



STATE OF NEW JERSEY
Board of Public Utilities
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OFFICE OF CABLE TELEVISION
AND TELECOMMUNICATIONS

IN THE MATTER OF REQUESTS FOR AN) ORDER
INVESTIGATION INTO THE OPERATIONS OF)
ALTICE USA IN NEW JERSEY) DOCKET NO. CX21020139

Parties of Record:

- Paul Jamieson, Esq.**, Altice USA, Inc.
- Stephanie A. Brand, Director**, New Jersey Division of Rate Counsel
- Elissa Grodd Schragger, Esq., Director of Law and Township Attorney**, Hamilton Township
- Ronald A. Berutti, Esq.**, Weiner Law Group, LLP, on behalf of the Borough of Sayreville
- Dawn M. Sullivan, Esq.**, Dorsey & Semrau, on behalf of the Township of West Milford
- Anthony R. Francioso, Esq.**, Fornaro Francioso LLC, on behalf of the Township of Robbinsville
- Gerard Lederer, Esq.**, Best Best & Kriegler LLP, on behalf of the Township of Piscataway
- Jean L. Cipriani, Esq.**, Rothstein, Mandell, Strohm, Halm & Cipriani, P.A., on behalf of the Boroughs of Seaside Heights and Seaside Park
- Fred Semrau, Esq.**, Dorsey & Semrau, on behalf of the Township of Montville
- Gregory P. McGuckin, Esq.**, Dasti, Murphy, McGuckin, Ulaky, Koutsouris & Connors, on behalf of the Township of Toms River
- Andrew Bayer, Esq.**, Pashman Stein Walder Hayden, PC, on behalf of the Township of Howell

BY THE BOARD:

On February 17, 2021, the Board of Public Utilities (“Board”) initiated an investigation¹ into the adequacy of service provided by Altice USA, Inc. (“Altice” or “the Company”). The Board and the Office of Cable Television and Telecommunications (“OCTV&T”) received numerous complaints and inquiries from at least ten (10) municipalities² and several state legislators concerning various issues their residents and constituents are experiencing regarding the service provided by Altice, including but not limited to frequent and lengthy service disruptions (across all services), inconsistent connections and fluctuating Internet speeds, long telephone wait times, poor customer service, and an inability to receive satisfactory responses to these

¹ See *In the Matter of Request for an Investigation into the Operations of Altice USA in New Jersey*, BPU Dkt. No. CX21020139, dated February 17, 2021.

² Boroughs of Dunellen and Sayreville, and the Townships of Green Brook, Hamilton, Howell, Jackson, Montville, North Brunswick, Piscataway, and Robbinsville.

complaints from the company both before and after the COVID-19 pandemic. Both the customers and municipal representatives collectively maintain that Altice has failed in its duty to provide safe, adequate and proper service to their residents. The Board and the OCTV&T have also received complaints directly from Altice customers concerning the same issues presented by the municipalities.

Upon review of the many complaints from municipal and government officials requesting an investigation and intervention in this matter, the Board found sufficient cause to convene a public hearing to afford both officials and Altice customers the opportunity to voice their concerns about the services received from Altice; as well as afford the company the opportunity to respond to these concerns before determining what corrective action may be warranted and should be taken in this matter.³

During the public hearing conducted on March 16, 2021, over three hundred (300) participants were in attendance and approximately sixty (60) speakers expressed the varying experiences they have had regarding the services provided by Altice. Detailed encounters were provided with regard to the lack of competition, untrained customer service staff, long hold times, persistent outages, service plan coverage, inadequate repairs, non-compliance with merger conditions resulting from Altice's acquisition of Cablevision and overall dissatisfaction with the services provided.

