



Agenda Date: 9/13/12

Agenda Item: 3A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

CABLE TELEVISION

IN THE MATTER OF THE PETITION OF TIME )  
WARNER ENTERTAINMENT COMPANY, L.P., D/B/A/ ) ORDER  
TIME WARNER CABLE OF NEW JERSEY AND TIME )  
WARNER CABLE NEW YORK CITY, LLC FOR )  
APPROVAL OF A CERTAIN RESTRUCTURING )  
TRANSACTION AND THE TRANSFER OF )  
CERTIFICATES OF APPROVAL ) DOCKET NO. CM12030252

Parties of Record:

**Dennis Linken, Esq.**, Scarinci & Hollenbeck, LLC, for Petitioners  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On March 20, 2012, Time Warner Entertainment Company, L.P. (TWE) and Time Warner Cable New York City, LLC (TWCNYC) (jointly referred to as the "Petitioners") petitioned the Board of Public Utilities ("Board"), pursuant to N.J.S.A. 48:5A-40, N.J.A.C. 14:17-6.10, N.J.S.A. 48:5A-19 and N.J.A.C. 14:17-6.8 for approval of a certain asset transfer transaction and the transfer of Certificates of Approval ("Transaction"). The Petitioners entered into a Restructuring Agreement ("Agreement") on March 12, 2012.

Simultaneously with the filing of the petition in this matter, Petitioners also filed with the Board an FCC Form 394 - Application for Franchising Authority Consent to Assignment or Transfer of Control of Television Franchise, setting forth pertinent information about the Transaction. It is also noted that approval was obtained by Petitioners on June 14, 2012 from the New York Public Service Commission, and the Federal Communications Commission's consent for assignment of an FCC license was issued on April 20, 2012.

TWE, with its principal offices at 200 Roosevelt Place, Palisades Park, New Jersey 07650, is a Delaware limited partnership that operates a cable television system in fourteen (14)

municipalities in Bergen County and Hudson County, New Jersey (the "Bergen System")<sup>1</sup>, pursuant to Board-approved municipal consents and Certificates of Approval issued by the Board.

TWE is currently owned 51.55% by TWE GP Holdings, LLC, 44.7% by Time Warner Cable LLC and 3.75% by Time Warner NY Cable, LLC (TWN Cable). All of these entities are owned 100%, through wholly-owned subsidiaries, by Time Warner Cable, Inc. (Time Warner Cable), a publicly traded corporation and parent company of all the Time Warner Cable entities.

Time Warner Cable is the nation's second largest cable television company, serving more than 12.2 million video customers throughout the country.

Pursuant to the Agreement, several subsidiaries of Time Warner Cable (including TWE d/b/a Time Warner Cable of New Jersey) that operate cable systems in, among other places, New Jersey, will undergo an internal restructuring whereby Time Warner Cable will operate its cable operations through seven regional entities in order to simplify management reporting and establish a more geographically rational structure. After these internal restructuring steps, TWE will be owned 100% by TWCE. Pursuant to Section 2.4 of the Agreement and an Agreement and Plan of Merger, TWE will then merge with and into TWCE, with TWE ceasing to exist. All properties, rights, privileges, powers and franchises of TWE will vest in TWCE, as the surviving entity and all debts, liabilities and duties of TWE will become those of TWCE, the surviving entity.

Subsequently, pursuant to Section 2.12 (f) of the Agreement, TWCE will transfer the assets of the New Jersey (Bergen) system to TWCNYC, its wholly-owned subsidiary. These assets will generally include the Franchises, Licenses, Contracts and Leases held in the name of TWCE, TWC or TWNY Cable that relate to such cable operations.

In response to Board Staff's discovery requests regarding the impact of the Transaction on TWE's New Jersey cable television customers, Petitioners assert that the Transaction is purely internal; thus, there will be no impact on the staff and management of the New Jersey system. Petitioners further assert that TWCNYC will continue to be solely and exclusively responsible for the day-to-day management and operation of the Bergen System. The current terms and conditions of service will continue undisturbed, according to the petitioners.

By letter received on August 21, 2012, the New Jersey Division of Rate Counsel stated that it does not object to Board approval of the petition.

