

**BEFORE THE  
NEW YORK PUBLIC SERVICE COMMISSION**

\_\_\_\_\_)  
Joint Petition of )  
 )  
ALTICE, N.V. )  
 )  
and ) Case 15-M-0647  
 )  
CABLEVISION SYSTEMS AND AFFILIATES )  
 )  
For Approval of a Holding Company Level )  
Transfer of Control of Cablevision Lightpath, Inc. )  
and Cablevision Cable Entities, and for )  
Certain Financing Arrangements )  
\_\_\_\_\_)

**ALTICE USA  
ANNUAL REPORT**

June 21, 2017

Paul Jamieson  
Vice President, Government & Policy  
Altice USA  
1111 Stewart Ave.  
Bethpage, NY 11714-3581  
Phone: (516) 803-2544  
Email: Paul.Jamieson@AlticeUSA.com

Maureen O. Helmer  
Barclay Damon, LLP  
80 State Street  
Albany, N.Y. 12207  
Phone: (518) 429-4220  
Email: mhelmer@barclaydamon.com

*Counsel for Altice USA*

**BEFORE THE  
NEW YORK PUBLIC SERVICE COMMISSION**

_____	)	
Joint Petition of	)	
	)	
ALTICE, N.V.	)	
	)	
and	)	Case 15-M-0647
	)	
CABLEVISION SYSTEMS AND AFFILIATES	)	
	)	
For Approval of a Holding Company Level	)	
Transfer of Control of Cablevision Lightpath, Inc.	)	
and Cablevision Cable Entities, and for	)	
Certain Financing Arrangements	)	
_____	)	

**ALTICE USA  
ANNUAL REPORT**

Altice USA (“Altice” or the “Company”) respectfully submits this Annual Report in compliance with the following New York Public Service Commission (“Commission” or “PSC”) Ordering Clauses contained in Appendix A of its Order approving the merger of Altice, NV, and Cablevision Systems Corporation (“Merger Order”):<sup>1</sup>

- |                      |                            |
|----------------------|----------------------------|
| 1. Clause I.A.2.a    | Network Speed Enhancements |
| 2. Clause I.B        | Network Expansion          |
| 3. Clause II.A.1.a,b | Low Cost Broadband         |
| 4. Clause II.A.4     | Data Caps                  |
| 5. Clause II.B.2.c   | Low Income Broadband       |
| 6. Clause IV.A.1,3   | Customer Facing Jobs       |
| 7. Clause IV.A.4     | Walk In Centers            |
| 8. Clause IV.B.1,3   | Employment Pilot Program   |

<sup>1</sup> 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) (“Merger Order”).

## **BACKGROUND AND EXECUTIVE SUMMARY**

Altice is pleased to report to the Commission that it is in compliance with all of the conditions required by the Order within one year of closing. Altice's investment in New York State is manifest in its merger compliance and in various other pro-consumer network, product and service enhancements. In this respect, Altice is already delivering on promises to the Commission to bring the benefits of global scale, an innovative approach, and a customer focus to New York in a financially responsible way. In just the first year, among other initiatives, Altice has increased broadband speeds, maintained excellent customer service and begun extensive construction of a fiber to the home network – all while reducing leverage for Cablevision by nearly 20%.<sup>2</sup>

In the below chart, we summarize the Company's performance on the conditions enumerated above. The sections that follow describe each condition in more detail.

[Remainder of this Page Intentionally Blank]

---

<sup>2</sup> Specifically, Altice reduced leverage from 7.1x EBITDA in 2Q 2016 to 5.7x in 1Q 2017.

