

**CONSUMER PROTECTION and GOVERNMENT OPERATIONS
of the
SUFFOLK COUNTY LEGISLATURE**

Minutes

A regular meeting of the Consumer Protection and Government Operation Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, Veterans Memorial Highway, Smithtown, New York, on **December 12, 2002**.

MEMBERS PRESENT:

Legislator Cameron Alden - Chairman
Legislator Lynne Nowick - Vice-Chair
Legislator William Lindsay
Legislator Allan Binder

MEMBERS NOT PRESENT:

Legislator Martin Haley - Excused Absense

ALSO PRESENT:

Paul Sabatino - Counsel to the Legislature
Ed Hogan - Aide to Legislator Nowick
Warren Greene - Aide to Legislator Alden
Meghan O'Reilly - Aide to Presiding Officer Tonna
Charles Gardner - Director of Consumer Affairs
Dodie Tscirch - Cablevision
Brad Feldman - Cablevision
Joan Gilroy - Cablevision
Phil Goldstein

MINUTES TAKEN BY:

Donna Catalano - Court Stenographer

(* THE MEETING WAS CALLED TO ORDER AT 11:45 P.M. *)

CHAIRMAN ALDEN:

Good morning, and I'd like to call to order the Consumer Protection Committee Meeting. We're going to start with the Pledge, and we'll have Legislator Allan Binder lead us in the Pledge. Thank you .

SALUTATION

CHAIRMAN ALDEN:

I'm just also going to ask for a moment of silence. I just got off the phone with the Presiding Officer, and his wife's mother just passed away. And I'm going to ask for a moment of silence in respect. Thank you very much. And we have -- Legislator Marty Haley has called my office and indicated that he needs an excused absence. So I'd like to put that on the record. Okay. So I think what we're going to do is I know, that, Charlie, you have to get back to office, right. So I'm going to take you out of order, just bring you up. And if you could give us a quick update on -- I know there is some litigation against an appliance store. And we're also looking at price spikes -- maybe they're not spiking that much -- but in heating oil and gasoline. So if you could just give us a brief update on that.

DIRECTOR GARDNER:

Yes, Mr. Chairman. Actually gasoline has declined a little bit. We're down -- the lowest price is now we're down in the high 40s, which is two, three cents lower than it was. The average is still maintained around where it was a couple of weeks ago. But we actually have \$1.45, a couple \$1.47s and \$1.49s around. The latest home heating oil as you can see just from the other day increased a little bit, but to be expected at this time of year. So the average is now about \$1.33, low is at 98 cents, and high is about \$1.70. So still maintaining that big range.

CHAIRMAN ALDEN:

How about reserves? We're doing all right on those at this point?

DIRECTOR GARDNER:

All the information that we've seen is nothing unexpected, nothing unusual.

CHAIRMAN ALDEN:

Good. And the lawsuit is still proceeding against the appliance --

DIRECTOR GARDNER:

Well, he lost again, so again, we were upheld. In fact, the judge was pretty stern in dismissing his appeal. And as of right now, all of the decisions that have been made by the County and the hearing officers relative to the license stand, all the licenses are still revoked. And we're looking for the jail time to be reimposed. As you remember, they were sentenced, and that was stayed. But I can just say that we won again. If he continues it, you know, that's up to them then.

CHAIRMAN ALDEN:

Out of Consumer Affairs, is there anything else that we should be

aware of?

DIRECTOR GARDNER:

No. If anybody has any questions on any of the pending bills. Other than that, nothing new.

CHAIRMAN ALDEN:

Legislator Lindsay.

LEG. LINDSAY:

Charlie, would you comment on the increased fines, Legislator Alden's 1696, on the item pricing? What is the fine structure now? Carl

DIRECTOR GARDNER:

Well, it's -- it's \$50 for a violation, whether it's a scanning violation or an item pricing violation, with a cap of \$2000 per inspection. The last I spoke with Legislator Alden, he was reworking both the caps and the individual fine limits. But also with an eye towards increasing the fines for the scanning violations, because that -- that -- in the in our minds, the office, is not a deterrent at all. Because understand the difference between the scanning violation means you were -- you were overcharged. An item pricing violation, you might not really be overcharged. It's a violation of law to not have the price on the item, but it doesn't necessarily mean that you are going to be overcharged. If you get a violation for scanning, that means you have overcharged the consumer, and that penalty also is just 50 bucks. You know, we've had overcharges of 20 or \$30 on individual items. So he's also working on that.

