

**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  
3<sup>rd</sup> ANNUAL REPORT**

June 21, 2019

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**ALTICE USA  
3<sup>rd</sup> ANNUAL REPORT**

Altice USA, Inc. (“Altice USA” or the “Company”) respectfully submits this Third Annual Report (the “Third 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 N.V. and Cablevision Systems Corporation (“Merger Order”).<sup>1</sup> In particular, this Report addresses the following conditions in the Merger Order (the “Conditions”):

- |                    |                              |
|--------------------|------------------------------|
| 1. Clause I.A.2.a  | Network Speed Enhancements   |
| 2. Clause I.B      | Network Expansion            |
| 3. Clause II       | Broadband Availability       |
| 4. Clause IV.A.1,3 | Customer Facing Jobs         |
| 5. Clause III.A.1  | Customer Service and Debt    |
| 6. Clause IV.A.4   | Walk In Centers              |
| 7. Clause IV.B.1,3 | Employment Pilot Program     |
| 8. Clause V.A.1.a  | Network Resiliency / Outages |
| 9. Clause V.C.1    | New Technology               |

<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 USA is pleased to report compliance with the Conditions in the Third Report. Over the past year, the Company has continued to invest in its infrastructure and roll out innovative products and services to ensure that New Yorkers have access to advanced communications services over a robust network. Notable initiatives in the last twelve months include:

- Network Investment, Speed Upgrades, Standard Broadband Performance: The Company accelerated its construction of a fiber-to-the-home network (“FTTH”) in New York, where it introduced a 1 Gbps broadband tier over FTTH in select markets. As it builds FTTH, the Company is implementing the latest Data Over Cable Service Interface Specification (“DOCSIS”) and plans to offer 1 Gbps over the existing Hybrid Fiber Coaxial (“HFC”) network. The Company upgraded speed tiers, every home passed in NYS has access to 400 Mbps, and the standard triple play offer now includes 200 Mbps. According to the FCC’s December 2018 Report, the Company was among the nation’s best performing Internet Service Providers.
- Network Expansion: Thanks to Department of Public Service (“DPS”) Staff’s efforts facilitating pole licensing, the Company extended its network to unserved households (“HHs”) and small businesses in the Town of Milan, and, in partnership with the State’s Broadband Program Office, built broadband to Long Island’s Barrier Island. The Company also extended its network to requesting households.
- Broadband Adoption and Affordability: The Company continued to refine marketing of its low-income broadband offering, streamlining the purchase process, and engage community partners in order to increase awareness of the low-income product to the target population. Altice USA provides at least 100 Mbps to 40 anchor institutions at no cost. The Optimum broadband product suite has a range of offerings and price points.
- Customer Service, New Equipment, Product Offerings: Since July 2018, the Company’s service quality metrics have been compliant with the Merger Order, and Altice USA has retained the same number of walk in centers. The Altice One entertainment and connectivity platform are available throughout the NY footprint and is popular with customers. Later this year, the Company plans to launch a mobile product at an attractive price point.
- Commitment to Local News: Though unrelated to the Merger Conditions, the Company is building new studios for News12 and has enhanced its commitment to news with the recent acquisition of Cheddar and continued investment in its i24 news channel.
- Responsible Financial Management: The Company reduced its leverage ratio to 5.2x Earnings before interest, tax, depreciation and amortization (“EBITDA”) – down from 7.0x at Closing, earning a ratings upgrade from S&P.

Below summarizes the Company’s compliance status on the Merger Conditions.

**SUMMARY OF KEY CONDITIONS**

<i>Condition</i>	<i>Status</i>
Network Investment, Speed Increases	<ul style="list-style-type: none"> <li>• <u>HFC Network Upgrade</u>: Following the upgrade to 300 Mbps in 4Q 2016, all residential households (“HHs”) passed in NYS now have access to 400 Mbps and the Company plans to offer 1 Gbps over existing network.</li> <li>• <u>Network Modernization</u>: Nearly █████ NY HHs already passed by FTTH in NY, with the first product offering (1 Gbps) launched in New York.</li> <li>• <u>Tier Upgrades</u>: Increased speed tiers.</li> </ul>
Network Expansion	<ul style="list-style-type: none"> <li>• <u>Barrier Island, Milan</u>: The Company built a broadband network in Oak and Gilgo beaches, and to the additional HHs and businesses in the Town of Milan; customers are enjoying Optimum services in both areas.</li> <li>• <u>Line Extension</u>: More than █████ new NY HHs and small businesses connected to the network since close, with no customer contribution toward the build.</li> </ul>
Broadband Availability	<ul style="list-style-type: none"> <li>• <u>Low Income Broadband</u>: Refined the marketing strategy, simplified the purchase process and continued to engage community partners in order to attract customers – many of whom chose to subscribe to higher Optimum broadband tiers.</li> <li>• <u>Anchor Institutions</u>: Completed free 100 Mbps or higher speed service to all 40 institutions.</li> <li>• <u>Low Priced Broadband</u>: Doubled required speed (to 20 Mbps), at required price point.</li> <li>• <u>Mass Market</u>: Upgraded speed tiers, with future upgrades in roadmap.</li> <li>• <u>FCC Lifeline</u>: Prepared to participate once FCC finalizes program revisions.</li> </ul>
Employment	<ul style="list-style-type: none"> <li>• No reduction in force of customer facing jobs and new customer facing employees hired, supplemented by New York contractors.</li> <li>• 2019 intern program includes SUNY/CUNY students, building on successful intern programs in 2017 and 2018 that resulted in full time positions for SUNY/CUNY students.</li> </ul>
Customer Service	<ul style="list-style-type: none"> <li>• Reported compliant service quality metrics since July 2018.</li> </ul>
Walk In Centers	<ul style="list-style-type: none"> <li>• No reduction in 17 NY WICs, and continue to operate next-generation “Experience Center” in NY.</li> </ul>
Resiliency/ Storm Response	<p>Continued effective response to storms, including:</p> <ul style="list-style-type: none"> <li>• <u>Utilities</u>: Real time outage data provided at no cost, 24/7 to power companies.</li> <li>• <u>Reporting</u>: Proactive customer communications, consistent reporting to DPS.</li> </ul>
New Technology	<ul style="list-style-type: none"> <li>• <u>Altice One</u>: Innovative entertainment and connectivity platform available and popular with New York customers.</li> </ul>

