

Agenda Date: 8/19/15 Agenda Item: 3D

CABLE TELEVISION

STATE OF NEW JERSEY

Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, New Jersey 08625-0350 www.nj.gov/bpu/

IN THE MATTERS OF THE APPLICATION OF)	ORDER ADOPTING
COMCAST CABLE COMMUNICATIONS, LLC ON)	INITIAL DECISION
BEHALF OF ITS WHOLLY OWNED SUBSIDIARIES)	
FOR APPROVAL OF THE FILING OF FEDERAL)	
COMMUNICATIONS COMMISSION (FCC) FORMS)	BPU DOCKET NOS.
1240, AN ANNUAL UPDATING OF THE MAXIMUM)	CR14101099 through
PERMITTED RATE FOR BASIC CABLE SERVICE)	CR14101120,
)	CONSECUTIVELY,
)	OAL DOCKET NO. CTV 17093-14

Parties of Record:

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

BY THE BOARD:1

On October 1, 2014, Comcast Cable Communications, LLC (Comcast), on behalf of certain subsidiaries, filed with the Board of Public Utilities ("Board") twenty-two (22) Federal Communications Commission ("FCC") Forms 1240, seeking approval to update the maximum permitted rates ("MPRs") for basic cable service in the subsidiaries' rate-regulated districts (collectively, the "systems").² These filings were made pursuant to the Cable Television Consumer Protection and Competition Act of 1992, 47 <u>U.S.C.</u> § 543 <u>et seq.</u> and provisions of

¹ Commissioner Upendra J. Chivukula recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

² The subsidiaries and their respective rate districts are: Comcast of Avalon, LLC; Comcast of Burlington County, LLC; Comcast of Central New Jersey, LLC (East Brunswick); Comcast of Central New Jersey, LLC (East & West Windsor); Comcast of Central New Jersey II (all areas except Princeton); Comcast of Central New Jersey II – Princeton; Comcast of Garden State, L.P.; Comcast of Gloucester County, LLC; Comcast of Long Beach Island, LLC; Comcast of the Meadowlands, LLC; (Comcast of Mercer County, LLC; Comcast of Hopewell Valley, Inc., Comcast of Lawrence, LLC, together the "Trenton or Mercer System"), Comcast of Monmouth County, LLC; Comcast of New Jersey, LLC (Toms River); Comcast of New Jersey, LLC (Crestwood and Cedar Bonnet); Comcast of New Jersey II, LLC (Union); Comcast of Northwest New Jersey, LLC; Comcast of Ocean County, LLC; Comcast of Southeast Pennsylvania, LLC; Comcast of South Jersey, LLC (Pleasantville); Comcast of South Jersey, LLC (Pleasantville) West/Mullica); Comcast of South Jersey, LLC (Vineland); and Comcast of Wildwood, LLC (Wildwood).

the New Jersey Cable Television Act, N.J.S.A. 48:5A-1 et seq., as the Board is the local franchising authority in New Jersey pursuant to P.L. 1972, c. 186. Cable operators filing under the Form 1240 methodology may adjust their basic cable service rates once per year, by reflecting operator-quantified changes in external costs of service, inflation, and a projected number of regulated channels for the 12-month period following a rate adjustment.

On December 15, 2014, the Board transmitted the matter to the Office of Administrative Law ("OAL") for initial disposition as a contested case. On February 27, 2015, a telephonic prehearing conference consistent with N.J.A.C. 1:1-13.1 was held before Administrative Law Judge ("ALJ") W. Todd Miller. Present were Comcast, the Division of Rate Counsel ("Rate Counsel") and the Board's Staff (collectively, "the parties"). An evidentiary hearing was scheduled for June 9 and 10, 2015. Comcast notified its subscribers of proposed rate adjustments on multiple dates from March 5 to June 6, 2015, by way of published newspaper announcements informing of the opportunity to submit written comments to the Board within thirty (30) days. No comments were received as a result of these public notices.