Following the public hearing, Staff reviewed over three hundred (300) comments and/or complaints submitted by Altice customers which outlined in detail the magnitude of the issues experienced which spanned the entire footprint of the service territory covered by Altice. Said complaints concerned issues in the following categories:

Number	Type
219	No competitive option
255	Slow internet speeds
222	Not receiving the internet speed contracted
118	Service inadequacies
78	Outages
146	Equipment failure
264	Dropped or spotty service
251	High service fees
13	Unauthorized charges
104	Inability to reach a live operator
157	Extended hold times
92	Multiple technician visits
312	Other

Regulatory Authority

The overarching issue before the Board is the question of whether the Company has fulfilled its obligations under the statutes governing cable operations within the state. As provided under

³ Pursuant to the Order issued by Presiding Commissioner Mary-Anna Holden in this matter dated March 15, 2021, the Townships of Robbinsville, Hamilton, Montville, and Howell, and the Boroughs of Seaside Heights and Seaside Park were granted Intervenor status; and the Townships of West Milford, Piscataway, and Toms River, and the Borough of Sayreville were granted Participant status in this proceeding.

N.J.S.A. 48:5A-36, it is the duty of all cable television companies to provide safe, adequate and proper service, equipment and facilities for the operation of its cable television system.

In the exercise of its authority, the Board, and the Director of the OCTV&T, pursuant to N.J.S.A. 48:5A-9, have authority and jurisdiction including but not limited to:

- a. Receive or initiate complaints of the alleged violation of any of the provisions of the Cable Television Act ("Act") N.J.S.A. 48:5A-1 *et seq.*, or any of the rules and regulations made pursuant to the Act or of the terms and conditions of any municipal consent granted pursuant to the Act; and for this purpose and all other purposes necessary to enable the Director to administer the duties of the office as prescribed by law may hold hearings and shall have power to subpoena witnesses and compel their attendance, administer oaths and require the production for examination of any books or papers relating to any matter under investigation at any such hearing. . . .
- d. Institute all proceedings and investigations, hear all complaints, issue all process and orders, and render all decisions necessary to enforce the provisions of the Act; of the rules and regulations adopted thereunder, or of any municipal consents issued pursuant to the Act.

In addition, as provided in N.J.A.C 14:18-3.3 each cable television company shall, upon request, furnish its customers with such information as is reasonable, in order that the customers may obtain safe, adequate, efficient and economical service. Also applicable are the rules promulgated by the Federal Communications Commission ("FCC") regarding customer service obligations, as outlined in 47 C.F.R. § 76.309, which set forth additional standards cable operators must meet in the provisioning of service.

Furthermore, the aforementioned State and Federal rules are supplemented by commitments and conditions set forth by Order of the Board wherein an entity seeks approval or relief from the agency. In this instance, the Board's Order *I/M/O the Verified Joint Petition of Altice N.V. and Cablevision Systems Corporation and Cablevision Cable Entities for Approval to Transfer Control of Cablevision Cable Entities*, Docket No CM15111255 dated May 26, 2016, and the terms and conditions outlined therein guide the matter herein.

Merger Conditions and Obligations

In its merger petition⁴ before the Board seeking approval and in responses to discovery, Altice asserted that the transaction will serve the public interest by promoting New Jersey customers' access to innovative, high-quality services at just and reasonable rates. Altice further contended that the merger would result in the Company: (a) investing heavily in and improving CCE NJ's network by pushing fiber deeper into the network, thereby eliminating active components in order to achieve lower failure rates; (b) introducing newer, more reliable, and more consumer-friendly customer premises equipment; and (c) investing in IT infrastructure and replacing legacy IT systems with more robust, easier-to-manage platforms, which will reduce

⁴ By verified Petition filed on November 5, 2015, Altice N.V. ("Altice"), Cablevision Systems Corporation ("Cablevision"), and the Cablevision Cable Entities ("CCE") ("Cable Petitioners"), initiated a proceeding before the Board of Public Utilities ("Board"), pursuant to N.J.S.A. 48:5A-38 (Docket No. CM15111255). Altice, Cablevision, Cablevision Lightpath-NJ, LLC, and 4Connections, LLC concurrently also filed a separate verified Petition, pursuant to N.J.S.A. 48:2-51.1 and N.J.A.C. 14:1-5.14 requesting approval of the transfer of control to Altice of Lightpath and 4Connections, both indirect wholly-owned subsidiaries of Cablevision, and approval for Lightpath to participate in the financing pursuant to N.J.S.A. 48:3-9, and N.J.A.C. 14:1-5.9. (Docket No. TM15111256).

