizations will serve the public interest, convenience, and necessity. In making this determination, we assess whether the proposed transaction complies with the specific provisions of the Act,[21] other applicable statutes, and the Commission's rules.[22] If the transaction does not violate a statute or rule, we consider whether the transaction could result in public interest harms by substantially frustrating or impairing the objectives or implementation of the Act or related statutes.[23] We then employ a balancing test weighing any potential public interest harms of the proposed transaction against any potential public interest benefits.[24] The Applicants bear the burden of proving, by a preponderance of the evidence, that the proposed transaction, on balance, serves the public interest.[25]

8. The Commission's public interest evaluation necessarily encompasses the "broad aims of the Communications Act," which include, among other things, a deeply rooted preference for preserving and enhancing competition, accelerating private sector deployment of advanced services, promoting a diversity of information sources and services to the public, and generally managing the spectrum in the public interest.[26] Our public interest analysis also entails assessing whether the proposed transaction would affect the quality of communications services or result in the provision of new or additional services to consumers.[27] In conducting this analysis, we may consider technological and market changes, and the nature, complexity, and speed of change of, as well as trends within, the communications industry.[28]

9. The Commission's competitive analysis, which forms an important part of the public interest evaluation, is informed by, but not limited to, traditional antitrust principles.[29] The Commission and the DOJ each has independent authority to examine the competitive impacts of proposed communications mergers and transactions involving transfers of Commission licenses, but the standards

(Continued from previous page)
organized investment management organization that invests the assets of the Canada Pension Plan ('CPPIB'), and a group of limited partnerships formed under the laws of Guernsey, U.K., and associated with BC Partners Holdings Limited ('BC Partners') had the option to indirectly purchase a combined total of up to a 30 percent interest in Cablevision in connection with the Transaction. CPPIB and BC Partners have now exercised that option." Applicants' November 2, 2015 Update at 1.

[21] Section 310(d) requires that we consider applications as if the proposed transferee were applying for the licenses directly. 47 U.S.C. § 310(d); *see Applications of AT&T, Inc. and DIRECTV for Consent to Assign or Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 30 FCC Rcd 9131, 9139, para. 18 n.35 (2015) (*AT&T/DIRECTV Order*); *AT&T Inc. and BellSouth Corporation Application for Transfer of Control*, Memorandum Opinion and Order, 22 FCC Rcd 5662, 5672, para. 19 (2007) (*AT&T/BellSouth Order*).

[22] *See AT&T/DIRECTV Order*, 30 FCC Rcd at 9139-40, para. 18 (and cases cited therein); *Applications filed by Qwest Communications International Inc. and CenturyTel, Inc. d/b/a CenturyLink for Consent to Transfer Control*, Memorandum Opinion and Order, 26 FCC Rcd 4194, 4199, para. 7 (2011).

[23] *See AT&T/DIRECTV Order*, 30 FCC Rcd at 9139-40, para. 18 (and cases cited therein).

[24] *Id.*

[25] *Id.*

[26] *Id.* at 9140, para. 19.

[27] *Id.*

[28] *Id.*

[29] *See AT&T/DIRECTV* Order, 30 FCC Rcd at 9140-41, para. 20 (and cases cited therein).

governing the Commission's competitive review differ somewhat from those applied by the DOJ.[30] The Commission, like the DOJ, considers how a transaction would affect competition by defining a relevant market, looking at the market power of incumbent competitors, and analyzing barriers to entry, potential competition, and the efficiencies, if any, that may result from the transaction.[31]

10. The DOJ, however, reviews telecommunications mergers pursuant to section 7 of the Clayton Act, and if it sues to enjoin a merger, it must demonstrate to a court that the merger may substantially lessen competition or tend to create a monopoly.[32] The DOJ review is consequently limited solely to an examination of the competitive effects of the acquisition, without reference to diversity, localism, or other public interest considerations.[33] The Commission's competitive analysis under the public interest standard is broader. For example, the Commission considers whether a transaction would enhance, rather than merely preserve, existing competition, and often takes a more expansive view of potential and future competition in analyzing that issue.[34]

11. Finally, the Commission's public interest authority and our extensive regulatory and enforcement experience enable us, where appropriate, to impose and enforce transaction-related conditions that ensure that the public interest is served.[35] Specifically, section 303(r) of the Act authorizes the Commission to prescribe restrictions or conditions not inconsistent with law that may be necessary to carry out the provisions of the Act.[36] Similarly, section 214(c) of the Act authorizes the Commission to attach to the certificate "such terms and conditions as in its judgment the public convenience and necessity may require."[37] In exercising this authority to carry out its responsibilities under the Act and related statutes, the Commission has imposed conditions to confirm specific benefits or remedy specific harms likely to arise from transactions.[38]

B. Applicants' Qualifications

12. As a threshold matter, we must determine whether the Applicants meet the requisite qualifications to hold, assign, and transfer licenses under section 310(d) of the Act and the Commission's rules. In general, when evaluating transfers or assignments under section 310(d), we do not re-evaluate

[30] *See, e.g., id.*

[31] *Id.*

[32] 15 U.S.C. § 18; *see also AT&T/DIRECTV Order,* 30 FCC Rcd at 9141, para. 21 (and cases cited therein).

[33] *See AT&T/DIRECTV Order,* 30 FCC Rcd at 9141, para. 21 (and cases cited therein).

[34] *Id.*

[35] *Id.* at 9141, para. 22; *see also Application of WorldCom, Inc. and MCI Communications Corporation for Transfer of Control of MCI Communications Corporation to WorldCom, Inc.*, Memorandum Opinion and Order, 13 FCC Rcd 18025, 18032, para. 10 (1998) (*WorldCom/MCI Order*) (stating that the Commission may attach conditions to the transfers); *see AT&T/DIRECTV Order,* 30 FCC Rcd at 9141, para. 22 (and cases cited therein).

[36] 47 U.S.C. § 303(r). *See AT&T/DIRECTV Order,* 30 FCC Rcd at 9141, para. 22 (and cases cited therein); *WorldCom/MCI Order*, 13 FCC Rcd at 18032, para. 10 (citing *FCC v. Nat'l Citizens Comm. for Broad.*, 436 U.S. 775 (1978) (upholding broadcast-newspaper cross-ownership rules adopted pursuant to section 303(r))); *United States v. Southwestern Cable Co.*, 392 U.S. 157, 178 (1968) (holding that section 303(r) permits the Commission to order a cable company not to carry broadcast signal beyond station's primary market); *United Video, Inc. v. FCC*, 890 F.2d 1173, 1182-83 (D.C. Cir. 1989) (affirming syndicated exclusivity rules adopted pursuant to section 303(r) authority).

[37] 47 U.S.C. § 214(c). *See also SBC Communications Inc. and AT&T Corp. Applications for Approval of Transfer of Control*, Memorandum Opinion and Order, 20 FCC Rcd 18290, 18303, para. 19 (2005).

[38] *Id.*

the qualifications of the transferor or assignor.[39] Exceptions to this rule occur where, for example, issues related to basic qualifications have been designated for hearing by the Commission or have been sufficiently raised in petitions to warrant the designation of a hearing.[40] The Commission has not designated any issues related to this transaction for hearing, and no commenters raised concerns regarding Cablevision's qualifications in the record. We therefore need not evaluate Cablevision's basic qualifications.

13. Section 310(d) also requires that the Commission consider the qualifications of the transferee or assignee as if it were applying for the license directly under section 308 of the Act.[41] Among the factors that the Commission considers in its public interest inquiry is whether the applicant has the requisite "citizenship, character, and financial, technical, and other qualifications."[42] No commenter has raised credible issues regarding Altice's specific qualifications, and we conclude, as we did in the *Suddenlink/Altice Order*, that Altice satisfies the qualification requirements of section 310(d).[43] We disagree with the unsupported allegations of MFRConsulting that the transaction would result in one individual, Patrick Drahi, as the ultimate owner of Altice, having too much control over important infrastructure.[44] We have previously consented to Altice's entrance into the U.S. market, and Altice has acquired and invested in communications companies in multiple countries. The record does not contain any evidence that Altice would fail to undertake the proposed transaction knowledgeably, responsively, and accountably to Cablevision's customers. CWA and MFRConsulting raise concerns related to the financing of the proposed transaction, itself, including whether it requires Applicants to assume too much debt leading to harmful effects on network investment, service quality, and jobs for the post-transaction Cablevision.[45] We address those issues below.

[39] *See, e.g., Applications of Sprint Nextel Corporation and Clearwire Corporation for Consent to Transfer Control of Licenses, Leases and Authorizations*, Memorandum Opinion and Order and Declaratory Ruling, 23 FCC Rcd 17570, 17582-83, para. 23 (2008) (*Sprint Nextel/Clearwire Order*); *Applications of Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings LLC For Consent To Transfer Control of Licenses, Authorizations, and Spectrum Manager and De Facto Transfer Leasing Arrangements*, Memorandum Opinion and Order and Declaratory Ruling, 23 FCC Rcd 17444, 17464, para. 31 (2008) (*Verizon Wireless/ALLTEL Order*).

[40] *See, e.g., Sprint Nextel/Clearwire Order*, 23 FCC Rcd at 17582-83, para. 23; *Verizon Wireless/ALLTEL Order*, 23 FCC Rcd at 17464, para. 31.

[41] 47 U.S.C. § 310(d).

[42] 47 U.S.C. §§ 308(b) ("All applications for station licenses, or modifications or renewals thereof, shall set forth such facts as the Commission by regulation may prescribe as to the citizenship, character, and financial, technical, and other qualifications of the applicant to operate the station . . ."), 310(d); 47 C.F.R. § 63.03(c)(1)(v) (stating that the Commission, acting through the Chief of the Wireline Competition Bureau, may determine that an application "requires further analysis to determine whether a proposed transfer of control would serve the public interest"). *See AT&T/BellSouth Order*, 22 FCC Rcd at 5756, para. 191; *Applications of SBC Communications Inc. and BellSouth Corporation for Consent to Transfer of Control or Assignment of Licenses and Authorizations*, Memorandum Opinion and Order, 15 FCC Rcd 25459, 25465, para. 14 (WTB, IB 2000).

[43] *Suddenlink/Altice Order*, 30 FCC Rcd at 14358, para. 15.

[44] MFRConsulting Comments at 5, 19. *But see Suddenlink/Altice Order*, 30 FCC Rcd at 14362, para. 23 (rejecting commenter concerns that Altice ownership is too far removed from domestic service territories and stating that "Altice has acquired and invested in companies in multiple countries, and the record does not contain any evidence that Altice will fail to undertake the proposed transaction in a manner that requires it to be knowledgeable, responsive, and accountable to the local community."). *See, e.g., Applications of Softbank Corp., Starburst II, Inc., Sprint Nextel Corporation, and Clearwire Corporation for Consent to Transfer Control of Licenses and Authorizations; Petitions for Reconsideration of Applications of Clearwire Corporation for Pro Forma Transfer of Control*, IB Docket No. 12-343, Memorandum Opinion and Order, Declaratory Ruling, and Order on Reconsideration, 28 FCC Rcd 9642, 9651, para. 24 (2013) (*Softbank/Sprint Order*) (consenting to a transaction resulting in foreign ownership and control of a domestic carrier).

[45] CWA Petition at 8-17; MFRConsulting Comments at 19-21.

C. Public Interest Harms and Benefits

14. In this section, we consider the potential harms and benefits arising from the transaction. Because Cablevision and Altice do not currently compete against each other, the transaction would not reduce the number of service providers in local markets. We have reviewed Applicants' additional evidence in the record addressing the commenters' claims of harms as well as the benefits Applicants claim.[46] We find the transaction is likely to result in some tangible benefits for customers and conclude that, on balance, the benefits outweigh any potential public interest harms.

1. Potential Harms

a. Competition

15. Based on the record evidence, we find the transaction is unlikely to have adverse competitive effects. In order for a transaction to have horizontal effects on competition, the parties must currently provide, or be very likely to provide, similar services within the same relevant geographic market.[47] In order for a transaction to have vertical effects on competition, ordinarily one of the parties or its competitors must currently provide, or be very likely to provide, goods or services to the other or its competitors.[48] Because Altice's only existing interest in a U.S. communications entity, Suddenlink, has no overlapping facilities with Cablevision, they do not compete for customers in the same geographic area, nor are they likely to do so in the foreseeable future.[49] Accordingly, we find that the transaction will not result in horizontal effects and will not result in a significant reduction of competition at any level.[50]

16. Because Altice and Cablevision do not provide programming or other services to each other in the United States, we find that the transaction will not result in harm related to vertical effects.[51] Further, we are persuaded by Applicants' claim that the transaction would reduce vertical integration by eliminating any common control between Cablevision's cable operations and its programming interests, MSG Networks' regional sports networks and AMC Networks, Inc., including AMC, Sundance TV, IFC, and WEtv.[52] We therefore conclude that the transaction is not likely to harm competition and may result in some increase in competition due to a reduction in vertical integration.

[46] *See* Response to Information Request at 1-13.

[47] The Commission has stated that a transaction is considered to be horizontal when the parties to the transaction sell products that are in the same relevant product and geographic markets. *See, e.g., AT&T/BellSouth Order*, 22 FCC Rcd at 5675, para. 23, note 82.

[48] *See Applications of Comcast Corporation, General Electric Company, and NBC Universal, Inc. for Consent to Assign Licenses and Transfer Control of Licensees*, MB Docket No. 10-56, Memorandum Opinion and Order, 26 FCC Rcd 4238, 4250, para. 27 (2011); *Applications for Consent to the Transfer of Control of Licenses, XM Satellite Radio Holdings Inc., Transferor, to Sirius Satellite Radio Inc., Transferee*, Memorandum Opinion and Order and Report and Order, 23 FCC Rcd 12348, 12367, para. 36 (2008); Kip Viscusi, John M. Vernon & Joseph E. Harrington, Jr., Econ. of Reg and Antitrust 192, 233 (3d ed. 2000).

[49] Application at 13-15, 18.

[50] *See AT&T/DIRECTV Order*, 30 FCC Rcd at 9187, 9190, paras. 146-47, 155 (finding that although the transaction would result in some loss of competition between AT&T and DIRECTV, which provided overlapping video services, the transaction did not result in harmful horizontal effects because the parties focused their marketing efforts on customers of cable companies, which they considered to be their primary competitors, and because AT&T's wireline and DIRECTV's satellite video services were not "particularly close substitutes").

[51] *See AT&T/DIRECTV Order*, 30 FCC Rcd at 9197, para. 176.

[52] Application at 7, 13. Although MFRConsulting acknowledges that the transaction would result in a reduction of vertical integration, it argues that is a comparatively small benefit because of the small size of Cablevision. MFRConsulting Comments 8-9. It speculates that that vertical integration may still be part of Altice's long term goal based on Altice's holdings in Europe, but we do not find evidence in the record to support that argument.

b. Cablevision's Financial Condition Post-Transaction and Potential Harms to Network Investment, Service Quality, and Employment

17. For the reasons discussed below, we find that the record in this proceeding does not support the claims of CWA and MFRConsulting regarding alleged harms associated with the financing of the proposed transaction and the resulting impact on network investment and jobs. We find that the presence of competitors in the New York Metro area should provide the merged company with an incentive to maintain network investment and service quality. In addition, there are several factors that, on the whole, could help Applicants manage the debt associated with financing the proposed transaction. Accordingly, we conclude that Applicants have met their burden to demonstrate that there are mitigating factors that remove the potential harms that could result from the proposed transaction. We therefore reject commenters' arguments and CWA's requested merger conditions.[53]

18. *Financial Issues.* CWA and MFRConsulting assert that the proposed transaction is "debt-fueled" because it would more than double Cablevision's existing debt and almost double its annual interest payments to $1.1 billion.[54] In order to finance the acquisition, Altice is issuing $8.6 billion in new debt, which when added to Cablevision's current debt load of $5.9 billion, would leave the post-transaction Cablevision with a total net debt of $14.5 billion.[55] These commenters point out that following announcement of the Altice transaction, Moody's Investor Service (Moody's) placed Cablevision under review for downgrade while Standard & Poor's Financial Services LLC gave Cablevision a "Credit Watch with negative implications" noting that "[t]he Credit Watch listing reflects the potential for at least a one notch downgrade upon completion of the acquisition by Altice."[56]

[53] CWA and MFRConsulting generally assert that the proposed transaction is heavily leveraged and would leave Cablevision with debt payments that Altice will be forced to offset by degrading service and eliminating jobs. To support their contentions, they maintain that Altice has already compromised the companies it operates in foreign jurisdictions through poor management and cost cutting. *See generally* CWA Petition at 4-21; MFRConsulting Comments at 3-23. In addition, CWA contends that we should deny the applications or condition approval of the transaction on Altice committing to expand broadband service, report service quality benchmarks, commit to certain capital and operating expenditures, limit the dividends or other payments Altice can extract from Cablevision, commit not to eliminate jobs and grow employment levels, and protect employer bargaining status. *See, e.g.*, CWA Petition at 20-21.

[54] *See* Letter from Debbie Goldman, Telecommunications Policy Director, Communications Workers of America, WC Docket No. 15-257, at 1 (filed Jan. 21, 2016) (CWA Jan. 21, 2016 *Ex Parte* Letter). In earlier filings, CWA commented that "Cablevision will be distressed with new interest payments of $654 million on top of Cablevision's current interest payments of $559 million for a total of $1.23 billion annual interest payments, which represents a 112% increase in Cablevision debt." CWA Petition at 9. We note that Altice disputes the $654 million figure, stating that the figure is actually $550 million because, as Altice asserts, the $654 million figure "ignored the fact that some of the debt raised in connection with the transaction will be used to refinance Cablevision's existing indebtedness." Applicants' Reply at 4.

[55] According to Altice, it created a new subsidiary called Neptune Finco Corp. that issued the $8.6 billion in debt. In connection with the transaction, Neptune Finco Corp. will be merged into CSC Holdings, LLC, a wholly owned subsidiary of Cablevision. Neptune Finco Corp. will then no longer exist, and CSC Holdings, LLC, will survive as the entity that holds the debt. *Cablevision SEC Form 10-K for the Year Ended December 31, 2015* at 2-3; Notice to the Holders of Ordinary Shares of Altice N.V. and to Holders of Altice Luxembourg S.A's Senior Notes, http://altice.net/wp-content/uploads/2015/10/Palermo-Cleansing-Notice-Full.pdf; CWA Jan. 21, 2016 *Ex Parte* Letter at 1-2 (listing terms of the new debt).

[56] CWA Petition at 9-10 ("As a result of the heavy debt financing, Moody's immediately put Cablevision under review for downgrade, noting that its eye-popping debt level of 8x earnings (net-debt-to-EBIDTA ratio) 'creates risk for a company in a capital intensive, competitive industry.' Moody's had previously identified leverage of 4.75x net-debt-EBIDTA as the upper limit for Cablevision's Ba2debt rating.").

19. In analyzing this issue, we compare the expected outcome if we approve the transaction to what we expect would occur if the transaction is denied.[57] Prior to entering into its agreement with Altice, Cablevision stated that it needed financing to support its expected capital expenditures and meet its obligations. Specifically, Cablevision's Form 10-K for the year ending December 31, 2014 filed with the Securities and Exchange Commission (SEC) stated that it must raise "significant amounts of funding" to fund capital expenditures and meet obligations and that the company might have to engage in "extraordinary transactions that involve the incurrence of large amounts of debt."[58] Even though the debt level will increase, Altice, which upon consummation of the transaction will be Cablevision's parent, is a large international company that is likely to be better able to raise capital than Cablevision as a stand-alone entity. Accordingly, we are unable to conclude on the basis of the record before us that the risk of potential harm to customers from Cablevision's financial distress is greater if we were to approve the transaction than it would be if Altice did not acquire Cablevision.

20. That being said, we recognize commenters' concerns that the transaction debt load is significant. However, we find that certain factors ameliorate these concerns. Moody's predicts a cost savings of $450 million in two to three years post-transaction, adding to Cablevision's cash flow.[59] According to our analysis, incorporating this $450 million cost savings lowers the post-transaction Cablevision's net-debt-to-EBITDA ratio from 7.4 to 6.2.[60] Furthermore, incorporating the $450 million

[57] *See, e.g., AT&T/DIRECTV Order*, 30 FCC Rcd at 9175. App. C, para. 111 (comparing a scenario in which the parties remained unmerged but offered discounted service bundles).

[58] Cablevision's SEC Form 10-K for the year ending December 31, 2014, states "[w]e will need to raise significant amounts of funding over the next several years to fund capital expenditures, repay existing obligations and meet other obligations and the failure to do so successfully could adversely affect our business. We may also engage in extraordinary transactions that involve the incurrence of large amounts of debt. . . . We have substantial future capital commitments in the form of long-term contracts that require substantial payments over a period of time. We will not be able to generate sufficient cash internally to fund anticipated capital expenditures, meet these obligations and repay our indebtedness at maturity." *See* Cablevision Systems Corporation, *SEC Form 10-K for the Year Ended December 31, 2014* at 18 (also stating that it may need to "raise additional capital, through debt or equity issuances or both"). We also note that, as a result of the proposed transaction, Cablevision will have access to a $2 billion dollar credit facility to provide additional financial support. *See infra* note 63.

[59] Moody's Investors Service, Moody's assigns B1 to Neptune Finco Corp. (Sept. 24, 2015), https://www.moodys.com/research/Moodysassigns-B1-to-Neptune-Finco-Corp-AlticeCablevision-acquisition-financing--PR_335284 ("Moody's believes that Altice will achieve its planned $450 million cost savings target in a phased approach over a two to three year timeframe following the deal close."). It is unclear whether the cost savings of $450 million that Moody's predicts is related to savings in operating or capital expenditures (or both). CWA and MFRConsulting also focus on public statements by Altice regarding projected cost savings occurring three to five years post-transaction in higher amounts of $1.05 billion ($900 million in operating expenses and $150 million in capital expenses). *See, e.g.*, CWA Jan. 21, 2016 *Ex Parte* Letter at 1; CWA Petition at 12-13. These commenters allege that Altice can only achieve that level of savings by reducing network investment and service quality, thereby harming consumers. Applicants maintain that the projected $1.05 billion in cost savings will not result in reduced investment or service quality. Although, initially, the record in this proceeding reflected a dispute between the parties about whether the $1.05 billion cost savings is an annual or cumulative savings, *see, e.g.*, Applicants' Reply at 4, no party in the record disputes Moody's prediction that Altice should realize a $450 million cost savings in two-three years post transaction. *See infra* note 71.

[60] Based on our analysis, Cablevision's pre-transaction net-debt-to-EBIDTA ratio is 4.8 and rises to 7.4 post-transaction, the latter ratio being higher than that of some other cable companies. *See, e.g.*, Response to Information Request at Attachment B. The net-debt-to-EBITDA ratio is calculated by a firm's net debt divided by the earnings before interest, taxes, depreciation and amortization, and it indicates a firm's capacity to meet long-term financial commitments. It is one of several indicators of the financial health of a firm. We rely on the $450 million savings as predicted by Moody's instead of Applicants' estimated savings of $1.05 billion for the following reasons. First, CWA and MFRConsulting do not raise any objections to the $450 million figure. *See supra* note 59. Second, it is relatively easier to achieve $450 million savings than $1.05 billion. Finally, Cablevision's financials would be stronger with the savings of $1.05 billion than that of $450 million, and thus for the purposes of our public interest

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figure raises the interest coverage ratio (EBIT/interest) from 1.56 to 1.69.[61] We note Cablevision reports that revenue grew every year between 2012 and 2015, which indicates a level of stability for Cablevision to meet its financial obligations.[62] We also find it particularly significant that while dividends are commonly paid from operating cash flow, Applicants emphasize that Cablevision would be restricted from paying dividends unless the ratio of consolidated indebtedness to cash flow hits 5.5:1, which Applicants assert is "a standard ratio for the industry."[63]

21. Finally, we recognize that the financing of transactions with increased debt levels than is normal for the industry entails risk (including, potentially, the risk of bankruptcy if the transferee is unable to service the debt).[64] We note that upon consummation, Cablevision will be a subsidiary of

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analysis, we rely upon the more conservative $450 million figure. Based on the SEC Form 10-K for the year ending December 31, 2015, and assuming a $450 million cost savings, the Commission staff calculated the net-debt-to-EBITDA ratio for post-transaction Cablevision to be 6.2, which reduces the ratio from 7.4 as calculated without the $450 million in cost savings. *See* Cablevision Systems Corp, *SEC Form 10-K for the Year Ended December 31, 2015* at Index to Financial Statements, F7-F8.

[61] Based on the SEC Form 10-K for the year ending December 31, 2015, and assuming a $450 million cost savings, the Commission staff calculated the interest coverage ratios as 1.69. *See* Cablevision Systems Corp, *SEC Form 10-K for the Year Ended December 31, 2015* at Index to Financial Statements, F7-F8. The interest coverage ratio reflects pre-tax income to total interest and indicates whether the firm has sufficient operating earnings to pay the interest expense. The higher the ratio, the higher the firm's ability to service debt obligations. *See, e.g.*, Investopedia Staff, *Interest Coverage Ratio*, at Investopedia, http://www.investopedia.com/terms/i/interestcoverageratio.asp.

[62] Cablevision reported revenues of approximately $6.2 billion, $6.1 billion, $6.2 billion, $6.4 billion and $6.5 billion in 2011, 2012, 2013, 2014, and 2015, respectively, in its SEC Forms 10-K indicating stable revenues for the company in the past. The stability of revenue streams over the last five years implies that its revenue is expected to remain stable in the near future. If the revenues of Cablevision do not decline, it should be positioned to meet its financial obligations post-transaction.

[63] Response to Information Request at 5. The ratio of indebtedness to cash flow is the ratio of a company's total debt to it cash flow. The ratio is one of the indicators for a firm's capacity to meet the long-term financial commitments. Response to Information Request at 5 (stating that "the indentures governing the Acquisition Financing permit CSC Holdings LLC and its subsidiaries that are 'restricted subsidiaries' (collectively, the 'CSC Holdings Restricted Group') to pay dividends only if the ratio of consolidated indebtedness (as defined in such indentures) to consolidated cash flow of the CSC Holdings Restricted Group for the most recent two quarters on an annualized basis is less than 5.5:1, a standard ratio for the industry"). According to Applicants, Cablevision's dividends currently amount to about $140 a year. *Id.* We note this restriction on dividends applying to post-transaction Cablevision is in line with CWA's request for such a restriction. *See* CWA Petition at 4 ("Altice should not be allowed to starve Cablevision of resources it needs for investment and quality service in order to upstream cash to the parent to finance future acquisitions. Cablevision should be subject to reasonable limits on the amount of dividends or other 'upstream' payments that Altice can extract from Cablevision."). Applicants state that Cablevision would have access to a five-year $2 billion revolving credit facility which they assert "provide[s] substantial near term support to achieve increased [Adjusted Operating Cash Flow] (AOCF) in the near term" and, according to Applicants, provides additional flexibility for Cablevision to meet its financial obligations. Applicants' Reply at 3; Response to Information Request at 5. To be clear, we do not consider the information in the preceding sentence to shift the scales in either direction in our public interest analysis, and we note it solely for completeness. We note that although such a credit facility may provide Applicants with "flexibility" during that five year time-frame, drawing upon such credit will further increase Cablevision's debt ratio.

[64] *See Applications Filed by Frontier Communications Corporation and Verizon Communications Inc. for Assignment or Transfer of Control,* WC Docket 09-95, Memorandum Opinion and Order, 25 FCC Rcd 5972, 5980-81-83, paras. 18-24 (2010) (*Verizon/Frontier Order*) (explaining that the Commission accepts that all transactions carry risks and that all companies are vulnerable to unforeseen events, but that Frontier, as the acquiring company, demonstrated that it was likely to be able to expand broadband and meet service quality commitments based on financial conditions at the time it entered into the transaction); *Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, Sixteenth Report, 30 FCC Rcd 3253, 3328-3329, para.167 (2015)
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Altice, a large international company that is in a better position to raise funds and investment than Cablevision as presently constituted as a stand-alone company.[65] In determining whether the Cablevision subsidiaries, which will be wholly owned and controlled by Altice, are financially qualified to hold licenses, we do not substitute our business judgment for that of the applicant or the marketplace.[66] And, while we cannot know with certainty whether Cablevision would experience financial distress after closing more than it would in the absence of the transaction, we find that the representations of Applicants concerning Cablevision's financial viability are reasonable. Beyond the ordinary and largely unpredictable market risks that accompany any business transaction, the record does not demonstrate that Altice is underfunded or an irresponsible buyer unqualified to undertake the transaction. Instead, Altice has demonstrated that it has the requisite financial qualifications to hold and use these Commission licenses and authorizations in the public interest.[67]

22. *Potential Harm to Network Investment and Quality of Service*. CWA and MFRConsulting also assert that new debt levels will force Altice to cut Cablevision's operating and capital expenses down to a level harmful to network investment and quality service.[68] CWA argues that, "Altice calls these 'synergy' and 'efficiency' savings, but in fact they are a transfer of funds to banks and investors at the expense of customers who experience these cuts as service-impacting reductions."[69] CWA and MFRConsulting also focus on announcements by Altice about doubling Cablevision's operating cash flow margins (from 28 percent to 50 percent) and reducing operating expense by almost 300 percent (from $49 to $14 to $16 per customer/month), asserting that, "cuts of this magnitude cannot be made without impacting service."[70]

23. We are not persuaded that the proposed transaction will lead to reductions in network investment and service quality.[71] First, as we note above, Cablevision's pre-transaction SEC Form 10-K

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(2015 *Video Competition Report*) (explaining certain risks exist with financing media transactions); *see also supra* note 58 (stating that the pre-transaction Cablevision envisioned the need for "significant amounts of funding over the next several years to fund capital expenditures, repay existing obligations and meet other obligations and the failure to do so successfully could adversely affect our business").

[65] *See* Application at 10-11 ("Cablevision is a far smaller company than rivals such as Verizon, AT&T/DIRECTV and DISH, and accordingly, it is at a disadvantage in making major competitive investments. Cablevision's smaller customer base limits its ability to spread the costs of research, development, and deployment, and to drive innovation through its relationships with equipment manufacturers and other providers of network and service inputs. In fact, a number of U.S. cable providers have opted for technology developed by larger cable operators to ensure what is perceived to be a more viable and robust technology path going forward in light of increasing capital commitments. Projects that are prohibitively expensive or risky when undertaken by a company with 3.1 million subscribers, however, can become far more feasible when undertaken by a company like Altice, with nearly 35 million subscribers worldwide. The Transaction thus would help level the playing field by giving Cablevision the ability to invest with the backing of Altice's global scale and access to capital, as well as its considerable technical and operational expertise.").

[66] *See Verizon/Frontier Order*, 25 FCC Rcd at 5981-83, para. 19.

[67] *Id.* (stating that "although the Commission has a responsibility to consider the financial qualifications of the transferee, it is not the Commission's role to substitute its business judgment for that of the applicants or the market; rather, the relevant question here is whether Frontier has the requisite financial qualifications to hold and use these Commission licenses and authorizations in the public interest").

[68] *See, e.g.*, CWA Petition at 2 and 8-9; MFRConsulting Comments at 2 and 4-5.