CHAIRMAN ALDEN:

Bill, I'm redrafting it, so I'll circulate it to the members of this committee and get their input before we're actually going to vote on it, because I plan on just tabling that today.

LEG. LINDSAY:

Okay. And how about the other bill with the -- Legislator Postal's bill on the food content.

CHAIRMAN ALDEN:

Just to interrupt for one second. Legislator Postal contacted me and asked to have that tabled at this meeting also.

DIRECTOR GARDNER:

The last I heard that was going to be transferred to the Health Department.

LEG. LINDSAY:

Okay. You think that's appropriate?

DIRECTOR GARDNER:

I think that's very appropriate, yes.

LEG. LINDSAY:

All right. That's it.

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CHAIRMAN ALDEN:

Any other questions? Charlie, thanks. We'll let you get back to work.

DIRECTOR GARDNER:

Thank you, sir.

CHAIRMAN ALDEN:

Public portion, we have Phil Goldstein has filled out a card. Phil, we'll bring you up and give you three minutes.

MR. GOLDSTEIN:

I was just somewhat taken back by the three minute. I thought that at least in committees we would be afforded a greater opportunity to express our thoughts as compared to the entire Legislature where I realize the pressure it much greater given the number of speakers, but --

CHAIRMAN ALDEN:

How much time you think you need, Phil?

MR. GOLDSTEIN:

I don't know.

CHAIRMAN ALDEN:

We'll play it by ear then.

MR. GOLDSTEIN:

I don't prepare in advance and, you know, time myself. I'm speaking off the top of my head. I want to commend you and this committee with regard to your looking into the Cablevision situation. Cablevision to my mind is going to be the LILCO of this decade. Those of you can recall that when the Public Service Commission allowed the Long Island Lighting Company the opportunity to violate the established law, which said that you could not charge for a facility until it was brought on line, and they allowed LILCO to begin to build in the cost of the interest that they were paying on the excessive amounts of money, the extraordinarily amounts of money, which they were constantly borrowing because the cost of building that plant had become a kind of black whole. Well, we're in an analogous situation right now.

The Dolan Family is looking to build an empire. And sadly the federal

government by virtue of its deregulation has enabled them to expand in many different directions at the expense of the consumer. They brought up the WIZ, which has been a black hole into which they have been pouring money, there are other ventures of questionable profitability and so on, their pursuit of an empire in the sports realm. They are in serious trouble. And we once again are being called upon to bail them out. And I think that this is outrageous. And sadly, the jurisdiction is one at the national level with the Federal Communications Commission who like the Public Service Commission has failed to serve the public. I used to use the expression that the Public Service Commission services the public the way a bull services a cow. And unfortunately, that has become the case with the FCC. They have given away billions of dollars worth of public property, public resources. And while the TV cable industry an

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so on whacks its fat as a result of this, as I say, we the consumers are forced to support this.

And when we look at what is going on fiscally within the private arena in terms of the way corporations lie with the figures that they put forth so that they delude the consumers, the investors, they delude the government agencies and so on. We saw the recent thing going back to like LILCO-LIPA, where LIPA is now concerned about the veracity of KeySpan in terms of the information that it is providing. And who knows what chicanery may underlie the Cablevision situation, because there isn't adequate investigation, I believe, in maintaining oversight. We deregulated them to the point that we know longer know really what's going on. And I think it is a tremendous injustice for the public to be used and abused in this manner the way Cablevision manipulates the situation and constantly keeps applying increases. And especially with this most recent, where they give you an average, oh, it's only an average of -- what is it, five, six, two or something like that.