**ALTICE USA 3<sup>rd</sup> ANNUAL REPORT**

**1. Network Speed Enhancements**

**A. *Merger Requirements***<sup>2</sup>

The Merger Order required 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>3</sup>

***Condition Status***

In its First Annual Report, the Company notified the Commission of the completion of the required network upgrade to 300 Mbps— more than a year in advance of the year end 2017 requirement in the Merger Order. A residential offering of 400 Mbps (in excess of the Merger Order), is now available across the majority of New York<sup>4</sup>. Future speed upgrades are in the product roadmap, and the Company is investing in DOCSIS 3.1 and plans to offer 1 Gbps over its existing hybrid fiber-coaxial cable network.

***Other Information of Note – Tier Upgrades***

The Company continues to boost broadband product speed offerings to match customer demand for bandwidth intensive applications and to keep New York a national leader in broadband connectivity. Since June 1, 2018, the Company upgraded more than [REDACTED] customers on speed tiers of 25 Mbps, 50 Mbps, 60 Mbps, and 100 Mbps to higher speeds. The Company’s baseline triple play offer now contains 200 Mbps.

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<sup>2</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>3</sup> Merger Ordering Clause I.A.2.a.

<sup>4</sup> Barrier Island has separate product offerings with max speed of 100 Mbps. See Section 2.A.

**2. Network Expansion**

**A. *Barrier Island***

***Merger Requirements – Barrier Island***

The Merger Order required 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>5</sup>

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

In the First Annual Report, the Company notified the Commission of its successful bid for funding from the New NY Broadband program to extend its network to Gilgo and Oak Beaches. Following the productive public private partnership with the BPO, the Company successfully completed the Barrier Island network build on December 31, 2018, in compliance with the condition. Beginning March 2019, the Company introduced the following broadband service offerings: 25/25Mbps, 50/50Mbps, 100/100Mbps. In collaboration with the BPO, the Company issued a joint press release on May 8, 2019 to announce service availability. To date, there are more than ■■■ Barrier Island residents subscribing to one of the three tiers referenced above.

**B. *Milan***

***Merger Requirements – Milan***

The Merger Order requires that the Company complete a full build out in the Town of Milan, New York, to all unserved or underserved residents and small businesses (including new

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<sup>5</sup> Merger Ordering Clause I.B.2.

construction) by the end of 2018, without any contribution-in-aid-of-construction (“CIAC”).<sup>6</sup>

***Condition Status – Milan***

Altice USA has extended its network to remaining households and small businesses in the Town of Milan. The Company built nearly [REDACTED] additional miles of CATV plant, which service approximately [REDACTED] additional homes passed.<sup>7</sup> As of April 2019, there were approximately [REDACTED] total homes in Milan receiving service. The Company has worked with and communicated closely with the Supervisor of the Town of Milan to inform residents on how they can purchase service. The Company continues to receive positive feedback from the Milan Town Board as to resident satisfaction. Altice USA is appreciative of DPS Staff’s vigilance and constructive role in overseeing the network construction merger conditions, including facilitating pole licenses necessary for the Company to complete the build.

***Line Extension***

***Merger Requirements – Line Extension***

Condition I.B.1 requires for any requests for service, the Company to absorb up to \$5,000 per household unit or small business of the customer’s CIAC for extensions of network in the Public Right of Way set forth in Section 895.5 of the Commission’s rules for up to a \$2M cap over four years.<sup>8</sup>

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<sup>6</sup> Merger Ordering Clause I.B.3.



