

## **Aug-04-06 Governor Corzine Signs Cable Franchise Legislation And Executive Order**

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### **GOVERNOR CORZINE SIGNS CABLE FRANCHISE LEGISLATION AND EXECUTIVE ORDER**

**TRENTON** - Governor Jon S. Corzine today signed legislation (A-804/S-192) that authorizes competitive system-wide cable franchises. Additionally, he signed an Executive Order that directs the Public Advocate to monitor and enforce the new law, and the Board of Public Utilities to issue strong regulations.

He issued the following statement:

"The power of competition can improve quality and lower prices. Under the legislation signed today authorizing new cable franchises, New Jersey cable television customers will soon see the benefits of competition.

"Market-based competition has to be balanced with strong consumer protections so that the benefits of competition are not denied to certain groups. That's why I also signed today an Executive Order that will help ensure that no one is left behind.

"Under the Order, Public Advocate Ron Chen will monitor the build-out of these new franchises. He will bring appropriate enforcement actions where necessary to protect the rights of all citizens, and especially residents of apartment buildings and other multi-family units, and ensure they receive appropriate coverage and service.

"The Order also directs the Board of Public Utilities, which regulates the cable television market in New Jersey, to issue regulations that will enhance the state's ability to monitor the build-out of these new franchises. The regulations will

impose thorough reporting requirements and provide clear definitions to some of the language in the bill.

“Taken together, the bill and the Executive Order will help ensure that all of New Jersey’s communities receive the benefits of meaningful cable television competition as quickly as possible.”

The sponsors of the legislation are Assemblymen Wilfredo Caraballo, Joseph Vas, Upendra J. Chivukula, Joseph R. Malone, III, Jeff Van Drew, and Thomas Giblin, and Senators Joseph V. Doria Jr. and Anthony R. Bucco.

The Executive Order is below.

#### EXECUTIVE ORDER NO. 25

WHEREAS, cable television is an important service upon which millions in our State rely for entertainment and information; and

WHEREAS, competition among providers of cable television service has been shown to enhance the quality of, and reduce the price for, such service; and

WHEREAS, today, the prospects for meaningful competition for the delivery of cable television service to consumers have been greatly improved through the emergence of new technologies and the development of a dynamic marketplace for cable television service; and

WHEREAS, New Jersey law governing the regulation of cable television service has not substantially changed since the enactment in 1972 of the New Jersey Cable Television Act, N.J.S.A. 48:5A-1 et seq. (the “Act”); and

WHEREAS, in order for New Jersey residents to enjoy the benefits of enhanced competition in an expeditious manner, substantial changes in the Act are necessary to make New Jersey’s system of cable television regulation more flexible and adaptable to rapidly evolving technologies and market conditions; and

WHEREAS, the Legislature has passed, and I have signed into law, Assembly Committee Substitute for Assembly Bill No. 804 (2006) (“A-804”), legislation

that makes these substantial changes and will accelerate the introduction of meaningful competition into the New Jersey cable television market through the issuance of “system-wide franchises”; and

WHEREAS, this Administration is committed to ensuring that all of New Jersey’s communities receive the benefits of meaningful cable television competition as quickly as possible; and

WHEREAS, Verizon New Jersey Inc., which is the regulated local telephone service provider for millions of New Jersey residents, has committed to seeking a system-wide franchise and to investing more than \$1.5 billion over the next three years to build a fiber-optic system that, within three years, is expected to be capable of providing cable competition to more than 3.5 million New Jersey residents. Further, Verizon also has indicated that, because of the density and other unique aspects of the New Jersey market, Verizon’s long-range goal is to upgrade its network with fiber technology in wire centers throughout the State if consumers respond to its new video and data services as it anticipates; and

WHEREAS, in adopting A-804, the Legislature concluded that relying on a balance of market forces and legislative mandates is the best approach to achieve the goal of ensuring that all of New Jersey’s communities receive the benefits of meaningful cable television competition as quickly as possible, and I concur with that conclusion; and

WHEREAS, the legislative mandates include so-called “build-out” requirements set forth in section 20(a) of A-804 as well as an explicit statutory prohibition against red-lining; and

WHEREAS, section 20(a)(2) of A-804 describes the circumstances under which a system—wide franchisee will not be required to provide service to multiple-dwelling units (“MDUs”); and

WHEREAS, concerned citizens and various organizations have raised concerns that I share about the potential negative impact of those provisions on those who reside in apartment buildings and other MDUs; and

WHEREAS, section 20(b) of A-804 provides an enforcement mechanism to ensure that system-wide franchisees abide by the build-out requirements of section 20(a); and

WHEREAS, the effectiveness of this enforcement mechanism would be enhanced through strong and appropriate regulations and active monitoring by the Public Advocate; and

WHEREAS, the Act grants to the Director of the Office of Cable Television within the Board of Public Utilities ("BPU") the authority, subject to BPU approval, to promulgate regulations to implement the Act; and

WHEREAS, the Public Advocate is responsible for a broad range of consumer-protection and advocacy functions, including but not limited to promoting the public interest with respect to the provision of cable television and related services;

NOW, THEREFORE, I, JON S. CORZINE, Governor of the State of New Jersey, by virtue of the authority vested in me by the Constitution and by the Statutes of this State, do hereby ORDER and DIRECT:

1. In addition to all other regulations necessary or appropriate to implement A-804, the Director shall, with BPU approval, promulgate regulations providing guidance concerning the meaning of the terms that appear in Section 20(a)(2) of A-804, including the following: "claimed exclusive arrangements"; "standard technical solutions"; "commercially reasonable terms and conditions"; "after good faith negotiation"; and "reasonable terms and conditions."
2. The Director shall, with BPU approval, promulgate regulations requiring that, whenever a system-wide franchisee invokes an exception to the provision of service to a multiple- dwelling unit ("MDU") as set forth in section 20(a)(2)(a), (b) or (c) of A-804, the franchisee must promptly provide written notice of such invocation to both the BPU and the Public Advocate. Such written notice shall describe both the fact that an exception is being invoked as well as a thorough description of the reason or reasons supporting such invocation.

3. The Public Advocate shall monitor the activities of system-wide franchisees and bring appropriate enforcement actions, pursuant to section 20(b) of A-804 or otherwise, to protect the rights of residents of MDUs and all citizens and ensure that they receive appropriate coverage and service.

This Order shall take effect immediately.