But the fact of the matter is in reading in the news reports, you discover that the plan, the Family Plan, which is the main plan that is purchased by most the consumers who can afford it, that is going to be like a double increase, somewheres in the realm of ten or \$11. So that we are terribly abused and we have no recourse. And so therefore, you as our representatives who are picking up on this even though it's not your table -- once again referring to the joke that I've often used where when I come before this body sometimes and raise issues, and I'm told well, it's outside your jurisdiction. But you are our representatives regardless of the level of jurisdiction, we need spokespersons, we need leaders who are going to step up and who are going to raise this issue and bring is the attention of the media and bring it to the attention of the appropriate authorities and say, hey, we represent the constituency and you guys are not responding to

the complaints of your constituents, and we feel a sense of obligation to speak in their behalf.

And so therefore, I commend you in that respect, you I urge you to move forward on that. I hope that the Legislature will support that piece of legislation which you are introducing and that you will then use your good offices, especially in light of the current situation in Washington. We are in a somewhat embarrassing situation here in Suffolk County, because our Congressional representation is Democratic, and the Democrats are in the minority. And therefore, the leadership in Congress is less likely to be open to hearing the complaints as brought forward by the New York State Congressional Delegation, both Senators and the Congressional members being members of the minority party, whereas, nominally this Legislative body represents the majority party in Congress. And so therefore, I hope that there will be a bipartisan support in behalf of all of your constituents, because this is not a political issue of Republican versus Democrat, but that is a matter where we need to be concerned about protecting the interest of the public at large from this abuse.

The pendulum the has swung too far in the deregulation direction, as we see evidence by all of the scandalous events that are taking place at various levels of the governments. And so therefore, it's time

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that the pendulum begin to move back in the direction of regulation. And perhaps this Legislative body can give impetus to the reimposition of regulation by the FCC on the conducted of cable companies. So I thank you on behalf of the People of Suffolk County.

CHAIRMAN ALDEN:

Thanks a lot, Phil. Basically a lot of comments that Phil just made were some of the opening remarks that I was going to make as far as why where we're here today, and why we invited Cablevision to come in. And I'm very glad. I have to say at the outset that I'm very glad that Cablevision responded positively to our invitation to come here. Realizing, as Phil has pointed out, that it is a federal matter, we do stand in place of the People of Suffolk County. They've called our offices, they've indicated that they're displeased with the fact that another rate increase is being put upon them with no government type of oversight. And that's -- a lot of the questions flow from that that we'll be asking. And with that said, I'd like to ask Cablevision if they'd like to come up, because it was indicated to me that Dodie Tschirch, who's the Vice-president of Government and Public Affairs, and Joan Gilroy, who's Director of Franchise management were going to be here.

Once again, I want to thank all of you for coming up. And if an individual is going to respond to a question, just for our

stenographer's sake, if you could just identify yourself first and then go on to respond. But I have a number of comments and just a couple of questions that I'd like to throw out to , you know, sort of get the dialog going. And that's really what this is, I see this is as a very positive step that Cablevision's taken to establish a dialog with us. And it might not be a real, real short period, it might take place over the next couple of weeks or even a month or something like that. But some of the questions I'm going to ask you I didn't give advanced warning of them or anything like that. So if there's something that you need to get, whether it's statistics or numbers or anything like that, just, you know, please just tell us that you don't have it. And if you would respond and actually get it to us and we could follow-up questions, that would be greatly appreciated also.

I'm just going to go into some of the things that people have contacted my district office about, then whether you want to respond, you know, like, after we're all done asking the questions or whether you want to actually interrupt me and just respond to them question by question. But the first thing is that people are asking who do you have to answer to? And do you have to -- or ask a government entity whether it's proper or not for you to get a first rate increase.

MS. TSCHIRCH:

Mr. Chairman, first let me say my name is Dodie Tschirch, and I'm the Vice-president of Government and Public Affairs for Cablevision on Long Island. If you don't mind I thought it might be helpful, we prepared some remarks for today, very brief. I know that there will be a Q&A period. The remarks that I have, which as I said are very brief, I tried to incorporate, anticipate what some of the questions are and incorporate some answers to those questions.

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CHAIRMAN ALDEN:

Go ahead.

MS. TSCHIRCH:

So if we could do. And to let you know I brought with me today Joan Gilroy, who is the Director of Franchise Management. She has just a very short presentation. Brad Feldman, who is a project manager and will provide some more detail for us. And Mary Tussiny who is the VP of Intergraded Strategies. So with the combined group here, we're hopeful that we will be able to answer at least the majority of the questions for today.