Upon review of the petition, exhibits and all information submitted in this matter, the Board HEREBY FINDS the Transaction is in accordance with law, is in the public interest, and will not adversely impact the financial integrity of the affected cable companies. The Board FURTHER FINDS that TWCNYC has demonstrated that it has the financial resources and technical qualifications to ensure the Board of its ability to provide safe, adequate and proper service. Moreover, the Board has continuing authority to enforce TWE's existing franchise obligations and to enforce certain customer service regulations. In view of the foregoing, the Board HEREBY ORDERS that Petitioners are HEREBY AUTHORIZED to merge TWE with and into TWCE and further transfer the assets of the Bergen System from TWCE to TWCNYC. The

---

<sup>1</sup> The Bergen System serves the following municipalities: Cliffside Park, Edgewater, Englewood, Englewood Cliffs, Fairview, Fort Lee, Leonia, Little Ferry, Moonachie, Palisades Park, Ridgefield, Ridgefield Park, and Teterboro in Bergen County, and Guttenberg in Hudson County.

Board FURTHER ORDERS that Petitioners are HEREBY AUTHORIZED to transfer TWE's Certificates of Approval ultimately to TWCNYC pursuant to the terms of the Agreement and to execute all documents related thereto. This Order is subject to the following conditions:

- 1) This Order shall not affect or in any way limit the exercise of the authority of the Board, the Office of Cable Television (OCTV) or the State of New Jersey in any future petition or in any proceeding regarding rates, cost of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting the Petitioners.
- 2) This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of tangible or intangible assets now owned or hereinafter to be owned by Petitioners.
- 3) This Order shall not be construed as superseding pending rate proceedings involving the Petitioners.
- 4) The Petitioners shall notify the Board, in writing, within five (5) days of the date on which each of the transactions is consummated.
- 5) Consummation of the above referenced transactions must take place no later than ninety (90) days from the date of this Order, unless otherwise extended by the Board.
- 6) Petitioners shall file a Certification with the Board within thirty (30) days of the closing attesting to the lack of material deviation in the executed closing documents or final terms from those terms and conditions described herein and/or submitted to the Board with the Petition. Any such material deviation in the executed closing documents shall render this Order voidable by the Board.
- 7) Petitioners shall file journal entries with the Board to record the transactions approved herein within 45 days of final closing including but not limited to journal entries reflecting all interim and final restructuring steps pursuant to Sections 2.1(b), 2.2(a), 2.3(a), 2.3(b), 2.4, 2.5, and 2.12(f) of the Agreement.
- 8) Approval herein of the merger and asset transfer transaction and transfer of Certificates of Approval shall not constitute automatic approval of any business contract referenced in the Agreement or supporting documents, if Board approval, pursuant to N.J.S.A. 48:5A-1 et seq. would otherwise be required.
- 9) TWE shall provide, within 90 days of the date of closing, revised Office of Cable Television Forms CATV-1 and CATV-2 that shall reflect all categories of gross revenue, as defined by the applicable statutes, for the period January 1, 2012 through the last day of business for the franchises involved.
- 10) TWE remains liable for all franchise fees, CATV Universal Fund Fees and the State Assessment fee accrued for the period January 1, 2012 through its last day of business to be reflected in the CATV-1 and CATV-2 filings to be submitted pursuant to Condition 9, including any liabilities due to overcharges to subscribers and/or underpayments to municipalities related to such fees for this period. TWCNYC shall be responsible for any of the aforementioned actual and potential liabilities if for any reason TWE is unable to fulfill this responsibility.
- 11) TWCNYC shall file within 45 days of the closing of the Transaction a revised statement of prices, rates, terms and conditions for cable