After extensive discovery, the parties negotiated a preliminary settlement on May 19, 2015. ALJ Miller subsequently adjourned the hearing. On June 29, 2015 and July 13, 2015, Comcast filed revised Forms 1240 ("Revised FCC Forms 1240 Filings"), reflecting the stipulated MPRs and the stipulated Operator Selected Rates ("OSRs"). On July 23, 2015, the parties reached a final agreement and executed a Stipulation of Settlement ("Stipulation" or "Settlement") memorializing the agreement.

On August 10, 2015, the ALJ filed with the Board its Initial Decision, finding the parties had voluntarily agreed to settlement, that the settlement was consistent with the law and fully disposed of all issues in controversy, and concluding that the settlement met N.J.A.C. 1:1-19.1 requirements. The ALJ also found that the stipulated rates are just and reasonable and in compliance with N.J.S.A. 48:5A-11.

Having reviewed the record in this matter, including the Initial Decision and Stipulation, the Board <u>HEREBY FINDS</u> that the Parties have voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues in these proceedings and is consistent with the law. The Board <u>FURTHER FINDS</u> that the stipulated rates are just and reasonable and in compliance with <u>N.J.S.A.</u> 48:5A-11. Additionally, the Board <u>FINDS</u> the Initial Decision and Stipulation to be reasonable, in the public interest and in accordance with law. Therefore, the Board <u>ADOPTS</u> the Initial Decision and Stipulation, attached hereto, including all attachments and schedules, in its entirety, incorporating by reference the terms and conditions of the Stipulation as if fully set forth herein.

The Board <u>FURTHER ORDERS</u> that the basic service tier rate that will be eliminated or superseded as a result of the merger, migration, upgrade, rebuild, sale or transfer must be "trued-up" pursuant to 47 <u>C.F.R.</u> § 76.922(e)(3), subject to the ongoing review before the Federal Communications Commission, should these cable systems, or any parts thereof, merge and/or migrate to another system, be upgraded and/or rebuilt, their ownership or control be otherwise sold or transferred to another entity. The final true-up for the affected systems, or any parts thereof, should be calculated on FCC Form 1240, beginning where the last true-up period ended on its prior FCC Form 1240 filing. This true-up calculation shall be filed with the Board when all affected subscribers are charged the rate resulting from the merger, migration, upgrade, rebuild, sale or transfer and may be filed in conjunction with the annual rate adjustment cycle (Form 1240) established as a result of the merger, migration, upgrade, rebuild, sale or transfer.

These cable systems, or any parts thereof, may be subsequently deregulated on a finding that these systems, or any portions thereof, are subject to effective competition, by the Board, the FCC, or other court of competent jurisdiction. Should that occur, the last basic service rate, established as a result of a prior FCC Form 1240, or such subsequent rate calculation method adopted by the Board, the FCC or any other court of competent jurisdiction prior to the deregulation of any rate that is now or may in the future be subject to the Board's jurisdiction, must be trued-up for the period of time that the affected rates were subject to Board regulation.

The above referenced true-up process does not exclude any party to this Order.

This Order shall be effective on August 29, 2015.

DATED: 8/19/15

BOARD OF PUBLIC UTILITIES

BY:

RICHARD S. MROZ

PRESIDENT

JØSEPH L. FIORDALISO

COMMISSIONER

WARY-ANNA HOLDEN

COMMISSIONER

DIANNE SOLOMON COMMISSIONER

ATTEST:

IRENE KIM ASBURY SECRETARY

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

IN THE MATTERS OF THE APPLICATION OF COMCAST CABLE COMMUNICATIONS, LLC ON BEHALF OF ITS WHOLLY OWNED SUBSIDIARIES FOR APPROVAL OF THE FILING OF FEDERAL COMMUNICATIONS COMMISSION (FCC) FORMS 1240, AN ANNUAL UPDATING OF THE MAXIMUM PERMITTED RATE FOR BASIC CABLE SERVICE DOCKET NOS. CR14101099 through CR14101120 OAL Docket No. CTV 17093-14