<i>Condition</i>	<i>Summary of Compliance</i>
Network Speed Enhancements	Launched 300 Mbps on October 5 -- more than one year ahead of the deadline in the Merger Order. Product suite now includes 400 Mbps.
Network Expansion	<ul style="list-style-type: none"> <li>• <u>Barrier Island</u>: Successful bid for state support to deploy broadband to Oak and Gilgo Beaches after collaborative dialogue with State’s Broadband Program Office and outreach to community. Currently negotiating required agreement with BPO.</li> <li>• <u>Line Extension</u>: Extended network to [REDACTED] requesting HHs and small businesses at a cost of \$ [REDACTED], with no customer contribution.</li> </ul>
Low Cost Broadband	Offer 10/1 Mbps (upgraded from 5 Mbps) for \$24.95/mo., with Wi-Fi and a free digital antenna.
Data Caps	No Optimum broadband product has data caps. (Merger Order requires availability of at least one broadband product with no data caps.)
Low Income Broadband	<ul style="list-style-type: none"> <li>• <u>Pilots</u>: Timely launched pilots ahead of December 21 deadline.</li> <li>• <u>Eligibility</u>: Nationally known vendor qualifying participants.</li> <li>• <u>Marketing</u>: Materials in circulation for pilots, with revisions planned based on lessons learned and stakeholder feedback.</li> <li>• <u>Full Program Deployment</u>: While product is currently available throughout NYS, refining marketing approach for full footprint launch by September 21.</li> </ul>
Customer Facing Jobs	No reductions in force of customer facing jobs and added to customer facing workforce.
Walk In Centers	Maintained 17 Walk In Centers in New York State – 3 more than the 14 required by the Merger Order.
Employment Pilot Program	Following extensive recruiting, eight students from SUNY/CUNY schools have begun summer internships working at Altice corporate headquarters, News12 and Altice Media Services.

**ALTICE USA ANNUAL REPORT**

**1. Network Speed Enhancements**<sup>3</sup>

***Merger Requirements***

The Merger Order requires that the Company enhance and extend its existing infrastructure in New York and offer all customers in its service territory broadband speeds of up to 300 Megabits per second (“Mbps”) by the end of 2017.<sup>4</sup>

***Condition Status***

On October 5, 2016 – more than one year in advance of the YE 2017 requirement -- Altice made available a broadband product providing up to 300 Mbps download.<sup>5</sup> Altice now offers a 400 Mbps tier (among many other broadband product offerings), with plans for faster tiers in the product roadmap.

**2. Network Expansion**

***Merger Requirements – Barrier Island***

The Merger Order requires that the Company make a good faith bid consistent with Program guidelines for the New NY Broadband Program (previously, Broadband 4 All) funding with the Broadband Program Office (“BPO”) to provide broadband service to the Barrier Island Communities of Oak Beach and Gilgo Beach, Long Island.<sup>6</sup>

---

<sup>3</sup> Certain subjects discussed in this filing pertain to non-jurisdictional products and services. Nothing in this document is intended as a waiver or concession of any of the Company’s rights to raise jurisdictional or other legal arguments.

<sup>4</sup> For exceptions, see the Merger Ordering Clause I.A.2.a.

<sup>5</sup> See <http://www.alticeusa.com/sites/default/files/pdf/ALTICE-USA-UNVEILS-FASTER-BROADBAND-SPEEDS-ACROSS-ENTIRE-OPTIMUM-FOOTPRINT.pdf>

<sup>6</sup> The condition further requires Altice to take certain steps in the event its bid were unsuccessful. Merger Ordering Clause I.B.2.

***Condition Status -- Barrier Island***

Altice met the condition by submitting a bid after working cooperatively with the BPO to alter Altice’s original proposal to serve Oak Beach and Gilgo Beach. Specifically, at the BPO’s request, Altice adjusted its proposed architecture to design a platform for a robust broadband offering at a lower estimated cost than its initial design. After productive dialogue with the BPO, Altice submitted its application to the New NY Broadband program on November 13, 2016, and the BPO awarded funding to Altice on March 8, 2017. Since being notified of the award, the Company has provided extensive information in response to the BPO’s questions to assist in the production of a formal incentive letter and in anticipation of finalizing a Grant Disbursement Agreement. The Company has also briefed the Barrier Island community leaders and public officials multiple times, most recently on May 25, 2017.

***Merger Requirements – Line Extension***

Condition I.B.1 requires the Company to absorb up to \$5,000 per household unit or business of the customer’s contribution-in-aid-of construction under Section 895.5 of the Commission’s rules (“CIAC”) for line extension requests, up to a \$2M cap over four years.<sup>7</sup>

***Condition Status – Line Extension***

Confidential Exhibit A details the [REDACTED] in costs to extend the network to [REDACTED] households and small business units in New York State that Altice expended from June 1 2016 through June 9 2017 (most recent time for which data could be collected for this report).