- television service reflecting all charges as required by the Board, the Office of Cable Television or the Federal Communications Commission highlighting all changes resulting from the Transaction.
- 12) TWCE shall file within 30 days of the closing of the Transaction the executed Certificate of Merger it will file with the Delaware Secretary of State pursuant to paragraph 2.4 of the Agreement.
  - 13) TWCE shall file within 30 days of the closing of the Transaction a fully executed and Final Agreement and Plan of Merger entered into between TWCE and TWE pursuant to paragraph 2.4 of the Agreement.
  - 14) TWCE shall file within 30 days of the closing of the Transaction a pro forma balance sheet and income statement of the continuing company (TWCE), reflecting the absorption of TWE with and into TWCE.
  - 15) Within ninety (90) days from the date of closing of the proposed Transaction, Petitioners shall certify, for each system under their control, as well as each system to be acquired as part of this Docket the following items:
    - a) That all New Jersey cable television systems under their respective ownership and/or control are in full compliance with Article 820 of the National Electrical Code as previously certified.
    - b) That all Board-ordered requirements or conditions arising out of any and all Offers of Settlement and Certificates of Approval have been or are being satisfied within the time frame set forth therein.
    - c) That billing records are available for all customers in New Jersey cable television systems under their respective ownership and/or control and the ability to provide the Board and OCTV with copies of such records for three (3) years in accordance with N.J.A.C. 14:18-3.7.
    - d) That within ninety (90) days from the date of closing of the Transaction, TWCNYC will provide certification that the Bergen System is and will remain fully compliant with Emergency Alert System ("EAS") obligations imposed by the FCC on digital programming services, effective December 31, 2006, and will retain the current levels of EAS functionality as currently being provided under the State Operational Plan.


Should Petitioners be unable to complete their review of their respective systems within 90 days of closing, each Petitioner shall file a certified report with the OCTV prior to the expiration of the 90 day period setting forth its progress on the requirements set forth above in paragraphs a through d. Petitioners will at that time have the option of requesting an extension of time of up to 90 days to finalize the review of their systems and certify to same with regard to the provisions of paragraphs a through d set forth above.

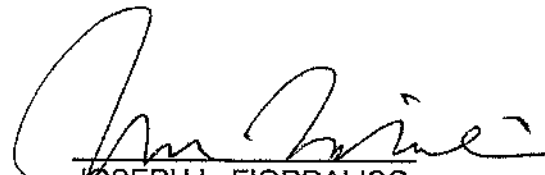
All parties to the Transactions must comply with the New Jersey Cable Television Act and applicable sections of the New Jersey Administrative Code.

DATED: 9/13/12

BOARD OF PUBLIC UTILITIES  
BY:

  
ROBERT M. HANNA  
PRESIDENT

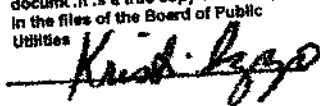
  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
NICHOLAS ASSELTA  
COMMISSIONER

  
MARYANNA HOLDEN  
COMMISSIONER

ATTEST:   
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities  


IN THE MATTER OF THE PETITION OF TIME WARNER ENTERTAINMENT COMPANY, L.P.,  
D/B/A TIME WARNER CABLE OF NEW JERSEY AND TIME WARNER CABLE NEW YORK  
CITY, LLC FOR APPROVAL OF A RESTRUCTURING TRANSACTION AND TRANSFER OF  
CERTIFICATES OF APPROVAL

DOCKET NO. CM12030252

SERVICE LIST

**Lawanda R. Gilbert, Acting Director**

Office of Cable Television  
Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350

**Alex Moreau, Esq.**

**Geoffrey R. Gersten, Esq.**

Deputy Attorney General  
Division of Law  
124 Halsey Street  
Newark, NJ 07101

**Dennis C. Linken, Esq.**

Scarinci & Hollenbeck, LLC.  
1100 Valley Brook Avenue  
P.O. Box 790  
Lyndhurst, NJ 07071-0790

**Christopher J. White, Esq.**

**Managing Attorney**

Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Floor  
P.O. Box 46065  
Newark, NJ 07101

**Maris Novas-Ruiz, Esq.**

**Jose Rivera-Benitez, Esq.**

Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Floor  
P.O. Box 46065  
Newark, NJ 07101

**William H. Furlong, Chief**

Bureau of Inspection & Enforcement  
Office of Cable Television  
Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350

**Carol Artale, Esq.**

Legal Specialist  
Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350

**Nueva D. Elma, Chief**

Bureau of Accounts  
Office of Cable Television  
Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350

**Jeffrey Kaufman**

**Administrative Analyst 1 -**

**Accounting**

Bureau of Accounts  
Office of Cable Television  
Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350