[69] CWA Petition at 12.

[70] CWA Jan. 21, 2016 *Ex Parte* Letter at 2-3; *see also, e.g.*, CWA Petition at 13; MFRConsulting's Dec. 30, 2015 Submission at 9-10.

[71] We note the issue of reductions in network investment and service quality is largely disputed in the record on the basis of whether the projected cost savings should be considered a "harm" or a "benefit" to network investment and service quality. *See supra* note 59. While both Applicants and opposition agree that a cost savings of approximately
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for the year ending December 31, 2014, indicates that it planned to "engage in extraordinary transactions that involve the incurrence of large amounts of debt" because, in part, "[w]e will not be able to generate sufficient cash internally to fund anticipated capital expenditures, meet these obligations and repay our indebtedness at maturity."[72] We find that, in this regard, the proposed merger results in financing that Applicants have judged will allow Cablevision to continue to fund its operations and that allows Altice to "strategically invest in its service provider affiliates in order to improve their service offerings and enhance their competitive position in the market."[73] Second, based on our own analysis above, we have determined that several factors will help Altice to raise Cablevision's cash flow.[74] Third, in absence of any evidence that Altice is behaving irresponsibly, as is also discussed above, there is no basis on which we could conclude Cablevision will reduce network investment, as compared with the case without the transaction.

24. Even if the post-transaction debt levels could lead Cablevision to want to lower investment in network quality and extension as compared with the case without the transaction, competitive forces and Altice's commitments make this unlikely. The transaction will not reduce the level of competition faced by Cablevision prior to the merger. Cablevision faces competition for voice, video, and residential broadband Internet access service (BIAS). With respect to fixed voice service, Cablevision faces, at a minimum, competition with the incumbent provider in the marketplace. For video services, the Commission has analyzed national data and reported that 99 percent of homes in the United States have access to at least three multichannel video programming distributors (MVPDs), which would be the case in the New York Metro area.[75] For high-speed BIAS,[76] Cablevision competes against Verizon FiOS in census blocks accounting for 69 percent of the households in which Cablevision has deployed cable broadband.[77] This level of competition was sufficient to lead Cablevision to conclude that it

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$450 million will be realized in the first two to three years, Applicants assert such cost savings are a benefit that will bolster network investment and service quality while, according to CWA and MFRConsulting, such cost savings are viewed as harmful cuts that threaten the post-transaction Cablevision. *Id.* We note that Moody's reference to the cost savings of $450 million does not state whether it is derived from operating or capital expenses. *See* Moody's Investors Service, Moody's assigns B1 to Neptune Finco Corp. (Sept. 24, 2015), https://www.moodys.com/research/Moodysassigns-B1-to-Neptune-Finco-Corp-AlticeCablevision-acquisition-financing--PR_335284. Applicants also state that they will use part of the $450 million to "make substantial, near-term investments, implement changes in operations, and develop new offerings that will enhance competition and improve the customer experience." Response to Information Request at 7; *see also infra* Section C.2. According to Altice, the "majority of savings will have nothing to do with areas that bear on customer experience," but mostly come from "overhead, general and administrative expenses, procurement, and special projects that can be eliminated without adverse consequences to service or customers." Applicants' Reply at 4. *But see* CWA Jan. 21, 2015 *Ex Parte* Letter at 1-2 ("These cuts - which are driven by Altice's financial model - will be service-impacting; there are no 'merger-related' duplicative operations to be cut and few opportunities to reduce programming expense by delivering more U.S. cable viewers").

[72] *See supra* note 58.

[73] Application at 12.

[74] *See supra* para. 20.

[75] *Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, Sixteenth Report, 30 FCC Rcd 3253, at 3267, para. 31 (2015) (*2015 Video Competition Report*).

[76] The Commission's rules define BIAS as a mass-market wireline or wireless retail service that provides the capability to transmit and receive data across substantially all Internet endpoints. 47 CFR § 8.11(a); *see also 2015 Open Internet Order* at 5610, para. 25. The definition of BIAS excludes "enterprise services, virtual private network services, hosting, or data storage services." *Id.* at 5610, para. 26.

[77] FCC Form 477 Broadband Deployment Data, as of June 30, 2015; Application at 14 ("Even when considered in combination with Altice's pending acquisition of Suddenlink, the combined company . . . would have more than 2 million fewer subscribers than Verizon FiOS, which competes aggressively with Cablevision . . . ."). We note that our analysis is limited by the geographic areas for which we have data. For purposes of this proceeding, we present

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required substantial additional investment, or a transaction such as this one, in order to remain competitive. Altice would be unlikely to enter this transaction if it believed it could not profitably and competitively manage Cablevision, and we are not persuaded that the financing structure suggests that the post-transaction Cablevision will operate less profitably or efficiently in terms of network investment or service quality.

25. We recognize that Cablevision might devote fewer financial resources to upgrading its broadband network in those areas of its footprint in which Verizon FiOS is not available to customers. However, as discussed below, Altice has committed to the NY PSC that, as part of the transaction, it will invest fully across the Cablevision footprint, and specifically, will provide the network investment to support 300 Mbps service to all customers.[78] Based on this assertion, we find it reasonable to expect that Altice will invest in service quality and infrastructure improvements in furtherance of its stated intention to compete for all customers.[79] Overall, we do not find that the transaction is likely to result in financial instability for Cablevision or reduce its ability to invest in network infrastructure, and we conclude that Altice is likely to have the financial resources necessary to maintain and improve the Cablevision network.[80]

26. *Potential Harm to Employment*. In connection with their claims about reduced network investment and service quality, CWA and MFRConsulting assert that, because of the need to service the new debt, Altice plans to "raise cash flow by massive job cutting, and where it can, cuts in employees' compensation."[81] Appended to CWA's comments is a Joint Statement from UNI Global Union and certain other union organizations, along with CWA, suggesting that Altice helped finance its acquisitions by implementing cost savings through workforce reductions in France and Portugal.[82] Applicants reply that Altice did not finance acquisitions in France and Portugal through workforce reductions.[83]

27. We conclude that CWA's claims that Applicants will finance the transaction by job cuts are speculative. Applicants state that Altice did not finance its acquisitions abroad through workforce

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statistics in order to support our conclusion that post-merger Cablevision will continue to have an incentive to compete and to maintain its network because it faces competition for voice, video, and BIAS services. Although we present statistics based upon census block and census tract areas, we do not conclude that these census areas constitute a relevant geographic market for purposes of conducting a competitive analysis. The Commission has stated that the deployment of fiber to the premises (FTTP), as offered by Verizon FiOS, may have a positive effect on broadband competition, and that cable market shares may decline when a company faces competition from FTTP instead of DSL. *AT&T/DIRECTV Order*, 30 FCC Rcd at 9265, para. 345 (citing Craig Moffett *et al.*, Moffett Nathanson Research, U.S. Cable and U.S. Telecom: The Broadband Report, 24, Exh. 21 (July 8, 2014)).

[78] *See infra* at 47.

[79] Application at 6 ("Cablevision subscribers, in turn, will benefit from Altice's global scale, access to capital, and fresh perspective, all of which will be brought to bear in Cablevision's already fierce daily contest against much larger rivals such as Verizon, AT&T/DirecTV and DISH in the New York Metro area, the nation's most competitive market."); Altice Reply at 8 (citing Presentation, "Morgan Stanley TMT Conference (Nov. 12, 2015) ("Altice's approach to network investment has brought benefits to *all* of its customers, not merely customers who buy higher-cost service packages, as CWA alleges . . . . By investing in the Cablevision network and providing user-friendly, innovative services to its customers, Altice expects to earn customer loyalty, resulting in a lower churn rate and ultimately better average revenue per user . . . ." (emphasis in original)).

[80] *See infra* at paras. 39-48.

[81] For example, CWA asserts "[m]aking an acquired company pay off massive debt load with service-impacting cost cutting has serious and negative consequences for customers, suppliers, communities, and workers." CWA Petition at 20.

[82] CWA Petition at Attachment A; *see also* MFRConsulting's Feb. 9, 2016 Submission at 1-4 (excerpting statements from disputes between Altice and employees of Portugal Telecom).

[83] Applicants' Reply at 9.

reductions, and even if Altice had done so, the past practices of Altice abroad have only limited relevance to what Altice plans for Cablevision's employment matters in this transaction and in this particular market.[84] In addition. Altice has not identified job cuts as a means to achieve cost savings.[85] We therefore do not find on this record that there is a public interest harm associated with a loss of employment. The NY PSC is also reviewing the potential employment impact associated with this transaction.[86]

c. Interconnection Issues

28. We find that the proposed transaction is unlikely to harm the ability of providers to interconnect with Cablevision for the exchange of Internet traffic and therefore do not grant Cogent's request that we impose merger conditions concerning interconnection. Cogent, a backbone provider that currently interconnects with Cablevision, asserts that we should remedy instances where a combined Altice-Cablevision "might engage" in interconnection practices that impair the delivery of Internet content to customers.[87] It states that Altice, which has recently acquired Suddenlink, could have enough increased scale with the addition of Cablevision's subscribers to impair the delivery of Internet content that would compete with the merged firm's video offerings.[88] Cogent requests that we require Applicants to interconnect with qualifying networks or edge providers and augment network capacity on a settlement-free peering basis, agree to disclose all interconnection agreements for a period of four years from the closing of the transaction, and report Internet interconnection performance metrics to the Commission.[89] As discussed below, Applicants have affirmed that they will continue Cablevision's existing interconnection practices post-transaction, which Cogent acknowledges work well today, and we find that conditions are unnecessary to address any potential public interest harms.

29. The Commission has previously discussed the role of interconnection between BIAS providers and other networks and services online (*e.g.*, transit providers, content delivery networks), and its ultimate relationship to the ability of consumers to access the applications and services of their choosing.[90] As the Commission has stated, regardless of the cause "[w]hen [interconnection] links are congested and capacity is not augmented, the networks—and applications, large and small, running over the congested links into and out of those networks—experience degraded quality of service due to reduced throughput, increased packet loss, increased delay, and increased jitter."[91]

30. Both Cablevision and Suddenlink interconnect with backbone providers and CDNs. They purchase transit service or interconnect on a settlement-free peering basis.[92] Applicants affirm on

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[84] *Id*; *see also*, infra at para. 42.

[85] As explained above, Altice has stated that cuts will mostly come from "overhead, general and administrative expenses, procurement, and special projects that can be eliminated without adverse consequences to service or customers." *See infra* note 71.

[86] *See NY PSC Proceeding*, Staff of the Department of Public Service Interrogatory/Document Request No. DPS-38 (examining labor reductions post-transaction).

[87] Cogent Comments at 4. BIAS providers, like Cablevision, interconnect with backbone services, content delivery networks (CDNs), other BIAS providers, and edge providers in order to provide subscribers with full Internet access. *See 2015 Open Internet Order*, 30 FCC Rcd at 5687-88, paras. 196-97.

[88] Cogent Comments at 4.

[89] *Id.* at 9-11; Letter from Robert M. Cooper, Counsel to Cogent Communications, Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket No. 15-257, at 1-2 (filed Jan. 20, 2016).

[90] *See 2015 Open Internet Order*, 30 FCC Rcd at 5687-92, paras. 196-201 (discussing the importance of Internet traffic exchange and trends in the marketplace).

[91] *2015 Open Internet Order*, 30 FCC Rcd at 5689, para. 199.

[92] Information is available publicly about Cablevision's and Suddenlink's Internet interconnection arrangements. AS Rank: AS 6128 Cablevision Systems Corp., CAIDA, http://as-rank.caida.org/?mode0=as-info&mode1=as-

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the record that "neither Cablevision nor Suddenlink engages in paid peering practices."[93] In addition, Cablevision has an "open" peering policy while Suddenlink has a "selective" peering policy.[94] This means that Cablevision has no minimum number of points of presence (POPs) at which its interconnection partners must exchange traffic and no minimum amount of traffic it requires to be exchanged, while Suddenlink requires interconnection at two POPs with a minimum amount of traffic exchanged of 100 Mbps.[95] Based on publicly available information, it appears that Cablevision's and Suddenlink's requirements for an entity to qualify for settlement-free peering are minimal.[96] We have no record of Internet interconnection disputes at the Commission involving Cablevision or Suddenlink. Consistent with these practices, Cogent states it has always enjoyed a strong business relationship with Cablevision whereby the companies have interconnected on a settlement-free basis "to provide fast, high-quality, and reliable Internet connectivity to Cablevision's residential broadband subscribers."[97] Going forward, Applicants state that "there are no current plans to change Peering policies of Cablevision or Suddenlink as result of Altice's proposed acquisition of Cablevision."[98]

31. We anticipate based on our review of publicly available information that, post-transaction, Altice will continue to be a medium-sized BIAS provider in the U.S. Cablevision and Suddenlink combined are projected to have just under 4 million BIAS subscribers, which is in the middle of the range between a small provider, such as Cincinnati Bell, which has approximately 281,000 subscribers, and the largest provider, Comcast, which has over 22 million BIAS subscribers.[99] Post-transaction, the combined company will have approximately 1.6 million fewer customers than the next

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table&as=6128&n=50&table-details=simple (last visited March 1, 2016); AS6128 Cablevision Systems, Hurricane Electric BGP Toolkit, http://bgp.he.net/AS6128 (last visited March 1, 2016); AS Rank: AS 19108 Suddenlink Communications, CAIDA (last visited March 1, 2016), http://as-rank.caida.org/?mode0=as-info&mode1=as-table&as=19108 (last visited March 1, 2016); AS19108 Suddenlink Communications, Hurricane Electric BGP Toolkit, http://bgp.he.net/AS19108 (last visited March 1, 2016).

[93] Response to Information Request at 8.

[94] Cablevision, Cablevision Peering Requirements, http://www.cv.net/peering/requirements/ (last visited March 1, 2016); PeeringDB, Suddenlink Communications, https://beta.peeringdb.com/net/1183 (last visited March 1, 2016); Suddenlink, Suddenlink Communication's Settlement-Free Interconnection (Peering) Policy, http://www.suddenlink.com/terms-policy/peering (last visited March 1, 2016); *see also* William Norton, Peering Inclinations, http://drpeering.net/AskDrPeering/blog/articles/Internet_Service_Providers_and_Peering___Peering_Policy.html (last visited March 4, 2016).

[95] Cablevision, Cablevision Peering Requirements, http://www.cv.net/peering/requirements/ (last visited March 1, 2016); PeeringDB, Suddenlink Communications, https://beta.peeringdb.com/net/1183 (last visited March 1, 2016); Suddenlink, Suddenlink Communication's Settlement-Free Interconnection (Peering) Policy, http://www.suddenlink.com/terms-policy/peering (last visited March 1, 2016); *see also* William Norton, Peering Inclinations, http://drpeering.net/AskDrPeering/blog/articles/Internet_Service_Providers_and_Peering___Peering_Policy.html (last visited March 4, 2016).

[96] *See* William Norton, A Study of 29 Peering Policies, DrPeering (2009), http://drpeering.net/white-papers/Peering-Policies/A-Study-of-28-Peering-Policies.html. In addition, Cablevision and Suddenlink score well on the Netflix Speed Index, which measures the speed performance during prime time viewing for customers using Netflix, an online video provider. Netflix, Netflix ISP Speed Index (January 2016), https://ispspeedindex.netflix.com/country/us/.

[97] Cogent Comments at 3.

[98] Response to Information Request at 9.

[99] *3.1 Million Added Broadband from Top Providers in 2015*, Leichtman Research Press Release (Mar. 11, 2016, http://www.leichtmanresearch.com/press/031116release.html (Leichtman Release).

biggest provider and will be ranked seventh among BIAS providers.[100] This combined post-transaction size is consistent with the size of BIAS providers that rely on a combination of settlement-free peering and paid transit services.[101] In addition, the transaction does not change in any fundamental way the extent of Cablevision's Internet backbone facilities. According to December 2014 data reported on Form 477, after the transaction, Altice will control **[BEGIN HIGHLY CONF. INFO.]** [redacted] **[END HIGHLY CONF. INFO.]** percent of all national fixed BIAS subscribers.[102] Consequently, Altice's post-transaction share of wired nationwide BIAS subscribers and control of interconnection traffic is unlikely to give the company sufficient bargaining power in the interconnection market to raise prices for edge providers, nor is it likely to incentivize the company to harm video competition by targeting online video providers in the same manner that might occur with a large BIAS provider. Should post-transaction concerns arise, the Commission has determined that it will take a case-by-case approach to considering whether interconnection practices constitute unjust, unreasonable, or unjustly discriminatory practices under sections 201 and 202 of the Act.[103] Thus, if interconnection concerns arise with the combined entity, interconnecting parties may seek relief from the Commission.

d. Cable Modem Issues

32. Zoom argues that Cablevision's cable modem billing policies impact the competitive retail market by providing disincentives to consumers to attach their own cable modem or by discouraging transparency in consumer billing.[104] We conclude that these issues are not transaction-specific and thus are more appropriately addressed in the pending industry-wide rulemaking proceeding on navigation devices and, accordingly, we decline to resolve such contentions here.

33. Cable modems connect consumer equipment to the broadband Internet access service offered by cable operators. They are available to consumers both for lease from operators, generally for a monthly fee, and for purchase from operators or third-party retailers.[105]

34. Zoom, which produces, markets, sells, and services cable modems and other communications devices, asserts that Cablevision fails to state separately the price of its modem rentals on subscriber bills,[106] and that this practice violates law and Commission rules, and is contrary to the public interest.[107] Zoom contends that because Altice has not affirmatively stated that it will ensure that Cablevision's cable modem pricing policies will comply with applicable statutes and regulations in the manner Zoom alleges they should, Applicants have failed to show that this transaction is in the public interest.[108] Accordingly, Zoom asks that the Commission designate the Application for hearing, deny the

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[100] *Id.*

[101] *See 2015 Open Internet Order*, 30 FCC Rcd at 5687-92, paras. 196-201.

[102] Calculation based on December 2014 data reported on Form 477 with respect to residential broadband subscribers. If limited to 25 Mbps download and 3 Mbps upload, this figure becomes **[BEGIN HIGHLY CONF. INFO.]** [redacted] **[END HIGHLY CONF. INFO.]** percent of national fixed BIAS subscribers.

[103] *2015 Open Internet Order*, 30 FCC Rcd at 5694-95, para. 205.

[104] Petition to Deny of Zoom, WC Docket No. 15-257 at 2 (filed Dec. 7, 2015) (Zoom Petition).

[105] *See, e.g.*, Dong Ngo, *Home networking explained, part 8: Cable modem shopping tips*, CNET, Dec. 22, 2015, http://www.cnet.com/how-to/home-networking-explained-part-8-cable-modem-shopping-tips/; Bestbuy, *Wireless & Cable Modems: VOIP Routers and Adapters*, http://www.bestbuy.com/site/networking/cable-dsl-modem-voip/abcat0503013.c?id=abcat0503013; B&H.com, http://www.bhphotovideo.com/c/buy/Modems/ci/13107/N/4294542234 (both showing numerous high-performance cable modems for less than $100) (last visited Mar. 14, 2016).

[106] Zoom Petition at 3-4.

[107] *Id.* at 4-5, 13-15.

[108] *Id.* at 13-15, 17.

Application, or impose a set of conditions designed to ensure that Altice crafts lawful cable modem policies.[109]

35. According to the Applicants, as of November 17, 2014, Cablevision charges new BIAS customers who lease a Cablevision-provisioned modem a separate cable modem rental fee of $4.95 per month.[110] The Applicants assert that residential subscribers that initiated service prior to that date were not subject to any cable modem charge,[111] and that, at all times, subscribers have been allowed to use their own cable modems.[112] Zoom contends that new Cablevision customers subscribing to Internet service continue to be offered a bundled price that includes the rental of a cable modem,[113] and that invoices for new subscribers do not reflect a separate cable modem fee.[114]

36. Zoom contends that Cablevision's cable modem billing policies violate section 76.1206 of the Commission's rules[115] and section 629 of the Communications Act, among other statutory provisions.[116] The Applicants argue in response that Zoom's reliance on section 629 is misplaced, and that the regulations Zoom relies on do not impose any requirements on the pricing of cable modems.[117] Moreover, Applicants argue that the Commission need not provide the relief sought because such measures are designed to serve "broad-based policy goals" and are not transaction-specific.[118] Accordingly, Applicants urge the Commission to reject Zoom's petition.[119] No other parties commented on the potential effect of the proposed transaction on Cablevision's modem practices.

[109] *Id.* at 15-18.

[110] Response to Information Request at 10.

[111] *Id.* at 10.

[112] *Id.* at 10. From January 2013 to November 17, 2014, Cablevision provided all subscribers with a modem without additional charge. Since instituting a monthly modem fee, Cablevision has removed the charge for subscribers who decline or return a Cablevision-provided modem. *Id.*

[113] Zoom Petition at 3-4.

[114] *Id.* at 3-4, Exhibit B (showing a bill of a subscriber that Zoom alleges became a new customer in August 2014). Zoom argues that Cablevision's policy to bundle the modem fee ended in mid-2013. Applicants note that this policy was in effect from January 2013 through November 17, 2014. Response to Information Request at 10. Zoom also alleges that as of December 2015, neither the company's online portal, nor customer service representatives give subscribers the opportunity to opt out of a cable modem when a customer attempts to sign up for new service. Zoom Petition at 3-4, Exhibit C.

[115] Zoom Petition at 6-7 (citing 47 CFR § 76.1206; 76.923). Section 76.1206 requires MVPDs offering navigation devices subject to the provisions of section 76.923 to separately state the charges for these devices. *Id.* at 6-7. Even though section 76.923 refers to equipment necessary to receive the basic cable television service tier, Zoom contends that section 76.1206 should be read to apply to all rate-regulated MVPDs that offer any equipment for lease, regardless of whether or not the equipment is used to receive the television basic tier service. As such, Zoom argues that section 76.1206 applies to cable modems provided by Cablevision and prohibits the bundling and subsidizing of cable modem charges. *Id.* at 7-9.

[116] *Id.* at 4-5 (citing 47 U.S.C. § 549).

[117] Applicants' Reply at 11-12.

[118] *Id.* at 11.

[119] *Id.* at 12 (*citing Applications of Softbank Corp., Starburst II, Inc., Sprint Nextel Corp. & Clearwire Corp.*, Memorandum Opinion and Order, Declaratory Ruling, and Order on Reconsideration, 28 FCC Rcd 9642, 9674 (2013)) (finding that it was not appropriate to revisit the open Internet issues raised in the proceeding as they were addressed in a recent industry-wide proceeding); *Applications Filed by Altice N.V. and Cequel Corp. d/b/a/ Suddenlink Communications to Transfer Control of Authorizations from Suddenlink Communications to Altice N.V.*, Memorandum Opinion and Order, 30 FCC Rcd 14352, 14359 (2015).

37. While Zoom has presented the Commission with arguments concerning Cablevision's cable modem billing policies and the impact it believes such policies could have on the competitive retail market, we find that these issues are more appropriately addressed in the pending industry-wide rulemaking proceeding on navigation devices and, thus, need not be resolved here.[120] Relevant to Zoom's allegations, the recently-adopted *Navigation Devices NPRM MO&O* seeks comment on a proposal to revise the Commission's rules to require all MVPDs to state separately the charge for a leased navigation device, including a cable modem, on a subscriber's bill, and to reduce the charges by that same amount for subscribers that provide their own devices.[121] The *Navigation Devices NPRM MO&O* further inquires whether, if the foregoing rule change is adopted, the Commission should also "impose a prohibition on cross-subsidization of device charges with service fees."[122] The Commission adopted the *Navigation Devices NPRM MO&O* very recently, and the comment cycle it established remains open.[123] We find that resolution of the questions posed with respect to billing policies for cable modems and other navigation devices, including those of Cablevision and Altice, is best addressed in the ongoing navigation devices rulemaking proceeding, and, accordingly, we decline to adopt the relief that Zoom requests here related to those billing practices.[124]

38. While Zoom does not allege that Cablevision's current cable modem certification practices violate the law or public interest standard, Zoom nonetheless requests that the Commission adopt conditions ensuring, among other things, that Altice institute an open certification program for the approval of customer-owned cable modems.[125] Given the lack of any record regarding any transaction-specific harms related to Applicants' certification policies, we also decline to impose conditions related to modem certification.

2. Potential Benefits

39. For the reasons discussed below, we do not rely on Altice's prior cable company management experience as a verifiable benefit on this record. We ascribe limited weight to Applicants' general statements that the transaction would result in cost savings that can be considered quantifiable, transaction-specific benefits. We do conclude that Altice's commitment to increase broadband investment and improve broadband affordability for low income consumers in the Cablevision service territory is likely to result in transaction-specific, verifiable benefits to consumers. Because we find the transaction is likely to facilitate Cablevision's efforts to compete and serve all customers in its territory, we are not persuaded that imposing specific conditions related to broadband deployment, as proposed by CWA, is necessary.[126]

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[120] *Expanding Consumers' Video Navigation Choices; Commercial Availability of Navigation Devices*, MB Docket No. 16-42, Notice of Proposed Rulemaking and Memorandum Opinion and Order, FCC 16-18 (2016) (*Navigation Devices NPRM MO&O*).

[121] *Navigation Devices NPRM MO&O* at 42, para. 84. The NPRM proposes to revise 47 CFR § 76.1206. The rule as currently written applies the separate billing and anti-subsidization requirements to navigation devices subject to the provisions of 47 CFR § 76.923. Section 76.923, in turn, refers to the rate regulation of equipment and installation that is used to receive the basic service tier. The proposed rule would expand the separate billing and anti-subsidization requirements to all MVPDs and to all navigation devices, including modems.

[122] *Navigation Devices NPRM MO&O* at 42, para. 85.

[123] Media Bureau Announces Comment and Reply Deadlines for Video Navigation Choices NPRM and Establishes Schedule for Ex Parte Meetings, MB Docket 16-42, Public Notice, DA 16-290 (MB Mar. 17, 2016).

[124] *Cf. Applications filed by Qwest Communications International, Inc. and CenturyTel, Inc.*, Memorandum Opinion and Order, 26 FCC Rcd 4194, 4203-04, para. 18 (2011) (declining to impose conditions related to special access as they were better addressed in current rulemaking).

[125] Zoom Petition at 16.

[126] *See* CWA Petition at 3-4, 21.

40. The Commission applies several criteria in deciding whether a claimed benefit should be considered in assessing a proposed transaction.[127] First, the benefit must be transaction-specific.[128] Second, the benefit must be verifiable.[129] Because much of the information relating to the potential benefits of a transaction is in the sole possession of the applicants, they are required to provide sufficient evidence supporting each claimed benefit to allow the Commission to verify its likelihood and magnitude. Third, "the magnitude of benefits must be calculated net of the cost of achieving them."[130] Finally, the Commission applies a "sliding scale approach" to evaluating benefit claims.[131] Under this sliding scale approach, where potential harms appear "both substantial and likely, a demonstration of claimed benefits also must reveal a higher degree of magnitude and likelihood than we would otherwise demand."[132] Conversely, where potential harms appear unlikely or less likely and less substantial, as is the case with the applications before us, the Commission will accept a lesser showing of claimed benefits.[133]

41. *Investment in Broadband Services*. Applicants assert that the transaction would serve the public interest because it would result in increased investment and improved broadband services in the Cablevision service territory. In support of these claimed transaction benefits, Applicants focus on: Cablevision's already high level of broadband offerings, which Altice states it would continue and expand;[134] Altice's history of investing in and accelerating the existing broadband network plans of the service providers acquired by Altice;[135] and Altice's expertise in managing a global network and the associated economies of scale.[136] Applicants explain that, as of December 31, 2015, Cablevision's in-footprint network passed approximately 5,080,000 households and that Cablevision has "deployed broadband to nearly 100%" of its in-network footprint.[137] Applicants submit that, with a small exception, every household in the Cablevision service territory has "access to broadband services at 101 Mbps, 50 Mbps, 25 Mbps, and 5 Mbps."[138] Applicants further state that Cablevision recently began testing 1 Gbps

[127] *See AT&T/DIRECTV Order*, 30 FCC Rcd at 9237, para. 273; *AT&T/BellSouth Order*, 22 FCC Rcd at 5760, para. 200.

[128] *See AT&T/DIRECTV Order*, 30 FCC Rcd at 9237, para. 273; *Applications of NYNEX Corp. and Bell Atlantic Corp. for Consent to Transfer Control of NYNEX Corp. and Its Subsidiaries*, 12 FCC Rcd 19985, 20066, para. 168 (1997) (*Bell Atlantic-NYNEX Order*) (disregarding purported benefits that are not merger specific).

[129] *See AT&T/DIRECTV Order*, 30 FCC Rcd at 9237, para. 274.

[130] *Id.* at 9237-38, para. 275.

[131] *Id.* at 9238, para. 276.

[132] *Id.*

[133] *Id.*

[134] Application at 6, 9; Applicants' Reply at 6-7; Response to Information Request at 6-8.

[135] Application at 11-12; Applicants' Reply at 4-6.

[136] Application at 9; Applicants' Reply at 5-6.

[137] Response to Information Request at 6. *See Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, as Amended by the Broadband Data Improvement Act*, 2015 Broadband Progress Report and Notice of Inquiry on Immediate Action to Accelerate Deployment, 30 FCC Rcd 1375, 1377, para. 3 (2015) (finding that having "advanced telecommunications capability" requires access to actual download speeds of "at least 25 Mbps and actual upload speeds of at least 3 Mbps"). Applicants state that Cablevision has deployed a network of more than 1.3 million WiFi hotspots throughout the New York Metro area, which, Applicants claim, give Cablevision's broadband subscribers access to "unlimited wireless broadband at no extra charge." Application at 8.

[138] Response to Information Request at 6. Applicants note that there are a few hundred homes on one of the Long Island barrier islands to which Cablevision makes video service available by microwave link, but does not have the capability of providing broadband service. *Id.* at n.6.

service through a bulk sale offering to a small number of multiple dwelling unit buildings in New York and New Jersey.[139] Altice says that it plans to "upgrade the Cablevision network by pushing fiber deeper into the network, eliminating active components in order to achieve lower failure rates, and introducing newer, better, and more consumer-friendly customer premises equipment."[140] Altice argues that, by upgrading Cablevision's network with wider and deeper fiber deployment and other operational efficiencies, it would position Cablevision to compete more effectively with Verizon FiOS and improve service offerings available to customers throughout its footprint, including those areas not overbuilt by FiOS.[141]

42. Altice, Applicants contend, has a track record of successfully investing in, and improving the broadband offerings of, the companies it acquires. Applicants provide several examples in which Altice acquired control of companies in France, Belgium, Luxembourg, Israel, and Portugal, and invested in the networks to "improve their service offerings and enhance their competitive position in the market."[142] Applicants claim that the capital expenditures for these Altice-owned companies surpassed those of the incumbents with which they compete.[143] Applicants also assert that Altice has enhanced its broadband networks to increase speeds and the number of subscribers that can benefit from its services.[144] Altice has indicated that it expanded broadband coverage in its foreign jurisdictions and has stated that its business model is to make strategic investments that improve the quality and reliability of service and, in turn, enable it to realize cost savings.[145] Commenters have not rebutted these specific European expansion numbers claimed by Applicants. While CWA alleges that Altice unreasonably cut costs to boost profits and will do so again with Cablevision, we do not find that Altice's prior actions in foreign jurisdictions demonstrate how it will manage Cablevision.[146] The public interest does not require us to dissect each business decision Altice has made in non-U.S. markets to determine whether its asserted benefits in this case are reasonable. Further, in the U.S. market, specifically, Altice has asserted that its U.S. business model is to focus on re-investing in infrastructure to enhance competitiveness and create long-term value.[147] Indeed, in the *Suddenlink/Altice* proceeding, Altice stated that it would complete Project Gigaspeed, a four year investment program aimed at making 1 Gbps service available to the vast majority of Suddenlink customers.[148]

43. *Management Experience.* We do not rely on Applicants' general statements that, post-transaction, Cablevision customers would benefit from Altice's management experience and operating

[139] *Id.* at 6.