<sup>8</sup> Section 895.5 prescribes a formula under which a cable television company may require potential customers to pay

***Condition Status – Line Extension***

The Company is in compliance with the Condition. Since June 2018, more than [REDACTED] households and/or small businesses (“HHS”) have been connected at a cost of \$ [REDACTED]. Since Closing, the Company has incurred more than \$ [REDACTED] in costs to connect more than [REDACTED] NYS HHs. There has been no instance in which the Company refused a line extension request from a NYS requesting household or small business. In fact, Altice USA exceeded the Condition and 16 NYCRR 895.5 obligations by collecting no CIAC for extension of plant in the public right of since Closing.<sup>9</sup> Confidential Exhibit A is a list of locations connected from June 1, 2018 through May 31, 2019 in the format requested by Staff (street address and latitude/longitude, in excel format.) Confidential Exhibit B is a chart summarizing all of the line extension data reported to the Commission since the 2<sup>nd</sup> Annual Filing.

**3. Low Income Broadband Program**

***Merger Requirements***

The Merger Order requires that Altice USA offer a low-income broadband program (“LIBB”) providing a minimum speed of up to 30 Mbps for \$14.99 per month to eligible customers throughout the Company’s New York footprint and to report on the status of its implementation annually. The LIBB Program is subject to criteria enumerated in the Merger Order, including: (1) the development of a pilot program within six months of close; (2) program availability footprint wide within fifteen months; (3) specified program eligibility requirements; and (4) specified enrollment targets. Among other criteria, the Merger Order specifies that

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for a portion of extending the plant in the public right of way.

<sup>9</sup> This statement should not be construed as a commitment by Altice USA to continue this practice for the duration of the Condition, but rather as a statement of its business practice for the time period covered by Exhibit A.

eligibility for the LIBB program will include: (1) children eligible for the National School Lunch Program (“NSLP”); and (2) a senior citizen eligible for federal Supplemental Security Income (“SSI”). Applicants who have subscribed to Optimum broadband products within the prior sixty (60) days and/or owe past due balances to the Company are ineligible.

***Condition Status***

In December 2016, Altice USA piloted the LIBB program and, in September 2017, fully launched the product throughout the Optimum service area<sup>10</sup> with both the pilot and the full launch in compliance with required timelines in the Merger Order.<sup>11</sup> The product was originally sold and marketed as *Economy Internet*, and provided eligible customers throughout the Optimum New York service area with download speeds of up to 30 Mbps and upload speeds of up to 3 Mbps for \$14.99 per month, consistent with the requirements in the Merger Order.

***Eligible Population***

The Company leveraged the same data modeling process used to inform its marketing strategy for other products and services to better understand which households in the Optimum New York service area would likely qualify for the LIBB program.<sup>12</sup> This analysis, conducted in April 2018, revealed a qualifying population of [REDACTED] of which [REDACTED] already subscribed to Optimum broadband services, making them ineligible for LIBB. Thus, in April 2018, the target population for LIBB was estimated to be approximately [REDACTED] prospective subscribers. Included in the eligible population were households currently subscribing to Internet service with

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<sup>10</sup> The Company issued a press release on September 19, 2017 announcing the availability of the LIBB program across its service footprint.

<sup>11</sup> Under the Merger Order, the first penetration target is to be evaluated in September 2020 (3 years from the full implementation of the program). See Condition II.B.1(a) and Condition II.B.2

<sup>12</sup> See Confidential Exhibit C for 2018 data model.

other broadband providers and former customers not in good standing with the Company (e.g., have past due balances to the Company).

Recognizing the analysis is a snapshot in time and the eligible population the Company is dynamic with low income seniors and families moving in and out of footprint, used the same methodology of data modeling from April 2018 to determine the current eligible population. As of April 2019, we identified an eligible population of [REDACTED], of which [REDACTED] currently subscribe to Optimum broadband services, making the current target population for LIBB to be approximately [REDACTED] prospective subscribers,<sup>13</sup> included in this targeted population are households subscribed to Internet with other service providers. Also included in this target population are more than [REDACTED] households who were once customers but who were disconnected for nonpayment.<sup>14</sup>

#### ***Status of Broadband Adoption with the Eligible Population***

After the first 9 months of product availability, a low adoption rate of LIBB caused the Company to analyze the product's marketing, positioning, sales channels, ease of purchase and other go-to-market considerations. Core to this approach has been an iterative approach to determining the best way to target and appeal to the eligible population in a way that resonates and inspires Internet adoption.

Now approaching 2 years from the full product launch, the *Altice Advantage Internet* offer has resulted in broadband adoption. As of April 30, 2019, [REDACTED] households in New York were subscribed to *Altice Advantage Internet*. An additional [REDACTED] New York households,

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<sup>13</sup> See Confidential Exhibit D for 2019 data model.