operational complexity and enable the company to better serve customers through improved service provisioning, billing, and incident management. Over time, as network reliability and IT infrastructure improves, Altice promised to redeploy resources as needed to ensure continued reliable service. Altice further stated that by providing access to Altice's larger scale, operational expertise, and capital resources, the transaction would allow the Company to build on its position as an innovative and dynamic competitor in the broadband, video and telecommunications markets and provide New Jersey consumers in the territory with a more robust competitive option for these services. The "additional scale" of Altice, it asserted, placed the merged company in a better negotiating position with suppliers and also enabled Altice to eliminate duplicative costs, and spread the fixed cost of developing additional innovative and competitive service offerings across a larger subscriber base not previously available.

In addition, Altice described the transaction once consummated would enhance the ability of Company and its subsidiaries to compete in the telecommunications marketplace in New Jersey through network investment, consumer-focused products and services, and innovative pricing and packaging, thus promoting competition and customer choice. Altice emphasized its intent to focus on providing world-class broadband Internet connectivity, video and voice service and accordingly would be fully committed to investing in the Company's network and offering New Jersey consumers the best quality and value in broadband Internet connectivity and video programming choices. In addition, Altice argued during the merger review that the transaction would serve to reduce vertical integration in distribution and programming while posing no horizontal harms, and would cause no competitive harms since no overlap was created between competing cable providers. Finally, Altice highlighted throughout the review that the merger provided a positive benefit as the transaction would result in a combined company that enabled enhanced efforts to increase broadband connectivity and Wi-Fi service deployment and over-the-top video services.

The merger filing resulted in a Stipulation of Settlement which included several conditions and obligations adopted by the Board upon its approval. Specifically, the Stipulation at page 5 provided for a Most Favored Nations Clause which states:

"Within sixty (60) days following the Closing, the Joint Petitioners will provide Board Staff and Rate Counsel with a copy of the final Orders and Settlement Stipulations from any State or other jurisdiction under which conditions are imposed on the Joint Petitioners, along with an analysis indicating and explaining the valuation of the customer benefits awarded in that jurisdiction as compared to the valuation of the customer benefits awarded in New Jersey, in each case, calculated on a per customer basis.

In recognition of the risks to New Jersey of approving the Transaction before other jurisdictions, the Signatory Parties agree that in the event that the Joint Petitioners agree to and accept orders under which another state or jurisdiction obtains materially greater benefits in the aggregate than New Jersey pursuant to this Stipulation and order of approval, including but not limited to faster broadband speeds, more advantageous low-income broadband, low-cost broadband, network resiliency and improvement, employment commitments, or other per subscriber benefits, then New Jersey shall be protected because the Joint Petitioners shall provide equivalent benefits to New Jersey. The Joint Petitioners and Board Staff agree that the "most favored nation" provision ensures that the synergy savings associated with the Transaction are shared with New Jersey customers in a manner equivalent to that of other States or jurisdictions on a per subscriber basis and on the same time schedule as agreed or required in the State of New York."

As part of the merger conditions, the Company also provided assurances in the Stipulation of Settlement that it will abide by applicable customer service standards, performance standards, and service metrics as delineated under N.J.A.C. Title 14, including but not limited to Chapters 3, 10 and 18, and N.J.S.A. 48:5A, including, but not limited to, requirements related to billing practices and termination.

Many of the complaints received question Altice's compliance with applicable regulations and the merger commitments agreed to by the Company in the Stipulation of Settlement. Based upon a review of the complaints received, and the concerns raised by multiple municipal officials and Altice customers, Staff, in order to evaluate the appropriate next steps in this investigation seeks the following information from Altice:

INFORMATION REQUESTS

Resiliency

- 1) Please provide information evaluating the current condition of the Company's infrastructure and its ability to provide reliable service to its customers.
- 2) Provide a list of redeployed resources provided throughout the system to ensure continued reliable service for each of the years from 2016 through 2021.
- 3) Provide an outline of the expenditures made by the company for infrastructure improvements for each of the years from 2016 through 2021.