SERVICE LIST

Dennis C. Linken, Esq. Scarinci & Hollenbeck, LLC 1100 Valley Brook Avenue Post Office Box 790 Lyndhurst, NJ 07071-0790

Andrea C. Crane
The Columbia Group
Post Office Box 810
Georgetown, Connecticut 06829

Stefanie A. Brand, Esq., Director Division of Rate Counsel 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625-0003

Maria Novas-Ruiz, Esq. Division of Rate Counsel 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625-0003

Veronica Beke, Esq.
Deputy Attorney General
Department of Law & Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029

Patricia Krogman, Esq.
Deputy Attorney General
Department of Law & Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029

Lawanda Gilbert, Acting Director Office of Cable Television Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, NJ 08625-0350

Nueva D. Elma, Chief Office of Cable Television Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, NJ 08625-0350

Jeffrey Kaufman Administrative Analyst 1 - Accounting Office of Cable Television Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, NJ 08625-0350

William H. Furlong, Chief Office of Cable Television Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, NJ 08625-0350

Carol Artale, Esq.
Legal Specialist
Counsel's Office
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350



AUG 10 2015





INITIAL DECISION SETTLEMENT

OAL DKT. NO. CTV 17093-14 AGENCY DKT. NO. BPU CR14101099 THROUGH CR14101120

I/M/O VARIOUS COMCAST FCC FORM 1240 FILINGS.

Dennis Linken, Esq., for petitioner, Comcast (Scarinci and Hollenbeck, LLC, attorneys)

- David T. Wand, Deputy Attorney General, for New Jersey Board of Public Utilities (John J. Hoffman, Acting Attorney General of New Jersey, attorney)
- Patricia A. Krogman, Deputy Attorney General, for New Jersey Board of Public Utilities (John J. Hoffman, Acting Attorney General of New Jersey, attorney)
- Maria Novas Ruiz, Esq., Assistant Deputy Rate Counsel,(Stephanie A. Brand, Director) for Division of Rate Counsel

Record Closed: July 24, 2015

Decided: July 31, 2015

BEFORE W. TODD MILLER, ALJ:

This matter was transmitted to the Office of Administrative Law on December 15, 2014, for determination as a contested case, pursuant to N.J.S.A. 52:14B-1 to -15 and N.J.S.A. 52:14F-1 to -13.

The parties have agreed to a settlement and have prepared a Settlement Agreement indicating the terms thereof, which is attached and fully incorporated herein.

I have reviewed the record and the terms of settlement and I FIND:

- 1. The parties have voluntarily agreed to the settlement as evidenced by their signatures or their representatives' signatures.
- 2. The settlement fully disposes of all issues in controversy and is consistent with the law.

I CONCLUDE that this agreement meets the requirements of N.J.A.C. 1:1-19.1 and that the settlement should be approved. I approve the settlement and therefore ORDER that the parties comply with the settlement terms and that these proceedings be concluded.

I hereby FILE my initial decision with the BOARD OF PUBLIC UTILITIES for consideration.

This recommended decision may be adopted, modified or rejected by the BOARD OF PUBLIC UTILITIES, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

Within thirteen days from the date on which this recommended decision was mailed to the parties, any party may file written exceptions with the DIRECTOR OF THE OFFICE OF CABLE TELEVISION, BOARD OF PUBLIC UTILITIES, 44 South Clinton Avenue, P.O. Box 350, Trenton, NJ 08625-0350, marked "Attention: Exceptions." A copy of any exceptions must be sent to the judge and to the other parties.