[140] Applicants' Reply at 5-6.

[141] Application at 9-11.

[142] *Id.* at 12.

[143] *Id.*

[144] *Id.* at 9-12; Applicants' Reply at 6-8.

[145] Applicants' Reply at 6-7 (listing specific 2014-15 broadband expansion statistics by Altice in France for its subsidiary, Numericable SFR, including doubling 4G coverage by November 2014 and planning to increase coverage to 90 percent by 2017 and over 95 percent by 2020, increasing the number of Numericable SFR's new fiber homes passed to 330,000 by the third quarter of 2015, and stating that it expects to accelerate this expansion to about 500,000 additional homes per quarter in 2016 and 2017, and accelerate fiber build-out plans to 22 million homes by 2020).

[146] CWA Petition at 14-17; *see also* MFRConsulting's Apr. 11, 2016 Submission at 1-4 (arguing that Altice and its investors do not have viable business models).

[147] *See* Application at 9-13.

[148] *Suddenlink/Altice Order*, 30 FCC Rcd at 14361, para. 23.

processes.[149] When determining whether a proposed benefit will result in a quantifiable, transaction-specific benefit, the Commission asks whether the benefit likely will be accomplished in the absence of the proposed transaction and whether the benefit will flow through to consumers and accrue to the public interest.[150] Here, we acknowledge that Altice has experience investing in and managing cable companies. However, Cablevision also has that experience, and Applicants have not shown why Cablevision is not capable of achieving the claimed benefits in the absence of the transaction. Applicants state that Altice would ensure Cablevision achieves cost reductions in its operating processes and IT systems as well as incremental subscriber growth and reduced churn due to improved operating processes that Cablevision would not be able to achieve otherwise.[151] At the same time, Applicants acknowledge that Cablevision already has a long history of continuous investment and innovation and has been at the forefront of offering new services to attract customers, including "a variety of affordable service offerings targeted specifically at the needs of and interests of 'cord-cutters' and 'cord-nevers.'"[152] Because we are unable to quantify a potential benefit to consumers from Altice's management experience and operating processes in comparison to Cablevision's, we do not rely on them in determining whether the transaction is in the public interest.

44. *Cost Savings.* We ascribe limited weight to Applicants' general statements that the transaction would result in cost savings that can be considered quantifiable, transaction-specific benefits.[153] As we discuss in greater detail above,[154] for the purposes of analyzing whether the transaction will result in too much debt for post-transaction Cablevision, we take account of a $450 million in savings over a two to three year period.[155] Our standards for weighing whether, and to what extent, claimed cost savings will result in transaction-specific, verifiable benefits to consumers requires us to apply closer scrutiny to the asserted savings than our initial calculations of the amount of savings that are likely to result from the transaction.[156]

45. Applicants state that Altice will focus on cost savings related to overhead, general and administrative expenses, procurement, and special projects.[157] Applicants contend that the proposed cost savings will ultimately improve service quality, network investments, as well as information technology

[149] Application at 7-13 (stating that Altice would bring "considerable" experience to Cablevision of upgrading and managing Cablevision's network and intends to "continue investing in and upgrading Cablevision's IT systems, including customer care, service provisioning and billing systems, to improve processes and be in an even better position to serve customers." and explaining Altice's experience in operating cable companies in foreign jurisdictions); Response to Information Request at 4 (asserting that Altice plan for reducing costs post-transaction includes "reducing historically high corporate expenses, eliminating corporate functions no longer necessary in a combined (or private) company, implementing improved operations and IT systems, optimizing processes and implementing operational re-organizations, and leveraging the scale of Alice's worldwide operations to obtain improved purchasing power for customer promises equipment, network components, IT systems and related inputs.").

[150] *AT&T/DIRECTV Order*, 30 FCC Rcd at 9237-38, paras. 273-76.

[151] Response to Information Request at 4.

[152] Application at 8-9.

[153] Applicants claim that after the transaction closes, Altice will focus on ". . . costs related to overhead, general and administrative expenses, procurement and special projects that can be eliminated without adverse consequences to service or consumers." Applicants' Reply at 4; Response to Information Request at 4.

[154] *See supra* note 71.

[155] Applicants' Reply at 4-5 (citing Moody's Investors Service, *Moody's assigns B1 to Neptune Finco Corp.*, Moody's (Sept. 24, 2015), https://www.moodys.com/research/Moodysassigns-B1-to-Neptune-Finco-Corp-AlticeCablevision-acquisition-financing--PR_335284.).

[156] *See infra* para. 20.

[157] Applicants' Reply at 4.

investments, which will be "financed in part by the initial savings realized and will result in better service to Cablevision customers and higher satisfaction rates."[158] Moreover, Applicants state that they expect to use part of the cost savings to make "substantial, near-term investments, implement changes in operations, and develop new offerings that will enhance competition and improve the customer experience" such as: the all-in-one home center, which will allow subscribers to integrate various cable, online, media, and WiFi and Ethernet connected devices; launching a new customer interface; and continued investment in and support of Cablevision's WiFi network.[159]

46. Applicants have not stated whether the savings Altice expects to achieve will result in lower prices for consumers, or whether the post-transaction Cablevision will use savings to maintain or improve upon the offerings it currently provides to a broad base of customers. It is therefore difficult to evaluate just how much of the cost savings would actually benefit the public interest. As the Commission has previously found, Applicants should support claims of potential benefits with details such as whether savings would result in a reduction in marginal costs or a reduction in fixed costs.[160] The Commission has explained that reductions in fixed costs may be less cognizable than reductions in marginal costs because the former are less likely to result in lower prices or improved services for consumers.[161] Given that at least some of the claimed costs savings are savings to fixed costs, for example costs associated with overhead, we are unable to calculate the extent to which customers will benefit from the asserted savings. On the other hand, we find that some of Altice's claimed cost savings, for example those related to procurement, are likely to reduce marginal costs and result in benefits to consumers.[162] In addition, given the existence of competitors in Cablevision's service territory, we find that Altice will have an increased incentive to pass some of these savings on to consumers. We therefore ascribe some limited weight to these claimed benefits.

47. *Improved Broadband Speed and Pricing.* We find that the transaction is likely to result in Altice fulfilling its stated U.S. business plans to improve Cablevision's nearly ubiquitous broadband offerings in its service territories by increasing available speeds and making broadband service affordable to low-income customers. We find that Altice's commitment to the NY PSC to "upgrade the Cablevision network so that all existing customer locations are able to receive broadband service of up to 300 Mbps" provides sufficient assurance that all customers will benefit from enhanced broadband service post-transaction.[163] Applicants state that they "expect to effectuate this commitment in all existing customer locations in Cablevision's service territory"[164] and to "commence this network upgrade immediately after the transaction closes, and to complete it to all such locations not later than the end of calendar year

[158] *Id.* at 6; Response to Information Request at 4.

[159] Response to Information Request at 7.

[160] *AT&T/DIRECTV Order*, 30 FCC Rcd at 9244-45, para. 294 (stating that because much of the information relating to the potential benefits of a transaction is in the sole possession of the Applicants, they are required to provide sufficient evidence supporting each claimed benefit to enable the Commission to verify its likelihood and magnitude).

[161] *Id.* at 9244-45, para. 294.

[162] *Bell Atlantic-NYNEX Order*, 12 FCC Rcd at 20677, paras. 169-70 (1997) (finding that procurement savings reduce the cost of incremental inputs, thereby reducing marginal cost and conferring a benefit while fixed costs, including overhead, would not be a benefit).

[163] Letter from Tara M. Corvo, Counsel for Cablevision Systems Corporation and Yaron Dori, Counsel for Altice N.V., *et al.* to Marlene H. Dortch, Secretary, FCC, WC Docket No. 15-257, at 2 (filed Apr. 26, 2016) (Applicants' April 26, 2016 *Ex Parte* Letter).

[164] Applicants state that the term "Cablevision service territory" refers to "all broadband Cablevision customer locations in New York, Jersey [sic] and Connecticut, and the single franchise community Cablevision serves in Pennsylvania." *Id.* at note1.

2017."[165] Applicants further state that Altice will introduce "a new low income broadband package of 30 Mbps for $14.99 a month throughout Cablevision's service territory."[166] Applicants provide that "[T]he low income package will be available to all eligible customers in Cablevision's footprint within 15 months after closing."[167] Applicants state that "at a minimum" its commitments to the NY PSC will include the specific plans above.[168] We agree with Applicants that "these specific commitments –and any others that may result from other reviews of the Transaction" will improve the quality of services available to consumers.[169] We accept these as firm and definite commitments from Altice and, accordingly, credit them as a benefit to support a finding that the transaction is in the public interest. Based on Altice's commitments, we reject CWA's argument that Altice's cost cutting measures will result in a lack of broadband deployment and services, particularly to lower income customers.[170] Further, as we discuss in greater detail above, we agree with Applicants that the presence of competitors in the voice, video, and BIAS marketplaces creates a reasonable expectation that Altice will have sufficient incentives to provide improved services at competitive prices in the majority of its territory.[171] We are cognizant of Cablevision's pre-existing efforts toward its broadband improvement goals. We are also aware that there are portions of Cablevision's service territory where Verizon FiOS does not exist as a competitor and, therefore, Cablevision may not be exposed to the same incentives to improve services and lower prices in those areas compared to areas where competitors exist. However, we find that Altice's broadband commitments to the NY PSC provide sufficient assurance that customers throughout Cablevision's territory will have access to improved speeds and more affordable broadband service options for lower income customers.

48. *Conclusion.* As explained above, while we discount Altice's claimed benefits regarding management expertise, we find that the Applicants' claimed cost savings are likely to result in a limited benefit to consumers and that their specific broadband commitments are likely to result in benefits to

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[165] *Id.*

[166] *Id.* at 2-3. Applicants state that the low income broadband commitment will be subject to the following eligibility requirements: "First, there will be no modem fees.; Second, the program will be open, without any credit checks, to (1) households with children eligible for the National School Lunch Program, and (2) individuals age 65 and older who are eligible for and receive benefits under the federal Supplemental Security Income program, in each case so long as the enrollee has not had a Cablevision broadband subscription within 60 days of signing up for the low-income program and is not in arrears on any payments to Cablevision at the time of enrollment." Applicants further state that "[w]ithin six months following consummation of the Transaction, Cablevision will begin piloting the low income program, as well as begin associated training and outreach to stakeholders." *Id.* at 3.

[167] *Id.* at 3.

[168] *Id.* at 2.

[169] Applicants' April 26, 2016 *Ex Parte* Letter at 3.

[170] *See, e.g.*, CWA Petition at 16 (citing articles stating that Numericable-SFR raised prices and targeted "higher-revenue paying customers as a way to compensate for the overall decline in subscribers). *But see* Applicants' Reply at 6 (responding that SFR had been underinvested prior to Altice's acquisition and Altice is now attempting to improve service).

[171] *See* Application at 8 (contending that the New York Metro area is one of the most competitive broadband, voice and video markets in the United States); MFRConsulting Comments at 15 (claiming that Altice views the U.S. market as not competitive overall, but citing an Altice chart depicting Cablevision's market as the most competitive among the top cable providers in the U.S.); Applicants' Reply at 8 ("[B]y investing in the Cablevision network and providing user-friendly, innovative service to its customers, Altice expects to earn customer loyalty, resulting in a lower churn rate and ultimately better average revenue per user. This, in turn, will perpetuate revenue growth to support yet further investment and innovation."); Jack O'Dweyer, O'Dweyer's, Inside News of Public Relations & Marketing (Mar. 7, 2016), http://www.odwyerpr.com/story/public/6455/2016-03-07/altice-buy-cablevisionli-could-save-subscribers.html (stating that the transaction could result in lower prices for consumers).

consumers in Cablevision's service territories. Therefore, we conclude that the transaction is likely to result in some benefits to consumers, thereby serving the public interest.

D. National Security, Law Enforcement, Foreign Policy, and Trade Concerns

49. When analyzing a transfer of control or assignment application, we also consider any national security, law enforcement, foreign policy, or trade policy concerns raised by the relevant Executive Branch Agencies.[172] On April 20, 2016, the Executive Branch Agencies submitted a Petition to Adopt Conditions to Authorizations and Licenses.[173] The DOJ Petition states that the Executive Branch Agencies advise the Commission that they have no objection to grant of the applications provided that we condition it on compliance by Altice and Cablevision with the commitments and undertakings set forth in the 2016 LOA from the Applicants and Cequel to the DOJ, pursuant to which Applicants are bound by the definitions, rights, and obligations contained in the 2015 NSA between Altice, Cequel, and the DOJ.[174] We find that grant of the Applications, subject to compliance with the 2016 LOA and 2015 NSA, will serve the public interest, convenience, and necessity.

IV. CONCLUSION

50. We conclude that granting the Applications serves the public interest. Based on our careful review of the record and the commitments made in the Applicants' April 26, 2016 *Ex Parte* Letter, we find the transaction is unlikely to result in any significant public interest harms. We find that the transaction is likely to result in some public interest benefits of increased broadband speeds and more affordable options for low income consumers in Cablevision's service territory. Although we find that the public interest benefits are limited, the scales tilt in favor of granting the Applications because of the absence of harms. Accordingly, we grant the proposed transfers subject to compliance by Altice and Cablevision with the terms of the 2016 LOA and 2015 NSA.

V. ORDERING CLAUSES

51. Accordingly, having reviewed the Applications and the record in this matter, IT IS ORDERED that, pursuant to sections 4(i)-(j), 5(c), 214, 303(r), 309, and 310(d) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i)-(j), 155(c), 214, 303(r), 309, 310(d), and sections 0.51, 0.61, 0.91, 0.131, 0.261, 0.283, 0.291, and 0.331 of the Commission's Rules, 47 C.F.R. §§ 0.51, 0.61, 0.91, 0.131, 0.261, 0.283, 0.291, and 0.331, the Applications to assign and transfer control of domestic and international section 214 authorizations, wireless licenses, and cable television relay service station licenses ARE GRANTED subject to the condition specified herein.

52. IT IS FURTHER ORDERED that, pursuant to sections 4(i)–(j) and 214 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i)–(j), 214, the Petition to Adopt Conditions to Authorizations and Licenses filed by the U.S. Department of Justice, including the Federal Bureau of Investigation, with the concurrence of the U.S. Department of Homeland Security and the U.S. Department of Defense, IS GRANTED. Grant of the Applications IS CONDITIONED UPON the compliance by Altice N.V. and Cablevision Systems Corporation with the commitments and undertakings

[172] *See Rules and Policies on Foreign Participation in the U.S. Telecommunications Market,* 12 FCC Rcd 23891, 23918-21, paras. 59-66 (1997); *see also Review of Foreign Ownership Policies for Common Carrier and Aeronautical Radio Licensees under Section 310(b)(4) of the Communications Act of 1934, as Amended,* 28 FCC Rcd 5741, 5792, para. 95 note 255 (2013) ("The Commission has previously held that, regardless of the applicability of sections 310(a) and 310(b), the Commission considers, pursuant to sections 308 and 310(d) of the Act, national security, law enforcement, foreign policy and trade policy concerns when analyzing an application in which foreign ownership is involved.").

[173] Petition to Adopt Conditions to Authorizations and Licenses filed by of the U.S Department of Justice, WC Docket No. 15-1257 (filed April 20, 2016, attaching April 20, 2016 Letter of Agreement and December 11, 2015 National Security Agreement (DOJ Petition).

[174] *Id.* at 1-2.

set forth in the April 18, 2016 Letter of Agreement to the U.S. Department of Justice, pursuant to which Altice N.V. and Cablevision Systems Corporation are bound by the definitions, rights, and obligations contained in the December 11, 2015 National Security Agreement between Altice N.V., Cequel Corporation d/b/a Suddenlink Communications and the U.S. Department of Justice. A failure to comply and/or remain in compliance with any of these commitments and undertakings shall constitute a failure to meet a condition of the underlying authorizations and licenses, and thus grounds for declaring the authorizations and licenses terminated without further action on the part of the Commission. Failure to meet a condition of the license may also result in monetary sanctions or other enforcement action by the Commission.

53. IT IS FURTHER ORDERED, pursuant to section 1.102(b)(1) of the Commission's rules, 47 C.F.R. § 1.102(b)(1), that this Memorandum Opinion and Order IS EFFECTIVE upon release. Petitions for reconsideration under section 1.106 of the Commission's Rules, 47 C.F.R. § 1.106, or applications for review under section 1.115 of the Commission's rules, 47 C.F.R. § 1.115, may be filed within thirty days of the date of public notice, i.e., within thirty days of the release date, of this Memorandum Opinion and Order.

FEDERAL COMMUNICATIONS COMMISSION

Matthew S. DelNero
Chief, Wireline Competition Bureau

Mindel De La Torre
Chief, International Bureau

William T. Lake
Chief, Media Bureau

Jon Wilkins
Chief, Wireless Telecommunications Bureau

APPENDIX

SECTION 214 AUTHORIZATIONS

A. International

The applications for consent to the transfer of control of certain international section 214 authorizations from Cequel to Altice are granted.

File Number	Authorization Holder	Authorization Number
ITC-T/C-20151014-00237	Cablevision Lightpath, Inc.	ITC-214-19940128-00025

B. Domestic

The application for approval to transfer control of domestic 214 authorizations is granted.

SECTION 310(d) WIRELESS APPLICATIONS

The applications for consent to the assignment of licenses under section 310(d) of the Act are granted.

File Number	Licensee	Lead Call Sign
0006967948	Cablevision of Brookhaven, Inc.	KRZ668
0006967949	Samson Cablevision Corp.	KXS838
0006967950	CSC Holdings LLC	WPMM936
0006967951	Cablevision Lightpath, Inc.	WPZT765
0006967952	CSC Transport, Inc.	WQLC623
0006967953	News 12 Company	WPTG869
0006967954	Newsday LLC	WQJE942
0006974362	CSC Transport, Inc.	501cv

PART 78 -- CABLE TELEVISION RELAY SERVICES (CARS)

File Number	Licensee	Lead Call Sign
20151027AB-09	Cablevision Systems Long Island Corporation	WLY-427
20151027AA-09	News 12 Connecticut LLC	KB-60118
20151027AC-09	News 12 Company	KD-55020
20151027AD-09	News 12 Company	KD-55021
20151027AE-09	News 12 Company	KD-55023
20151027AF-09	News 12 Company	KD-55025
20151027AG-09	News 12 Company	KD-55029

PART 25 – SATELLITE EARTH STATION LICENSES

File Number	Licensee	Lead Call Sign
SES-T/C-20151014-00679	News 12 Connecticut LLC	E010213
SES-T/C-20151014-00690	News 12 The Bronx, L.L.C.	E040308
SES-T/C-20151014-00691	News 12 New Jersey L.L.C.	E110121
SES-T/C-20151014-00692	News 12 Westchester LLC	E110020
SES-T/C-20151014-00693	News 12 Company	E940183

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

FEB 17 2016

RECEIVED

JUN 27 2016

BOARD OF PUBLIC UTILITIES
MAIL ROOM

Benjamin A. Powell
Wilmer Cutler Pickering Hale and Dorr LLP
1875 Pennsylvania Avenue, NW
Washington, DC 20006

Re: CFIUS Case 16-007: Next Luxembourg S.C.sp (Luxembourg)/Cablevision Systems Corporation

Dear Mr. Powell:

Your notice dated January 11, 2016, informed the Committee on Foreign Investment in the United States (CFIUS) of the proposed acquisition of 70 percent of Cablevision Systems Corporation by Next Luxembourg S.C.sp. For the avoidance of doubt, CFIUS's review of the proposed transaction does not include the acquisition of 30 percent of Cablevision, in the aggregate, by investment vehicles and funds affiliated with each of BC Partners Holdings Limited and the Canada Pension Plan Investment Board.

Section 721 of the Defense Production Act of 1950, as amended (section 721, codified at 50 U.S.C. app. § 2170), authorizes the President, acting through CFIUS, to review certain mergers, acquisitions, and takeovers which could result in foreign control of any person engaged in interstate commerce in the United States.

CFIUS has reviewed the information provided to it regarding the proposed transaction. Based on its review, and after full consideration of all relevant national security factors, including the factors enumerated in subsection (f) of section 721, CFIUS has determined that there are no unresolved national security concerns with respect to the above transaction. Therefore, I am writing to inform you that action under section 721 is concluded with respect to this transaction.

In accordance with section 721, we will advise relevant members of Congress and congressional committees of this determination.

Sincerely,

Aimen N. Mir
Deputy Assistant Secretary
Investment Security

20160027: Mr. Patrick Drahi; Cablevision Systems Corporation

DATE: November 4, 2015

TRANSACTION NUMBER: 20160027

ACQUIRING PARTY: Mr. Patrick Drahi

ACQUIRED PARTY: Cablevision Systems Corporation

GRANTING STATUS: Granted

Acquired Entities

- Cablevision Systems Corporation

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 15-M-0647 - Joint Petition of Altice N.V. and Cablevision Systems Corporation and subsidiaries for Approval of a Holding Company Level Transfer of Control of Cablevision Lightpath, Inc. and Cablevision Cable Entities, and for Certain Financing Arrangements.

ORDER GRANTING JOINT PETITION SUBJECT TO CONDITIONS

Issued and Effective: June 15, 2016

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STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of Albany on June 15, 2016

COMMISSIONERS PRESENT:

Audrey Zibelman, Chair
Patricia L. Acampora
Gregg C. Sayre
Diane X. Burman

CASE 15-M-0647 - Joint Petition of Altice N.V. and Cablevision Systems Corporation and subsidiaries for Approval of a Holding Company Level Transfer of Control of Cablevision Lightpath, Inc. and Cablevision Cable Entities, and for Certain Financing Arrangements.

ORDER GRANTING JOINT PETITION SUBJECT TO CONDITIONS

(Issued and Effective June 15, 2016)

BY THE COMMISSION:

INTRODUCTION

By Joint Petition filed on November 4, 2015 (Joint Petition), Cablevision Systems Corporation (Cablevision or the Company) and Altice N.V. (Altice) (collectively, the Petitioners) request Commission authorization for a holding company level transaction that would result in the transfer of control of Cablevision Lightpath, Inc. (Lightpath), an indirect wholly-owned subsidiary of Cablevision authorized to provide local exchange and interexchange telecommunications services in New York, and Cablevision's cable entities operating in New

York, to Altice.[1] As structured, the proposed transaction includes all of Cablevision's broadband internet, telephone, and cable television systems, authorizations, franchises and assets in New York, New Jersey and Connecticut.

Approval to transfer Cablevision's New York telephone and cable assets and to issue debt is requested under Public Service Law (PSL) §§99, 100, 101, and 222. Under these applicable and, in the case of Section 222, recently amended provisions of the PSL, the Commission must determine whether the benefits of the proposed transaction outweigh the detriments, such that consummation of the proposed transaction would produce an overall net benefit for New Yorkers generally, and for all of Cablevision's New York customers in particular.

We have considered carefully Cablevision's financial condition post-transaction and find that efficiency opportunities should enable the Company to manage its increased debt. Further, the presence of competition and the conditions the Commission is requiring should assure that Cablevision continues to promote service quality and network modernization. For the reasons elaborated below, the Commission finds that the proposed transaction is in the public interest provided that the Petitioners agree to make concrete and enforceable commitments to enhance and expand access to Cablevision's communications systems and services, address the digital divide, maintain adequate customer service, and ameliorate constraints that result from the size of the debt incurred to finance the acquisition. Absent acceptance of these enforceable commitments and conditions, described in the body of this Order and Appendix

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1 Case 15-M-0647, Joint Petition of Altice N.V. and Cablevision Systems Corporation, et al., Joint Petition (filed November 4, 2015).

A hereto, the public interest standard cannot be met, and the relief requested in the Joint Petition is denied.

Without question, communications represent an essential component of daily life. As we found in the Charter/TWC Order, "… close to 20 million New Yorkers rely on some form of communications as part of their personal, professional and public lives."[2] Whether communicating by voice, e-mail or text message, or receiving content over the Internet, New Yorkers rely on the communications networks and services offered within the State to remain in contact with family and friends. For example, New York businesses rely on such communications networks and services to reach and serve customers nationally and internationally. Employees and students rely on these networks and services to work, take classes, and complete the training and certification necessary to ensure professional and academic success. Hospitals and other medical centers rely on these networks and services to manage patient healthcare.

Consequently, there is a substantial public interest in ensuring that the Commission establishes policies and practices that adapt to the public's evolving demands for faster broadband speeds, better quality of service, and universal access, while also driving innovation in the communications technology markets.[3] The conditions summarized below, and set forth in the body of this Order and Appendix A hereto, are consistent with and support Governor Andrew Cuomo's commitment

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[2] See, Case 13-M-0388, Joint Petition of Charter Communications and Time Warner Cable - Approval of a Transfer of Control, Order Granting Petition Subject to Conditions, p. 3 (issued January 8, 2016) (Charter/TWC Order).

[3] See, e.g., Case 14-C-0370, In the Matter of a Study on the State of Telecommunications in New York State, (a review of the State's communications landscape) (Telco Study).

to broadband investment and infrastructure expansion throughout the State of New York,[4] as well as the public's interest in the affordability, availability, and reliability of communications networks and services.

Network Upgrades and Expansion - To facilitate universal access and broadband speeds, the Petitioners must enhance and extend their existing infrastructure in New York. Cablevision will, thus, be required to offer all customers in its service territory broadband speeds of up to 300 Megabits per second (Mbps) by the end of 2017.

In addition, Cablevision will be required to provide, without line extension fees, cable facilities to all unserved or underserved residential and non-residential premises in the Town of Milan, Dutchess County, New York. For the remainder of the New York State municipal franchises currently served by Cablevision at the time of the issuance of this Order, the Company will be required to establish a line extension promotion fund to absorb customer line extension fees that might otherwise be assessed for the construction of cable facilities, for any requesting residential or business consumers, for four years following the close of the transaction, subject to the methodology described below.

This line extension waiver requirement, however, will exclude the Barrier Island communities of Oak Beach and Gilgo Beach. For these Barrier Island communities, Cablevision will be required to apply for Broadband 4 All funding to accomplish network expansion. If no such funding is awarded, the Company

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[4] Governor Andrew Cuomo established a $500 million fund to promote deployment of broadband infrastructure capable of providing speeds of 100 Mbps. See, 2015 Opportunity Agenda: Restoring Economic Opportunity, Re: Statewide Broadband Access for Every New Yorker (dated January 16, 2015).

will test and/or pilot an alternative Wi-Fi network, within 18 months following the denial of any bid for such funding.

Low-income and Broadband Availability - To promote broadband affordability and universal service, the Petitioners will be required to offer several services aimed at assisting low- and middle-income customers. First, Cablevision will be required to offer a discounted broadband service (30 Mbps for $14.99 per month) to certain low-income customers. The low-income program must be offered to homes eligible for the National School Lunch Program (NSLP) and senior citizens receiving benefits from the Supplemental Security Income Assistance Program (SSI). The Company will roll out this low-income program in its New York service territory within six months of the close of the proposed transaction and make it available to all eligible customers within 15 months of the close of the proposed transaction.

In addition, Cablevision will be required to offer to new subscribers its low-cost standalone internet product, "Internet Basics," currently being offered at speeds of 5 Mbps download for $24.95 per month, which includes a free digital antenna for over-the-air channels and free access to Wi-Fi hotspots,[5] for two years following the close of the proposed transaction, at the current price of $24.95 per month. The standalone internet service offered as a result of this condition shall also include a speed increase at the time of the transaction's close, from the current 5 Mbps download to 10 Mbps download, at no additional cost. Cablevision will also be required to allow existing customers to retain this service for

[5] A hotspot is a physical location situated with telecommunications equipment that allows users in the vicinity of the hotspot area, to access the Wi-Fi connection to the user's Smart Phone, tablet or other mobile device.

three years from the close of the proposed transaction, which will run concurrently with the two-year period discussed above.

Further, Cablevision will be required to maintain uniform, statewide pricing for the low-income program and its low-cost "Internet Basics" service (described above) as well as its mass market, standalone broadband service currently offering speeds of 25 Mbps download for $59.95 per month.

Cablevision will also be required to participate in the Federal Communications Commission's (FCC) modernized Lifeline program which we expect will further improve, among other things, broadband affordability for the Company's New York customers.

Finally, Cablevision will be required to offer broadband to 40 anchor institutions, which may include public housing, in underserved or unserved areas. The locations, services and accessibility will be determined, in part, with input from interested stakeholders and Department of Public Service Staff (Staff).

Customer Service and Debt - In order to ensure that there is no reduction of Cablevision's current service quality performance, the Petitioners will be required to meet certain internal Cablevision customer service metrics pertaining to the number of service and repair calls and time-to-repair. These internal service quality metrics have the added advantage of covering all of the services (voice, video and broadband) offered by Cablevision, as opposed to the Commission's current metrics, which cover only telephone and cable.

In the event Petitioners cannot meet these internal service quality measures, they will be subject to service quality incentive investments. The source of the payment of these investments and/or contributions is designed in a manner that protects customers in the event Cablevision's consolidated net leverage ratio is above a certain level as described in more detail below. This will help protect against exacerbating any decline in service quality. In sum, Altice and/or Cablevision will be required to potentially invest up to $16 million per year in service quality improvements in the event there are repeated failures to meet these specific customer service metrics.

Job Protections - To ensure the continuation of adequate service, Cablevision will be precluded from laying off or involuntarily reducing or taking any action that is intended to reduce, with the exception of early retirement incentives and attrition, customer-facing[6] jobs in New York for the four years following the date of the issuance of this Order.

In addition, Cablevision will be required to maintain, for two years following the close of the transaction, at least 14 out of 18 walk-in centers throughout its New York footprint. Any incremental closure of walk-in centers will be subject to Commission approval. To the extent the Company seeks to consolidate or otherwise close any walk-in center (including any consolidations that may take place without Commission authorization), or re-assign staff as a result thereof, Cablevision may only do so in compliance with this job protections condition.

Network Resiliency - In their Joint Application to the FCC, and in comments to the Commission, the Petitioners represent that they plan to modernize their network through, for example, reducing the number of active components and streamlining the architecture. They state that these

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6 For purposes of this Order, "customer-facing jobs" is defined to mean those positions with direct interaction with customers; including, but not limited to call center and other walk-in center jobs, and service technicians.

modernization efforts will result in a more efficient, reliable, and resilient network. This, in turn, makes the network more cost-effective to maintain higher quality service, which is of key concern in the face of things such as natural disasters. The Petitioners also represent that these network modernizations are foundational to their realization of targeted synergies and improved customer experiences.