<sup>14</sup> Per the Condition, customers not in good standing are not eligible for LIBB but can apply for the product at any time after settling their outstanding balance.

who the Company determined were eligible for LIBB and who were targeted for *Altice Advantage Internet* marketing, connected to the Internet, chose to connect to other Optimum product packages that included broadband. The adoption of broadband of more than [REDACTED] eligible households in New York demonstrates that the marketing and community outreach efforts to promote *Altice Advantage* resulted in encouraging these households to subscribe to broadband.

***Altice USA Approach to Promoting LIBB and the Value of Broadband at Home***

Details on the key marketing strategies and learnings that shaped the Company's approach to promoting LIBB over the last 18 months are provided below:

- 1) *Research to Better Understand the Eligible Population:* Altice USA conducted research with the goal of enhancing LIBB marketing. As part of this research, messaging, positioning and product names were tested with eligible families. Findings from this research were used and will continue to be used to inform the marketing strategy.
- 2) *Product Name Change and Marketing Asset Refresh:* As a result of customer insights garnered from the research, the Company changed the product name from *Economy Internet* to "*Altice Advantage Internet*." In conjunction with the product name change, the Company refreshed the website and marketing materials to incorporate insights from the research. Information about the product is available on the dedicated product website, [www.alticeadvantageinternet.com](http://www.alticeadvantageinternet.com).<sup>15</sup>
- 3) *Direct Mail:* Because of the size of the eligible population, mass marketing strategies – which the Company employs to promote products available to *all* households in New York – are not appropriate and will likely lead to customer confusion. During 2018, the Company conducted direct mail testing that targeted households believed likely eligible for the LIBB product. Because of the testing, Altice USA expanded direct mail outreach efforts in July 2018 to send a weekly mail piece promoting *Altice Advantage Internet* to likely eligible prospects. In addition, beginning in June 2018, non-broadband Optimum customers (e.g., customers with only video services) received a monthly mail piece promoting *Altice Advantage Internet*. The direct mail campaign leveraged envelope and letter formats that have been tested and shown to be effective in other campaigns. Headlines, copy, imagery and other creative elements are refreshed on a regular basis to engage and encourage consumers to open and read the *Altice Advantage Internet* mail pieces. To date, more than [REDACTED] mail pieces promoting *Altice Advantage Internet* have been sent to likely eligible households.

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<sup>15</sup> See Exhibit E.

**REDACTED - FOR PUBLIC DISCLOSURE**

- 4) Outbound Calls: Like direct mail, outbound calling allows the Company to target households on the individual level. Adhering to applicable telemarketing rules, the Company conducted an outbound call campaign to the likely eligible population, calling both non-broadband customers (i.e., customers with only video services) and prospects (i.e., non-subscriber of Optimum products). Altice USA representatives educated customers about the *Altice Advantage Internet* product and asked if they wanted to subscribe. To increase product adoption and provide an easier and instantaneous purchase process, both customers and prospects were able to subscribe to *Altice Advantage Internet* without providing documentation to the third-party vendor, instead allowing these households to bypass the third-party verification process. This approach enabled customers and prospects to sign up and schedule installation appointments in real time. The outbound call campaign included multiple attempts to reach each eligible household but did not result in a notable uptick of subscribers to the *Altice Advantage Internet* product.
- 5) Digital Advertising: Based on digital marketing tests conducted since May 2018, the Company launched digital advertising on Facebook and Instagram in October 2018 for *Altice Advantage Internet*. The social media advertisements for the product highlighted the eligibility of households with a child attending a New York City public school and targeted families and seniors in the Bronx and Brooklyn.
- 6) Paid Search: [REDACTED] so when likely eligible prospects in the Optimum service area searched for relevant phrases on Google.com they would be shown a link to [AlticeAdvantageInternet.com](http://AlticeAdvantageInternet.com). This marketing strategy served to drive likely eligible customers to the *Altice Advantage Internet* online application.
- 7) Expanded Eligibility to all Households with NYC Public School Students: At the start of the 2018-2019 school year and in excess of the Condition, Altice USA extended the eligibility requirements for *Altice Advantage Internet* to include any household with a child attending a New York City public school, aligning with the NYC Department of Education program that makes free school lunch available to all NYC public school students. In addition, the Company simplified the application process for these households to only require proof that the household has a child currently enrolled. The expanded eligibility to all households with public school students in the Altice USA service area increased the eligible population by approximately [REDACTED] households, but did not materially change the penetration rate of the targeted population. As of April 30, 2019, only [REDACTED] of the [REDACTED] households were subscribing to *Altice Advantage Internet*.
- 8) Bypass of Eligibility Verification for Likely Eligible Prospects: Altice USA continues to employ Solix, an experienced third party vendor that executes similar industry programs to screen and conditionally qualify households for LIBB. Applicants can apply online by computer, mobile device, tablet, or by a paper application. Solix conducts pre-screening against program eligibility criteria,

followed by application review and subsequent mailing of eligibility notification letters (approval or denial). The letter includes a phone number for the prospect to call to install *Altice Advantage Internet*. Recognizing that the application process could be perceived as an obstacle to product adoption, Altice USA implemented the ability for likely eligible prospects to bypass the eligibility verification vendor and purchase *Altice Advantage Internet* in real time with an Altice USA Sales Representative via telephone. As a result, likely eligible prospects are able to schedule their installation during the same interaction.