July 31, 2015	ist Miller					
DATE	W. TODD MILLER, ALJ					
Date Received at Agency:	3/10/15					
Date Mailed to Parties:	3/5/15					
/jb						

BEFORE THE STATE OF NEW JERSEY BOARD OF PUBLIC UTILITIES OFFICE OF ADMINISTRATIVE LAW

CABLE TELEVISION

IN THE MATTER OF VARIOUS COMCAST FCC FORM 1240 FILINGS (ALL RATE-REGULATED NEW JERSEY SYSTEMS) UPDATING MAXIMUM PERMITTED RATE FOR REGULATED CABLE SERVICES

OAL Docket Nos. CTV 17093-14

BPU Docket Nos. CR14101099 through

CR14101120

STIPULATION OF SETTLEMENT

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Appearances:

Scarinci & Hollenbeck, LLC by Dennis C. Linken, Esq., for the "Comcast" rate-regulated subsidiaries which are signatories hereto.

Stefanie A. Brand, Director, by Maria Novas-Ruiz, Esq., Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel.

John J. Hoffman, Acting Attorney General of New Jersey, by T. David Wand, Deputy Attorney General, and Patricia A. Krogman, Deputy Attorney General, on behalf of the Staff of the Board of Public Utilities.

WHEREAS, the Cable Television Consumer Protection and Competition Act of 1992, Pub. L. No. 102-385, 106 Stat. 1460 (1992), codified at 47 U.S.C. § 543 et seq., (the "Federal Act"), divided the delivery of cable television services into two separate rate regulable categories: (i) "basic service" (the lowest service tier which includes the retransmission of local television broadcast signals and any public, educational and governmental channels) (sometimes denominated the "limited basic service" or "B-1" tier) and associated equipment and installation and (ii) cable programming services ("CPS") (consisting of other television channels) and associated equipment;

WHEREAS, under the Federal Act, the limited basic tier of service is regulated by the "local franchising authority," and until March 31, 1999, CPS was regulated by the Federal Communications Commission ("FCC") upon the filing of a complaint from the local franchising authority to the FCC with regard to a CPS tier rate;

WHEREAS, under the provisions of the New Jersey Cable Television Act ("New Jersey Act"), N.J.S.A. 48:5A-1 et seq., the local franchising authority is the Board of Public Utilities ("BPU" or "Board"):

WHEREAS, the Federal Act required the FCC to issue regulations governing the standards to be used by local franchising authorities in regulating rates charged for the limited basic tier of service:

WHEREAS, under FCC rules, 47 CFR §76.900 et seq., a cable operator may adjust its limited basic service tier rate under the annual rate adjustment system pursuant to the regulations adopted September 15, 1995, (47 CFR §76.922), by filing with the local franchising authority a FCC Form 1240, which computes the maximum permitted rate ("MPR") for the limited basic service tier;

WHEREAS, on October 1, 2014, pursuant to 47 <u>U.S.C.</u> §543 <u>et seq.</u> and <u>N.J.S.A.</u> 48:5A-1 <u>et seq.</u>, the "Comcast" rate regulated entities which are signatories hereto (collectively, "Comcast") filed FCC Forms 1240 with the Board in Docket Nos. CR14101099 through CR14101120 (the "FCC Form 1240 filings"), seeking approval to update its respective MPRs for limited basic service with respect to their respective rate-regulated cable television systems (collectively, "Systems"), for the rate cycle of January 1, 2015 to December 31, 2015;

WHEREAS, on December 15, 2014, the above rate filings were transmitted to the Office of Administrative Law ("OAL") for initial disposition;

WHEREAS, on or about June 29, 2015 and July 13, 2015, Comcast filed with the Board such revised FCC Forms 1240 ("Revised FCC Forms 1240 Filings") as were necessary in order to reflect the Stipulated MPRs and Stipulated OSRs as agreed to herein;

WHEREAS, the Operator Selected Rates ("OSRs") for the limited basic service with respect to Comcast's Systems, under its FCC Form 1240 filings, are effective January 1, 2015 for the rate cycle of January 1, 2015 to December 31, 2015.