To ensure these modernization efforts are made available throughout Cablevision's New York territory, the Company will be required to reduce active components in its network and establish a uniform or streamlined network architecture across its New York service area in an equitable and non-discriminatory basis.

During declared emergencies, Cablevision will also be required to provide free Wi-Fi access, free access to news content and free power outage coordination. The Company will further be required to file with the Commission a plan designed to improve Cablevision's emergency response, readiness plan, outage reporting, pre-storm emergency communications and network planning. Upon completion, this plan will be made available to interested local governments.

New Technology - Petitioners state that, because of its relative size and scale, Altice is better positioned to pursue innovation, which will translate into additional benefits for New Yorkers. For example, Altice is developing an "all-in-one" home center, which will allow subscribers to integrate cable, over-the-top (OTT) video, online storage, home media, and Wi-Fi and Ethernet connected devices into a single hub. This should improve the customer experience by providing a better user interface and allowing consumers to manage all of Cablevision's online content from one place. Limiting the amount of equipment at the customer's home should also limit equipment troubles and improve customer service.

Cablevision will be required to begin deployment of this "all-in-one" technology within three years of the close of the proposed transaction.

* * *

In sum, the Commission finds that if the Petitioners accept these commitments and conditions as described in greater detail below, the potential harms of the proposed transaction should be mitigated and New York consumers should realize at least $244 million in net incremental benefits over the five years from the transaction's close, along with other associated benefits.

These conditions will be enforced against Altice and/or Cablevision through a combination of incentive payments, self-effectuating commitments (including reporting requirements and collaboration with various stakeholders), and potential penalty actions pursuant to PSL §25, and, if necessary, enforcement proceedings pursuant to PSL §26.

BACKGROUND

On September 16, 2015, Altice entered into an Agreement and Plan of Merger (Agreement), to acquire 100 percent of the share capital of Cablevision. In order to complete the proposed transaction, Altice formed a chain of three wholly owned Dutch subsidiaries, with each subsidiary wholly owning the next and the lowest-level entity wholly owning a newly formed Delaware corporation, Neptune Holding US Corp. Neptune Holding US Corp. will wholly own Neptune Merger Sub Corp., also a Delaware corporation (Merger Sub). As part of the proposed transaction, Merger Sub will merge into Cablevision. Following this step, Merger Sub will no longer exist as a separate corporate entity. Cablevision will be the surviving corporation and will be 100 percent directly owned by Neptune Holding US Corp. and Altice in turn will own 70 percent of Neptune Holdings US Corp. Consequently, it will have a 70 percent indirect ownership in Cablevision. Additionally, the Canadian Pension Plan Investment Board (CPPIB), a Canada-based investment management organization that invests the assets of the Canada Pension Plan and BC Partners Holdings Limited (BC Partners) have exercised their option to indirectly purchase a combined total of 30 percent of Merger Sub's shares.

In connection with the financing of the proposed transaction, Neptune Holding formed a separate wholly owned subsidiary, Neptune FinCo Corp., a Delaware corporation (Neptune FinCo). Following the close of the proposed transaction, Neptune FinCo will consolidate into Merger Sub and merge with CSC Holdings, LLC (CSC Holdings), an existing Cablevision subsidiary, with CSC Holdings surviving the merger and Neptune FinCo ceasing to exist as a separate corporate entity. CSC Holdings will remain a direct wholly owned subsidiary of Cablevision.

Altice is a publicly-traded holding company with subsidiaries that operate as providers of fixed and mobile voice, video, and broadband internet services in a number of markets including France, Belgium, Luxembourg, Portugal, Switzerland, Israel, the French Caribbean and Indian Ocean regions, and the Dominican Republic. In total, Altice serves approximately 34.5 million subscribers throughout these international markets. Altice also recently entered the United States market by acquiring a 70 percent interest in Suddenlink Communications (Suddenlink), which has approximately 1.5 million subscribers in a dozen states outside of this immediate region, including Texas, Louisiana, Arkansas, West Virginia, Oklahoma and Arizona.

Cablevision provides fixed voice, video and broadband internet services to approximately 3.1 million subscribers in New York, New Jersey, and Connecticut. In New York, Cablevision provides service in three regional areas, including Nassau and Suffolk Counties on Long Island, parts of New York City in Brooklyn and the Bronx, and numerous municipalities in the lower Hudson Valley. Cablevision's total New York subscriber base is approximately 1.9 million customers.[7] Its network passes approximately 43 percent of New York's population through an estimated 220 cable franchised areas. It also operates a network of over one million Wi-Fi access points across its tri-state footprint. Cablevision's voice portfolio includes Lightpath, a provider of integrated business communications solutions to companies in the metro New York area. The Company also offers regional and local advertising services through Media Sales and owns the News 12 network, Newsday, and Star Community Publishing, a publisher of weekly shoppers and community papers on Long Island.

While the Joint Petition does not seek immediate authority for changes to the New York customers' rates, terms or conditions of services, or for direct assignment of Cablevision's franchises, certificates, assets or customers, after the close of the proposed transaction, the Petitioners assert that if Cablevision wishes to make additional changes that require regulatory approval, they will follow applicable

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7 The Petitioners provided a public number of 3.1 million customers in Cablevision's footprint in New York, New Jersey, and Connecticut. This estimate is derived from extracting public data from New Jersey and Connecticut.

New York filing and notice requirements associated with any such changes.

The Joint Petition indicates that the proposed transaction will include the sale of stock and the issuance of additional debt. As such, the Petitioners request approval for Lightpath to participate in financing arrangements to be entered into in connection with the proposed transaction. Specifically, the Petitioners state that the proposed transaction will be financed with $8.6 billion of new debt to be assumed by CSC Holdings (as part of Neptune FinCo's merger into CSC Holdings), cash on hand at Cablevision, and an equity contribution of $3.3 billion from Altice, BC Partners and CPPIB. This new debt will be assumed by CSC Holdings upon completion of the proposed transaction as follows: $3.8 billion from a seven-year senior secured term loan; $1 billion in ten-year senior guaranteed notes; and, $3.8 billion in seven-year and ten-year senior unsecured notes. The senior secured term loan and senior guaranteed notes will be guaranteed by certain of CSC Holdings' wholly owned subsidiaries, including (subject to receiving the required approvals) Lightpath and the Cablevision cable entities. The senior secured term loan will be secured by the pledge of capital stock held by CSC Holdings and subsidiaries that are guarantors in subsidiaries of CSC Holdings (subject to exclusions and limitations to be agreed upon). When combined with the retained debt at Cablevision, which totals $5.9 billion, the total Cablevision debt financing equals $14.5 billion. Cablevision has also secured a five-year, $2 billion revolving credit facility, which the Petitioners state should ensure sufficient resources to meet Cablevision's liquidity needs following the close of the proposed transaction.

Cablevision is currently rated 'Ba2' by Moody's Investors Service Inc. (Moody's) and 'BB-' by Standard and

Poor's (S&P). Altice is not rated by Moody's and is rated one notch below Cablevision at 'B+' by S&P. Neptune FinCo is rated 'B1' by Moody's and is not rated by S&P. Following the announcement of the acquisition by Altice, with the proposed increased debt level at Cablevision, both Moody's and S&P indicated actions for Cablevision's credit ratings. Moody's placed the rating for Cablevision on review for downgrade,[8] and S&P placed it on CreditWatch with negative implications.[9]

One of the financial metrics used by rating agencies in assessing a rating for a cable company is the leverage ratio: Debt to Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). With this transaction and the new debt of $8.6 billion, the leverage ratio for Cablevision is going to increase, which introduces additional risk for raising future capital. A September 2015 Moody's report stated that "[p]ro forma for the transaction and excluding any expected savings, Cablevision's total consolidated leverage will be approximately 8x debt/EBITDA (as adjusted by [Moody's]), which creates risk for a company in a capital-intensive, competitive industry."[10] In the same report Moody's discussed its view of Cablevision's credit rating and stated, "[w]e previously identified adjusted leverage of 4.75x debt/EBITDA as the upper guidance limit for Cablevision's Ba2 rating, but the company has exceeded 4.75x for some time, which was reflected in our negative outlook. Although the final debt-capital structure of the combined

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8 "Moody's places Cablevision on review for downgrade," Moody's Investors Service (dated September 17, 2015).

9 "Cablevision Systems Corp.'BB-'Rating Placed on CreditWatch Negative on its Agreement to be Acquired by Altice S.A.," Standard and Poor's (dated September 17, 2015).

10 "Cablevision Will Sell Majority Stake to Altice, a Credit Negative," Moody's Investors Service (dated September 21, 2015).

company is unknown at this time, the combination valuing Cablevision at $17.7 billion is likely to result in leverage meaningfully above 4.75x and could result in a multi-notch downgrade." S&P also referenced leverage in a research update stating that "[u]pon close of the transaction, we will lower our corporate credit rating on Cablevision to 'B' from 'BB-' reflecting high pro forma leverage of about 7.6x."[11]

The Petitioners assert that they will use expense reducing synergies to improve upon Cablevision's leverage ratio over time. In addition, on October 9, 2015, Altice raised $1.8 billion of new equity capital by issuing 69,997,600 Altice A shares and 24,825,602 Altice B shares to finance a portion of the equity for the proposed transaction. The total amount raised represents approximately ten percent of the issued share capital of each class of stock.

Finally, the Joint Petition states that the proposed transaction will result in benefits to New York. Among the public interest benefits put forward by the Petitioners are:

- No anticompetitive effect - Cablevision operates a regional cable system serving approximately 3.1 million customers in some of the most competitive markets in the country. The acquisition of Cablevision will improve the competitive prospects for Cablevision in these markets and poses no anticompetitive issues of vertical or horizontal consolidation in the domestic cable or broadband market.

- Access to additional technical resources - Cablevision's customers will benefit from Altice's global expertise in the form of continued improvement in service, quality, and value.

- Magnification of Cablevision's capacity to compete - Altice is a substantially larger company than Cablevision with access to capital and the ability to

[11] "Cablevision Systems Corp. 'BB-' Rating Remains on CreditWatch Negative; New Debt Assigned Ratings, Standard and Poor's, September 24, 2015.

pursue innovation on a larger scale that will translate into additional benefits over a larger global customer base.

- Reduction of vertical integration - Altice's acquisition of Cablevision excludes any interest in the Madison Square Garden Network and the American Movie Channel Networks, Inc., and thus reduces vertical integration in the cable television market by eliminating common control over these companies.[12]

Subsequent to the filing of the Joint Application and Petitioner's Reply Comments, dated March 8, 2016, on May 3, 2016, the FCC's Wireline Competition, International, Media, and Wireless Bureau Chiefs issued a Memorandum, Opinion and Order approving the proposed transaction without any substantive conditions. They found that the commitments made to the New York Public Service Commission and the savings associated with the proposed transaction would result in modest benefits to Cablevision's customers. The FCC's Bureau Chiefs also noted that certain public interest concerns, like job protections and service quality, were best addressed at the state-level, specifically noting that New York was actively reviewing these concerns.[13]

Additionally, on May 11, 2016, New York City's (the City) Franchise Concession Review Committee (FCRC) approved the proposed transfer of cable television franchises in the City, provided the Petitioners also receive approval from the this Commission that includes a commitment to retain jobs and protect

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[12] See, f.n. 1, supra, pp. 2-3.

[13] WC Docket No, 15-257, Applications Filed by Altice N.V. and Cablevision Systems Corporation to Transfer of Control of Authorizations from Cablevision Systems Corporation to Altice, N.V., Memorandum, Opinion and Order, ¶¶25 and 27 (issued May 3, 2016).

service quality.[14] The City, has not yet indicated support for the Lightpath telephone transfer.

Finally, on May 9, 2016, the Communications Workers of America - District 1 (CWA), once a strong opponent of the proposed transaction, submitted supplemental pleadings in support thereof.[15] Consequently, on May 13, 2016, the CWA withdrew its appeal of two Administrative Law Judge Rulings on designation of certain discovery materials as "Highly Sensitive," made pursuant to the terms of the subsisting Protective Order.[16]

At the time of the issuance of this Order, New Jersey, the only other state with such authority, approved the proposed transaction, with conditions.[17] Generally, New Jersey is conditioning its approval on customer-facing job protections for two years, network upgrades to accommodate 300 Mbps by the end of 2017, a low-income program without data caps, customer service incentives and network resiliency initiatives.

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[14] See, Resolution, Franchise and Concession Review Committee, City of New York (Brooklyn), Cal. No. 1 (issued May 11, 2016).

[15] See, CWA's Testimony of Bob Master, Assistant to the Vice President CWA District One, Before the City's FCRC (dated May 9, 2016).

[16] See, CWA's Letter to the Secretary to the Commission (dated May 13, 2016).

[17] On May 25, 2016, the New Jersey Board of Public Utilities (Board) approved a stipulated settlement between Board Staff, Division of Rate Counsel, and the Petitioners. See, Docket No. CM15111255, In the Matter of Verified Joint Petition of Altice N.V. and Cablevision Systems Corporation and Cablevision Cable Entities for Approval to Transfer Control of Cablevision Cable Entities, Order Approving Stipulation of Settlement (issued May 25, 2016).

NOTICE INVITING COMMENTS

Under Section 617 of the Federal Communications Act (47 U.S.C. §537), when the sale or transfer of a cable television franchise requires the approval of a franchising authority, the franchising authority must act within 120 days or the request will be deemed granted, unless the requesting party and the franchising authority agree to an extension of time. On November 5, 2015, the Petitioners sent a letter to the Secretary to the Commission (Secretary) agreeing to extend the time for Commission action through April 29, 2016. Subsequently, on April 5, 2016, the Petitioners sent another letter to the Secretary agreeing to extend the time for Commission action through May 20, 2016. An additional extension was agreed upon on May 18, 2016, extending Commission action through June 16, 2016.

The Secretary issued a Notice Inviting Comments (Notice) on November 23, 2015. Pursuant to the State Administrative Procedure Act (SAPA), a Notice of Proposed Rulemaking was published in the State Register on November 25, 2015.[18] The comment period for the SAPA Notice expired on January 9, 2016, and the initial comment period for the Notice expired on January 22, 2016, with replies being accepted until February 5, 2016. The reply comment deadline was subsequently extended through March 8, 2016. On or about February 9, 2016, [Trial] Staff and others filed their Initial Comments. The Petitioners filed their Reply Comments on March 8, 2016.

Following the final agreement to extend the date for Commission action in this matter, the Secretary, on May 18, 2016, issued a Notice Extending Date for Commission Action and Further Process. In that Notice the Secretary advised parties

[18] SAPA No. 15-M-0647SP1.

and interested stakeholders that a further Notice for Comment would be issued on Senior Department [Advisory] Staff recommendations which, if accepted by the Petitioners, would in Advisory Staff's opinion align the proposed transaction with the Commission's public interest standard. Thereafter, on May 20, 2016, Advisory Staff filed their "Recommended Merger Approval Conditions." The Secretary issued a Notice Soliciting Comments on Advisory Staff's recommendations on the same date.[19]

The Department also publicly noticed seven Informational Forums and Public Statement Hearings in five locations throughout Cablevision's footprint. These hearings were held on January 26th in Peekskill, New York, January 27th in the Bronx, New York, February 2nd in Mineola, New York, and February 2nd in Smithtown, New York. A further hearing was held on February 11th in Brooklyn, New York. These hearings provided an opportunity for on-the-record public comments from interested consumers, non-profit organizations, government and business groups, and members of the general public.

To date, the Commission has received more than 130 electronically filed comments from the public at large. Generally, comments supporting the proposed transaction assert that among other things it will create jobs and provide better products at more affordable rates. Those opposing the proposed transaction state that it will inevitably lead to higher rates, reduction in service quality, job losses, and the potential for data caps on broadband and other services in the future. A summary of all the public comments is provided in Appendix B

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[19] Comments were received from several parties and interested stakeholders. Most commenters expressed support for Advisory Staff's recommendations, including many State and locally elected officials.

hereto. These comments have been taken into consideration in rendering a decision on the Joint Petition.

Advisory Staff Recommendations

On May 20, 2016, Advisory Staff filed their recommended conditions on the proposed transaction for comment. In many respects, Advisory Staff's recommendations resemble Staff's Comments, most notably in the areas of network modernization and low-income broadband. However, Advisory Staff's recommendations go further in some areas, such as debt mitigation and service quality, and modify other recommendations in the areas of network build out and resiliency. The Advisory Staff's recommendations generally are as follows:

- The targeted customer share of efficiency gains (roughly $240 million) should be based on a 25%/75% customer/company sharing mechanism over five years.
- Network upgrades and modernization through broadband speed increases of 300 Mbps by the end of 2017 for Cablevision's entire New York footprint (excluding the Barrier Island communities); and,
- Network expansion through building out the entire Town of Milan; the establishment of a $2 million fund to cover the subscribers' share of line extension costs for the remaining franchise areas outside of the Barrier Island communities (and Milan); and a requirement to bid for Broadband 4 All funding to build out to the Barrier Island communities. Absent receipt of such funding, the Petitioners would be required to test and/or pilot a Wi-Fi alternative to these communities.
- Improve low-income access and broadband affordability by requiring Cablevision to:
  - Offer a 30 Mbps, $14.99 per month program for certain eligible low-income customers;
  - Retain its "Internet Basics" service with a speed increase to 10 Mbps; and,
  - Maintain uniform statewide pricing for the low-income broadband program, Cablevision's "Internet Basics" service, and its mass market standalone broadband service.

- Maintain customer service and manage debt through service quality incentives, over four years starting in the first quarter post-close of the transaction, which require the Petitioners to:
  - (i) maintain a rate of service and repair calls per customer that is within ten percent of the average rate Cablevision met in 2015; and (ii) resolve 90 percent of its trouble calls within two days (Service Quality Metrics);
    - In each quarter that Petitioners fail to meet either of these Service Quality Metrics while Cablevision is above a consolidated net leverage ratio of 6.0x as measured by the last two quarters annualized, Altice should, or should commit to cause, one or more of its affiliated companies outside of Cablevision (External Sources), to invest $1.25 million in services, support or other resources for each Service Quality Metric missed; for each consecutive Service Quality Metric miss, these External Sources should be required to invest an additional $250,000 in services, support or other resources with a maximum investment of $2 million in services, support or other resources per quarter, per Service Quality Metric; and,
    - In each quarter that Petitioners fail to meet either of the Service Quality Metrics while Cablevision is below a consolidated net leverage ratio of 6.0x as measured by the last two quarters annualized, the Petitioners should be required to invest $500,000 in services, support or other resources for each Service Quality Metric missed for a total potential investment of $4 million annually with potential exposure for Cablevision and/or Altice through its non-Cablevision affiliated entities.
- Job protections through a four year prohibition on laying off, or taking any action effecting an involuntary reduction in workforce (excluding retirement incentives and attrition), of any customer-facing jobs in New York.
- Improve network resiliency and deploy new technology by requiring Petitioners to:
  - reduce active components in their network and establish a uniform or streamlined network

architecture across its New York service area in an equitable and non-discriminatory basis;

- provide, during declared emergencies, free Wi-Fi access, free access to news content and free power outage coordination;
- develop and file a plan to build upon Cablevision's emergency response, readiness plan, outage reporting, pre-storm emergency communications and network planning; and,
- begin offering their "all-in-one" technology in New York within three years of the close of the transaction.

In light of the unique risks presented by the proposed transaction, Advisory Staff also recommends a Most Favored Nation (MFN) clause and, unless otherwise specified, that all recommendations and conditions be enforceable against the Petitioners, jointly and separately.

In response to Advisory Staff's recommendations, three parties, the Petitioners, the City, and the Digital Divide Partners, filed substantive comments. The Petitioners acquiesce to Advisory Staff's recommendations with one clarification regarding the enforceability of the conditions against Altice, jointly and separately. They state that while Altice will be obligated to "cause" Cablevision to comply with all the conditions set forth in Advisory Staff's proposals, it will only specifically be bound by the Commission's enforcement authority with regard to the "debt related Customer Service conditions." [20]

The City made three substantive recommendations. First, it requests that Cablevision's resiliency plan be made publicly available and shared with local governments, and that we clarify that the proposed condition does not limit the inclusion of additional resiliency measures by local governments during franchise negotiations. Second, the City requests that

[20] See, Petitioners' Comments (dated May 31, 2016) pp. 2-3.

City University of New York system be part of the workforce development initiative. Third, the City recommends that the low-income broadband program be modified to include "strengthened consequences" should Cablevision fail to meet its penetration targets. In this respect, it also recommends that "community based organizations that work with low-income populations" be included in Cablevision's outreach efforts and that the Company be required to contract with these organizations. The City finally recommends that if Cablevision fails to achieve its penetration targets, the Commission conduct a review of the Company's efforts to meet these goals.[21]

The Digital Divide Partners state that the low-income program proposed by Advisory Staff is "woefully inadequate" to bridge the digital divide in poorer communities in the Bronx and Brooklyn, is overvalued, and should be modified. It recommends specifically that resident leadership organizations in New York City's public housing community be included as stakeholders during the implementation phase of the low-income broadband program and that the amount of community anchor institutions receiving free service be increased ten-fold from 40 to 400 and include public housing developments.[22]

On May 24, 2016, the Town of Babylon (Town), a non-party, submitted a letter in support of Advisory Staff's recommendations, highlighting the proposed condition to address service to the Barrier Island communities, which are part of the Town.

Finally, Entravision Communications Corporation (Entravision), also a non-party, submitted comments seeking a

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[21] See, Letter from the City of New York (dated May 31, 2016), pp. 1-2.

[22] See, Letter from the Digital Divide Partners (dated May 31, 2016), pp. 1-3.

condition that would compel Cablevision to enter into a Memorandum of Understanding on diversity in the Company's procurement of goods and services, programming efforts, and workforce and training.[23]

STATUTORY TEST FOR APPROVAL

There is no dispute over the statutes applicable to the Commission's review of the proposed transaction. Lightpath currently operates under a duly authorized and approved Certificate of Public Convenience and Necessity as a provider of telecommunication services in New York granted in Case 91-C-0134 (issued April 22, 1991), as amended in Case 92-C-0680 (issued June 23, 1993). PSL §99(2) requires the consent of the Commission to any proposed transfer of its "works or system."[24] As we noted in another merger case, "[a]lthough PSL §99(2) does not specify a standard of review, all such utility transfers

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23 As discussed, infra, the Commission is prohibited, as a franchising authority, from establishing requirements for video programming. With regard to Cablevision's procurement efforts, we encourage the Company to develop diversity in its workforce and training, especially through the pilot training program being adopted here.

24 Although consent is presumed if the Commission takes no action within 90 days after being notified of the transaction, express written consent by the Commission must be provided where, as here, the Commission determines that the public interest so requires. On November 23, 2015, the Acting Director of the Office of Telecommunications and the Director of the Office of Accounting, Audits & Finance issued a letter to the Petitioners indicating that the public interest warranted further review under PSL §§99, 100 and 101, hence stopping the 90-day/45-day respective clocks for Commission review. See, November 23, 2015 Letter from Peter McGowan, Acting Director, Office of Telecommunications, and Doris Stout, Director, Office of Accounting, Audits & Finance to Altice and Cablevision.

have been interpreted as requiring an affirmative public interest determination by the Commission."[25]

Public Service Law §§100(1) and (3) require the Commission's consent to the acquisition of the stock of a telephone corporation.[26] Unlike §99(2), however, these provisions expressly bar the Commission from giving its consent unless the applicant has shown that the acquisition is in the public interest. Public Service Law §101 also requires the Commission's consent when telephone corporations issue debt.[27]

Public Service Law §222(3) governs the transfer of the franchise, or of facilities constituting a significant part of the system, of any cable television provider. This statute was amended in 2014 to require an affirmative showing by the

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[25] Case 05-C-0237, Joint Petition of Verizon Communications, et al., Order Asserting Jurisdiction and Approving Merger Subject to Conditions (issued November 22, 2005), f.n. 46.

[26] Again, consent is presumed after 90 days unless the Commission determines, as we have here, that the public interest requires our review and written opinion. See, f.n. 24, supra.

[27] PSL §101 states that an application is deemed approved after 45 days unless the Commission or its designee notifies the petitioner in writing, within the time period, that the public interest requires the Commission's review and its written opinion. Again, such written notification was provided. See, f.n. 24, supra.

Petitioners that the proposed transaction is in the public interest.[28]

The Petitioners argue that there is no authoritative support for Staff's claim that the 2014 amendment to PSL §222 was meant to apply a utility-type net public benefits test to reviews of cable transfers. The amendment to Section 222, they argue, did not alter the language of the public interest standard in Article 11. Rather, they believe the amendment to Section 222 merely shifted the burden to the petitioner seeking approval of a proposed transfer who must show that the transaction is in the public interest.[29]

Staff asserts that the amended PSL §222 specifically requires that the Petitioners make a demonstration that the proposed transaction is in the public interest. The burden, according to Staff, falls to the Petitioners in the first instance to show that the proposed transaction's benefits outweigh its detriments in order to obtain Commission approval. Moreover, Staff asserts that while the standards enumerated under PSL §§99, 100, 101 and 222 are in line with those used in

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[28] Prior to the amendment, the statute required the Commission to approve an application unless it found that approval "would be in violation of law, any regulation or standard promulgated by the Commission or the public interest." Effective April 1, 2014, however, PSL §222(3) was amended. (L. 2014, Chap.57, Part R). The original language of the section was designated subsection (a) and was restricted to the renewal or amendment of franchises. A new subsection (b) was added to govern the transfer of franchises and facilities from one franchise holder to a succeeding franchise holder. PSL §222(3) now provides that the Commission "shall not approve" such an application "unless the applicant demonstrates that approval would not" violate any law, regulation, or Commission standard, "and that the transfer is otherwise in the public interest."

[29] Redacted Reply Comments of the Joint Petitioners (Petitioners' Reply Comments) (dated March 8, 2016), pp. 47-48.

PSL §70 transfers for electric, gas and combined electric and gas corporation mergers and acquisitions, the scope of the Commission's authority to review proposed transfers is triggered by the facts and circumstances of the particular transaction.[30] The Commission's authority to review a particular transaction, according to Staff, will necessarily turn on the particular circumstances of each case, regardless of whether the transaction involves monopoly providers or companies that operate in somewhat competitive markets. The end result, Staff states, is to protect New York customers from potential harms of a proposed transaction, while also deriving a net public benefit.[31]

We agree with Staff that any similarities that may exist between the Commission's analysis under PSL §§99, 100, 101, and 222 and an analysis under PSL §70 flow from the facts of each case and not from the statutes themselves. Therefore, our analysis will be carefully tailored to the specific transaction under review to determine whether there are benefits related to the transaction. Whether the benefits outweigh the harms will depend on the specifics of the industry and the markets in which a company operates. Thus, we disagree with the Petitioners that the amendment to Section 222 failed to alter the application of the public interest review by merely shifting the burden of proof from the Commission to the Petitioners. As we previously stated in the Charter/TWC Order "… it is virtually certain that the amendment to PSL §222(3) was intended to bring it more in line with our public interest review enumerated in the other sections of the PSL…."[32] Moreover, in the absence of

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30 Redacted Comments of the Department of Public Service Staff (Staff Comments) (dated February 5, 2016), pp. 14-15.

31 Id., pp. 15-16; see, also, Charter/TWC Order, pp. 10-21.

32 Charter/TWC Order, p. 21.

any federal conditions in this case, the amendment to Section 222 helps fill a critical public interest void. Our analysis here will follow a similar standard of review as applied by the Commission in Case 15-M-0388.[33]

While we are not compelled by statute to apply a specific analysis from any particular proceeding to this case, where we find those holdings helpful and appropriate, we can nevertheless seek guidance from them. We find useful the following excerpt from a §70 proceeding,[34] where we stated that the public interest analysis:

> [S]tarts by requiring Petitioners to make a three-part showing that the transaction would provide customers positive net benefits, after considering (1) the expected benefits properly attributable to the transaction, offset by (2) any risks or detriments that would remain after applying (3) reasonable mitigation measures.
>
> Once we have gauged the net benefits by comparing the transaction's intrinsic benefits versus its detriments and risks, we can assess whether the achievement of net positive benefits requires that the intrinsic benefits be supplemented with monetized benefits (sometimes described as "positive benefit adjustments" or PBAs). Then, if necessary, we establish a quantified PBA requirement, "as an exercise of informed judgment because there is no mathematical formula on which to base such a decision."[35]

When applying this guidance we are also cognizant of the broad authority provided through the public interest test to

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33 Id., pp. 20-21.

34 Case 12-M-0192, Fortis Inc. Acquisition of CH Energy Group, Order Authorizing Acquisition Subject to Conditions (issued June 26, 2013) (Fortis Order).

35 Id., p. 59, see also Case 07-M-0906, Iberdrola, S.A. et al. - Acquisition Petition, Order Authorizing Acquisition Subject to Conditions (issued January 6, 2009), pp. 136-137 (Iberdrola Order).

determine what constitutes the public interest, and as defined below, the applicable definition is reasonably related to the Commission's general regulatory authority, the nature of the transaction, and its potential impact on New Yorkers.[36]

SCOPE OF THE PUBLIC INTEREST ANALYSIS

The public interest standard in this case requires an evaluation of the benefits and detriments associated with the proposed transaction. The Petitioners, however, assert that any formal commitments the Commission may consider should reflect limits imposed by federal and State law.

Under federal law, the Petitioners state that the Commission is constrained by Section 617 of the Federal Cable Act which limits review of cable franchise transfers to issues related to a transferee's financial, legal and technical ability to operate the cable systems proposed to be transferred; and, precludes the Commission from conditioning the provision of non-cable services. They further state that the FCC's Open Internet Order[37] establishes a "firm intention" to preempt state actions that are inconsistent with the federal broadband policy. Finally, they state that federal law also circumscribes the authority of a state to impose requirements on cable operators related to the deployment of a particular kind of network "transmission technology," and that the asymmetric imposition of

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[36] In New York Telephone Co. v. Pub. Serv. Comm'n of the State of New York, 72 N.Y.2d 419, 429-30 (1988), the Court of Appeals construed the provision of PSL §110(3) that a management contract be in the "public interest" and concluded the application of the term "public interest" was a matter of Commission discretion and expertise.

[37] GN Docket No. 14-28, In the Matter of Protecting and Promoting the Open Internet, Report and Order on Remand, Declaratory Ruling, and Order (issued March 12, 2015) (Open Internet Order).

broadband regulatory requirements here would contravene the federal Telecommunications Act's "competitively neutral and non-discriminatory" provisions.[38]

With respect to federal law, we find that the Petitioners' arguments are misplaced. First, Section 617 of the Federal Cable Act (47 USC § 537) simply sets a timeframe for Commission review; it does not, as Petitioners assert, limit the scope of our review.[39] Second, the Commission is not, in this Order, requiring Cablevision to offer any telecommunications, cable, or other services. In fact, this Order only requires the Petitioners to be bound by their own commitments regarding low-income services and broadband speed increases and those other measures we believe are necessary to satisfy the public interest. This Order in no way subjects the Petitioners' cable services to common carrier regulations. Nor does it contravene the FCC's Open Internet Order, which we note does not preempt the Commission's ability to encourage the deployment of advanced telecommunications services, including broadband.