Network Expansion

- 1) Calculations of monetary expenditures related to network expansions in New Jersey for each of the years from 2016 through 2021.
- 2) How these expenditures compare to those provided in New York as part of the merger conditions.
- 3) Information evidencing how the company has pushed fiber deeper into the network from 2016 through 2021.
- 4) Provide a list of IT infrastructure improvements the Company initiated for each of the years from 2016 through 2021.

Customer Care

- 1) Provide the number of customer service representatives in New Jersey by location and total for each of the years from 2016 through 2021 broken down by in-house and contract employees.
- 2) Provide information concerning customer service satisfaction surveys undertaken by the company for each of the years from 2016 through 2021.
- 3) Data representing how often the company engages in customer service training and field office trainings, and provide a copy of all procedure documents, training materials and

evaluation criteria used to instruct and measure employee knowledge of company procedures and fitness to perform their assigned work

- 4) How often are internet speed tests performed, at what location(s) they are taken and what findings have been rendered.
- 5) Provide data regarding field operations throughout the service territory from 2016 through 2021, including, but not limited to, the number of service calls conducted by system and total by year, number of repeat or multiple service calls conducted to address the same or similar problem by system and total by year, the number of service calls handled by system and total by year broken down by in-house employees and contractors, the number of service calls by system and total by year that resulted in a referral for outside plant work, the frequency which all such work is inspected and evaluated by the company for appropriateness and proper completion of the work performed.
- 6) Provide data regarding the process used in vetting and evaluating the experience and ability of contractors to perform all field assignments including the minimum standards necessary for a contractor to be approved to perform the field work assigned.
- 7) Provide data concerning the training and evaluation of in-house and contract field staff, including a copy of any and all standards imposed, training materials, and methods of testing and evaluating the success of the training, as well as the fitness of the staff to perform assigned field work.

Low Cost Broadband

- 1) Provide a per subscriber calculation of the low cost broadband benefit prescribed for each New Jersey customer.
- 2) How do the New Jersey program expenditures compare to the low cost broadband program expenditures in New York?

Free Broadband to Anchor Institutions

- 1) The number of New Jersey organizations receiving free broadband since the merger.
- 2) How does the number of New Jersey organizations compare to the forty (40) locations added in New York as part of the merger agreement?

New Technology

- 1) What steps has the Company taken to avail its customers of the technological advances impacting the services offered?
- 2) What new technology upgrades and network investments have been made since 2016?
- 3) List enhanced efforts to increase broadband connectivity and Wi-Fi service deployment and over-the-top video services employed from 2016 through 2021.

Company Expenditures – Customer Service & Plant Maintenance

- 1) What was the total customer service expense by year, from 2016 through 2021?
- 2) What was the total Field Service expense by year, from 2016 through 2021?
- 3) What was the total plant maintenance expense by year, from 2016 through 2021?

DISCUSSION

Careful consideration has been given to the complaints submitted and the comments and concerns of the Intervenor and Participants in this matter. Accordingly, the Board **HEREBY ORDERS** that Altice provide responses to the above cited requests within thirty (30) days of the date of this order. Upon receipt and analysis of the aforementioned data, the Board will evaluate the appropriate action with respect to enforcement of existing rules and regulations governing the services provided and what measures are necessary to ensure the continued provision of safe, adequate and proper services are rendered throughout the state.

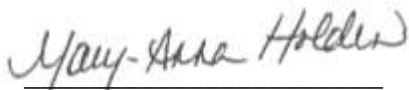
The Order is effective on April 27, 2021.

DATED: April 27, 2021

BOARD OF PUBLIC UTILITIES
BY:



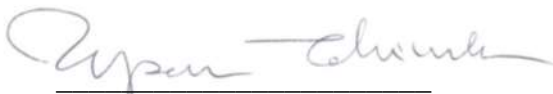
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AIDA CAMACHO-WELCH
SECRETARY

**IN THE MATTER OF REQUESTS FOR AN INVESTIGATION INTO THE OPERATIONS OF
ALTICE USA IN NEW JERSEY - DOCKET NO. CX21020139**

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