WHEREAS, on February 27, 2015, pursuant to N.J.A.C. 1:1-13.1, a pre-hearing telephone conference was held in these matters before the Honorable W. Todd Miller, Administrative Law Judge, setting forth, among other things, the issues to be decided, a discovery schedule and dates for plenary hearings;

WHEREAS, on various dates Comcast, with respect to its FCC Form 1240 filings, notified subscribers of the proposed adjustments to its rates for limited basic service via newspaper announcements, informing them of their opportunity to submit written comments;

WHEREAS, Staff of the Office of Cable Television ("Staff") and the Division of Rate Counsel ("Rate Counsel") have requested information with respect to the issues presented in the aforementioned filings, to which Comcast has responded in part; and

WHEREAS, Staff, Rate Counsel and Comcast (each a "Party" and collectively, the "Parties"), after engaging in settlement discussions, prior to the scheduled hearings, have reached agreement on the disposition of these matters;

NOW, THEREFORE, the Parties hereby STIPULATE and agree to the following for consideration by the Board:

- 1. Comeast notified its customers of the proposed rate adjustments via advertisements published in various newspapers around the State between March 5, 2015 and June 6, 2015, informing them of their opportunity to submit written comments for a period of thirty (30) days.
- 2. The effective date of the limited basic service MPRs with respect to the Systems, under Comcast's FCC Form 1240 filings, is January 1, 2015.
- 3. The Stipulated MPRs with respect to Comcast's limited basic service in its Systems shall be as set forth on Schedule A ("Stipulated MPRs").
- 4. The Stipulated OSRs with respect to Comcast's limited basic service in its Systems are set forth on Schedule A ("Stipulated OSRs"). Said Stipulated OSRs will remain unchanged through at least December 31, 2015. However, during this period, if Comcast chooses to decrease any or all OSRs, with proper notice to subscribers and the Board, such decrease will not affect the established rate cycle.
- 5. The Revised FCC Form 1240 Filings with respect to the Systems reflect the Stipulated MPRs and Stipulated OSRs agreed to herein. The information presented in said Revised FCC Form 1240 Filings shall serve as the basis for Comcast's next FCC Form 1240 filings, due on or about October 1, 2015, to the extent such rate regulation filings are otherwise required by law.
- 6. No rate changes agreed to in this proceeding shall change or affect or be deemed to change or affect the anniversary date applicable to any of the Comcast Systems in New Jersey.
- 7. This Stipulation of Settlement resolves all issues raised or which could have been raised by any Party in connection with these proceedings.
- 8. The signatories agree that, except as expressly provided herein, this Stipulation of Settlement has been made exclusively for the purpose of these proceedings and that the provisions contained herein, either in total or by specific items, shall not be used against any of the Parties in any other proceeding before the Board or in other forums or jurisdictions, nor shall the contents of this Stipulation of Settlement, either in total or by specific items, by inference, inclusion, or deletion, in any way be considered or used by any other Party as any indication of the position of any Party hereto on any issue litigated or to be litigated in other proceedings. All signatories acknowledge that the terms of this Stipulation of Settlement shall not be effective unless and until approved by the Board.
- 9. This Stipulation of Settlement contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Stipulation of Settlement. Each term is vital to the agreement as a whole, since the Parties expressly and jointly state that they would not have signed the agreement had any term been modified in any way. Each Party is entitled to certain procedures in the event that any modification is made to the terms of this Stipulation of Settlement, pursuant to which each of the signatory Parties hereto must be given the right to be placed in the position it was in before this Stipulation of Settlement was entered into. Therefore, if any modification is made to the terms of this Stipulation of

Settlement, it is essential that each Party be given the option, before the implementation of any new rate or charge resulting from said action, either to modify its own position, to accept the proposed change(s), or to resume the proceedings as if no agreement had been reached.

10. The Parties believe these provisions are fair to all concerned and therefore they are made an integral and essential element of this Stipulation of Settlement. This being the case, all Parties expressly agree to support the right of any other Parties to this Stipulation of Settlement to enforce all terms and procedures detailed herein.