As I said, thanks so much for inviting us. A number of the people sitting here at this table are Suffolk County residents, and we're very proud to be here representing Cablevision today. I'm not going to spend a lot of time recounting how we're involved in the community, although, you know, everything from News12 with coverage of local

weather and events to support for non profits and millions of dollars we pay in real estate taxes. We do feel that we're really part of the community. What we're here for today is at your invitation to discuss the rates for 2003.

And with that, let me again say I'm going to try and anticipate some of these questions. One of the -- one of the questions that we very often get is why is Cablevision's price increase higher than the rate of inflation. The answer that to really is very simple, and that is the rate of inflation really has nothing to do with cable prices anymore than the cost the gasoline for your car or oranges in your supermarket. When the cost of a barrel of oil goes up, distributors in this company raise the price in gas. And when there's a freeze in Florida, the orange growers raise the price of oranges.

Cablevision must also pass along costs our programmers charge us. And this year, the programming costs are over 10%. And over the last three years, those increases have been over 30%. So despite our best efforts to negotiate the best deal possible for our customers, Cablevision has little control over escalating programming fees. Another question, do customers have a choice of video providers? Today you need only to look around to see that in the last few years satellite dishes have sprung up all over Long Island. In fact, these dishes now represent 17% of the market nationally. And additionally, a close look at any Cablevision franchise agreement on Long Island will show that none of these agreements give Cablevision exclusivity. And what I mean by that is that any competitor who wants to invest in building and maintaining the infrastructure to support their cable operation can enter the market today or any day. We're here because we've already made and continue to make that investment.

Is Cablevision a utility? We're not a utility, Cablevision is not a utility. No one relies on Cablevision for heat for the house or power for lights or gas for cooking. As much as we and our customers believe in the importance of cable television in their lives, we know that people live comfortable and rewarding lives without ever subscribing to our service. We're realists and we know that Cablevision provides an entertainment service, no more and no less. And, yes, we provide news and entertainment at a very modest price.

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We have tried to illustrate that today. Actually we need to just have the chart brought up. But we've tried to illustrate that somewhat today by the chart that we've brought which gives a comparison of our basic cable rate -- actually it's our average basic cable rate against some other forms of entertainment. Basic service, which by the way, now will include News12, and that's in response to a discussion that we've had with you and other electives over the last few years. News12 will be moving down, and so it will enhance the basic service.

That basic service costs an average of \$10.87 cents a month in Suffolk County, which is considerably less than the \$20 a month for a subscription to Newsday. Everyone in Suffolk County can make his or her own choice. If they choose Cablevision, there's an entry level service package that's more affordable, and now that service package includes News12.

What does a typical Cablevision customer buy? Just as the definition of family has changed today, the definition of our typical customer has changed also. The family package of services truly no longer reflects what your typical customer buys. The majority of our customers recognize the value of the additional services and choose these services over more costly entertainment or to supplement other entertainment experiences. Today our customers choose from several different digital packages, a variety of subscription of video on demand services, several subscription sports packages, a total of more than 34 packages, 34 package options. And in addition to that, they can choose pay per view or they can choose video on demand. So there's no longer a typical cable customer anymore than there's a typical customer at the supermarket.

Question; why have you raised some of your prices over the past several years? The answer is simple also. We continue to invest heavily in both customer support and network upgrades, we offer four hour appointment windows, credits for missed appointments, we strive to answer our phones in 30 seconds. We've added new networks to most customers line ups. And in trying to be responsive to our customer's desires, we've incurred cost that are then reflected in the prices that we charge. Our infrastructure improvements add to our cost as we work to improve reliability, meet customer demand and deliver competitive services. This has all taken time, but -- and I know that we've talked about this again a couple of years ago, but we expect that this is going to be completed by next year. Today our digital service IO, Interactive Optimum, passes more than 3.3 million homes, and nearly 3.5 million are able to receive the Optimum-Online High Speed Internet Service.