[REDACTED]

---

<sup>7</sup> Section 895.5 prescribes a formula under which a cable television company may require potential customers to pay for a portion of extending the plant in the public right of way.

[REDACTED]

[REDACTED]

3. **Low Cost Broadband**

*Merger Requirements*

The Merger Order requires that the Company upgrade what was previously a 5 Mbps offering to 10 Mbps and continue to include a free broadcast digital TV antenna and free access to Wi-Fi hotspots for a \$24.95 monthly rate for new (2 years) and existing (3 years) customers.<sup>9</sup>

*Condition Status*

Altice offers “Optimum 10 Mbps” at \$24.95. The package includes at no additional charge a free digital TV antenna and access to Optimum Wi-Fi.

4. **Data Cap Limitations**

*Merger Requirements*

The Merger Order requires that the Company offer at least one broadband product without data caps.<sup>10</sup>

*Condition Status*

No Optimum broadband product has data caps.

[REDACTED]

<sup>9</sup> Merger Ordering Clause II.A.1, Appendix A, at 3.

<sup>10</sup> Merger Ordering Clause I.A.4, Appendix A, at 4.

**5. Low Income Broadband Program**

***Merger Requirements***

The Merger Order requires that Altice offer a low-income broadband program (“LIBB Program”), providing a minimum speed of 30 Mbps for \$14.99 per month to eligible customers throughout the Company’s New York footprint and report on status annually. The LIBB Program is subject to criteria enumerated in the Merger Order, including: (1) pilot programs within six months of close; (2) program availability footprint wide within fifteen months; (3) specified program eligibility requirements; and (4) specified enrollment targets subject to incremental investments in customer service, unless the Company can demonstrate that it has made all commercially reasonable efforts to achieve the targets.<sup>11</sup>

Among other criteria, the Merger Order restricts eligibility for the LIBB program to households with: (1) children eligible for the National School Lunch Program; and (2) a senior citizen eligible for federal Supplemental Security Income.

***Pilot***

On December 1, 2016, ahead of the December 21, 2016 required deadline, the Company launched *Optimum Economy Internet High Speed Broadband Service* as a pilot in partnership with BronxWorks, a social service provider and settlement house that reaches more than 40,000 Bronx residents each year. The LIBB Program was unveiled at a BronxWorks facility and featured actor John Leguizamo, New York City Council Member Vanessa Gibson, and Altice Co-President and Chief Operating Officer Hakim Boubazine. The rollout included the launch of a phone number for applicants, collateral materials, and a dedicated website

---

<sup>11</sup> Merger Ordering Clause II.B.1.



([www.optimumconnects.com](http://www.optimumconnects.com)), which provides participants with more information and a way to begin the application process. The materials and website are presented in both English and Spanish.

Since the launch, Altice has continued to pilot the program in additional communities through events and employee engagement. These pilot partnerships have informed a variety of strategies that are currently being incorporated for a full-scale launch in time for the commencement of the 2017-2018 school year.

Highlight examples of the pilot include:

- Community Organizations

**Power My Learning:** Power My Learning is a nonprofit organization that refurbishes and repurposes used computers. Educational software is uploaded onto the computers and provided to families in high poverty areas. The computers are distributed at Family Learning workshops, where students and families receive training on the use of the computer and the Internet. Altice was a partner at three Family Learning Workshops (two in Brooklyn and one in the Bronx). Employees assisted in the workshop and distributed materials about the *Economy Internet* offer to participants. Additionally, Altice employees have participated in refurbishing computers on two organized employee volunteer days.

**Pronto of Long Island:** Pronto of Long Island is a local non-profit outreach center on Long Island that provides programs, services, advocacy, and training to help families improve their quality of life. Flyers for the *Economy Internet* offer have been distributed to participants. Additionally, Pronto of Long Island was chosen as an anchor institution which will be provided free broadband for use in their new computer lab.