Moreover, the Commission does not, as a matter of course, prescribe a particular technology for the provision of telephone, cable, or broadband services. However, we note that in their filing, the Petitioners specifically point to a

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[38] Petitioners' Reply Comments, pp. 44-46.

[39] Petitioners suggest that the scope of the Commission's inquiry and, hence, the standard it is legally capable of applying, is limited to issues related to a transferee's financial, legal and technical ability to operate the cable systems proposed to be transferred, Id., p. 44. That argument, however, ignores the instructions accompanying Form 394 which state that the applicant must, "[i]n addition to the information requested on this form … submit all information required by the cable franchise agreement or applicable local law or that the franchising authority deems necessary or appropriate in connection with the transfer determination."

particular network design type and Altice's "fundamental operating philosophy" to deploy fiber deeply and ubiquitously into the network. We accept this operating philosophy related to network design and upgrade, and fashion a condition based on the public interest benefit to be derived from it, as we likewise encourage the Petitioners to offer new and expanded telephone, cable and broadband offerings over the upgraded network. Finally, the Commission is not applying its authority under the PSL in a discriminatory manner. Rather, just as we did in the Charter/TWC Order, we are ensuring that Cablevision's New York customers are receiving a fair share of the expected efficiencies the proposed transaction is projected to generate, which will help achieve ubiquitous high-speed broadband service throughout the Downstate market, including areas where Cablevision competes directly with Verizon New York Inc. (Verizon).

Under State law, the Petitioners assert that the Commission does not have the authority to impose broadband-related conditions or mandate other commitments unrelated to the provision of cable or telephone services. They argue that the Commission "is possessed of only those powers expressly delegated by the legislature, together with those powers required by necessary implication." According to Petitioners, nothing in Article 11 or elsewhere in the PSL "expressly delegate[es]" to the Commission the authority to impose broadband-related commitments on cable company acquisitions or other conditions unrelated to the provision of cable service.[40]

Staff asserts that the purpose of the Commission's review in a transfer proceeding is to determine the impact that a proposed transaction will have on consumers and the

[40] Petitioners' Reply Comments, pp. 46-47.

Commission's review here should not be limited to telephone and cable services and must include so-called "non-jurisdictional" services like broadband internet service. With respect to broadband, Staff acknowledges that the FCC recently reclassified it as an interstate telecommunications service subject to common carrier regulation under Title II of the Federal Communications Act of 1996 (the Act) and opted to forebear from many Title II regulations, most notably rate regulation. But, Staff states that the FCC's reclassification does nothing to undermine, and, in fact, provides further support to, Section 706 (47 U.S.C. §1302) of the Act, which seeks to remove barriers to broadband investment, deployment and competition. Staff submits that Section 706 is not intended to preempt state actions that seek to accomplish this important federal goal, so long as such action does not conflict with federal policies or regulations. According to Staff, in looking at the telephone and cable markets in New York, it is also essential to look at the broadband market because each of these "communications" services are often provisioned over the same network that consumers consider increasingly essential in a digital society.[41]

The Commission recognized the foregoing in applying the public interest standard to the Charter/TWC transfer, wherein we agreed with Staff that the application of the public interest standard to include consideration of broadband is reasonable and necessary because, among other things, broadband relies upon the same networks as telephone and cable and in many instances competes directly with cable and telephone for market share in New York.[42] We, therefore, disagree with the

[41] Staff's Comments, pp. 8-9.

[42] Charter/TWC Order, pp. 23-28; see, also, Telco Study, Staff Assessment of Telecommunications Services, (Staff Assessment), (dated June 23, 2015), pp. 12-14.

Petitioners that the Commission's review of the proposed transaction is so limited as to exclude broadband from our PSL public interest analysis.

The PSL provides general and broad oversight authority to the Commission over telecommunications and cable providers through PSL §91: adequate telephone service at just and reasonable rates; through PSL §94: general powers of the Commission over telecommunications providers to examine conditions of service and facilities; and through PSL §211: general powers of the Commission to set State communications policy and ensure cable companies provide adequate, economical, and efficient service to subscribers. Under these and other statutory provisions of the PSL, discussed supra, the Commission must determine whether or not the proposed transaction, as a whole, provides a net public benefit to Cablevision's New York customers.

The Commission's public interest review in this regard is as broad as its statutory obligations and related policies. For example, the impact of Iberdrola's acquisition of Rochester Gas & Electric Corporation and New York State Electric & Gas Corporation on the vertical market power of Iberdrola in the wind energy industry was examined at length by the Commission in its analysis and ultimate approval of that transaction.[43] So too, here, the Commission must review the proposed transaction

[43] Iberdrola Order, pp. 63-89; see also, Digital Paging Systems, Inc. v Public Serv. Comm'n., 360 N.Y.S.2d 931 (3d Dept 1974) (where the Commission, in analyzing a request for authorization to purchase more than ten percent of the voting capital stock, determined that the transaction was not in the public interest because the proposed purchase would exacerbate conflict between stockholder groups, which would be an obstacle to financing and a drain on time and resources of management of the carrier).

in the context of the broader communications market in New York, which includes broadband.

As the FCC also recently observed, consumers today primarily use broadband internet access as a conduit to other important services.[44] As Petitioners, Staff, and other commenters to this proceeding acknowledge, the rapid evolution of technology spurred by the development of the Internet is profoundly changing the fundamental concept of communications services throughout the world. Given Cablevision's presence in New York State - and the Metro New York City area in particular - and the importance of broadband service for its New York customers, the proposed transaction presents an important and unique opportunity for the Commission to assess the extent to which historically regulated services like cable and telephone interact with broadband, and how the Commission, as required by State policy and federal law, can better encourage the deployment and adoption of higher-speed broadband services.

As stated above, the Commission's application of the public interest standard must be undertaken in the context of existing public policy objectives and the realities of the telecommunications and cable television marketplaces. At the outset, we note that the Commission's historical policy with regard to both telephone and cable television has been to promote the public welfare through reliance on market-based competition.[45]

The Commission must also consider that, in today's market, many New Yorkers still lack adequate access to

[44] Open Internet Order, ¶350.

[45] See e.g., Case 05-C-0616, Transition to Intermodal Competition, Statement of Policy on Further Steps Toward Competition in the Intermodal Telecommunications Market and Order Allowing Rate Filings (issued April 11, 2006).

communication choices and that the public interest is not well served if we approve this transaction without addressing this known access deficit. In addition, it is crucial to consider whether the proposed transaction would harm or benefit New Yorkers who, because of their level of income, have difficulties affording broadband internet access.[46]

Based upon the foregoing, in order for the Petitioners to satisfy their burden, the record before us must show, among other things, that the proposed transaction will facilitate a greater commitment to communications network access and modernization throughout Cablevision's New York footprint than would otherwise occur with a standalone Cablevision organization. As Staff and many commenters point out, the promise of competition is elusive if customers do not have physical access to the cable network or lack economic access to advanced networks because standalone broadband services are not affordable. Accordingly, as part of their burden, we must find that the Petitioners have demonstrated that the proposed transaction promotes New York's interest in a robust competitive broadband market through expanding and enhancing network access in the first instance, and assuring affordable access to standalone services in the second instance.

Along with these considerations, as a whole, New York consumers are far too often dissatisfied with the service quality of traditional cable companies.[47] As part of our PSL

[46] See, Pew Research Center, Home Broadband 2015 (dated December 21, 2015), available at: http://www.pewinternet.org/2015/12/21/2015/Home-Broadband-2015 (examining the relationship between income and broadband adoption).

[47] Staff Comments, pp. 35-38; see also, Public Utility Law Project, Inc.'s Comments (PULP's Comments), dated February 8, 2016, pp. 8-9.

public interest analysis, we will also consider the impact of the proposed transaction on customer service and service quality.

Finally, as in all cases of this type, the Commission is concerned about the economic development effects of the proposed transaction, including how it will impact existing and new employment opportunities. Because Cablevision is a New York-based company, there is particular interest in ensuring that the company's workforce and service quality in New York are protected as Altice attempts to achieve synergies.

APPLICATION OF THE PUBLIC INTEREST ANALYSIS

Staff and other commenters state that the public interest can be advanced through the imposition of enforceable requirements in addition to the promises included in the Joint Petition. These requirements can mitigate potential detriments or increase the benefits resulting from the proposed transaction. Monetized benefits, sometimes described as positive benefit adjustments or PBAs, are at best "an exercise of informed judgment because there is no mathematical formula on which to base such a decision."[48] We address below additional specific proposals that we find necessary to assure that the proposed transaction meets the positive net benefits test and is in the public interest. In applying the public interest standard, and considering additional enforceable conditions that could be applied to our approval of the proposed transaction, we also consider Staff's assessment of the synergies likely to flow from the transaction and the share of these synergies that should be expected to provide benefits to Cablevision's New York consumers.

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[48] Iberdrola Order, p. 136.

Staff presents an estimate of the value of synergies that should inure to the benefit of New Yorkers. As part of the proposed transaction, Staff points to published reports which forecast that the acquisition of Cablevision by Altice could produce between $450 and $900 million of synergy savings. For the purpose of applying a sharing mechanism, Staff ultimately adopts synergy savings in the amount of $450 million based, in part, on representations Altice makes to the FCC.[49] According to Staff, post-transaction, Cablevision's New York customer base would represent 61.4% or 1.91 million of Cablevision's national total customer base of approximately 3.11 million. Staff points out that in previous cable merger cases, most notably Charter/TWC, Staff recommended that the Commission apply a presumption of 50% customer/50% shareholder sharing of the savings applicable to New York.[50]

Staff acknowledges that the Charter/TWC transfer included operations in Time Warner Cable's Upstate markets, which are far less competitive for broadband and video services than Cablevision's New York City, Long Island, Westchester, Rockland and Dutchess Counties markets. According to Staff, the Commission could consider a smaller customer share of synergies because the Downstate markets in which Cablevision operates are among the most competitive in the country. For example, Staff states that not only does Cablevision face competition from AT&T/Direct TV satellite services, but also from Verizon's FiOS

[49] WC Docket No. 15-257, In The Matter of the Application of Altice N.V. and Cablevision Systems Corporation for Authority Pursuant to Section 214 of the Communications Act of 1934, as Amended, to Transfer Control of Domestic and International Section 214 Authorizations, Joint Reply Comments of Altice N.V. and Cablevision Systems Corporation (filed December 22, 2015), p.4.

[50] Staff Comments, pp. 21-22.

service, RCN Cable and other wireline providers. Over the span of ten years, Staff states that Verizon is now competing for cable market share in more than 130, or about 60%, of Cablevision's franchised areas.[51]

Staff also expects that a significant portion of savings will be dedicated to Cablevision's operations in the form of reinvestment and debt service, which should, over time, improve the Company's financial position. Because of the competitiveness of Cablevision's New York markets and Staff's expectation that the Company will dedicate much of the synergy savings to reinvestment and debt service, Staff supports a more conservative customer/company sharing mechanism of the synergy savings.

Applying Staff's pro forma 50% customer share of the savings to Cablevision's New York customer base establishes that New York customers should receive approximately $138.15 million (50% x 61.4% x $450 million) in ongoing benefits annually from the proposed transaction once those savings are fully realized. Staff assumes that the full $450 million will be achieved by the Petitioners in the fourth year following the close of the transaction, and that the savings will ramp up incrementally (25%, 50%, 75%) in years one through three. Were the Commission to apply a more conservative sharing mechanism, Staff states that New York customers should receive $587 million nominal ($322 million net present value (NPV)) over ten years.[52]

According to the CWA, the Petitioners' plan to meet the debt burdens imposed by this transaction, and to pay for mitigation measures needed to create a net positive benefit to Cablevision's customers and the public interest, will come from

[51] Id., pp. 22-23.

[52] Id.

over $900 million in efficiency savings. These savings, however, were, in the CWA's view, unsubstantiated and should not be assumed to occur. Moreover, if these synergies are achieved, the CWA found no explanation as to how the portion used to make the capital investments needed to provide a net positive benefit will be determined.[53] We note that the CWA has since publicly endorsed the proposed transaction, as it is described on the record before the Commission, and has asserted that it now serves the public interest.[54] As a result, the Commission will afford less weight to the CWA's Initial and Reply Comments, as they seemingly no longer represent its current position.[55]

Petitioners agree with Staff that the Commission should recognize the competitive nature of Cablevision's Downstate markets and that the Commission should calculate the percentage of synergy savings to be realized by New York customers by combining the number of existing Cablevision customers in the State, and determining what percentage of all customers this number represents. Petitioners, however, submit that the Commission should take into consideration Suddenlink's operations, which Altice acquired at the end of 2015, just as it took into account all of the post-closing United States entities in the Charter/TWC transaction.[56]

According to Petitioners, Suddenlink has 1.5 million customers in 17 states, but none in New York. Post-transaction, Cablevision's New York operations would represent 41 percent of

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[53] Initial Comments of Communications Workers of America - District 1 (CWA's Initial Comments) (dated February 8, 2016), pp. 10-12.

[54] See, f.n. 15, supra.

[55] See, e.g., CWA's Letter Withdrawing an Appeal Regarding Access to Highly Confidential Information (dated May 13, 2016).

[56] Petitioners' Reply Comments, pp. 20-21.

the total number of subscribers to Altice's combined operations in the United States. Because Suddenlink's operations will generate a portion of the synergies identified by Altice in the transaction, Petitioners assert that they should be factored into the net benefit analysis here.[57]

Moreover, the Petitioners assert that intensive competition and volatility in the media and telecommunications markets suggest that predicting, let alone benchmarking, ten-year time horizons is unreliable. They believe it is unrealistic to plan for or project meaningful synergy savings beyond a five-year period because Cablevision's market is much too competitive. Additionally, a ten-year time horizon, according to Petitioners, is inconsistent with Staff's observation that, in competitive markets, synergy savings inevitably redound to the benefit of consumers due to their ability to be replicated by other providers in the market. Thus, Petitioners believe a five-year "run period" would better reflect the difficulty of foreseeing, and capturing, changes in the market.[58]

Thus, Petitioners assert that the Commission should adopt a more conservative sharing mechanism of 15%/85% customer/company for the proposed transaction. The amount of any targeted mandate for shared, market-related efficiencies, Petitioners claim, should be about $27.68 million annually, for a total targeted shared consumer benefit commitment of $96.88 million over a five-year period.[59]

We initially reject Petitioners assertion that Suddenlink's customer base should be included in the calculation

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[57] Id.

[58] Id.

[59] Id., pp. 22-23.

communities, three percent of Time Warner Cable communities, and zero Charter Communications communities in the State.[60] Verizon's marketing power and reach make it a formidable competitor in Cablevision's service area. The FCC observed that Cablevision competes against Verizon FiOS in census blocks accounting for 69 percent of households in which the Company has deployed cable broadband.[61] To address this competition, Petitioners state that Cablevision is continually improving its products, services, network, and pricing strategy to provide greater value to its customers.[62] Cablevision also faces competition for video service from OTT providers such as Netflix, Amazon Prime, Google, Hulu, and Sling, as well as voice competition from Vonage, Skype, and MagicJack.[63] OTT providers are aggressively transforming the video and communications marketplaces, providing consumers with a broadband connection access to a vast array of video content and voice choices that compete with Cablevision's traditional video programming and voice offerings.[64]

It is, therefore, reasonable to establish a more conservative share of synergy saving efficiencies that should accrue to New York customers following the proposed transaction. We conclude that a 25%/75% customer/company sharing mechanism over five years is appropriate. Five years instead of ten years is a more reasonable estimate of the time-frame within which competitors should respond with their efficiencies. Further, we agree with Staff and the Petitioners, and, thus, disagree with

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60 Id., p. i.

61 See, f.n., 13, supra, ¶24.

62 Petitioners' Reply Comments, pp. 15-16.

63 Staff Assessment, pp. 47-48.

64 Id., p. 37.

the CWA's Initial comments, and conclude that it is reasonable to utilize synergy saving in the amount of $450 million based, in part, on representations Altice has made to the FCC, this Commission, and published reports from various rating agencies.[65]

In light of the foregoing, the amount of any targeted mandate for shared, market-related efficiencies should be as follows: approximately $69 million nominal value annually ramped up over three years, for a total targeted shared costumer benefit commitment of roughly $240 million or a NPV of $172 million. This amount in shared efficiencies should be available to Cablevision's customers through the proposed transaction and the enforceable commitments and conditions discussed below and in Appendix A hereto.

INITIAL AND REPLY COMMENTS

On or about February 5, 2016, Staff, parties and many other interested stakeholders, provided comments on the Petitioners' Joint Application.[66] In sum, Staff and many other commenters submit that the proposed transaction should only be approved subject to additional commitments and enforceable

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[65] See, e.g., "Moody's assigns B1 to Neptune Finco Corp. (Altice/Cablevision acquisition financing)," Moody's Investors Service, (dated September 24, 2015).

[66] Five entities were granted party status through Rulings on Party Status: CWA was granted party status on December 2, 2015 and confirmed on January 8, 2016; PULP was granted party status on December 21, 2015; the Public Advocate for the City of New York (NYC Public Advocate) was granted party status on February 9, 2016; the Digital Divide Partners, LLC (Digital Divide Partners) was granted party status on February 9, 2016); and, the Utility Intervention Unit (UIU) of the Department of State was granted party status on February 9, 2016. Although UIU sought and was granted party status, it did not file Initial or Reply Comments.

conditions, absent which, the Joint Petition should be denied.[67] While Staff and other commenters were under no obligation to suggest conditions to minimize detriments or maximize benefits, Staff and others nevertheless provide several measures which, if adopted, would, in their respective views, increase the positive benefits to New Yorkers, generally, and Cablevision's New York customers in particular. These proposals and Petitioners' March 8, 2016, Reply Comments are summarized below.

Network Speed Enhancements

Staff and the City note that the Petitioners did not make detailed commitments in their Joint Petition with respect to network upgrades, including broadband speed increases, or network expansion.[68] However, Altice did make broad statements to the FCC regarding advanced network deployment, which are indicative of its fundamental operating philosophy and would result in improved network reliability, efficiency, and customer

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67 Various municipalities including the City's Department of Information Technology and Telecommunications (DoITT), in a letter dated November 17, 2015, also assert that their cable franchises with Cablevision do not exempt the proposed transaction from a requirement that the their approvals be obtained. The Petitioners disagree, arguing that those franchises in fact do not grant them approval authority over the proposed transaction. This issue is moot in light of the recent action by the City's FCRC. See, f.n., 14, supra.

68 Staff Comments, pp. 26-28. Although not a party, the City submitted several substantive comments in response to the Commission's Notice, which amplify or expand upon comments provided by one or more parties. See, e.g., Letter from DoITT and the Counsel for the Mayor of the City of New York (dated February 5, 2016).

service.[69] Staff and the City concur with the Petitioners' overall philosophy and direction, and thus, recommend that Altice, and by extension Cablevision, be required to make investments designed to increase broadband speed and network efficiency, reliability and resiliency as described within the Petitioners' filings.

Specifically, Staff states that the Commission should require the Petitioners to develop, and provide for review, a plan to build a uniform, amplifier-free (N+0) cascade design throughout their New York State footprint, as outlined by the Petitioners in their submission to the FCC.[70] The N+0 cascade upgrades, according to Staff, should be complete within 36 months of the close of the proposed transaction. These kinds of upgrades, Staff states, will ensure that Cablevision's customers

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[69] See, Altice/Cablevision Joint Application to FCC, pp. 9-10: "Altice's fundamental operating philosophy is to deploy fiber deeply and ubiquitously into the network. In Cablevision's case, one expected result of doing so would be the removal or reduction from the network of coaxial RF amplifiers, which consume substantial electricity and can be the cause of difficult-to-detect service outages (RF amplifier failures). Deeper fiber deployment would enable Cablevision to reduce its power costs and to further improve network reliability, resulting, in turn, in a greater ability to invest further in the network and improved service delivery to subscribers. By upgrading Cablevision's network with wider and deeper fiber deployment and other operational efficiencies, Altice will position Cablevision to compete more effectively with Verizon FiOS and improve the service offerings available to consumers throughout Cablevision's footprint, including in areas not overbuilt by FiOS."

[70] According to Staff's Comments, in a hybrid fiber-coaxial, or HFC, cable network, signal strength declines over distance in the coaxial segment of the network. Depending on the length of the coaxial cable between the fiber node and the customer premise, "active" or powered amplifiers are placed to boost the signal. The cascade design or "N + X" refers to the number of amplifiers "X" in the coaxial segment served from the node "N."

continue to receive best-in-class services as the upgraded network will result in less troubles and improved service. Coincident with these upgrades, Staff also proposes that the Commission require that the Petitioners provide all their customers with broadband service of at least 300 Mbps within three years of the close of the proposed transaction. Based on the suggested network design and deployment articulated by the Petitioner's initial filing, and in comparison of other similarly designed wireline networks now operating in the State, Staff believes that provisioning 300 Mbps of broadband service over the upgraded Cablevision network should be readily achievable.[71]

In their Reply Comments, the Petitioners state that they intend to make upgrades to Cablevision's network that would bring broadband speeds of up to 300 Mbps to customers. They do not, however, commit to any time-frame for these important upgrades. They also state that Staff's proposed condition to build an amplifier-free (N+0) cascade design throughout the New York State footprint is unnecessary and possibly restrictive. They state it could force them to misallocate resources. Moreover, they state that it should not matter how they reach these important speed upgrades, just that they are accomplished.[72] As indicated above, the Petitioners did identify amplifier cascade reduction as the fundamental means to achieve the operational efficiencies and reliability that support the public benefit aspect of the proposed transaction in their FCC filings.

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[71] Staff Comments, pp. 46-49.

[72] Petitioners' Reply Comments p. 24-25.

Network Expansion

Staff and the City state that the Petitioners have provided no commitment with respect to network expansion to reach homes, businesses, schools, and libraries in current Cablevision franchise areas that are not passed today.[73] According to Staff, there are unpassed homes in 25 of Cablevision's 220 franchised areas. This includes a number of homes located on the Barrier Island communities of Gilgo Beach and Oak Beach. Staff, therefore, proposes that the Petitioners commit to developing an expansion plan and to deploying cable network to serve all unpassed homes (not including those on the Barrier Islands) in their franchise areas within 24 months after the close of the proposed transaction. Staff further proposes that the Petitioners commit to commencing engineering analyses of both Barrier Islands, and collaborate with Staff on a deployment plan that would provide for video, voice, and broadband services to the Oak Beach and Gilgo Beach communities within 18 months after the close of the proposed transaction.[74]

Staff also proposes that all unserved or underserved schools, libraries, and other municipal locations within the Cablevision footprint be contacted by the Petitioners with the aim of informing them that advanced network services are available.[75] Should any of these entities wish to subscribe to Cablevision's services, Staff believes that the Petitioners

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[73] Staff Comments, pp. 25-26. The City also urges the Commission to ensure that these investments are evenly distributed throughout Cablevision's footprint to avoid deployment of high-speed cable broadband in the richest areas of the State at the expense of low-income New York residents. See, Letter from DoITT and the Counsel to the Mayor of the City of New York (dated February 5, 2016), p. 3.

[74] Staff Comments, pp. 51-53.

[75] Id., pp. 53-54.

should be required to develop promotional programs that encourage additional service participation. Staff recommends that any line extension[76] fees should be waived for these locations, should any of those entities opt to subscribe to Cablevision's services.[77] Finally, Staff proposes that the Petitioners commit to expanding Cablevision's existing Wi-Fi network by providing additional Wi-Fi access in public locations, including, but not limited to, parks, community centers, and schools.[78]

In their Reply Comments, the Petitioners state that the "conditions proposed by Staff relating to network and service expansion pose significant capital allocation risks."[79] They state that build out requirements like those proposed by Staff would be costly, and uneconomical in many areas and should, therefore, not be required. With regard to the Barrier Island communities, the Petitioners assert that they would, however, be willing to explore less costly options with longer time-windows to address service to unserved areas. The Petitioners further agree that an outreach program to schools, libraries, and other municipal entities would benefit customers and would commit to work with Staff on developing such a program.[80]

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[76] 16 N.Y.C.R.R. §895.5(b).

[77] Staff notes that if any of the locations require "exceptionally uncharacteristic, expensive, or physically daunting engineering work" to serve, than otherwise expected of line extension-type work, the Company may seek waiver, on an individual location basis, for exemption of free extension fee conditions. In any of those instances, however, Staff states that it would expect that some cost reduction would be provided to extend service to those exempted locations.

[78] Staff Comments, p. 54.

[79] Petitioners' Reply Comments, p. 25.

[80] Id., pp. 25-27.

Low-income and Broadband Availability

According to Staff, Cablevision does not currently have a program that provides broadband internet service to low-income customers. Cablevision did participate in a pilot program called New York City Connected Learning between 2010 through 2013 in its Bronx and Brooklyn service areas. This program was a partnership with New York City-based nonprofit Computers for Youth and included discounted residential broadband service for $14.95/month at speeds of 15 Mbps down and 2 Mbps up.[81] The program allowed households with a student enrolled in NSLP to receive this discount for up to two years. However, this program is no longer offered by Cablevision.

Cablevision does offer a low-cost package to all its customers, which includes a 5 Mbps down/1 Mbps up internet service at $24.95/month, free digital antenna for over-the-air channels, and free access to 1.3 million Optimum Wi-Fi hotspots. Staff states that while this package is beneficial to some, it fails to adequately respond to New Yorkers most in need of assistance, because, among other things, the service is relatively slow and priced higher than comparable offerings.[82]

With access to broadband so important for all New Yorkers, Staff, PULP, and the City believe that the Petitioners should commit to a series of service offerings designed to make broadband service truly universal in their New York footprint.[83] In accordance with this goal, Staff urges the Petitioners to commit to establishing a program similar to the low-income

[81] Staff Comments, p. 41.

[82] Id., pp. 41-42.

[83] See, generally, the Digital Divide Partner's Reply Comments, p. 5; PULP's Comments, pp. 4-6; and, February 5, 2016 Letter from DoITT and the Counsel to the Mayor of the City of New York, p. 4.

program in the Charter/TWC Order.[84] This service would provide low-income customers with a 30 Mbps broadband service for $14.99 a month, absent a further subsidy from the new FCC Lifeline broadband program, including a cable modem and free installation. Staff states that eligibility for this program should include families that qualify for the NSLP and seniors and disabled persons eligible for SSI.

Additionally, Staff asserts the Petitioners should commit to no credit checks for this service, no waiting periods to sign-up, nor any limits on eligibility based on prior broadband subscriptions or arrears.[85] Staff also believes the Petitioners should be required to provide free or discounted computers and digital literacy training (either themselves or in partnership with a New York based non-profit organization) and develop a community outreach plan to ensure the maximum benefit from this service.[86]

Staff further states that Petitioners should be required to improve Cablevision's low-cost, basic internet package by increasing the connection speed to 15 Mbps. This will ensure that customers who are not eligible for the low-income program, but have limited incomes, are still able to access internet resources at an affordable price.[87] Finally, in order to ensure that all Cablevision customers are able to obtain standalone broadband services at speeds and prices that they can afford, Staff submits that the Petitioners should commit to retaining Cablevision's standalone broadband

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[84] Charter/TWC Order, pp. 55-58.

[85] Staff Comments, pp. 54-55.

[86] Id., p. 55.

[87] Id.

offerings, at rates as of January 1, 2016, for three years following the close of the proposed transaction.

PULP recommends that the Petitioners provide increased benefits to low- and fixed-income customers. More specifically, it recommends that the Petitioners be required to provide a high-speed low-cost Lifeline broadband program in distressed census tracts, including the reestablishment of programs to stimulate computer usage, to link cable television and learning, and free cable drops for municipal buildings and, potentially, for schools.[88] It also seeks an investment commitment from the Petitioners for a broadband program to aid in the economic development of its lowest-income, and most economically-challenged census tracts. In addition, PULP recommends that the Petitioners be required to make high-speed, low-cost broadband, telephone and cable television services as universally available as practicable.[89]

In their Reply Comments, the Petitioners recognize the important role that broadband can play in keeping individuals, families, and businesses connected and the Commission's interest in ensuring affordable broadband to all New Yorkers. To help further that objective, the Petitioners committed to offer a low-income broadband package of 30 Mbps for $14.99 per month, subject to unidentified eligibility requirements.[90] Notably, however, the Petitioners did not commit to any enhancements to Cablevision's low-cost broadband package or retention of any of the Company's standalone or bundled broadband services, as suggested by Staff and other commenters.

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[88] PULP's Comments, pp. 4, 5-6.

[89] Id., p. 4.

[90] Petitioners' Reply Comments, pp. 27-28.

Customer Service

Staff, the City and the NYC Public Advocate state that ensuring that Cablevision's customers continue to receive adequate service should be at the base of the Commission's analysis of the public interest.[91] Given the aggressive synergy targets put forward by Altice with respect to the proposed transaction, Staff and other commenters raise serious concerns that, in an effort to achieve efficiency savings and service new and existing debt, Altice will be forced to cut expenses that could ultimately lead to reductions in service quality.[92]

Similarly, in its original comments, which no longer reflect the CWA's position, the CWA stated that the efficiency gains Altice expects to achieve following the close of the proposed transaction are speculative at best and possibly not achievable "without severely impacting Cablevision's customer service and quality."[93] The achievement of these synergies, according to the CWA and the NYC Public Advocate, will result in "reduced network investment, service quality and job cuts."[94] Finally, the CWA and the NYC Public Advocate point to Altice's French subsidiary, Numericable-SFR as proof that Altice's

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[91] PULP's Comments, p. 9; NYC Public Advocate's Comments (dated February 5, 2016), pp. 15-16; February 5, 2016 Letter from DoITT and the Counsel to the Mayor of the City of New York, pp. 4-5.

[92] Staff Comments, pp. 37-38. Staff also raises concerns that while Cablevision will remain and continue to provide service to customers following the close of the proposed transaction, Altice does not currently provide any services in the United States market and the level of service that Cablevision customers have come to expect may be severely undermined through an acquisition by a foreign company, Id., pp. 34-35;

[93] CWA's Initial Comments, p. 12.

[94] Id., p. 14.

strategy in New York will be to cut as deeply as possible.[95] In order to protect against this deterioration in service quality, the CWA suggests that the Commission go beyond its determination in the Charter/TWC Order and require that Altice not be allowed to cut any jobs "whose work has a direct impact on service quality."[96]

While not expressing a view either in favor, or in opposition to the proposed transaction, PULP's comments characterize the financial aspects of the merger as a "series of complex and highly leveraged financial transactions."[97] It further suggests that "the common result of such overleveraging is increases in price to consumers, reduction in workforce, slowing down of investment in innovative technology, and reduction of expenses upon normal operations and maintenance, among other deleterious effects."[98]

The City asserts that over the last year it has seen some disturbing developments in Cablevision's customer service delivery. It states that the amount of customers kept on hold "jumped dramatically." According to the City, Altice must commit "to improving upon Cablevision's customer service record by requiring specific investments in training and personnel."[99] The City also urges the Commission to require the Petitioners to pledge that they will not provide substandard infrastructure in

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95 CWA Reply Comments, pp. 5-8; NYC Public Advocate's Comments, pp. 15-16.