- 9) *Reducing Other Barriers to Adoption:* Since launch, to reduce financial barriers to adoption, Altice USA has offered *Altice Advantage Internet* with discounted installation fees and no broadband equipment fees. Recognizing access to a computer could be another barrier to signing up for Internet services, Altice USA partnered with Acer, a information and communications technology company, to offer *Altice Advantage Internet* customers a discounted internet-ready, recertified Chromebook laptop for purchase.
- 10) *Continued Community Partnerships:* Altice USA continues to partner with more than [REDACTED] community-based organizations that directly serve the eligible population and continually looks to identify additional partnerships to broaden reach. The partnerships focus on the promotion of broadband adoption by raising awareness of *Altice Advantage Internet* and communicating the importance of technology. These partners, which are uniquely suited to reach the targeted demographic, have played an important role in the dissemination of information to eligible households – from the distribution of flyers to the inclusion of LIBB in organization newsletters and emails to social media to events. Partnerships include:
- *PowerMyLearning:* A national non-profit organization with the mission of helping students in low-income communities harness the power of digital learning to improve educational outcomes. More than [REDACTED] LIBB flyers have been shared, mostly with families at workshops during which NYC students and families receive a refurbished computer and training on how to use a computer and the Internet. More than 75 Company employees have volunteered to assist at family workshops and refurbish computers for distribution.
  - *BronxWorks:* A respected social service provider and settlement house that reaches more than 40,000 Bronx residents each year. BronxWorks continues to spread the word about *Altice Advantage Internet* by providing literature to constituents and through references in newsletters and social media posts. In addition, BronxWorks provided materials to their many school partners (elementary, middle, high and transfer) and senior centers. BronxWorks served as the site of the pilot launch event in December 2016 featuring actor John Leguizamo, who delivered a motivational message about his childhood growing up in the Bronx and the potential of technology to provide opportunity. Altice USA employees have volunteered their time to refurbish space and visit with senior citizens.

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- *Island Harvest*: Long Island's largest hunger relief organization. More than [REDACTED] LIBB flyers have been distributed to the eligible populations through Island Harvest's "Weekend Back Pack Program," which provides meals on the weekends for children dependent on NSLP program, and the Senior Mobile Food Pantry, which regularly delivers food directly to individual clients who live in low income neighborhoods or senior housing developments.
- *Older Adults Technology Services ("OATS")*: A social impact organization that helps put technology in the hands of older adults to empower them to live successful, independent connected lives. OATS shares information on *Altice Advantage Internet* at community presentations that promote the importance of broadband adoption among older adults.
- *Business Partnerships*: Altice USA partnered with TV networks, NBC and Telemundo, to feature partner organizations, Brooklyn Public Library, BronxWorks and Yonkers Partners in Education, on segments that highlight community neighborhoods and organizations. Partners were featured on NBC's NY Live and Telemundo's Acceso, daily lifestyle and entertainment programs and recognized the impact of Altice USA's commitment to Internet accessibility. Recently, Altice USA Co-President & COO Hakim Boubazine appeared on ABC's Tiempo, a Sunday morning show that discusses topics that affect local Hispanic citizens, in part to promote *Altice Advantage Internet* and speak about the company's commitment to bridging the digital divide.

The Company displayed *Altice Advantage Internet* materials at Company tabling events at more than [REDACTED] apartment buildings in Brooklyn with likely eligible prospects for LIBB. Altice USA sales representatives were available to educate prospective customers about *Altice Advantage Internet* and answer questions.

- 11) *Stakeholder Engagement*: The Company has engaged stakeholders to promote the availability of *Altice Advantage Internet*.
- *Public Officials and Community Leaders*: More than [REDACTED] New York public officials and community-based organization leaders received information about LIBB and were encouraged to share it with their community, including support for *Altice Advantage Internet* via social media.
  - *Schools*: Altice USA mailed materials promoting the availability of *Altice Advantage Internet* to key stakeholders – the principal, parent teacher association and guidance counselor – to more than [REDACTED] schools.
  - *Events*: Altice USA held events in partnership with New York Community organizations, promoting the importance of broadband adoption in a variety of different ways designed to substantively engage and inspire the eligible population. Events have been featured in both local media and telecommunications industry media as well as on social media both by

## REDACTED - FOR PUBLIC DISCLOSURE

Altice USA and/or the participating organization. Selected partnership events examples include:

- *Kips Bay Boys and Girls Club (Bronx)*: Bronx Borough President Ruben Diaz joined Altice USA at an event and spoke with students about the importance of technology for educational success, the availability of *Altice Advantage Internet* and its expanded eligibility to all NYC public school students.
- *Theodore Young Community Center (White Plains)*: Town of Greenburgh Commissioner of the Department of Community Resources Andre Early, spoke at the ribbon cutting of the center's new computer lab about the importance of Internet access and Altice Advantage Internet.