Let me affirm that we're committed to the communities we serve here on Long Island. Our employees live here, our customers are your neighbors and our friends. Cablevision pays over 13 million to more than 30 municipalities in Suffolk County. And lastly, we're enormously proud of what we do in the community and for your customer. And with that, I'll just turn it over to Brad for some additional information.

MR. FELDMAN:

Thank you, Dodie. I, too, will keep my comments brief.

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CHAIRMAN ALDEN:

You have to grab the microphone and pull it a little closer so we can get a recording of it. Thanks.

COMMISSIONER BRADLEY:

Good morning, Mr. Chairman and members of the committee. As Dodie said, my name is Bradley Feldman. And as a life long resident of Suffolk County, I'm proud to say that I'm a product manager at Cablevision. Cablevision is committed to providing all of our customers with the best value through the delivery of highest quality service and widest variety of programming options. That is why when one looks objectively at our package options, they will discover that Cablevision provides the best value to suit all budgets in home entertainment desires. And we believe that Cablevision's current price value relationship is better than every. In Suffolk County, the average price of broadcast basic will decrease by 2% or 21 cents in 2003 and will remain substantially less than what the FCC permits.

To reiterate Dodie's earlier comments, the new average broadcast basic price of 36 cents per day, or \$10.87 per month is 45% less than the cost of a monthly subscription to Newsday. Prices of digital packages will not be increasing in 2003. Through November, the digital penetration to analog subscribers in Suffolk County was 14%. Of the digital subscriber base, 79% subscribe to either IO Silver or IO Gold, packages that we believe are positioned very favorably to the comparable -- to the comparable packages of our competitors. The premiere programming on additional outlet fee or whole house fee, as it is sometimes called, a flat monthly fee that a customer pays for receiving premium programming on more than one television set will be reduced anywhere from a dollar to \$3 in every Suffolk County system in January.

Obviously some package prices will be increasing -- increasing for reasons that Dodie has discussed. However, all Suffolk County Cablevision customers will be receiving added value at the same time through additional programming as our customers have been individually notified of through an improved customer experience as a result of our efforts to simplify and standardize our pricing and packaging. And through the opportunity to choose from a wide variety of programming made possible by your continued investment into our network.

MS. TSCHIRCH:

Thank you. With that, Joan would just like to add a couple more things.

MS. GILROY:

Good morning, Chairman and members. Thank you for having us back and giving me the opportunity, I think this is the third or fourth time I've been back, to give you an update on the face of Cablevision in Suffolk County; who are we and what do we do in this County. Cablevision headquartered on Long Island may be the number one

entertainment and information company in the number one media market in the nation. But we are also your neighbors, relative and friends. 4700 employees. 4700 employees are the face of Cablevision in Nassau and Suffolk Counties, 600 of us work from eight locations in Suffolk from Huntington in the West to Amagansett in the East and from Port

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Jefferson Station in the north and Lindenhurst in the South. And a large majority of call -- call Suffolk County home. Cablevision pays her Suffolk resident's annual salaries in the tens of millions of dollars. This translates into a very significant number when we talk about the generation of potential secondary spending in our local neighborhood stores. Cablevision spends millions doing business with local vendors, and we paid over \$600,000 in real estate taxes last year. Cablevision's face in Suffolk County, the team serving approximately 443,000 customers daily are the techs climbing the poles to restore service following an ice storm to homebound senior citizens, they are our customer service coordinators answering a question from proud parents on how to install Optimum Online so they can e-mail photos of their newborn to the world, they are dispatchers who send our trained professional team out to install cable service to an emergency operation center following the 9/11 attacks on New York City, they are the customer contact personnel, who are right now explaining where a customer can find her his or her favorite channel following the channel realignments. That's our 24 by 7 commitment to costumers, and to you. That's who we are.

Our convenient appointment windows are guaranteed, and if we fail to show up, the customer is credited \$20. Installations are booked on an average within four days. We provide same day, next day service calls when a customer experiences no picture, and we deploy local technicians around the clock for emergencies, 24 by 7. A lot of customer service representatives respond to more than 2 million calls within a year within 30 seconds or less on average. With the completion of the rebuild of our cable plant on Shelter Island in the Year 003, we will have investigated, cable will have invested, \$250 million to bring the best and the most advanced in telecommunication services including cable modems and the digital world to Suffolk homes.