96 CWA Reply Comments, p. 4.

97 PULP's Comments, p. 3.

98 Id., f.n. 5.

99 See, Letter from DoITT and the Counsel to the Mayor of the City of New York (dated February 5, 2016), pp. 3-4.

lower-income zip codes and to include enforceable penalties in connection with these commitments.[100]

Staff suggests that the Petitioners should be required to maintain Cablevision's existing PSC Complaint Rate to prevent any backsliding from 2015 levels in the wake of the close of the proposed transaction and, that in the event Cablevision is unable to maintain these levels of service quality, the Petitioners should be subject to a performance incentive mechanism until such time that service is restored to acceptable levels. Staff believes that this incentive mechanism should be commensurate with the size of the company post-transaction to ensure an appropriate service quality response.[101] Staff proposes a $5 million incentive mechanism for cable and telephone service quality, respectively, if the performance standards are not met on an annual basis, with a doubling to $10 million for any consecutive failures.[102]

Additionally, Staff and other commenters state that the Petitioners should be subject to service quality reporting, customer service monitoring mechanisms and other consumer protections, inclusive of their Voice over Internet Protocol (VoIP) products, to ensure that this customer base is not harmed by the proposed transaction. Currently, the Department's Office of Consumer Services is only required to assist New York subscribers to Lightpath phone services. Staff states that these expanded metrics should, at a minimum, include quarterly reporting by service/franchise areas for Cablevision's New York

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[100] Id.

[101] PULP agrees, arguing that service quality metrics and negative revenue adjustments that are reasonably calculated to incentivize improved results are warranted. See, PULP's Comments, p. 9.

[102] Staff Comments, p. 57.

service footprint on: (1) calls answered rate, (2) missed appointments, (3) percent out-of-service for 24 hours, (4) customer trouble reports, and (5) installations completed within seven days.[103]

The Petitioners argue that "[g]iven Cablevision's strong performance, and the market-based incentives for maintaining this performance in the face of increasing competitive demands, setting rigid standards for customer service is neither necessary nor appropriate."[104] The fact that Cablevision is a leader in service quality, they state, should not result in the company becoming a "victim" of its own success.[105] Because Cablevision's existing PSC Complaint Rate is so low, they submit, the Company could be subject to penalties over as little as two additional complaints per year. Instead, the Petitioners suggest that, at most, a customer service-oriented investment similar to that imposed by the Commission in the Charter/TWC Order,[106] rather than an incentive mechanism, should be considered here.[107]

Job Protections

Staff and other commenters state that in order to achieve the efficiency or synergy savings proposed by the Petitioners, there is the real danger that Altice will look to gain operational efficiencies by moving or consolidating customer-facing jobs and other positions to out-of-state

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103 Id., p. 58.

104 Petitioners' Reply Comments, p. 28.

105 Id.

106 Charter/TWC Order, pp. 62-63. This mechanism requires Charter to lower Time Warner's existing PSC Complaint Rate and if certain targets are missed, "New Charter" is required to invest additional monies in customer service improvements.

107 Petitioners' Reply Comments, p. 29.

locations, or simply eliminate them altogether, which could make it difficult for Cablevision to maintain its current level of customer service standards. These moves or job losses, according to Staff, could result in longer wait times; lack of local knowledge could lead to increased frustration and dissatisfaction on the part of New York customers, resulting in a significant decline in the overall level of service quality.[108]

As a result, Staff proposes that following the close of the proposed transaction there should be no loss of customer-facing jobs in New York for at least five years and that Petitioners should be required to provide 90-day advance notice to the Commission of any planned call center closing, or call center relocations out of New York. Staff notes that these conditions are similar to those imposed by the Commission in the recent Charter/TWC Order.[109]

The Digital Divide Partners urge the Commission to require the Petitioners to make an "inclusive substantial investment" in a "Community Public Benefit Adjustment" in connection with proposed transaction. It asserts that the Community Public Benefit Adjustment would result in "the creation of local internet businesses, and the creation of contracting and job opportunities for low-income residents directly [and] indirectly."[110]

In its Initial Comments, the CWA asserted that Cablevision is a major economic presence in New York State. As a consequence, according to the CWA, the Petitioners' plans to harvest synergy savings once the transaction is implemented will negatively impact economic development and employment as

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[108] Staff Comments, pp. 55-56.

[109] Id.; see, also, Charter/TWC Order, Appendix A, pp. 4-5.

[110] The Digital Divide Partners Reply Comments (dated February 8, 2016), p. 5.

Cablevision seeks "billions of dollars in reduced expenditures for employment, operational and capital purposes."[111] In their Reply Comments, which, again, no longer reflect the CWA's position, they suggested that a suitable condition in this case would be to require, as was done in the Charter/TWC Order, the Petitioners to maintain the existing number of "customer facing employees." They cautioned, however, that the condition adopted in the Charter/TWC Order was too narrow. Thus, the CWA believed that this condition must be broader, to include additional workers who, while not necessarily customer-facing, are integral to maintaining the network.[112]

The Petitioners state in their Reply Comments that in recent years, Cablevision's "employee base has evolved significantly … with traditional "customer facing" roles declining in favor of other roles for employees, including outside plant fiber technicians, network operations center positions, triage operations center support positions, and related non-customer facing, but critical network reliability, support and maintenance roles…."[113] They argue that this organic evolution should be allowed to continue and that "[s]taffing should reflect service level commitments, not static numbers, and as service improves – through the use of more Internet-based communications, more remote diagnostics, or any other innovative improvements – the need for customer-facing jobs in some areas may decline, while the need for jobs in other areas may grow."[114] The Petitioners, therefore, state that no conditions should be

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[111] CWA's Initial Comments, p. 15.

[112] CWA's Reply Comments, pp. 3-4.

[113] Petitioners' Reply Comments, pp. 32-34.

[114] Id.

placed on approval of this transaction with respect to the Company's labor force.[115]

Issuance of Debt

Staff states that given the current credit ratings of Cablevision, and the likelihood of credit rating downgrade actions due to the increase in debt, the proposed transaction presents financial risk. Staff points out that excessive leverage poses risk for Cablevision and its customers. With the additional debt, Staff submits that Cablevision must pay more interest, while at the same time obtaining no increase in customers and revenues resulting from the proposed transaction. The consequences of this heavy debt burden, according to Staff, can be substantial. In a worst case scenario, Staff states that a corporation that borrows too much money might face bankruptcy or default during a business downturn.

A high debt service, Staff states, could also serve to limit capital investment, both in terms of new products and expansion of existing markets and may result in a decline in general service quality since a company may have to seek cost cuts in these areas if it cannot otherwise service its debt. Staff further notes that a sustained high debt load could also lead to a lower credit rating and increase in future financing costs, and make it more difficult for a company to raise additional debt to support its capital expenditures. In order to mitigate these concerns, Staff believes the Petitioners should propose concrete steps to improve Cablevision's credit metrics post-acquisition. One such example, according to Staff, would be to impose a dividend restriction until key credit metrics thresholds can be attained.[116]

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[115] Id.

[116] Staff Comments, pp. 45-46.

The CWA originally stated in both their Initial and Reply Comments, that the financial structure of the deal was not in the public interest and that the Commission should reject the transaction on that basis. In their Initial Comments, the CWA stated that the "debt will be an enormous burden and endangers the fiscal survival, operational integrity, and practices and policies affecting the public interest."[117] The CWA recognized that after the proposed transaction, Cablevision will be the same Company, but will be in a much weaker financial situation than it is currently. They further stated that Altice overpaid for Cablevision and that while "Cablevision shareholders, executives and directors, are poised to receive an enormous financial windfall, particularly since the Board of Directors was advised that there were no credible alternative buyers available," … "[t]he public, as a result, will face a surviving entity stripped of its financial and operational capacities."[118]

The CWA further argued that the leverage ratio that would result from the transaction would be too high for the Commission to allow. They cited the concerns of various ratings agencies with respect to this level of leverage and stated that the Petitioners "have not provided any data indicating that Altice will inject any new funds into Cablevision. Rather, Altice is only injecting $8.6 billion of debt into Cablevision, along with the accompanying interest and principal amortization requirements."[119] The NYC Public Advocate similarly asserts that the proposed transaction should not be approved because Cablevision will become a "dangerously leveraged entity." The NYC Public Advocate argues that, "…under the proposed

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[117] CWA's Initial Comments, p. 6.

[118] Id., p. 10.

[119] Id., p. 14.

transaction, the new Cablevision will be unable to make the investments in infrastructure necessary to improve access to [the] Internet and broadband as a result of their excessive debt and lack of capital."[120] To address potential harms which may be associated with overleveraging, PULP recommends "the creation of a 'firewall' between the highly leveraged entities resulting from the merger, and the entities providing services directly linked to the protection of public safety."[121]

The Petitioners state that the proposed transaction will result in a standalone, self-financing Cablevision capital structure within the broader group of subsidiaries of Altice. The capital structure, according to Petitioners, will insulate Cablevision from other indebtedness in the Altice structure since neither Cablevision nor any of its subsidiaries provide credit support to any indebtedness of any other subsidiary of Altice. The Petitioners note that the proposed transaction's financing has been endorsed by lenders and additional equity partners, who, through their investments, have demonstrated that the financing structure for the proposed transaction is sound. According to Petitioners, sophisticated financing syndicates, including JP Morgan, Barclays, and BNP committed $10.6 billion to the proposed transaction, and that other sophisticated large-scale investors such as BC Partners and CPPIB committed an incremental $1 billion in Cablevision and $0.7 billion in Suddenlink after extensive due diligence, which demonstrates the market's confidence in the viability of Altice's model.[122]

Moreover, Petitioners state that Altice will have access to a revolving credit facility of $2 billion to provide

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120 NYC Public Advocate's Comments, p. 9.

121 PULP's Comments, p. 4.

122 Petitioners' Reply Comments, pp. 37-38.

near-term support, and the debt incurred to finance the proposed transaction has a long maturity (average life of 6.7 years) and low cost (7.5% rate), creating flexibility for Altice. The initial net leverage ratio of 7.4x, according to Petitioners, is expected to decline based on EBITDA growth and deleveraging to a range that is consistent with Cablevision's longer-run net leverage ratio, and the Company will have additional flexibility because it will no longer pay regular dividends (currently amounting to about $140 million a year) after the close of the proposed transaction.[123]

As such, the Petitioners submit that the terms of the proposed transactions already implement the financial measures Staff calls for in its Comments. Specifically, the indentures governing the transaction's financing permit CSC Holdings LLC and its subsidiaries that are "restricted subsidiaries" (collectively, the CSC Holdings Restricted Group) to pay dividends only if the ratio of consolidated indebtedness (as defined in such indentures) to consolidated cash flow of the CSC Holdings Restricted Group for the most recent two quarters on an annualized basis is less than 5.5:1.[124]

As noted above, the FCC did not find it necessary to impose conditions to mitigate risks associated with the debt leverage. Similarly, the financiers of the proposed transaction are willing to accept the risks associated with the transaction (subject to the terms of financing agreements). In their May 20, 2016 filing, however, Advisory Staff argues that the risks associated with the debt, particularly for service quality, require mitigation. As a result, Advisory Staff recommends necessary conditions.

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[123] Id., p. 38.

[124] Id., p. 39.

The efficiency target of $450 million is integral to the Company's deleveraging plan, and will involve execution risks. The efficiencies will be targeted at a broad range of Company functions and will impact both management and non-management workforce. Altice's analysis indicates that Cablevision is relatively less efficient than its peers in terms of workforce per subscriber base or per mile of plant. Altice is also proposing to introduce a number of operating platforms and procedures that it believes can significantly improve its efficiencies and these forecasts have received support by financial backers who have placed significant amounts of money at risk. Staff's review of post-transaction net Debt/EBITDA ratios indicates that the $450 million synergy target should produce sufficient cash flow to deleverage to Cablevision's average ratio (since 2011) within roughly four years.[125]

Miscellaneous Issues

Staff and other commenters raise additional issues that they believe could be pursued by the Petitioners to bring

[125] While parties have expressed concerns about how these efficiency gains will be achieved, no party has presented a persuasive case that they cannot be realized.

the proposed transaction into alignment with the public interest.[126]

Staff states that Cablevision does not currently offer standalone wireline telephone service, or Lifeline telephone service. Staff notes that the Commission has a long-standing policy of encouraging competition in the voice market, as well as a long-standing mission to support Lifeline telephone service.[127] That Cablevision does not offer any such services is, as Staff states, disappointing, especially where incumbent cable providers like Time Warner Cable offer standalone voice service including Lifeline.[128] Thus, as the second largest incumbent cable operator in the State, Staff submits that Cablevision should likewise commit to become an eligible telecommunications carrier (ETC) and provide a wireline Lifeline

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[126] A number of commenters urge compliance with underlying franchise obligations. The City, for example, states that the Petitioners should be required to maintain funding for public, educational and government access channels on its cable television systems. See, e.g., Letter from DoITT and the Counsel to the Mayor of the City of New York (dated February 5, 2016), pp. 4-5. Cablevision is already legally required to comply with all of its obligations under its local franchise agreements approved by the Commission throughout its service territory. Here, the change in ownership is occurring at the holding company level and the cable provider will continue to be a Cablevision entity. We expect Cablevision to continue to comply with its franchise obligations, but see no basis to condition our approval in this regard.

[127] Staff Comments, pp. 39-41.

[128] See, Case 12-C-0510, Petition of Time Warner Cable Information Services (New York), LLC for Modification of Its Existing Eligible Telecommunications Carrier Designation, Order Approving Designation as a Lifeline-Only Eligible Telecommunications Carrier (issued March 18, 2013).

service.[129] The Petitioners disagree, arguing that it is unclear how beneficial the addition of a second wireline Lifeline provider would be given the nearly ten-to-one consumer preference for wireless Lifeline service in the State.[130]

Staff also raises concerns with respect to the potential imposition of Suddenlink-type data caps in Cablevision's New York service territory post-transaction. According to Staff, this would limit the ability of New York consumers to utilize their broadband connections at their own discretion and lessen the ability of OTT voice and video providers to compete with Cablevision's bundled packages.[131] Similarly, Staff states that although the Petitioners indicate they do not have any current plans to alter or end Cablevision's practice of no modem fees, there is no guarantee that changes to Cablevisions modem and router fee pricing structure will not take place after the proposed transaction.[132] Staff believes that the Petitioners should be required to ensure the continuation of no data caps or modem fees post transaction.[133]

The Petitioners argue that the New York market is simply too dynamic to justify imposing operational limits on Altice at this juncture. The market, according to Petitioners, will demand that Cablevision provide a range of service options that meet the needs of New York customers. Thus, even if Cablevision at some point determines that there is consumer demand for plans that include data caps, the Petitioners expect

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[129] PULP also urges the Commission to require Cablevision to obtain ETC status post-transaction for its telephone services. See, PULP's Comments, pp. 7-8.

[130] Petitioners' Reply Comments, p. 36.

[131] Staff Comments, p. 43.

[132] Id., p. 44.

[133] Id., pp. 55, 60-61.

that the Company would continue to offer plans without such caps, as well.[134]

Staff further recommends that the Petitioners be required to develop and implement a plan to expand the number of subscriber devices with battery backup powering, including making available more standard options to consumers who choose to provide their own battery backup. Staff believes that the Petitioners should be required to provide certain customers (e.g., the elderly and disabled) with a battery backup option for their voice service free of any installation or recurring charges.[135]

The Petitioners assert that the FCC's recently adopted rules are applicable uniformly to all providers that offer a non-line powered voice service, such as Cablevision's VoIP and Verizon's FiOS.[136] While FCC rules require operators to make backup power solutions available, the Petitioners state that the FCC expressly declined to mandate that providers install such solutions unless requested to do so by the subscriber (and at the subscriber's expense).[137] Thus, they state that in light of the FCC's decision, the Commission should not adopt the backup power conditions proposed by Staff.

With respect to ETC and Lifeline, Advisory Staff recommends the Petitioners be required to enroll in the FCC's broadband Lifeline program. They state this is consistent with the State's goal of ensuring broadband service is universally available throughout New York.

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134 Petitioner's Reply Comments, pp. 41-42.

135 Staff Comments, p. 60.

136 PS Docket No. 14-174, In the Matter of Ensuring Continuity of 911 Communications, Report and Order, 30 FCC Rcd. 8677 (2015).

137 Petitioners' Reply Comments, p. 40.

Prior to its recent filing supporting the transaction, the CWA stated that the Commission should reject the transaction because Cablevision had misrepresented its history with respect to labor grievances in the transaction agreement provided as an appendix to the Joint Petition.[138] The CWA stated that since Altice made no commitment with respect to labor relations, and is indifferent to this issue, the Commission cannot possibly approve the proposed transaction.[139]

On May 10, 2016, Entravision filed a Motion to Intervene, Request for Party Status and substantive comments regarding programming issues. In sum, it claims that post-transaction, Cablevision may be less inclined to engage minority led organizations and programmers and urges the Commission to fashion a condition in this regard.[140]

CONDITIONS OF APPROVAL

The Commission agrees with Staff and other commenters that neither the Joint Petition itself, nor Petitioners' supplemental submissions, sufficiently describe concrete,

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138 CWA Initial Comments, pp. 16-17.

139 While labor relations are important, the Commission has not historically addressed them, nor will we do so here. There are various other forums available to the CWA and its members, including the National Labor Relations Board, and arbitration, to which these issues are more appropriately addressed. That said, we note that the CWA and Cablevision have effectively resolved their labor issues, as publicly announced in connection with the City's FCRC review.

140 The request for Party Status is moot because the comments raise concerns related to price, quality and quantity of video programming. Under 47 U.S.C. §544(b)(1) a franchising authority is prohibited from establishing requirements for video programming. While we fully expect the Petitioners to equitably deal with programmers, complaints of this nature are not within the province of the Commission, but rather the FCC.

discernable net benefits that will inure to New Yorkers as a result of the proposed transaction. Without such concrete, net benefits, the proposed transaction cannot satisfy the public interest standard and the Commission cannot approve it.

Accordingly, as was the case with the Charter/TWC merger, the Commission requires Petitioners to agree to specific and enforceable commitments related to broadband affordability and availability, network enhancement, resiliency, new technology, service quality, and economic development. These enforceable conditions mitigate risks associated with the proposed transaction as well as ensure that the proposed transaction results in quantifiable net benefits for New Yorkers, all of which is necessary to satisfy the public interest standard. As such, these enforceable conditions are a prerequisite to the Commission's merger approval and are consistent with established Commission precedent in applying the public interest standard to merger and acquisition cases, most recently, with the Charter/TWC Order.

With the acceptance by the Petitioners of the following commitments and conditions, as detailed in Appendix A hereto, we find that the proposed transaction will meet the public interest and should be approved. Absent Petitioners' unconditional acceptance of these conditions and commitments, the Commission denies the Joint Petition for the reasons articulated herein.

Infrastructure Investments

The presence of high-speed broadband throughout Cablevision's footprint is a substantial interest for the State. The Commission agrees with Staff and others that capital investments to enhance broadband speeds and extend service to unpassed premises described by Petitioners have merit. However, the Petitioners have not made any specific commitment to extend

Cablevision's service or increase broadband speeds (beyond a general commitment to increase speeds to up to 300 Mbps).

We are also not persuaded by the Petitioners argument that system expansion would be uneconomic. While we recognize that some areas may cost more to serve in the short-run, those areas may indeed become economic in the long-run. Ubiquitous deployment of high-speed broadband is essential to achieve the public's interest in modern communications and, indeed, is the stated objective of the Governor's Broadband 4 All Program. When, as now, significant efforts are being made to identify and bridge the "digital divide," it would be a lost opportunity if we did not address the needs of these hardest to serve customers in Cablevision's footprint.

The absence of any specific commitment regarding targets, funding, or scheduling means the public benefits put forward by Petitioners are speculative at best. To ensure fulfillment of the Petitioners' promises, we will establish clear speed increases and build out requirements as follows:

1. <u>Network Speed Enhancements</u>

Following the transaction's close, Cablevision will begin the necessary investments in system upgrades and enhancements to offer increased broadband speeds to all of its New York customers for up to 300 Mbps. This work shall be completed by the end of 2017 to ensure that timely sharing of the synergies savings is achieved.

To further ensure that these investments are made in a timely manner, the Commission will require Cablevision to report, within 90 days of the transaction's close, the activities, expenditures, and schedules related to the investment necessary to enhance its existing network to provide broadband speeds of up to 300 Mbps. Thereafter, the Company will be required to report its progress quarterly to Staff to monitor progress, and annually to the Secretary to the Commission on the anniversary of the close of the transaction. The reporting requirements may be more frequent if there is a concern that the investments detailed above are not occurring in a timely manner.[141]

We further find that while this investment may have otherwise been made by Cablevision in the absence of the proposed transaction, the Company has not made a firm commitment or presented any schedule to achieve these upgrades. Thus, in our informed judgment these conditions represent an incremental net benefit of $20 million to Cablevision's New York customers. This estimate is based on the cost to implement these upgrades earlier than it would have otherwise been implemented under a standalone Cablevision entity.

2. Network Expansion

The Commission also has a significant concern that there are areas of the State that have no network access even though they are located within current Cablevision franchise areas. Business and residential customers located in those areas often are not able to exercise the same level of communication choices as others absent an agreement to pay high connection fees through contributions-in-aid-of-construction (CIACs). Expanding the reach of the cable and telecommunications network services to unserved and underserved areas of the State is an important public interest. Yet, the Petitioners have made no commitment in this regard beyond stating that they are willing to work with Staff regarding an expansion of Cablevision's existing network in the Barrier Island communities.

[141] Unless otherwise specifically noted in this Order or Appendix A, all conditions require compliance for a period of three years following the close of the proposed transaction.

In order to ensure the expansion of service to customers in less densely populated line extension areas within Cablevision's footprint,[142] the Commission will require Cablevision to extend its network to pass, within the Town of Milan, Dutchess County, New York, all unserved (download speeds of 0-24.99 Mbps) and underserved (download speeds of 25-99.9 Mbps) residential housing units and/or small businesses (including new construction) by the end of 2018.

For the Barrier Island communities of Oak Beach and Gilgo Beach, which also lack wireline broadband connectivity, we are cognizant of the physical challenges and cost associated with a full wireline build out. As a result, Cablevision will be required to submit a good faith bid, in the next round of solicitations, consistent with program guidelines, for Broadband 4 All funding. In the event Cablevision is not awarded Broadband 4 All funding, the Company will be obligated to test and/or pilot a Wi-Fi alternative for these Barrier Island communities within 18 months following the denial of any bid for such funding.

In addition, for any remaining unserved or underserved households or businesses (including new construction) in line extension areas within Cablevision's franchises, as may exist on the date of this Order, the Company will be required to establish a subscriber contribution fund in the amount of $2 million which will be available for four years following the close of the transaction. This fund will cover the subscriber portion of the line extension fees (i.e., the CIACs), as determined by the formula contained in 16 N.Y.C.R.R. 895.5, for up to $5,000 per household unit or small business. The Company

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142 Under 16 N.Y.C.R.R. §895.5, a line extension area is defined, in part, as areas beyond the franchisees primary service area and may require a CIAC before service is provided.

will also be required to file annual reports with the Secretary to the Commission, for four years, identifying costs to achieve these line extensions and the remaining balance(s) of the subscriber contribution fund.

The Commission expects that Cablevision will have to invest approximately $3 million to meet these conditions and, therefore, finds that its customers will obtain a net incremental benefit in that amount.

Low-income and Broadband Availability

Access to the Internet is essential to participation in a modern society. Yet, while one of the great potential benefits of the Internet is to facilitate the acquisition and dissemination of information to all individuals at a low cost, physical ability to connect to the Internet does not provide any benefit to customers who cannot afford it. Staff and numerous parties and commenters emphasize the importance of ensuring that the people of the State have access to affordable broadband service, which is essential for, among other things, education, job searches, accessing government services, personal communications, and financial transactions. With respect to low-income families, Petitioners contend that by bringing a new low-income program to New York, the proposed transaction will have a specific, direct, and positive impact on many New York households.

We agree that the low-income broadband program, as originally proposed, is a positive one, but note that the Petitioners have provided few details regarding the program beyond its speed and price. As this Commission has previously noted, communications services have historically been, and continue to be, beyond the reach of many lower-income residents of New York State. According to the Broadband Service Adoption Study, it is low-income New Yorkers who are most likely to not have broadband service.[143] Of those households with incomes under $20,000, only 36 percent have adopted broadband service as compared with 59 percent of those with incomes between $20,000 and $35,000, with cost being the most frequently cited barrier to adoption.[144] In the Charter/TWC Order, we required "New Charter" to offer a low-income broadband program. The conditions described below will require that Cablevision to offer substantially the same program in its service territory.

In their reply comments, the Petitioners state that they would offer a low-income broadband package of 30 Mbps for $14.99 per month, subject to unidentified eligibility requirements.[145] Notably, the Petitioners also did not specify a time-frame for deployment of this program,[146] although they did so in the FCC's docket.[147] In its order approving the transaction, the FCC's Bureau Chiefs simply recognized the commitment made by Petitioners in their pleadings, but did not set forth an enforceable condition as to the provision of a low-income broadband program.

Therefore, we find that Cablevision shall be required to offer this service to homes eligible for the NSLP and senior

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143 Center for Technology in Government, Broadband Internet Service Adoption and Use in New York State Households, p. 1 (May 2011) (Broadband Service Adoption Study), http://broadbandmap.ny.gov/documents/adoption-study/NYS-Broadband-Adoption-Study-Color.pdf.

144 Id. Additionally the Pew Research Center Home Broadband 2015 report, f.n. 47, supra, indicates that nationally, 67% of all households have adopted some form of broadband service, compared to only 41% of households with incomes less than $20,000, based on national surveys conducted in 2015.

145 Petitioners' Reply Comments, pp. 27-28.

146 Id.

147 See, WC Docket No. 15-257, Letter from Tara M. Corvo, Counsel for Cablevision and Yaron Dori, Counsel for Altice to Marlene H. Dortch, Secretary, FCC, (dated April 26, 2016), pp. 2-3.

citizens receiving benefits from the SSI. Similar to our determination in Charter/TWC Order, there will be (1) no credit checks associated with this program, and (2) existing customers will not be subject to a waiting period greater than 60 days (i.e., customers who have not taken service for 60 days may be eligible for the program). Further, consistent with the Petitioners' commitment in New Jersey, and pursuant to the MFN clause herein, the low-income program will not include data caps.

As a condition of the Commission's approval, we shall also require Cablevision to roll out this program in New York State within six months of the close of the transaction, through the introduction of pilot projects, marketing and outreach, training of staff, and/or engagement with interested stakeholders. This service must be available to all Cablevision New York customers within 15 months of the close of the transaction.

To ensure the Petitioners utilize their best efforts to enroll as many eligible customers in this program as possible, we will require Cablevision to use all commercially reasonable efforts to enroll 25% of those eligible in this program within five years of its full implementation; with 12.5% enrolled within three years of full implementation (first penetration milestone), and 25% enrolled by the end of year five (second penetration milestone). These commercially reasonable efforts shall include, but not be limited to, outreach and marketing, the use of bill inserts, the passing through of federal subsidies to eligible customers, and partnering with advocacy organizations, community based organizations that work with low-income populations, and other interested stakeholders.

Thus, we agree with the City and the Digital Divide Partners that community-based organizations (including public housing groups, as appropriate) that work with low-income populations should be included in Cablevision's commercially reasonable efforts as involved stakeholders. With regard to the City's recommendation that, in the event Cablevision does not achieve its penetration targets the Commission conduct a review of the Company's efforts, we expect that any material failure to achieve these targets will be reviewed the Commission. Within 90 days of the close of the proposed transaction, Cablevision will be required to provide an implementation plan and report to the Secretary to the Commission detailing the activities, expenditures, and schedules related to the deployment of this low-income program.

Any failure will be addressed as follows: if the first penetration milestone is not met, Cablevision will be required to invest an incremental $2 million in commercially reasonable efforts for this program unless Cablevision demonstrates that it made all commercially reasonable efforts to achieve this commitment. If the second penetration milestone is not met, Cablevision will be required to invest an incremental $3 million in commercially reasonable efforts for this program unless the Company demonstrates that it made all commercially reasonable efforts to achieve this commitment.

For each of the five years following the full implementation of the low-income program, on the anniversary date of the close of the transaction, Cablevision shall file with the Secretary to the Commission a report on the number of households enrolled in the low-income program. As indicated, Cablevision shall be required to work with Staff and other relevant State agencies and community partners to implement this program.

Since Cablevision does not offer any low-income program currently, we find that there is a net incremental benefit associated with this program. Assuming a retail value of $55 per month for a comparable Cablevision service based on 150,000 connections over five years (30,000 per year), Cablevision's New York customers should receive approximately $215 million in net incremental benefits.

The Company will also be required to participate in the federal Lifeline broadband program, which was recently established by the FCC. As result, this condition should increase the value to low-income customers by providing an additional discount of up to $9.25 off of the $14.99 low-income broadband program set forth herein. Participation in the FCC's Lifeline broadband program may represent a value of approximately $40 million over five years. This is based on some portion of the 150,000 targeted low-income customers receiving an additional Lifeline subsidy. This $40 million is not, however, included in our overall net positive benefit calculation because the benefits are speculative in nature, both in terms of the number of Lifeline eligible customers within this population and when they may begin to receive the associated discounts.

While this program will benefit many New Yorkers, the Commission is mindful that not all low- and middle-income households will qualify. As a result, we will require several additional commitments designed to ensure that near universal broadband access is available. In addition to a low-income program, Cablevision will be required to offer to new subscribers Cablevision's low-cost "Internet Basics" package currently offering speeds of 5 Mbps download for $24.95 per month, which includes a free digital antenna for over the air channels and free access to Wi-Fi hotspots. The Company will be required to increase the speed of this service to at least 10 Mbps download and continue to offer it, at the current price of

$24.95 per month, to new customers for two years following the close of the proposed transaction, such period to run concurrently with the three-year period discussed below. Cablevision will also be required to allow existing customers to retain the "Internet Basics" service (at the increased speed) for three years from the close of the transaction, which will run concurrently with the two-year period discussed above.

In addition, consistent with the Petitioners' commitment in New Jersey, and pursuant to the MFN clause herein, Cablevision will be required to offer at least one standalone broadband product without a data cap for three years following the close of the proposed transaction.

Finally, Cablevision will be required to maintain uniform, statewide pricing for the low-income program, its low-cost "Internet Basics" service and its mass market, standalone broadband service, currently offering speeds of 25 Mbps download for $59.95 per month. Uniform pricing of these services should help protect customers in less competitive areas of the Company's footprint.

The enhanced speed and price protections for the standalone "Internet Basics" and mass market services have a net incremental benefit valued at $4 million.