- Schools:

**City of Yonkers and Yonkers School District:** Altice partnered with the Yonkers school district to promote the availability of the LIBB Program.

*March 2017:* Altice engaged over 250 sixth, seventh, and eighth grade students from Montessori Academy at an event which included a student presentation on the evolution of the Internet and how the Internet become an integral part of education and success. The event also included remarks from Yonkers Mayor Mike Spano and the school district Superintendent Dr. Edwin M. Quezada.

*May 2017:* Altice employees visited fifth graders at Cedar Place Elementary School to demonstrate the application of science, technology, engineering and math (STEM) to

their technology careers. Employees mentored students as they researched, designed and presented their ideas for technology innovations of the future. The experience was designed to emphasize the importance of technology and broadband accessibility. The students presented their innovations to their peers at an event that was also attended by Yonkers Mayor Mike Spano, Yonkers Councilman Michael Sabatino, and Yonkers Commissioner of Technology Bob Cacace.

**Brentwood School District:** Altice has an active partnership with the Parent Teacher Association to disseminate information about *Economy Internet* offer.

**Nassau and Suffolk BOCES:** Altice participated in working sessions with school technology leaders in more than 60 school districts to raise awareness and garner feedback on the promotion of the *Economy Internet* offer.

A link that chronicles the community events referenced can be found at

<http://alticeconnects.com/economy-internet/events>.

### ***Eligibility Verification***

The Company implemented an eligibility verification process with a third party partner that has extensive experience in executing similar industry programs. Eligibility verification includes:

- Channels for accepting subscriber application - Online with dedicated program website and dedicated program phone number, with pre-screening against program eligibility criteria;
- A process for accepting and reviewing self-enrollments with supporting documentation;
- Customer service in English and Spanish with an Interactive Voice Response system and live agents;
- Handling the preparation and mailing of eligibility notification letters;
- Information systems configuration and hosting; and
- Business Intelligence reporting and analysis.

### ***Service Activation and Ongoing Customer Support***

Once eligibility is determined and verified, Altice handles the installation process and has customer support representatives trained in the LIBB Program to ensure a positive customer experience.

### *Customers With LIBB Product*

To date, ■■■ completed applications for Economy Internet were approved, and ■■■ individuals have been installed. Altice's Sales team has reached out the individuals that did not follow through to installation to offer additional assistance, which, to date, has resulted in no additional customers. Preliminary findings from the pilot suggest that at least a portion of otherwise eligible households already have Optimum broadband (disqualifying them for *Economy Internet*, per the Merger Order); in the last 30 days, Altice received inquiries from ■■■ households who were otherwise eligible but who have Optimum broadband.

## **6. Customer Facing Jobs**

### *Merger Requirements*

The Merger Order provides that for four years from the issuance of the Order, the Company is prohibited from laying off, or taking any action effecting an involuntary reduction in workforce of customer-facing jobs in New York State.<sup>12</sup> Per the Merger Order's requirements, the Company filed a report listing customer facing jobs as of June 15, 2016.

### *Condition Status*

The Company has met the conditions regarding customer facing jobs. Except for individual performance management, the difference in customer facing jobs between the benchmark filing (positions as of 6/15/16) and the roles as of May 31, 2017 (the most recent data able to be compiled for this Report) is the result entirely of *voluntary* actions by Altice employees. In fact, while not required to do so, Altice added customer facing jobs during this time period. *See Confidential Exhibit B* for more detail.

<sup>12</sup> Merger Ordering Clause IV.A.1 "customer-facing jobs" is defined to mean those positions with direction interaction with customers; including, but not limited to call center and other walk-in center jobs, and service technicians.

**7. Walk In Centers**

***Merger Requirements***

The Merger Order provides that for two years from close, the Company is required to maintain at least 14 out of the 18 Walk In Centers (“WICs”)<sup>13</sup> in New York State, provided that requests for incremental closure to below 14 WICs in the state during these two years are subject to Commission approval.

***Condition Status***

Altice is in compliance with the condition. *See* Exhibit C for locations of the 17 Optimum WICs located in New York State as of June 21, 2017.