I am very proud of our record as a good neighbor in our County. It has been far reaching. Our award winning power to learn educational initiative including free monthly online internet access and free video programming is available to 250,000 students in Suffolk County. Long Island Challenge just launched its sixth season and 16 Suffolk County high school teams competed on this academic quiz show for a top price of \$10,000. Our community involvement is stellar. During the last five years, we connected with more than 400 Suffolk County not-for-profit organizations. Under our PSA day banner we create

original public service announcement for nearly 50 grass roots not-for-profit organizations annually. That translates into 14,400 30 second spots on popular cable channels are donated free to these organizations by the year end, that's 14,400 spots that we give away to local organizations. And that concluded from the Riverhead Blues to the Montauk Jazz Festivals this year, from Mather Hospital to the Hispanic Counseling Center, from the Girl Scouts of Suffolk County to Foster Grandparents, all these organizations where spotlighted on Cablevision.

2002 saw the debut of our senior movie club, nearly 450 Southampton and Brookhaven senior citizens were treated to Harry Potter and the Ya-Ya-Sisterhood, in addition to refreshments and raffle prizes. This year more than 50 Suffolk County organizations enjoy the excitement of

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the New York Mets the New York Liberty and the St. John's Red Storm as well as the holiday fantasies of the Radio City Music Hall Christmas Spectacular and the heart warming tradition of the Christmas Carol at Madison Square Garden. We have educated, we have entertained, and we have beautified. Cablevision's community gardens have taken root in Lindenhurst, Islandia, North Babylon, Lake Grove, Yaphank and Babylon. It's actually my understanding at the Tuesday General session you will be accepting from Cablevision the gardens that were planted in Yaphank.

And what you might ask is the value of your generosity. Cablevision has given back to our Suffolk neighbors in excess of \$2.5 five million in donations, in inkind services and produce. Cablevision has a distinct face in Suffolk County, be it through jobs, payroll spending, taxes, customer and technical services, educational and community outreach. We are proud to be a part, a vital part, of our very special county, helping to make it a better place to live, to work and to raise our children. Thank you.

MS. TSCHIRCH:

Mr. Chairman, that concludes your prepared remarks, an we're here to answer any questions you may have. Thank you.

CHAIRMAN ALDEN:

I'll just start by saying, Joan, thank you very much. And we appreciate all the things that you do do, and we appreciate your employees, because I think you do have a bunch of really great employees, and we like your presence in Suffolk County. Now, I have a couple questions, and then I'll open it up to anybody else that has a few. Up until 1996, and that's the Telecommunications Act of 1996, you were regulated by the federal government.

MS. TSCHIRCH:

Yes, and we still are regulated. There's still -- the basic tier and your equipment is still regulated by the government.

CHAIRMAN ALDEN:

Okay. Prior to '96, if you needed to raise prices, you had to submit -- and it was quite detailed, right -- an application to the federal government to warrant -- to show that it warrants increases in -- whether it would be basic service or any of your type of programming; is that not correct?

MS. TSCHIRCH:

Yes. And we still do with the basic service. There is a formula that you follow and a filing that's due.

CHAIRMAN ALDEN:

I just read it the other day. I'm an attorney and I have a headache from reading it, but -- and it was quite long. But on this particular rate increase that you are proposing right now, did you have to make a filing with the federal government?

MS. TSCHIRCH:

We did for the basic -- for the broadcast basic service.

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CHAIRMAN ALDEN:

And that decreased, right?

MS. TSCHIRCH:

And actually, that did decrease.

CHAIRMAN ALDEN:

Okay. But for the 5.26 increase, did you have ask -- or did you have to justify that with the federal government?

MS. TSCHIRCH:

Let me clarify that the broadcast basic and equipment is still a regulated service, tiers above that are not regulated. So when we look at the average, the 5.26 average, that includes the average -- that is keyed off the average customer's bill. So part of that is regulated and part of it is not.

CHAIRMAN ALDEN:

Because -- and part of it, I had probably a hundred phone calls and e-mails and faxes that stated that it looked like almost a 10% increase when they started looking at the explanation that you sent them in their bill, so.