Notwithstanding the foregoing, there still are unserved or underserved customers who may not be able to afford broadband access. Accordingly, Cablevision will be required to extend its network and offer broadband services to 40 anchor institutions, free of charge, in unserved or underserved locations. The locations, institutions and deployment of which will be determined with input from interested stakeholders. To assist in addressing the concerns raised by the Digital Divide Partners regarding bridging the gap for low-income housing, these anchor institutions may also include public housing developments, as appropriate.

The Commission estimates that Cablevision's customers should receive a net incremental benefit valued at approximately $1 million over three years for this condition.

Customer Service and Debt

Cablevision has historically had adequate service quality in New York. Staff, parties and other commenters, note however, that, given the aggressive efficiency goals the Petitioners have put forward, there is a risk that those efficiencies (especially savings associated with possible labor reductions) could lead to a reduction in service quality. They, therefore, propose that the Commission condition its approval by requiring that the current Cablevision customer service metrics reported to the Commission be maintained.

The Commission recognizes that there is no inherent reason why an acquisition should result in a deterioration of the customer service experience for Cablevision customers and believes that competitive pressures should play a role in maintaining adequate service quality. However, given the risks associated with the debt and efficiency gains sought through this transaction, to ensure adequate customer service, the Petitioners must focus on maintaining adequate service quality and satisfying the needs of their New York customers. In order to ensure that there is no material backsliding on Cablevision's current service quality, and as recommended by Advisory Staff, we will measure Cablevision's customer service quality based upon its internal service quality metrics, which have the added benefit of covering all of the services offered (voice, video and broadband). In the event Cablevision cannot stay within these service quality measures, either Cablevision, or Altice through its non-Cablevision affiliates, will be subject to service quality incentive investments.

The source of these investments and/or contributions to improve customer service must be tailored in a manner that does not exacerbate the cause of the declining service quality. For example, if while Cablevision is being challenged to deliver services and takes measures designed to reduce customer service expenses to improve its net leverage ratio, having a customer service incentive investment that comes from within Cablevision would exacerbate the leverage problem. Therefore, the condition described below will help ensure there is no material backsliding on customer service, and describes the appropriate source of customer service incentive investments as follows:

- For four years, starting in the first quarter post-close of the transaction, Cablevision will be required to: (i) maintain a rate of service and repair calls per customer that is within ten percent (10%) of the average rate Cablevision met in 2015; and (ii) resolve ninety percent (90%) of its trouble calls within two (2) days (Service Quality Metrics).[148]

- In each quarter that Cablevision fails to meet either of these Service Quality Metrics while Cablevision's consolidated net leverage ratio is at or above 6.0x as measured by the last two quarters annualized, Altice will, or will commit to cause, one or more of its affiliated companies outside of Cablevision (External Sources), to invest $1.25 million in services, support or other resources for each Service Quality Metric missed.

- For each consecutive Service Quality Metric miss, these External Sources should be required to invest an additional $250,000 in service improvements, support or other resources with a maximum investment of $2 million in service improvements, support or other resources per

[148] See, Petitioners' Supplemental Confidential Response to Department of Public Service Staff's (DPS) Interrogatory Request (IR) 42 (dated May 11, 2016); and Further Supplemental Response to DPS-42 (dated May 19, 2016).

quarter, per Service Quality Metric. This results in a potential annual investment of up to $16 million.

- In each quarter that Cablevision fails to meet either of the Service Quality Metrics while Cablevision is below a consolidated net leverage ratio of 6.0x as measured by the last two quarters annualized, Petitioners will be required to invest $500,000 in service improvements, support or other resources for each Service Quality Metric missed for a total potential investment of up to $4 million annually.
- Petitioners will be required to file this service performance information with the Secretary to the Commission quarterly on a rolling twelve-month average, and for four years starting with the first quarter post-close of the transaction.

Because this mechanism serves to mitigate potential harms associated with the proposed transaction it is not considered to be a net incremental benefit and will be assigned no value.

Job Protections

As a general proposition, one of the many objectives that companies like Altice will look to achieve in a transaction of this type is operational efficiencies, including work force reductions. Therefore, as in the case of mergers and acquisitions of this size, there is a potential for loss of jobs in New York. Our approval here is condition upon commitments that will require significant new investments and other substantial service-related initiatives in New York, which may require Cablevision to maintain its customer-facing workforce. However, the Petitioners have made no concrete commitments regarding the number of jobs that will be created or retained in New York following the close of the transaction. Rather, they have rejected calls from Staff and others to maintain job levels in any given category.

While we agree that Petitioners must retain flexibility to determine the workforce necessary to meet the evolving needs of their customers and to provide adequate service quality, this flexibility must be balanced with the Commission's interest in maintaining service quality. As Staff and others assert, there is a risk that job losses could lead to a reduction in service quality and a condition in this regard is appropriate. To afford the Petitioners a measure of flexibility, however, we will not expand our definition of customer-facing jobs, as the CWA originally recommended. In our view, the definition adopted in the Charter/TWC Order sufficiently captures the necessary work force most important to maintaining customer service quality, while allowing the Company to maintain some flexibility to manage its day-to-day operations.

Thus, the Commission will prohibit Cablevision from laying off, or taking any action effecting an involuntary reduction (excluding retirement incentives and attrition), in any customer-facing jobs in New York in the four years following the issuance of this Order.[149] Cablevision shall be required to report to the Secretary to the Commission, within 14 days of the issuance of this Order, the number of customer-facing employees it employs in New York State.

Moreover, during the two years following the close of the proposed transaction, Cablevision shall be required to maintain at least 14 out of 18 walk-in centers throughout its New York footprint.[150] Any incremental closure of walk-in centers during these two years will be subject to Commission approval. To the extent the Company seeks to consolidate or

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[149] As indicated, f.n. 6, supra, "customer-facing jobs" is defined to mean those positions with direct interaction with customers; including, but not limited to call center and other walk-in center jobs, and service technicians.

[150] See, Further Supplemental Response to IR DPS-11 (dated June 9, 2016).

otherwise close any walk-in center (including any consolidations that may take place without Commission authorization), or re-assign staff as a result thereof, Cablevision may only do so in compliance with this job protections condition above. In addition, the Company, when seeking approval for incremental closures of walk-in center(s) during these two years, must also demonstrate that such closure(s) does not violate the jobs protection condition discussed above and does not materially affect customer service.

For each of the four years following the issuance of this Order, on the anniversary date of the closing of the transaction, Cablevision shall file with the Secretary to the Commission a report demonstrating its compliance with this condition.

In addition, in order to ensure that Cablevision continues to have a supply of qualified employees ready and willing to provide the Company's New York customers with high quality telecommunications, broadband, and video services, we will require Cablevision, within 90 days of the proposed transaction, to establish a workforce development pilot program with the State University of New York system and the City University of New York system, to provide a New York State job pipeline to graduates of either two or four-year institutions. This will help ensure that New York jobs remain a primary focus, and that New York continues to receive the benefits of the proposed transaction going forward. The Commission also expects that Cablevision will seek to build upon this program and that it will lead to the Company holding true to its commitment to locate research and development activities in New York.

Because these conditions serve to mitigate potential harms of the proposed transaction they are not considered to be a net incremental benefit and will be assigned no value.

Miscellaneous Conditions

1. Network Resiliency and Outage Reporting

In their Joint Application to the FCC, the Petitioners represent that they plan to modernize Cablevision's network through, for example, reducing the number of active components and deploying fiber deeper and more ubiquitously. Petitioners state that these network modernizations will make the network more efficient, reliable, and resilient. To ensure these modernization efforts are made available throughout Cablevision's New York territory, the Commission finds that Cablevision should commit to reducing active components in the Company's network and establishing a uniform or streamlined network architecture across its New York service area in an equitable and non-discriminatory basis. In further support of resiliency, the Petitioners are required to offer backup customer support, maintenance of "Ring within Ring" topology to remote hub; backup powering; and storm communications planning.[151]

Therefore, the Company will be required to report, to the Secretary to the Commission, within 90 days of the transaction's close, the activities, expenditures, and schedules related to the investment necessary to modernize its existing network in the ways described herein. Thereafter, Cablevision should report progress bi-annually to Department Staff to monitor progress, and annually to the Secretary to the Commission on the anniversary of the close of the transaction. This bi-annual reporting requirement may be more frequent if there is a concern that the investments detailed above are not occurring in a timely manner.

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[151] Petitioners are providing these resiliency benefits in New Jersey, as well. See, f.n. 17, supra, pp. 8-9.

Moreover, Cablevision's service territory, especially areas of Long Island and New York City, were among those hardest hit by Superstorm Sandy in October 2012. Areas of Long Island in particular experienced long outages of both the electric and telecommunications systems. However, timely and accurate outage reporting to Department Staff was either lacking or inconsistent during portions of the lengthy restoration period. Consumers rely on telecommunications systems to receive information during such emergencies, and any failures create public safety issues.

Indeed, statewide, 2.2 million electric customers (primarily on Long Island and in the Metro New York area) were without power as a result of Superstorm Sandy. Close to one million of those customers were on Long Island.[152] Many of those customers were also left without access to communications services as work to restore those services was delayed by extensive flooding, tree damage and downed electrical equipment. Many customers on Long Island, in particular, were without these services for upwards of a week. Ensuring access to information and communications during an emergency like Superstorm Sandy and in its aftermath is a core interest of the Commission.

To this end, the Commission will require that Cablevision develop and file a plan to improve upon the Company's emergency response, readiness plan, outage reporting, pre-storm emergency communications and network planning. This plan, which will be subject to review by Department Staff, should be developed in conjunction with other utilities or interested stakeholders in Cablevision's footprint, including, but not limited to electric and gas utilities, as well as local governments and community groups. This plan should particularly detail any investments to be made and actions to be taken to

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[152] The Moreland Commission on Utility Storm Preparation and Response, Final Report (issued June 22, 2013), pp. 13-14.

enhance Cablevision's infrastructure to be more resilient in extreme weather conditions.

During declared emergencies, Cablevision will also be required to provide free Wi-Fi access to subscribers and non-subscribers, free access to news content and free power outage coordination to all impacted New Yorkers.[153]

With regard to the City's request that Cablevision's resiliency plan be made publicly available and shared with local governments, and clarification that the proposed condition does not limit the inclusion of additional resiliency measures in franchise agreements, Cablevision should share its plan with New York City and local governments. In addition, we expect the Company to work with the City, and other municipalities, as interested stakeholders, to ensure that these resiliency plans are available and include additional measures that reasonably meet the objectives described herein.

The plan should be filed with the Secretary to the Commission within 120 days of the close of the transaction and be updated on an annual basis on the date of the close of the transaction.

This plan will require an investment of both time and money on the part of Petitioners and will provide a significant benefit to New York in ways that go beyond an incremental net benefit. This resiliency plan, and especially the requirement that Cablevision provide free access to its Wi-Fi network during emergencies, will ensure that all residents in its service territory will have access to information and communications services that are vital during a crisis situation.

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[153] Petitioners' Response to Staff IR 46.

In the Commission's view, these network resiliency conditions represent a net incremental benefit of approximately $1 million to Cablevision's customers.

2. New Technology

Petitioners state that because of its relative size and scale, Altice is better positioned to pursue innovation, which will translate into additional benefits for New Yorkers. To this end, Altice has developed an "all-in-one" home center, which will allow subscribers to integrate cable, OTT video, online storage, home media, and Wi-Fi and Ethernet connected devices into a single hub. They expect this technology will reduce customer trouble calls, improve the customer experience and is likely to reduce energy costs, all of which are valuable to New Yorkers.

Therefore, to ensure that Cablevision carries through on this commitment to offer this "all-in-one" technology in New York, the Commission will require that the Company begin deployment within three years of the close of the transaction.

3. Most Favored Nation Clause

For the reasons stated herein, it is our judgment that the conditions we are establishing are necessary to satisfy the public interest with regard to the issues of speed, access, and affordability of service. At the same time, however, the Commission is aware that the Petitioners have obtained approval with conditions from New Jersey, and may need approval in other state, federal or local jurisdictions, and that these jurisdictions may require commitments that would also be beneficial to New York.

In order to ensure that New York gains the benefits of these commitments, we will require the Petitioners to agree to a MFN clause. If, in obtaining approval of the proposed transaction in other jurisdictions, including subsequent actions by New Jersey with respect to merger conditions, the Petitioners commit to any public benefit greater than that contained in this Order, they will, within 30 days of the close of the transaction, notify the Commission of its intent to provide those same benefits to New York at terms that are reasonably comparable to the other local, state or federal conditions.

The Petitioners will also be required, within 60 days of the close of the transaction to provide the Secretary to the Commission copies of any and all final orders, settlements and/or stipulations from any federal, state, or local jurisdiction that has imposed conditions on the Petitioners.

4. Conditions Enforceable Against Altice and Cablevision

Advisory Staff recommended that unless otherwise specified, all recommendations and conditions described in their submission be enforceable against each of the Joint Petitioners, jointly and separately. The Petitioners state that both Altice and Cablevision are prepared to be bound by appropriately applicable conditions and commitments upon consummation of the transaction. They state that certain of Advisory Staff's proposed conditions can be fulfilled by only a certificated or franchised service provider, and only Cablevision (and not Altice) is such a service provider. Therefore, the Petitioners seek clarification that while Altice, in its capacity as controlling shareholder, will be required to "cause" Cablevision to comply with the conditions set forth in Advisory Staff's recommendations, Altice itself will only be directly bound in connection with the debt-related customer service conditions.

We agree with Petitioners that Altice should be directly subject to PSL §§25 and 26 penalty and enforcement actions for the conditions to dedicate resources in certain circumstances related to its obligations under the customer service metrics discussed above. Moreover, given Altice's commitment, in its role as controlling shareholder, that it will be required to "cause" Cablevision to fulfill all the conditions and commitments discussed here and in Appendix A, in the event the Commission finds that Altice failed to "cause" Cablevision to fulfill the commitments and conditions here and in Appendix A, the Commission may pursue PSL §§25 and 26 penalty and enforcement actions against Altice. Cablevision is obligated to fulfill all commitments and conditions here and in Appendix A, subject, without limitation, to PSL §§25 and 26 penalty and enforcement actions, as described below.

Enforcement

The conditions adopted in this Order and in Appendix A hereto, shall be binding and enforceable by the Commission upon Cablevision in their entirety, and upon Altice with respect to the debt-related customer service conditions and/or its failure to "cause" Cablevision to comply with each and every commitment and condition here and in Appendix A. If the Petitioners' unconditional acceptance is not received within one (1) business day of the issuance of this Order, the Petitioners will have failed to satisfy their burden under the PSL as described herein, and this Order shall constitute a denial of the Joint Petition.

Section 25 of the PSL requires that Petitioners "comply with … every order or regulation … adopted"[154] pursuant to the PSL, and that any failure to comply with this Order may result in Cablevision, and with respect to the service quality conditions and/or Altice's failure to "cause" Cablevision to comply, to "forfeit to the people of the State of New York a sum not exceeding one hundred thousand dollars constituting a civil penalty for each and every offense and, in the case of a

[154] PSL §25(1).

continuing violation, each day shall be deemed a separate and distinct offense."[155] In the event that Cablevision, and with respect to the service quality conditions and/or Altice's failure to "cause" Cablevision to comply, fails to comply with the conditions contained herein, pursuant to PSL §26, "the [C]ommission may direct counsel to the [C]ommission to commence an action or special proceeding in the supreme court in the name of the [C]ommission for the purpose of having such violations or threatened violations stopped and prevented."[156]

CONCLUSION

In conducting our review of the proposed transaction, the Commission has carefully considered the record developed in this case. Our examination has focused on the impacts of the proposed transaction on universal access to services (both in terms of geographic availability and affordability), network investment and modernization, service quality and economic development. Based on that review and the record before us, we conclude that with the conditions and commitments we are adopting, as set forth here and in Appendix A, the proposed transaction will bring approximately $244 million in incremental net benefits (and other associated benefits) to Cablevision's customers. With the unconditional acceptance by the Petitioners of these enforceable and concrete incremental net benefits (and other associated benefits), the Commission concludes, as a whole, that the proposed transaction would meet the positive benefit test for New Yorkers and should be approved.

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155 PSL §25(2).

156 PSL §26.

The Commission orders:

1. The Joint Petition of Altice, N.V. and Cablevision Systems Corporation for approval of a holding company level transaction transferring control of Cablevision Lightpath, Inc. and Cablevision Systems Corporation's cable entities operating in New York to Altice is granted pursuant to Public Service Law §§99, 100, 101 and 222, subject to the commitments and conditions discussed in the body of this Order and Appendix A, and upon receipt by the Commission of certifications that Altice, N.V., Cablevision Systems Corporation and their successors in interest unconditionally accept and agree to comply with the conditions and commitments set forth in the body of this Order and Appendix A. Such certifications shall be submitted within one (1) business day of the issuance of this Order. If the Petitioners do not unconditionally accept within one (1) business day of the issuance of this Order, this Order shall constitute a denial of the Joint Petition.

2. In addition to complying with any requests made by the Commission pursuant to Sections 94 and 216 of the Public Service Law, Cablevision Systems Corporation and/or Altice, N.V. shall timely provide to the Commission any information, data, or other resources that the Commission deems necessary or appropriate to administer Cablevision Systems Corporation's and/or Altice, N.V.'s compliance with this Order.

3. In the Secretary's sole discretion, the deadlines set forth in this Order may be extended, except for Ordering Clause 1. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least one (1) day prior to the affected deadline.

4. This proceeding is continued.

By the Commission,

(SIGNED) KATHLEEN H. BURGESS
Secretary

APPENDIX A - CONDITIONS OF APPROVAL

I. INFRASTRUCTURE INVESTMENTS

A. Network Speed Enhancements

1. Petitioners shall be required to make investments to ensure that Cablevision Systems Corporation (Cablevision):

(a) offers broadband internet service with speeds up to 300 Mbps to all customers served by its New York network by the end of 2017, with the exception of the Barrier Island communities noted below.

2. Petitioners shall be required to:

(a) report to the Secretary to the Commission within 90 days of the transaction's close the activities, expenditures and schedules related to the investment necessary to enhance Cablevision's existing network to provide broadband speeds of up to 300 Mbps; and,

(i) thereafter, provide bi-annual progress reports to the Department of Public Service Staff (Staff); and,

(ii) a final report to the Secretary to the Commission on the speed upgrades by the end of 2017.

(b) These reporting requirements may be more frequent if the Secretary to the Commission finds there is a concern that the required investments are not occurring in a timely, equitable and non-discriminatory manner.[1]

[1] Unless otherwise specifically noted, all conditions require compliance for three years following the close of the transaction.

B. Network Expansion

1. For any unserved (download speeds of 0-24.99 Mbps) and underserved (download speeds of 25-99.9 Mbps) households or businesses (including new construction), except as noted below in Sections I(B)(2) and (3) of this Appendix, in Cablevision's franchised areas, as it exists on the date of this Order, the Petitioners shall be required to:
   (a) establish a subscriber contribution fund in the amount of $2 million which will be available for four years following the close of the transaction. This fund will cover the subscriber portion of the line extension fees (i.e., the contribution-in-aid-of-construction) pursuant to 16 N.Y.C.R.R. §895.5 for up to $5,000 per household unit or business. After the fourth year following the close of the transaction, any remaining money will no longer need to be set aside by the Petitioners; and,
   (b) file annual reports with the Secretary to the Commission identifying costs to achieve line extensions and remaining balance(s) of the fund.
2. Petitioners shall be required to make a good faith bid in the next round of solicitations consistent with program guidelines for Broadband 4 All funding with the Broadband Program Office to provide broadband service to the Barrier Island communities of Oak Beach and Gilgo Beach. If Broadband 4 All funding is not awarded, Petitioners will, in the alternative, test and/or pilot a Wi-Fi alternative

to these Barrier Island communities within 18 months of the denial of any bid for such funding.

3. Petitioners shall be required to complete a full build out in the Town of Milan, Dutchess County, New York, to all unserved or underserved residences and small businesses (including new construction) by 2018, without any contributions-in-aid-of-construction.

II. UNIVERSAL ACCESS

A. <u>Broadband Availability</u>

1. Petitioners shall be required to increase the speed of Cablevision's current low-cost "Internet Basics," package, currently priced at $24.95/month, from 5 Mbps to 10 Mbps/download. This service includes, and shall continue to include, a free broadcast digital TV antenna and free access to Wi-Fi hotspots.

   (a) For three years post-close of the transaction, Petitioners shall be required to retain Cablevision's "Internet Basics" package for existing customers at $24.95 per month and 10 Mbps/download.

   (b) For two years post-close of the transaction, Petitioners shall be required to offer the "Internet Basics" package to any new customers at $24.95 per month and 10 Mbps/download.

2. Petitioners shall be required to extend Cablevision's network and offer broadband services, free of charge, to 40 Community Anchor Institutions in unserved (download speeds of 0-24.99 Mbps), underserved (download speeds of 25-99.9 Mbps), or low-income communities, including

public housing developments, as appropriate, which shall be incremental to any existing obligations. Selection shall be based upon consultation with Department Staff and interested stakeholders, within 120 days following the close of the transaction.

3. Petitioners shall be required to offer the following Cablevision's internet services at statewide, uniform prices:
   (a) the low-income program described herein at Section II(B) of this Appendix;
   (b) the "Internet Basics" product described herein at Section II(A) of this Appendix; and,
   (c) the mass market, standalone internet product currently offered at speeds of 25 Mbps/download for $59.99 per month.
4. Petitioners shall be required to offer at least one standalone broadband product with no data caps for three years following the close of the transaction.

B. Low-income Broadband

1. Petitioners shall be required to provide a low-income broadband program, providing a minimum speed of 30 Mbps for $14.99 per month, to eligible customers throughout Cablevision's New York footprint. This condition includes several components:
   (a) Petitioners are required to begin the roll out of this low-income broadband program within six months of the close of the transaction through pilot projects, outreach

and marketing, training of staff, and/or engagement with stakeholders;

(b) Petitioners are required to offer this low-income program within 15 months of the close of the proposed transaction throughout Cablevision's New York service territory;

(c) Eligibility for the program shall include homes eligible for the National School Lunch Program and senior citizens eligible for the federal Supplemental Security Income program;

(d) There shall be no credit check required for customers to sign up for this service;

(e) The Petitioners should not subject existing customers to a waiting period greater than 60 days (i.e., customers who have not taken service for 60 days may be eligible for this low-income program); and,

(f) This low-income program shall not include data caps.

2. Petitioners shall use commercially reasonable efforts to enroll 25% of those eligible in this program within five years of its full implementation ("penetration rate") with 12.5% enrolled within three years of full implementation (first penetration milestone), and the remaining 25% enrolled by the end of year five (second penetration milestone). These commercially reasonable efforts shall include, but not be limited to, outreach and marketing, the use of bill inserts, the passing through of federal subsidies to eligible customers, and partnering with advocacy organizations,

community-based organizations (including public housing groups, as appropriate) that work with low-income populations, and other interested stakeholders.

(a) If the first penetration milestone is not met, Petitioners shall be required to invest $2 million in making these commercially reasonable efforts for this program unless the Commission determines that Petitioners have demonstrated that they made all commercially reasonable efforts to achieve this commitment.

(b) If the second penetration milestone is not met, Petitioners shall be required to invest $3 million in making these commercially reasonable efforts for this program unless the Commission determines that Petitioners have demonstrated that they made all commercially reasonable efforts to achieve this commitment.

(c) Within 90 days of the close of the proposed transaction, Petitioners are required to provide an implementation plan and report to the Secretary to the Commission detailing the activities, expenditures and schedules related to implementation of the low-income broadband program. The Petitioners shall file annual reports regarding these efforts with the Secretary to the Commission for each of the five years following the commencement of the low-income program, on the anniversary date of the close of the transaction, to include the number of households enrolled in the low-income program.

3. The Petitioners shall be required to participate in the Lifeline broadband program established by the Federal Communications Commission (FCC).

III. CUSTOMER SERVICE

A. Customer Service and Debt

1. For four years, starting in the first quarter post-close of the transaction, Cablevision is required to:

   (a) Maintain a rate of service and repair calls per customer that is within ten percent (10%) of the average rate Cablevision met in 2015; and,

   (b) Resolve ninety percent (90%) of Cablevision's trouble calls within two (2) days.

2. In each quarter that Cablevision fails to meet either of these metrics while Cablevision is above a consolidated net leverage ratio of 6.0x as measured by the last two quarters annualized, Altice, N.V. shall, or shall commit to cause, one or more of its affiliated companies outside of Cablevision (External Sources), to invest $1.25 million in service improvements, support or other resources for each metric missed.

   (a) For each consecutive metric miss, these External Sources are required to invest an additional $250,000 in service improvements, support or other resources with a maximum investment of $2 million in service improvements, support or other resources per quarter, per metric. This results in a potential annual investment of $16 million.

(b) In each quarter that Cablevision fails to meet either of these customer service metrics while Cablevision is below a consolidated net leverage ratio of 6.0x as measured by the last two quarters annualized, the Petitioners shall be required to invest $500,000 in service improvements, support or other resources for each metric missed for a total potential investment of $4 million annually.

5. Within 30 days after the end of each calendar year, for four years starting in the second quarter of 2017, Petitioners are required to file this information with the Secretary to the Commission.

(a) The Petitioners are required to file this information with the Secretary to the Commission quarterly on a rolling twelve month average, and for four years starting with the first quarter post-close of the transaction.

IV. JOBS AND TRAINING

A. Job Protections

1. For the four years from the issuance of this Order, the Petitioners shall be prohibited from laying off, or taking any action effecting an involuntary reduction in workforce (excluding

retirement incentives and attrition), of customer-facing jobs in New York State.[2]

2. The Petitioners shall be required to report to the Secretary to the Commission, within 14 days of the date of the issuance of this Order, the number of customer-facing employees Cablevision employs on the date of the issuance of this Order.
3. For each of the four years following the issuance of this Order, on the anniversary date of the closing of the transaction, the Petitioners shall file with the Secretary to the Commission a report demonstrating their compliance with this condition.
4. During the two years following the close of the proposed transaction, the Petitioners shall be required to maintain at least 14 out of 18 walk-in centers throughout Cablevision's New York service territory.
5. Any incremental closure of walk-in centers during these two years is subject to Commission approval.
6. The Petitioners, when seeking approval for any incremental closures of walk-in centers during these two years must also demonstrate that such closure does not violate the jobs protection condition in Paragraph IV(A)(1) of this Appendix and does not materially affect customer service.

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2 "Customer-facing jobs" is defined to mean those positions with direct interaction with customers; including, but not limited to call center and other walk-in center jobs, and service technicians.

7. To the extent the Petitioners seek to consolidate or otherwise close any walk-in centers (including any consolidations that may take place without Commission authorization), or re-assign staff as a result thereof, the Petitioners may only do so in compliance with the job protections condition in Paragraph IV(A)(1) of this Appendix.

B. Employment Pilot Program

1. The Petitioners shall be required to establish a workforce development pilot program with the State University of New York and City University of New York systems to provide a New York State job pipeline to graduates of either two or four-year institutions.

2. A plan to implement such a program shall be filed with the Secretary to the Commission within 90 days of the close of the transaction.

3. The program must be launched within one year of the close of the transaction.

V. MISCELLANEOUS CONDITIONS

A. Network Resiliency and Outage Reporting

1. The Petitioners shall modernize Cablevision's network by reducing active components and streamline the network architecture in an equitable and non-discriminatory manner. In further support of resiliency, the Petitioners are required to offer backup customer support, maintenance of "Ring within Ring" topology to remote hub; backup powering; and storm communications planning.

(a) The Petitioners shall report to the Secretary to the Commission within 90 days of the transaction's close the activities, expenditures and schedules related to the investment necessary to modernize Cablevision's existing network; and,

  (i) thereafter, provide bi-annual progress reports to Staff; and,

  (ii) annually to the Secretary to the Commission.

(b) These reporting requirements may be more frequent if the Secretary to the Commission finds there is a concern that the required investments are not occurring in a timely, equitable and non-discriminatory manner.

2. Within 120 days of the close of the transaction, Petitioners shall be required to file a plan with the Secretary to the Commission designed to improve Cablevision's emergency response, readiness plan, outage reporting, pre-storm emergency communications and network planning.

(a) This plan is subject to review by Department Staff and shall be developed in conjunction with other utilities or interested stakeholders in Cablevision's footprint, including, but not limited to, electric and gas utilities, as well as local governments and community groups and, upon completion, will be made available to local governments.

(b) This plan should particularly detail any plans to enhance Cablevision's infrastructure to be more resilient in extreme weather conditions.

(c) This plan shall be updated on an annual basis on the date of the close of the transaction and the updates, upon completion, will be made available to local governments.

2. During any state or federally declared emergency period in Cablevision's service territory, the Petitioners shall be required to open its Wi-Fi network to all consumers (subscribers and non-subscribers), without charge.

(a) Such access shall include access to news and electric power outage alert systems, also without charge.

B. Penalties and Enforcement

1. All conditions contained here and in the body of this Order shall be enforceable against Cablevision pursuant PSL §§25 and 26.

2. The service quality conditions contained in the body of this Order and Section III of this Appendix and/or Altice's failure to "cause" Cablevision to comply with all of the requirements contained herein and in the body of the Order, shall be enforceable against Altice pursuant to PSL §§25 and 26.

C. New Technology

1. Within three years of the close of the transaction the Petitioners shall begin to offer in Cablevision's New York footprint the "all-in-one" home center technology.

D. Most Favored Nation Clause

1. If, in obtaining approval of the proposed transaction in other federal, state or local jurisdictions, including New Jersey, the

Petitioners commit to any public benefit greater than that contained in this Order and Appendix A herein, they will, within 30 days of the close of the transaction, notify the Commission of their intent to provide those same benefits to New York at terms that are reasonably comparable to the other federal, state or local commitments.

2. The Petitioners will also be required, within 60 days of the close of the transaction to provide the Secretary to the Commission copies of any and all final orders, settlements and/or stipulations from any federal, state, or other jurisdiction that has imposed conditions on the Petitioners.

APPENDIX B - SUMMARY OF PUBLIC COMMENTS

New York State Senate Members

Senator Phil Boyle - Has enjoyed a good working relationship with Cablevision (CV), as a corporate citizen and its demonstration of a strong commitment to the schools and communities of Long Island. Senator Boyle notes that the programming options by CV have provided an outstanding opportunity for the entire Long Island community to stay abreast of the events that impact their daily lives. (e.g., News 12, as well as, "Meet the Leaders") and urges the Commission (PSC) to recognize the value of these news outlets to Long Island and assure its continuance, roots, and home-base remains here. Senator Boyle also identifies that Long Island's non-profit community has come to rely on the stewardship values of CV that it has demonstrated over the years and hopes Altice will mimic CV's commitment and generosity and comments on CV's excellent customer service to the Long Island residents and ask the Commission to insure that Altice continues to provide the same level of customer service by maintaining a "customer interfacing" staff level equal to what Cablevision has offered over the years.

As Chairman of the NYS Senate Standing Committee on Commerce, Economic Development & Small Business, Senator Boyle appreciates the fact that the economic growth in the region is reliant upon an infrastructure system that prioritizes connectivity and broadband accessibility and believe that a company of Altice's stature, international presence, and substantial experience will bring new, stronger competitor to the Long Island communications market.