12) *Program Partnerships*: Part of the Company's strategy to promote *Altice Advantage Internet* is to reach the eligible population through partnerships with organizations focused on one of the company's key areas of focus: digital literacy. A goal of these partnerships is to demonstrate the need for broadband and thereby encourage adoption of *Altice Advantage Internet*. For example:

- *College Accessibility*: Altice USA is partnering with the Coalition for College, an organization committed to making college a reality for underserved students facilitated using technology. The partnership aligns with the *Altice Advantage Internet* program as it shares the same eligibility criteria as the Coalition's application fee waiver (families that qualify for free or reduced NSLP). Recent events at Truman High School in the Bronx, Gotham Professional Arts Academy and ACORN Community High School in Brooklyn engaged more than 500 high school students, parents and educators.
- *Digital Citizenship*: Altice USA is committed to ensuring there is an understanding of the importance of using technology safely and responsibly. In partnership with EverFi, a leading provider of education curricula, the Company launched *Altice Connect Smart*, a digital literacy education initiative designed to help students understand the risks and rewards of technology, tackling issues that include privacy, security, cyberbullying, digital relationships and digital addiction. Nearly 1,000 middle school students utilized the curriculum this past school year. Consistent with this initiative, *Altice Advantage Internet* is promoted along with Digital Citizenship tips to families, schools and community-based organizations.

#### 4. Anchor Institutions

##### *Merger Requirement*

The Merger Order requires the Company to provide free broadband connections to 40 anchor institutions in unserved (download speeds under 25 Mbps) and underserved (25-99 Mbps)

or low-income communities, and these connections must be incremental to other obligations. Selection is to be based on consultation with Department Staff and interested stakeholders.

***Condition Status***

The Company has fulfilled this commitment, providing free broadband connectivity to 40 locations listed in Confidential Exhibit F. The anchor institutions serve the target population and were incremental to the free communications services the Company had already provided to more than [REDACTED] schools, libraries and community organizations in New York State, including many in the Bronx, Brooklyn and other lower income areas of the Company's New York service footprint.

This Merger Order requirement not only resulted in the identification of locations that could benefit from connectivity, but has also shaped community partnerships and engagements, including community events to promote the availability of free broadband at the institution a shared purpose to actively raise awareness of Altice Advantage Internet and a commitment to support STEM and education success. There were fourteen ribbon cutting events with fourteen federal, state, and local elected officials helped to raise the profile of free broadband in the community and the availability of Altice Advantage Internet.

***Key Partnership Examples:***

- *BronxWorks:* As a respected social service provider and settlement house that reaches over 40,000 Bronx residents each year, from infants to seniors, BronxWorks was one of the first anchor institutions and host of kick-off event for the Altice USA Low Income Broadband product. Currently, three BronxWorks locations serve as anchor institutions. Our partnership has continued to grow, with Altice USA community programs such as a recent Women's History Month program focused on the contributions of female innovators that engaged students in the after-school program and Altice USA employees frequently volunteering their time to refurbish space and visit with students and senior citizens.

## **REDACTED - FOR PUBLIC DISCLOSURE**

- *Tri Community Youth Agency (Huntington Station):* At an event recognizing the agency as an anchor institution, US Congressman Tom Suozzi joined Altice USA to talk with students about the importance of technology for education success.
- *Brooklyn Public Library Teen Tech Center:* Altice USA is committed to supporting STEM education and inspiring future innovators and has designated the Brooklyn Public Library's new interactive learning space featuring workstations, tech equipment and collaboration areas at the Kings Highway Branch as an anchor institution.

### **5. 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, i.e., through 6/21/18) and existing (3 years, i.e., through 6/21/19) customers.<sup>16</sup>

#### ***Condition Status***

Altice USA is in compliance with the Condition. The Company offers "Optimum 10 Mbps" at \$24.95/mo., and more than [REDACTED] customers in New York subscribed to this service as of May 2019. Of this population, [REDACTED] customers subscribed to the Optimum 10 product prior to June 2016. The package includes a free digital TV antenna and access to Optimum Wi-Fi. Although the Condition has expired the Company plans to upgrade all existing Optimum 10 customers, at no additional charge, to the higher speed tier of Optimum 20.

In addition, though not required by the Condition, Optimum offers other products designed for budget conscious customers: (1) the Optimum 20 Mbps tier is available for \$29.99/mo.; and (2) the iStart package offers Broadcast Basic video, waived set top box fee for 12 months (a value of \$132), waived Broadcast TV Fee for 12 months (a value of \$71.88), and

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<sup>16</sup> Merger Ordering Clause II.A.1.

100 Mbps broadband for \$49.99/mo. More than [REDACTED] customers have availed themselves of the iStart package.

**6. Mass Market Broadband**

*Merger Requirement*

The Merger Order requires Altice USA to offer a standalone broadband product for \$59.99/mo., at 25 Mbps download speeds, at statewide uniform pricing<sup>17</sup>.