MS. TSCHIRCH:

That is what was -- what I was really trying to explain in my remarks,

that our customer -- there isn't -- there is no longer a typical customer package. Customers buy and then add, delete, change, take something else, they're constantly rearranging. They have many many more choices than they used to. So it's -- it's -- it's really impossible for us to look at a percentage for just a particular package of service, because that package of service may only be purchased by a minimum number of customers. That's why this year we moved to the average customer and looked and said that the rate increase is -- what is it -- two point -- I'm sorry 5.26 of that average rate.

CHAIRMAN ALDEN:

A few minutes ago you also mentioned in your presentation that you have franchise agreements with local municipalities and governments. You pay \$13 million for those. What does that cover? That allows you to do what?

MS. TSCHIRCH:

What we have we absolutely have to have a franchise in each one the municipalities where we provide service. And on Long Island there are 111. The 13 million that we've referred to is what we -- what goes back to those local municipalities through the franchise fee.

CHAIRMAN ALDEN:

I'm sorry, I'll be a little bit more specific, though. Franchise in my mind and in a lot of the minds of public who have been contacting my office, franchise equals monopoly to them. So an exclusive type of franchise, that's the essence that I'm getting from the questions that are coming in. So you pay municipalities \$13 million to do what?

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MS. TSCHIRCH:

They have -- actually is municipality at the time that we negotiate either the initial franchise or the renewal of a franchise has the option to collect or take back a franchise fee. Some municipalities take zero. Others -- but there is a federal cap, they can take as much as 5% back.

CHAIRMAN ALDEN:

So what are you allowed to do?

MS. TSCHIRCH:

I'm sorry?

CHAIRMAN ALDEN:

What are you allowed to do? When -- you're granted a franchise to do what; put up poles, put up wires, what are you allowed --

MS. TSCHIRCH:

Well, there's a grant that's part of the franchise, obviously. And we're authorized -- we're authorized to -- to build a spent infrastructure in the public rights of way.

CHAIRMAN ALDEN:

Then you also went -- you mentioned that there was, you know, other competition. You do hard wire, right?

MS. TSCHIRCH:

Yes.

CHAIRMAN ALDEN:

Okay. Is there any competition as far as doing hard wire?

MS. TSCHIRCH:

There are in other parts of the country. I'm not sure --

CHAIRMAN ALDEN:

No. No. I'm talking about, you know, like your operation really.

MS. TSCHIRCH:

Right. We -- we -- on Long Island there is not a -- there's not another franchised cable operator in a municipality where we provide service. However, remember that the competition -- we have competition in many forms. And right now, the -- the largest part of our competition, the most aggressive competition comes from satellite. It's -- again, it's a delivery -- it's a delivery of another service, entertainment service. We provide franchise fees -- because we are a franchised cable operators, we provide a franchise fee if the municipality desires back to that municipality, satellite providers do not.

CHAIRMAN ALDEN:

It was reported on CNN and I guess on CNBC and some of the other news stations that Cablevision was attempting to purchase or start a satellite company, is that correct information?

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MS. TSCHIRCH:

That's a -- that's a separate -- yes. Yes. That's absolutely true.

CHAIRMAN ALDEN:

You mentioned also before as far as programs, and you said that's pretty much the reason why your rates have to go up, because of the programming that buy. Cablevision also produce programming; is that not correct?

MS. TSCHIRCH:

That is -- that is true. Cablevision -- there is an arm of

Cablevision that is a programmer, and -- and in addition to that, obviously, we purchase programming from other programmers. It's safe to say that of the channels that we carry on our -- on our system, 90% of those are -- is product from other programmers.

CHAIRMAN ALDEN:

Okay. Just -- and I'm not making these things up. But -- you know, it's not me asking the question, it's through me some constituents are asking the question. They feel that with channel switches that you've done and with the price increases and things like that, that you're participating in a shell game, and basically you move programming around and that justifies you said that well, now we have to charge you more for this type of services or that type of service. And I'm not asking you to respond today, and I know that the dialog -- and I hope the dialog continues for a while, but that was one concern.