COMCAST OF AVALON, LLC COMCAST OF BURLINGTON COUNTY, LLC COMCAST OF CENTRAL NEW JERSEY, LLC COMCAST OF CENTRAL NEW JERSEY II, LLC COMCAST OF GARDEN STATE L.P. COMCAST OF GLOUCESTER COUNTY, LLC COMCAST OF LONG BEACH ISLAND, LLC COMCAST OF THE MEADOWLANDS, LLC COMCAST OF MERCER COUNTY, LLC, COMCAST OF HOPEWELL VALLEY, INC., COMCAST OF LAWRENCE, LLC COMCAST OF MONMOUTH COUNTY, LLC COMCAST OF NEW JERSEY, LLC COMCAST OF NEW JERSEY II, LLC COMCAST OF NORTHWEST NEW JERSEY, LLC COMCAST OF OCEAN COUNTY, LLC COMCAST OF SOUTHEAST PENNSYLVANIA, LLC COMCAST OF SOUTH JERSEY, LLC COMCAST OF WILDWOOD, LLC

Dated.

7/16/15

Dennis C. Linken, Esq.

Scarinci & Hollenbeck, LLC

STEFANIE A. BRAND, ESQ., DIRECTOR DIVISION OF RATE COUNSEL

Dated: 7/11/2011

Maria Novas-Ruiz, Esq.

Assistant Deputy Rate Counsel

JOHN J. HOFFMAN

ACTING ATTORNEY GENERAL OF NEW JERSEY

Attorney for the Staff of the Board of Public Utilities

Dated: 7/23/15

Patricia A. Krognyan Deputy Attorney General

Comcast FCC Form 1240 Filings Schedule A

October 2014 Fillings - Effective 1/1/15	Prior Year OSR	Stipulated OSR		Prior Year MPR		Stipulated MPR	
Avalon	\$ 13.75	\$ 15.25	-	\$ 15.5126	\$	17.2388	
Burlington County	\$ 9.80	\$ 11.30		\$ 16.4769	\$	18.6269	
Central New Jersey (Hillsborn)	\$ 17.60	\$ 19.10		\$ 23.4233	\$	25.2406	
Comcast of New Jersey II (Union)	\$ 16.90	\$ 18.40		\$ 19.0240	\$	19.9113	
Crestwood/Cedar Bonnet	\$ 11.65	\$ 13.15		\$ 13.8260	\$	15.8747	
East Brunswick	\$ 17.60	\$ 19.10		\$ 23.5992	\$	25.749 2	
East Windsor/West Windsor	\$ 17.60	\$ 19.10		\$ 21.0165	\$	23.0495	
Garden State	\$ 12.80	\$ 14.30		\$ 14.9135	\$	17.0635	
Gloucester County	\$ 16.40	\$ 17.90	:	\$ 17.7389	\$	18.4898	
Hopewell/Lambertville	\$ 15.50	\$ 17.00		5 17.5933	\$	19.7433	
Long Beach Island	\$ 11.65	\$ 13.15		\$ 15.6217	\$	17.7717	
Meadowlands	\$ 15.50	\$ 17.00		\$ 17.7745	\$	19.9135	
Mercer	\$ 15.50	\$ 17.00		\$ 17.4963	\$	19.2641	
Monmouth County	\$ 17.60	\$ 19.10		\$ 19.9143	\$	21.2245	
Northwest New Jersey	\$ 15.50	\$ 17.00		\$ 18.0258	\$	19.2849	
Ocean County	\$ 17.60	\$ 19.10		\$ 21.0636	\$	23.0048	
Pleasantville	\$ 12.80	\$ 14.30	:	\$ 17.8188	\$	19.9688	
Pleasantville West/Mullica	\$ 12.80	\$ 14.30		\$ 15.3485	\$	17.3591	
Princeton	\$ 17.60	\$ 19.10		\$ 28.4286	\$	30.5786	
Toms River	\$ 11.65	\$ 13.15		\$ 16.6664	\$	18.8164	
Vineland	\$ 12.80	\$ 14.30		\$ 14.6240	\$	16.5190	
Wildwood	\$ 13.75	\$ 15.25		\$ 16.5226	\$	18.6726	