*Condition Status*

Since Closing, the Company voluntarily upgraded the standalone mass market broadband product for new customers from 25 Mbps to 200 Mbps for under \$45/mo. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]<sup>18</sup> A customer with an account in good standing may request an upgrade of speed tier at any time.

**7. Lifeline**

*Merger Requirements*

The Merger Order requires the Company to participate in the Lifeline broadband program established by the Federal Communications Commission (“FCC”)<sup>19</sup>.

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<sup>17</sup> Merger Ordering Clause II.A.3.c.

<sup>18</sup> Seasonal customers (those who elect temporary service suspension) will remain on Optimum 20.

<sup>19</sup> Merger Ordering Clause II.B.3.

*Condition Status*

The Company is in compliance with the Condition. Altice USA is prepared to submit its application to the FCC to offer a broadband service as a federal Lifeline Broadband Provider, once finalized. The federal Lifeline Broadband Provider program's status at the FCC remains pending. In February 2017, the FCC put on hold carriers' ability to obtain a designation as a Lifeline Broadband Provider and revoked previous designations. Since that time, in December 2017, the FCC made modest changes mostly affecting Lifeline providers serving Tribal areas and sought comment on various changes to the program, including elimination of the Lifeline Broadband Provider designation and reestablishing the state designation process for Lifeline broadband providers, eliminating support to non-facilities-based providers, and setting a budget for the program. The public comment period closed on March 23, 2018, and the proceeding remains pending. The FCC has not announced a timeframe for adopting an order finalizing changes to the program. The Company is closely following the FCC landscape and stands ready to proceed once the FCC finalizes changes to the program.

**8. 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>20</sup>

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<sup>20</sup> Merger Ordering Clause IV.A.1. "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.

***Condition Status***

The Company remains in compliance with the Condition.<sup>21</sup> There have been no Reductions in Force, and the vast majority of the difference in customer facing roles from the positions reported in the Second Annual filing (5/31/18) and the roles a year later is due to employees voluntarily leaving the Company and/or individual employees choosing to pursue a non-customer facing role within the Company.

The Company added individuals to its customer facing workforce, both through hiring and by offering employees in other departments the ability to serve in customer facing roles. In addition, the Company supplemented its New York in house customer facing population with New York based field service contractors. For more information *see* Confidential Exhibit G. As noted below, the Company has complied with the service quality metrics in the Merger Order since July 2018.

**9. Customer Service and Debt**

***Merger Requirements***

The Merger Order requires that for four years, the Company is to 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 resolve ninety percent (90%) of trouble calls within two (2) days.<sup>22</sup>

***Condition Status***

The Company has been in compliance with the service quality metrics in the Merger Order (Repair and Service Calls/Customer and Trouble Calls resolved in two days), since July

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<sup>21</sup> At Staff's request, we confirm that "customer facing jobs" do not include positions within News 12.



2018. The Company's ability to pair the field service workforce with third party New York based contractors to address repairs, and trouble calls has facilitated its compliant performance.

**10. Walk In Centers**

*Merger Requirements*

The Merger Order provides that through June 21, 2018, the Company was required to maintain at least 14 out of the 18 Walk In Centers ("WICs")<sup>23</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*

Though the Condition has expired, Altice USA remains committed to providing customers with options to handle equipment returns, pay bills, and ask questions about products and services. There are currently 17 Optimum WICS located in New York State, and the Company also has an "Experience Center" in Long Island where customers can experience Optimum products and services. *See* Exhibit H for the locations of all WICs and the Experience Center.

**11. Employment Pilot Program**

*Merger Requirements*

The Merger Order requires that within one year of the close, Altice USA was to establish and launch a workforce development pilot program with the State University of New York ("SUNY") and City University of New York ("CUNY") systems to provide a New York State

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<sup>23</sup> Merger Ordering Clause IV.A.4.

job pipeline to graduates of either two or four-year institutions.

*Condition Status*

Altice USA successfully completed a pilot internship pilot program in 2017. Building on the success of the pilot, as well as the 2018 summer internship program, Altice USA recruited candidates from more than twelve SUNY and CUNY campuses for the summer 2019 paid internship program and extended internship offers to 54 students, including eleven students from SUNY or CUNY schools. Eight of the SUNY/CUNY students accepted the offer and are currently participating in paid internships across a variety of departments: specifically Accounting (1), Information Technology (4), Product (1), News 12 (1), and Tax (1). The eight interns represent both SUNY (Stony Brook, Binghamton, Geneseo and Albany) and CUNY (Journalism, Baruch, and Brooklyn College) schools. One of the CUNY interns is also a military veteran. In addition to hands-on work experience, the interns are engaging with senior leaders at the Company through a speaker series, team building events, and other professional development activities.