**8. Employment Pilot Program**

***Merger Requirements***

The Merger Order requires that within one year of close Altice establish and launch workforce development pilot programs with the State University of New York (“SUNY”) and City University of New York (“CUNY”) systems to provide a New York State job pipeline to graduates of either two or four-year institutions.<sup>14</sup>

***Condition Status***

Following active recruitment at various SUNY/CUNY schools, Altice launched the internship program in satisfaction of the condition. Internship opportunities were posted at SUNY Stony Brook, SUNY Oneonta, SUNY Oswego, SUNY Plattsburgh, SUNY Cortland, SUNY Binghamton, SUNY Plattsburgh, and SUNY New Paltz. Postings were also done at CUNY Baruch College, CUNY Hunter College, City College of NY, CUNY Queens College,

---

<sup>13</sup> Merger Ordering Clause IV.A.4.

<sup>14</sup> Merger Ordering Clause IV.B.1,3.

and the CUNY Graduate School of Journalism. Eighteen applicants were interviewed and ten were offered a position.

The Company is pleased to welcome eight interns during the summer of 2017 from SUNY/CUNY. The eight interns are students of SUNY Brockport, SUNY College of Environmental Science and Forestry, SUNY Old Westbury, SUNY New Paltz, SUNY Stony Brook, and the CUNY Graduate School of Journalism.

The interns are participating in one of three areas: 1) Campus program; 2) News 12; or 3) Altice Media Sales. Each area includes opportunities in business analysis, data analysis, digital production, finance, journalism, marketing and technical. In addition to hands-on work experience, the interns will have the opportunity to engage with senior leaders at the Company through a speaker series, team building events and other professional development activities. All interns will establish goals with their managers at the start of the internship, with assessment provided at the end of the experience. Qualified participants will be considered for job openings in the organization as appropriate.

The Company is also participating in on-campus career fairs and information sessions to establish Altice as an employer in the community and to learn more about the prospective intern population to inform program development.

As an example, Altice actively partnered with SUNY Stony Brook in a number of areas:

- *July 2016:* Participated in a focus group with Stony Brook's career center to help them plan for future career center;
- *September 2016:* Altice employees and a recruiter (whom are Stony Brook alumni) participated in the Stony Brook University Computer Science and IT Job and Internship Fair;
- *October - November 2016:* Hosted webinars for Stony Brook students;

- *November 2016:* Hosted a full day of one-on-one resume review sessions. A networking event was attended by campus recruiting and six business representatives; and
- *February 2017:* Pre-Interview Event held followed by on campus interviews for qualified candidates to meet with Altice representatives.

Altice looks forward to the 2017 summer program and continuing to develop relationships with the SUNY/CUNY schools to create a New York State workforce pipeline.

### **CONCLUSION**

Altice is proud of its record of compliance with the Merger Order conditions required within the first year.<sup>15</sup> and, more generally, of the Company's many initiatives to invest in its network and provide New York customers with innovative, customer focused products and services. Altice appreciates the professionalism, diligence and responsiveness of Commission leadership and staff in overseeing the Merger Order and looks forward to continued productive implementation of its conditions.



**Exhibit A**

**Redacted**

**Exhibit B**

**Redacted**



**Altice USA New York State Walk In Centers**  
*as of June 21, 2017*

Address	City	Zipcode
609 Center Avenue	Mamaroneck	10543
235 West Nyack Road	West Nyack	10994
6 Executive Plaza	Yonkers	10701
159 Windmere Ave	Greenwood Lake	10925
961 E 174th St	Bronx	10460
1095 East 45th Street	Brooklyn	11234
11020 Flatlands Avenue	Brooklyn	11207
1053 Park Street	Peekskill	10566
719 Sergeant Palmateer Way	Wappingers Falls	12590
11 Industrial Boulevard	Brookhaven	11776
1600 Motor Parkway	Hauppauge	11788
595 South Broadway	Hicksville	11801
1070 East Jericho Turnpike	Huntington	11743
1144 Route 109	Lindenhurst	11757
254 Old Country Road	Riverhead	11901
1072 Old Northern Boulevard	Roslyn	11576
32 Hill Street	South Hampton	11968

**TOTAL NUMBER OF WALK IN CENTERS: 17**