Senator Boyle feels it's imperative that the Commission push Altice to provide a fixed broadband system to the few remaining areas in Suffolk County, specifically the Town of Babylon Barrier Beach communities and the Long Island State Parks in Jones Beach, Captree State Park, Robert Moses and the Fire Island communities, which do not currently enjoy these vitally needed services. Senator Boyle suggest that similar requirements imposed on Time Warner Cable/Charter Communications be imposed in the case too.

Senators Phil Boyle, Thomas Croci and Michael Venditto - Express extreme displeasure at reviewing the Reply Comments issued jointly by Altice and CV. The Senators acknowledge that Altice is backpedaling on pursuing a fast build out to provide broadband service to the barrier island communities. The Senators stress that providing broadband service to the Town and State Parks located on the barrier island will, on a yearly basis, enable millions of park attendees to access vital services and this exposure to millions of users has an undisputable economic value for Altice. The Senators state that Altice is failing to acknowledge the opportunity to secure millions of dollars in assistance from the Governor's proposed New York Broadband Program. The Senators strongly urge the Commission to mandate, in the final agreement for the merger of Altice and CV, that they provide broadband service to the unserved barrier island communities of Long Island in an 18 months.

Senator Kevin S. Parker (21st District) - Senator Parker states CV serves most of the poorest neighborhoods in Brooklyn and the Bronx in New York City, and all of Long Island, and much of the Hudson Valley up to roughly Kingston, NY. There are many urban and rural poor, fixed-income households, disable households, and low-income veterans, households in CV's service area. These consumers do not only buy cable television, they also buy telephone services and broadband, which makes CV one of New York's most important providers of high-speed broadband and 911 telephone services to low-income households in New York and particularly New York City.

Senator Parker believes that this transaction could be demonstrated to be in the public interest with a few important conditions proposed by the PSC and agreed upon in good faith by the parties. Specifically, the Senator agrees with the PSC that:

1. CV's dominant presence in NYC's low-income neighborhoods means that there must be a condition lowering cable television costs, or protecting low costs, for low-income and fixed-income households in its service area;
2. CV must offer for a minimum of 3-5 years a high-speed low-cost broadband product for low- and fixed-income residential customers who meet the eligibility criteria for the landline telephone discount program or are eligible for HEAP, SNAP, TANF, SSL, SCRIE or DRIE or other federal, state or city social net programs;
3. A CV condition of a discounted version of its basic cable television service upon an income qualification as previously mentioned or upon proof of eligibility for SSI-disability, and to disable veterans and other mobility-impaired consumers;
4. PSC should condition approval upon a commitment to provide increased investment, higher speeds and discounted prices in commercial zones in distressed census tracts, so that those small and micro-businesses can increase their vital work as engines of job creation in Brooklyn and the Bronx's poorer neighborhoods;
5. PSC should condition approval upon greater investment into higher speeds and broadband network reliability

going into Brooklyn and the Bronx's NYCHA house and other affordable housing;

6. The Senator agrees with CWA indicating how can the merger be in the public interest if it results in a wholesale reduction in jobs, or in lessened investment into CV's workforce, customer service operations, infrastructure and technological advances;

7. Senator Parker agrees that the amount of debt used to make this deal is "troubling" but he believes that Altice would buy CV in order to run it into the ground nor would it buy CV in such a manner that he would ruin its brand in NYC.

The Senator urges the PSC to continue their expert work on constructing the conditions needed and their work to increase the accountability and transparency of this proposed merger transaction.

<u>Senator Andrea Stewart-Cousins & 23 Other Senators</u> - The Senators state that it is important that Altice specifically pledges to promote and protect vital services. Among other services, the Senators want communities' upgraded, cutting-edge networks, affordable broadband, particularly for the indigent, free and discounted high-speed internet service for public institutions such as libraries, schools and community centers; reliable and high quality service and good jobs. The Senators want the Commission to ensure these goals are met, and must be enforceable by the Commission with enforceable fines that will guarantee that all commitments are met. The Senators also believe that it's important for Altice to pledge to resolve any outstanding allegations of federal labor law violations. The Senators urge the Commission to modify the proposed sale to ensure that New York's consumers, jobs, and local communities are strongly protected.

<u>Senator Kemp Hannon (6th District)</u> - Supports the proposed acquisition of CV by Altice. Senator Hannon partnered with CV through its Optimum Community program. The Senator encourages the PSC to approve the acquisition.

<u>Senator Terrence P. Murphy (40th District)</u> - Supports the proposed acquisition of CV by Altice. The Senator urges the PSC to approve this transaction.

<u>Senator Joseph A. Griffo (47th District)</u> - Supports the proposed acquisition of CV by Altice. The Senator urges the PSC to approve this transaction.

New York State Assembly Members

Assemblyman Steven Otis (91st District - Westchester County) - States that it is important to review the prospects for the new provider to be financially viable, in a position to provide service to customers, and to live up to the commitments promised to the PSC. Assemblyman Otis is concerned about the new debt obligations that would be incurred to finance the acquisition coupled with the absence of specific commitments for service improvements that benefit customers.

Assemblyman Luis R. Sepulveda (87th District - Bronx County) & Other Assembly Members - The Assembly members are "deeply" concerned that the Altice purchase of CV, as currently proposed, would bring considerable harm to consumers, workers, and the communities they represent, if approved by the Commission.

Assemblyman Michael A. Montesano (15th District - Nassau County) - Supports the proposed acquisition of CV by Altice. The Assembly member believes that the local community and local economy will benefit from the enhanced competition and innovation that this transaction will provide and urges the PSC to approve this transaction.

Assemblyman Todd Kaminsky (20th District - Nassau County)[1] - Strongly opposes Altice proposed buyout of CV, as it jeopardizes jobs, compromises consumer protections and could reduce investment in infrastructure and urges PSC to reject this proposal.

Assemblyman Marcos A. Crespo (85th District) - The Assembly member states that CV has been a great corporate citizen of the Bronx, providing free video service to local schools, day care providers, senior centers, fire departments, police precincts and many other important organizations and acknowledges that CV's support has helped contribute to the growth and education development of the Bronx children.

Municipalities

City of White Plains (City) - Requests that the Commission consider two issues prior to rendering its decision:

CV's non-compliance with local cable franchises - The City states that CV has violated and remains out of compliance with its franchise and related agreements in at least three respects:

1. CV failed to pay retroactive franchise fees owed to White Plains totaling $513,553, including interest and

[1] Assemblyman Kaminsky was elected to the State Senate for the 9th District in an April 19, 2016 special election.

penalties through December 31, 2015. The unpaid fees were discovered through a franchise fee audit conducted in 2014 by a certified public accounting firm. The City states that it provided the audit report to CV in July 2014. To date, CV has failed to pay the franchise fee arrearage.

2. CV failed to pay its final public, educational, and governmental (PEG) channel financial support payment of $100,000 that was due January 11, 2004.

3. CV neglected to pay a Corridor Agreement fee totaling $500,000 which was contemporaneous with signing the cable franchise agreement in December 1995. The Corridor Agreement granted CV the right to install and maintain fiber within White Plains (this fiber is not used for cable service). CV agreed to pay $25,000 per year. It is the City's belief that CV has failed to pay this annual fee for 20 years.

The City writes that CV should not be permitted to transfer its systems, franchises or assets to Altice unless and until it has fully complied with the franchises of White Plains and other applicable local franchising authorities in NY. The City states that approving the transfer without requiring CV to comply with its franchise obligations would be contrary to the public interest, reward a cable operator that has failed to fulfill its legal commitments, and saddle the new cable operator with numerous non-compliance issues at the outset of its takeover of the CV systems.

Cablevision's procurement of "indefinite extensions" - The cable franchise agreement with CV expired in 2006. Subsequent to the expiration, CV obtained six extensions of the franchise via letters conferring Temporary Operating Authority (TOA) pursuant to Commission process. The City objects to this process and states that its leverage in franchise negotiations is diminished. The City requests that the Commission re-examine TOAs and that TOAs not be transferred to Altice.

Town of Orangetown - Indicates that it has not received official notification of the proposed transfer, nor a request to approve such a transfer as required by the terms of its franchise agreement. It is the Town's understanding that it's entitled to a review period of 120 days from the filing of FCC Form 394 to evaluate the proposed transfer even though the Joint Petition indicates that CV believes that it is not required to file FCC Form 394 with the majority of its LFA's, including the Town of Orangetown. This is important to the Town because, in June 2015, it filed a claim with CV for underpayment of franchise fees, a claim that CV did not respond to. The Town requests that the Commission address this matter so that its rights under the federal law and terms of the CV franchise agreement are preserved in this case.

Village of Amityville - The Village's franchise agreement with CV states, in part, "no transfer of the franchise shall occur without the prior consent of the LFA." However, the Village has not received a request to approve the transfer. The Village requests the Commission to address this matter so that its rights under federal law and the terms of the CV franchise agreement are preserved.

Village of Scarsdale - The Village opposes the Joint Petition in that it fails to seek local approval of the transfer of Cablevision's franchise holders, and fails to provide local municipalities with adequate notice. Pursuant to the Village's cable franchise agreement, consent from the Village is required for the transfer between Altice and Cablevision. Since consent has not been sought to date, the Joint Petition is flawed and should be denied.

Town of Cortlandt - The Town has concerns regarding the purchase of CV and Altice. The Town states its concern is whether Altice, headquartered in the Netherlands, will have the same knowledge and know the needs of the community that CV addressed for many years. They are also concerned that Altice will lay off hundreds, if not thousands of workers, many of who reside in the Town. In addition, the Town acknowledges that Altice has already proposed cuts in operating expenditures which would affect customer operations and services. The Town requests that their concerns be considered as the proposal is reviewed and that the Commission deny the acquisition.

Town of Lewisboro - The Town is requesting that the PSC ensures that there are provisions within the sale of CV to Altice that will at least maintain the current level of service and improve upon it.

City of Yonkers - The City is in support of the proposed acquisition of CV by Altice.

Village of Port Jefferson - Supports the proposed acquisition of CV by Altice. CV supported the Village's Greater Port Jefferson Arts Council's endeavors and partnered with the Village to invest in WiFi infrastructure by saturating the downtown area with hotspots.

Village of Patchogue - Supports the proposed acquisition of CV by Altice. The Village partnered with CV to work on the expansion of their WiFi system in downtown Patchogue, parks, and at the beachfront, making the Village a WiFi hotspot.

The City of New York

The City of New York (City) submitted initial comments and secondary comments that reiterate its previous concerns. Specifically,

1. Altice continues to disregard the City's authority - the City is dismayed that Altice continues to deny the City authority to review the transaction and the Franchise and Concession Review Committee authority to vote on the franchise transfer. The company claims that local review is not required. The City is alarmed by reports that SFR, (Altice's French affiliate) has failed to follow through on commitments initially made to regulators and boasted about profitability by sacrificing both the quality of its network and customer service. The City is concerned about whether the company will, in fact, deploy fiber to the home and make other promised network investments. The City reiterates the importance of the Commission's establishment of meaningful, enforceable conditions and ongoing oversight with respect to the concerns expressed by the City and others.

2. Altice's record in other jurisdictions suggests negative impacts for consumers - the City states that Altice's performance history suggests that the acquisition could result in harm to New Yorkers. It notes that Altice has projected that the deal will result in some $900 million in "synergies" but has not explained how it will realize these savings nor the impact that reductions in spending will have on cable and broadband deliver, customer service or other matters. The City quoted expert predictions that, in light of anticipated cuts, customer service is unlikely to improve if the transaction is completed. The City's Department of Information Technology and Telecommunications (DoITT) indicates that CV's complaints have increased over the course of the last year. The City is concerned that Altice will concentrate investments in parts of the network that serve high-income communities outside the City while failing to invest in infrastructure in the Bronx and Brooklyn. This action would hamper residents' access to cable television, as well as efforts to utilize broadband for health, educational, employment, entrepreneurial or creative purposes or to connect with family, friends and community members. The City wants the Commission to require Altice to commit to improve upon CV's customer service record by requiring specific investments in training and personnel, to pledge that it

will not provide substandard infrastructure in lower-income zip codes and to include enforceable penalties.

3. Altice has failed to produce information and assurances to address City concerns; Altice has not provided sufficient information to enable analysis of its managerial, technical and financial capacity to manage the franchise or to provide answers to public interest questions raised by the City. DPS comments suggest that Altice has similarly failed to provide sufficient information to satisfy the state officials. In the absence of detailed information and binding commitments that are sufficient to address these concerns, this transaction cannot be said to meet the public interest standard.

The City urges the Commission to consider finding that the transaction is not in the public interest unless Altice comes forward with detailed information and clear cut commitments.

New York City Information Technology & Telecommunications

DoITT responds to the joint petition filing that represents that the petition filed with the Commission is exempt from review and approval by the City of New York. DoITT files these comments to indicate that the joint petition is incorrect.

DoITT states that it has two cable television franchise agreement with CV Systems New York City Corporation for the Borough of the Bronx, which covers the entire Borough of Bronx and for the Borough of Brooklyn, which covers a portion of the Borough of Brooklyn. DoITT points out that the franchise agreements provide the City review and approval of a transfer, with specified exceptions.

Fair Media Council

Fair Media Council opposes the acquisition of CV and Altice due to concerns that the deal fails to serve the public interest and it believes that it will be detrimental to the local economy, news and cable industry. The Council indicates that Altice, in its conference call with investors intends to acquire CV and dramatically cut expenses that will negatively impact the local economy while causing undue harm to Newsday and the news and information it provides to 3 million people in the Long Island community. The Council requests the Commission not approve this sale.

Fair Media Council filed additional comments. The Council addressed these major points:

1. Long Island has been ignored by Altice - Altice has not met with Long Island businesses and/or community leaders

as it has in other areas in CV's footprint. The message sent to the community is disrespect and an indicator of an organization's concern for the public interest.

2. As owner of News12 Long Island and Newsday, on Long Island the issue has not been covered in the media to provide viewers, readers, and future customers of Altice insight into the company. The Council implies that as of April, some business and community leaders were not aware of the pending sale.

3. CV is the main provider of news, yet Altice has not addressed what will become of the future of these news outlets. News and information on an island that's susceptible to major weather events (e.g., Superstorm Sandy and Hurricane Irene) means that Altice will be responsible for providing news in emergency situations. The Council states that this is too important not to be addressed in conditions set forth by the Commission.

4. CV has a monopoly on the communications infrastructure on Long Island. The "competitive marketplace" repeatedly mentioned in Altice's filing does not apply to Long Island. There are areas on Long Island where only CV can provide cable, for example the Town of Brookhaven. CV enjoys 100% penetration rate on Long Island, so in the Council's opinion, there is nowhere for Altice to "grow" cable on Long Island.

5. CV remaining headquartered on Long Island is vital to the local economy and job base. To move CV's headquarters will be the cause of monumental job loss, due to Long Islanders' inability to commute to other areas of New York.

6. Altice's promise of low-cost broadband is vague at best. The Council insists that transparency is needed on this issue, such as, who is eligible and what are the criteria?

7. Altice's promise to maintain community support is also vague. If Altice decides to cut charitable funding to nonprofit organizations on Long Island, a decision of this nature has the potential to cause nonprofits to close or lay off staff.

8. CV provides free service to schools and libraries throughout Long Island and its entire footprint. If Altice were to end these services, the trickle-down effect of such a decision would result in raising school taxes to cover the cost.

9. Altice's treatment of customer service is confusing. On one hand, it claims it will be able to create cost

efficiencies by improving customer service and on the other, Altice claims that this same customer service is already at the industry standard. The Council urges clarity to eliminate the contradiction.

10. Altice has continuously taken issue with the concept of local, state, and federal regulation and being held accountable. Altice devoted a lot of its recent filing to explaining to the Commission how the Commission has limited to no authority in this matter. The Council notes that it's an interesting technique for a company seeking entrance to a market. The Council wants the authority issue addressed, for the sake of the 110 franchise agreements Long Island towns and villages currently have with CV.

Non-Profit, Economic Development & Educational Supporters of the Merger

The following organizations are partners with CV and supporters of the merger: Hispanic Federation (New York, NY), Dutchess County Saint Patrick's Parade Committee, Girl Scouts of Nassau County, Brooklyn Public Library, Race2Rebuild, Girl Scouts of Suffolk County, NAACP New York State Conference, Radoes Steel Orchestra, Warwick Valley Chamber of Commerce Inc., Christmas Magic, Saint Anthony's High School, Great South Bay Society, Southhampton High School (Southhampton, NY), Babylon Union Free School District, Connetquot High School Habitat for Humanity Club, Habitat for Humanity of Suffolk, Outreach d/b/a Outreach Development Corporation, Hudson Valley Pattern for Progress, Dutchess County Regional Chamber of Commerce, Children's Learning Center (Division of Cerebral palsy Association of Nassau County), Nassau Community College Foundation, Smithtown Historical Society, School-Business Partnership of L.I., Inc., Bethpage School District, Nassau County Public High School Athletic Association (Section VIII), Bronx Chamber of Commerce, The Bronx Overall Economic Development Corporation, Warwick Valley Central High School District, Operation Santa Clause, Veterans of Foreign Wars (Post 170), Kips Bay Boys & Girls Club, Inc., Putnam County Chapter of Pajama Program, Beacon School District, Peekskill High School, Mid-Hudson Animal Aid, Office of the Brooklyn Borough President, Board of Cooperative Educational Services of Nassau County (Nassau Boces), PowerMyLearning (fka Computers for Youth), Brentwood School District, and Barack Obama Elementary School (Hempstead, NY).

Letter Comments

Individual consumers located mostly in the New Rochelle area filed letters mainly urging the Commission that in considering the "public benefit" in the sale of Cablevision, to follow the precedent of the sale of Time Warner to Charter and require

Altice to provide low-cost broadband to children holding school lunch cards and senior citizens holding a food stamp card. If the Commission does not approve this sale, the same should be required in the case of any future buyer, and likewise for Verizon FIOS. These consumers include: Amanda Castro, Christina Selin (New Rochelle Public Library Foundation), Phillis Maucieri (Executive Director for Office of Aging), Kathleen A. Riddle (Richmond Hills, NY), Glenn Caldwell & Pauline Santaro, Jared R. Rice (New Rochelle City Council - District Three), Eugene Tozzi, Sean Adcroft (Manhasset Union Free School District), Damon Maher, Timothy Idoni, Thomas Rhindress (Yorktown Heights, NY), Telecare Television (Uniondale, NY), Michael Cramer, Arnold Klugman, Tom Dargan, and a combined filing from 16 other individuals from New Rochelle, NY. In addition, the following consumers had these comments:

Tom Dargan (Individual) New Rochelle, NY - Mr. Dargan provides Altice's performance and cost alongside other cable broadband providers (DSL report). Mr. Dargan also offers comments on Supplemental Social Security threshold being couter productive for $15, 30 Mbps broadband for low-income seniors instead of using the Lifeline Telephone formula.

Robert Brouillet (Individual) Levittown, NY - Mr. Brouillet is opposed to the purchase of CV by Altice. He expresses that he does not want a foreign company controlling the content of a local newspaper (Newsday) and local cable stations.

Judith L. Dargan (Individual) New Rochelle, NY - Mrs. Dargan is a senior citizen that needs the internet to manage daily needs. Ms. Dargan is looking for a low-income broadband program in the Altice CV merger that's similar to the TW and Charter requirement.

Dr. Frank Zangari (Individual) Long Island,NY - Dr. Zangari is a teacher at Lawrence High School and supports the proposed acquisition of CV by Altice. The school partnered with CV through its Optimum Community and MSG Varsity Community program.

Charlie Stuart (posted by Tom Dargan) - Mr. Stuart attended the Peekskill hearing and heard that CV already provides a low-cost internet service that is only available to new customers.

Paul Murray (Individual) - Mr. Murray comments that CV has been engaging in behavior that he considers to be "union-busting." He cites cases that the National Relations Labor Board (NLRB) has filed and wants to know if it is possible for the PSC to order a condition that Altice settles the NLRB case. It's Mr. Murray understanding that Altice has already made certain commitments to CWA (Union) to settle all their pending NLRB cases, unfortunately, Mr. Murray states that he's not represented by CWA and fears that there will be an indefinite wait for a favorable resolution. He understands that this may not be considered a "public interest" issue, but states that it should be considered in the best interest of CV's employees, to ensure that their labor rights will be respected moving forward with Altice.

Scott Adelstein (Individual) - Mr. Adelstein comments that he feels the approval of Altice will cause major job loss.

Alex Arias (Individual) - Mr. Arias comments that he feels that this deal will greatly impact jobs in New York, especially Long Island and request the PSC to seriously look into the deal and do not approve the CV/Altice deal.

Martyn Roetter, MFRConsulting
(Analysis of Altice's Reply Comments dated March 8, 2016)

Mr. Roetter's comments are in response to the FCC's Request of Information from Altice. Mr. Roetter states that he and CWA have proven that Altice's claims and assertions of future net benefits once it gains control of Cablevision and its characterization of itself and its alleged successes outside the US are works of fiction. He states that Altice mistreats employees of the companies it acquires. He also states that he filed comments at FCC that provide additional confirming evidence on the financial situation of Altice and the lack of credibility of the claims it is making about the benefits that will flow from its acquisition of CV.

Response to Department of Public Service Advisory Staff
Conditions and Recommended Approval of Merger

Town of Brookhaven, Long Island - Supports Staff's recommendation to approve Altice's acquisition of CV and is pleased to learn that included in the PSC's recommendations are a number of elements that are specifically significant to the Town. In particular, Altice's obligations in the area of storm preparedness and response; staff's proposed conditions to include requiring Altice to apply to the state's broadband fund to address service issues on the Barrier Beaches; Altice's offer to provide faster broadband speeds and make available 30 Mbps for $15 to lower income populations and Altice's agreement to maintain jobs in the state will surely benefit consumers, businesses and communities in the Town and throughout the Suffolk County region. The Town urges the Commission to approve the transaction as proposed by Commission staff.

Town of Milan - Held a special meeting at which it voted to support the proposed acquisition of CV by Altice, NY. The Town is pleased to learn in the PSC staff's proposed conditions of the transaction that it addressed the need for network investment in the Town which would extend the CV network to all residential housing units and/or small businesses within the Town of Milan by the end of 2018. The Town is glad to hear that Altice will offer faster broadband speeds, make available a 30 Mbps at $15/month broadband product to lower income populations and implement a range of measures to address outages caused by severe weather. The Town urges the Commission to approve the Altice-CV transaction as proposed by Commission staff.

The Digital Divide Partners (Digital or Digital Divide)- Finds the PSC Advisory staff Public Benefit Adjustment woefully inadequate and not commensurate with the staggering levels of poverty, unemployment and economic public benefit exclusion in much of the CV territory served in the Bronx and Brooklyn. Digital states that while the Advisory staff suggestion that "low-income broadband" plan is priced at $14.95 be deployed throughout the region within five years, historical data has shown this approach to have very limited impact. Digital notes that this fact is acknowledged in the Commission's own target of a mere 25% adoption in five-years for those customers eligible for the program. Even if the target was met, that leave 75% of public housing residents without broadband service.

Digital indicates that as an insult to injury, enforcement of this requirement is weak by requiring only that the Petitioner make "commercially reasonable efforts" to deploy this program and the token fines of $2 and $3 million are avoidable if the Petitioners can convince the Commission that "it tried." Digital also notes that the suggested remedy of free broadband access for 40 anchor institutions will hardly make a dent in what has been longstanding digital inequity throughout the underserved communities. The proposed incremental benefit of $7 million for this solution is insulting to the hundreds of thousands of families unable to qualify for or afford the $14.95 or $24.95 broadband service.

Digital Divide reiterates its recommendation that the proposed solution must involve grass-roots participation in order to foster true digital inclusion to those most in need. Digital Divide insists that the resident leadership organizations of the New York City public housing community be designated primary stakeholders and community anchor institutions, and that free broadband service be provided to 400 such locations. Digital Divide further indicates that the Petitioners should be required to provide funding in the amount of $70 million to resident technology organizations for the provision of community broadband and digital literacy training to underserved households within the public housing community in CV's territory. Digital Divide estimates that the addition of these proposed adjustments to the newt public benefit may approach the $222 million target designated by the Commission's Advisory

Staff and such a recommended adjustments will indeed benefit the public with increased digital and economic inclusion.

Senator Susan Serino (41st District) - Pleased to learn that the proposed conditions for the transaction as outlined by Staff addresses the need for network investment in the communities she represents. Specifically, Staff called upon Altice to extend the CV network to all residential housing units and/or small businesses within the Town of Milan by end 2018. This transaction promises other important benefits for existing New York consumers, businesses and communities such as: faster broadband speeds, make available a broadband product to lower income populations, and implement a range of measures to address outages caused by severe weather. This is welcome news for the residents of Milan. Senator Serino urges the Commission to approve the Altice-CV transaction as proposed by Commission staff.

Assembly member Mark Gjonaj (80th District) - Encourages the adoption of the PSC staff's recommended conditions for approval of the acquisition of CV by Altice.

Assembly member Didi Barrett (106th District) - Pleased to see that the proposed conditions for the merger outlined by Staff address some of the concerns, for example, Altice is to extend CV's network to all residential homes and small businesses within the Town of Milan by the end of 2018. The Assembly member also recognizes additional benefits to residents and businesses including: $2 million fund to aid in network expansion in rural area; affordable broadband; and measures to mitigate outages caused by severe weather. The Commission is encouraged to approve the Altice-CV transaction with the features proposed by staff.

Senator Michael Venditto (8th District) - Supports the PSC staff's recommendation to approve Altice's acquisition of CV, especially the recommendation that addresses the issue of the service to Long Island's Barrier Islands. Senator Venditto urges the Commission to work quickly and approve the Altice-CV transaction as proposed by Commission staff.

MFRConsulting (Martyn Roetter) - Commends the Advisory Staff for their persistent and comprehensive efforts to establish conditions for the approval of the Altice/CV transaction to mitigate any potential harm and deliver significant benefits to the areas served by CV following the acquisition. MFRC states these conditions are impressive and worthy in principle and on paper; however, there is no evidence that Altice can be trusted to fulfill the intent or respect the purpose. It's hard to foresee how it will be possible to enforce these conditions and deal effectively to stop and redress violations in a timely manner so as to protect and serve the legitimate interests of customers, employees, contractors and others.

MFRC filed the Petition for Consideration in FCC WC Docket No. 15-257 by Zoom Telephonics, Inc. as an example of what it believes should be expected from Altice.

Senator Andrea Stewart-Cousins (Democratic Conference Leader) - Supports the current proposal, which has incorporated many of the Democratic Conference's recommended changes. The Conference noted that it wanted to see specific enforceable criteria that would protect community interests and provide specific and enforceable community benefits that maintain customer service quality and provide additional commitments to underserved areas of the state. The Conference has been advised that CV-Altice have agreed with the PSC staff on each of the conditions. With this understanding, the Democratic Conference is now prepared to support the proposed transaction. Additionally, the Conference expressed their desire to establish a new relationship with its workforce, resolving collective bargaining disputes and outstanding complaints of federal labor law violations.

Town of Brookhaven, Long Island - Supports the Commission staff's recommendation to approve Altice's acquisition of Cablevision and was pleased to learn that the recommendations included elements that are specifically significant to the Town of Brookhaven (e.g., access to communication services by residents and businesses during and after severe weather; include the Barrier Beaches; will offer faster broadband speeds and make available 30 mbps for $15 per month to lower income populations and to maintain jobs in the state.

Assembly member Victor M. (Pichardo (86th District) - Supports the PSC Staff's recommended conditions to approve the acquisition of CV by Altice. Assembly member Pichardo is confident that Altice can successfully promote new innovations and technical developments that will comply with the CV's franchise contract with NYC and provide 300 Mbps broadband speed and a $15 broadband option for low-income New Yorkers that will be an improvement to the constituents of West Bronx.

Senator Shelly B. Mayer (90th District) - Urges the Commission to approve the PSC's Staff recommended conditions to the Altice - CV transaction, including the proposed low income broadband commitment.

Assembly member Marcos A. Crespo (85th District) - Encourages the PSC to approve the acquisition of CV by Altice and supports the PSC Staff's recommended conditions for approval.

Senator Jesse Hamilton (20th District) - Notes that it is becoming increasingly important for New Yorkers to connect to broadband. Senator Hamilton indicates that Altice's commitment to make available a 30 Mbps product for under $15 for lower income New Yorkers can be an important element of increasing access to broadband for economically challenged populations and urges the Commission to approve the PSC Staff's recommended conditions to the Altice-CV transaction.

Suffolk County Village Officials Association (SCVOA) - Supports the Commission Staff's recommendation to approve Altice's acquisition of CV and is pleased that included in staff's recommendations are a number of elements that support significant concerns in the Suffolk County villages. SCVOA urges the Commission to approve the Altice-CV transaction as proposed by Staff.

Brooklyn Chamber of Commerce - Supports the Commission staff's recommendation to approve Altice's acquisition of CV, subject to certain conditions.

Hispanic Federation, New York, NY - Is looking forward to working with Altice and urge the Commission to approve the transaction, with the PSC staff's proposed conditions.

City of Yonkers (Mayor Mike Spano) - Acknowledges the increasing importance for New Yorker to connect to broadband in order to look for a job, do homework, and get access to online information for any number of day to day activities. Mayor Spano recognizes that cost for a broadband subscription has been a barrier for some of its constituents and Altice's commitment to make a 30 Mbps product available for under $15 for lower income New Yorkers can be an important element of increasing access to broadband for economically challenged populations. The Mayor urges the Commission to approve the PSC Staff's recommended conditions to the Altice-CV transaction, including the proposed low-income broadband commitment.

Senator Joseph A. Griffo (47th District) - Writes in support of the Commission Staff's recommendation to approve Altice's acquisition of CV, subject to certain conditions. Senator Griffo is pleased to learn that Altice will offer faster broadband speeds, make available a 30 Mbps, $15 per month broadband product to lower income populations, and implement a range of measures to address outages caused by severe weather. The Senator urges the Commission to approve the transaction, with PSC Staff's proposed conditions.

Eugene Tozzi (New Rochelle, NY) - Mr. Tozzi comments that the low-income broadband standard to be made available to homes eligible for National School Lunch Program and senior citizens receiving benefits from supplemental security income (SSI) is too restrictive and sets an income too low. He suggests that the low-income broadband program be modeled on the Lifeline phone service program offered locally by Verizon, which accepts a wide list of benefit options to qualify for the service, including Medicaid, SNAP, HEAP, and an alternate income threshold of 135% of the poverty level ($15,890). Mr. Tozzi views these to be a much fairer basis on which to offer the low-income broadband to needy seniors. Mr. Tozzi states that if Verizon has administered this program successfully for many years in NY under the supervision of the PSC, it seems pretty sensible to use the same qualifications in this case.

Town of Southampton (Supervisor Jay Schneiderman) - Supports the Commission Staff's recommendation to approve Altice's acquisition of CV. The Town is pleased to learn in the PSC Staff's recommendations that Altice will have a number of new obligations in the area of storm preparedness and response, the offer of faster broadband speeds, 30 Mbps, $15 per month broadband product to lower income populations, and the agreement to maintain jobs in the state. The Town urges the Commission to as proposed by Staff.