More than 30 SUNY/CUNY student candidates were interviewed for 2019 summer intern positions. Student applicants came from the above-mentioned campuses, as well as Old Westbury, Hunter College, Buffalo, Plattsburgh, Queens and Cornell. Altice USA also attended Stony Brook's IT/Computer Science Job & Internship Fair in Fall 2018. Additionally, three SUNY/CUNY students from the 2018 intern class converted directly into freelance roles with News 12 and one of the SUNY interns from 2017 class is still a full-time employee in Altice USA's Customer Experience and Market Engagement group.

**12. Network Resiliency**

***Merger Requirements***

The Merger Order requires the Company to update the Commission annually on its efforts to address severe weather, including outage reporting, pre-storm emergency communications and network planning and coordination with power companies.<sup>24</sup> The Order also requires Altice USA to open its WiFi network to non-subscribers during federal and state-declared emergencies.<sup>25</sup>

***Condition Status***

Altice USA is in compliance with the Condition. The Company's network continues to perform well in response to severe weather with most service interruptions resulting from the loss of commercial power to the customer's home or business. In addition, the Company continues to share outage information with power companies (beyond the requirements of the Order), report outage information to Department staff and communicate with customers. Customers are made aware of service outages on Optimum.net upon login to the website and can sign up to receive service outage notifications by text message and/or email. The Company continues to look for opportunities to improve its processes for responding to severe weather and other emergencies, in consultation with local governments and other stakeholders. Since June 2018, no State of Emergency in New York applied to the Company's service area. Although the last twelve months included relatively few severe weather events, the Company's 2019 Severe Weather Preparedness Plan is attached as Exhibit I.

Below is the Company's general approach to these scenarios.

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<sup>24</sup> Merger Ordering Clause V.A.1.a(ii).

<sup>25</sup> Merger Ordering Clause V.A.2.

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- Communications with Government: Altice USA personnel actively communicates with local government officials during and after severe weather events. Conversations are focused on the status and timing of restorations.
- Non-Customer Access to WiFi and News 12: Consistent with the Governor's declaration of a State of Emergency non-customers are granted access to the Optimum WiFi network
- Customer Communications, Including Backup Battery for Modems: Storm preparedness, and customer support information is made available to customers via e-mail, social media and online at Optimum.net/storm-preparedness.
- Call Center Staffing: Fully staffed teams are available on standby across the Tri-State area to assist customers during severe weather events.
- Outage Information to Utilities: Altice USA shares real time outage data by providing access to its Ubisense network health tool to the major electric utility providers (ConEdison, PSE&G, Orange & Rockland, NYSEG and Central Hudson Gas & Electric) located in the Company's New York State footprint.
- Outage Reporting: Reports are sent to Staff on outages meeting the thresholds established by regulation.

### **13. New Technology**

#### ***Merger Requirements***

The Merger Order required the Company, by June of 2019, to begin to offer in its New York footprint “all-in-one” home center technology.<sup>26</sup>

#### ***Condition Status***

The Company is in compliance with the Condition. More than a year ahead of the June 2019 requirement, the Company launched Altice One throughout its NYS footprint. Altice One delivers Optimum Customers Ultra 4k HD video, broadband, WiFi and voice experience with new and enhanced features in an “all-in-one” device. Altice One integrates access to live TV, video on demand, cloud DVR records, WiFi connectivity, along with access to apps, voice search through a voice-activated remote control in a compact home hub that replaces the

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<sup>26</sup> Merger Ordering Clause V.C.1.

traditional cable box, modem and router. Altice One is available in the Company's entire footprint and has approximately [REDACTED] active subscribers in New York State. Customer satisfaction is high; the Company's recent Net Promoter Score – a common measurement of customer satisfaction – was the highest ever for Altice One. The investment in the platform continues; in April 2019, the Company made available a new operating system for Altice One, with a new “sports hub” with personalized content and a refreshed “Home” section for faster content navigation.

#### **14. Miscellaneous**

##### ***A. Fiber to the Home***

Altice USA is investing in FTTH platform, enabling faster broadband speeds, improved reliability, and reduced energy consumption. Construction is active in several areas of the Company's New York footprint, including Long Island, New York City and parts of the Hudson Valley. The Company has cabled more than [REDACTED] HHs to date. While the Company has secured most of the permits needed for FTTH from municipalities, municipal opposition, permits, and/or fee demands continue to delay construction in some New York communities. In 3Q 2018, the Company launched a single product commercial symmetrical broadband offering in Long Island with the following tiers: 100 Mbps, 200 Mbps, 700 Mbps or 1 Gbps. The Company plans to launch a three product broadband, video, and voice service by the end of 2019.

##### ***B. Responsible Financial Management<sup>27</sup>***

The Company has reduced its debt burden since closing the Cablevision acquisition.

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<sup>27</sup> Merger Ordering Clause III.A.2.

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Specifically, the leverage ratio as of 1Q 2019 was 5.2x EBITDA – down from 7.0x EBITDA at closing.

**CONCLUSION**

The Company continues to focus on its various initiatives - many of which are referenced in the Merger Order - to offer New York residents and businesses innovative, customer-focused products and services over an upgraded network. Altice USA 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.