Another major concern that seems to be coming out of some of the things that, you know, my office has been contacted with, even Long Island Business News, they reported not that long ago that Cablevision expects their operating cash to increase by 21% next year, they expect their profitability to be up by 15 or 18% next year. People are worried that, you know, with all this cash coming into Cablevision that what you're doing with the cash is you're going out and using part of it to purchase things like the Knicks, the Rangers, Madison Square Garden, the Rockets, so that's Radio City Music Hall, that you bid on the Yankees, you propose to either start or buy a satellite company.

So you're using all of this money that they're pouring into your company -- or not powering in, they're being charged for services and you provide a service, that you're taking that, making these marquis type of purchases, and some of the them don't turn out right, like, for instance the WIZ -- and Cablevision, I think, acknowledged or the parent company has acknowledged Cablevision is very, very -- it's bleeding money through the WIZ, that these monies going from constituents for services and being used to purchase things that could result in losses, and now this raise indicates the financial distress that the company's. Because it's well known in the industry now, and I mean, you guys are making it public too. You do the interviews on CNBC and CNN and Financial Journal, Wall Street Journal, that you're bleeding tons of money through the Knicks, through this, through that, the other thing. A lot of constituents feel that their money is going to subsidize that. And even some corporate largess, and I'll try to be nice about it, you know, some of the scandals that see where people bought works of art for their own corporation. Well, some people are

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looking at the stories that are even coming out of your company, like, for instance, five or six boats were sold recently and that the

company still owns other boats. The company -- one gentlemen called me up said that, Cameron, ask them about all the airplanes that they own that cost, you know, tens of thousands of dollars a week just to either maintain or to fuel. So they feel that maybe there's a lot corporate largess that might be going on, or even, you know, some types of thing that might be not, you know, permissible. Again, you don't have to respond. I'm throwing that out there --

MS. TSCHIRCH:

Actually, I'd like to respond, but I'm trying to remember all the points that were made.

CHAIRMAN ALDEN:

Well, it goes back even to, you know, some people contacted me, they were at your shareholders meeting recently, and they said that they were very disappointed with the Chairman and some of the other representatives from the corporation when they were explaining, like, what was going on with the company, why the stock fell from almost \$100 a share down into, you know, the low digits. And they felt that, you know, possibly, you know, people were running the corporation like the had when it wasn't owned by the public, and now it is owned by the public. So there's a perception out there that, you know, you're not doing the right thing, that maybe you've made some mistakes, that it cost the corporation huge amounts of money, and that now the people that subscribe to Cablevision are being asked to subsidize that.

MS. TSCHIRCH:

Let me just try to clarify a couple of -- a couple of points that you made, and I'm sorry, I may miss some of the points here. But Cablevision is a very very diverse company. And we're very proud of that. We have a lot of -- a lot of entities. But it's important to remember that they are different units within Cablevision Systems Corp, and the cable television unit, the cable television operation, is separate from other operations. And it has separate management, and it has a separate budget. So it functions separately.

Secondly, I just wanted to go back to the rate and how we come to our rates and why we charge the rates we do. We talked earlier about the fact that broadcast basic is still a regulated rate, our equipment rates are still regulated rates. It's important, I think, for you to note that even though broadcast basic is a regulated rate, and you yourself said, you know, it's a very long form that has to be filled out, at the end of the day you're allowed to charge for that tier of service, what's called a maximum allowable rate. In other words, you don't have to charge up to that point, you can charge something less than. In Suffolk County, and it varies by area, but in Suffolk County, we charge less than the maximum allowable rate that we could charge. That goes back again to the point of competition, making our service attractive to those folks who only want that entry level of service, making that product as strong and as diverse as we can for

what we consider to be a very very reasonable price when we put it up against some other forms of entertainment.

The upper tiers also -- you know, we have -- we have -- we absolutely

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have competition from satellite. They have taken a share of our market. As a said, on a national level, 17% of the market has now shifted other to satellite. We, therefore, have to sharpen our pencils and make our product even stronger, but it has to be -- it has to stay competitive.

CHAIRMAN ALDEN:

Can I interrupt you for one second? This question came from a 12 year old boy in my church. And he said that because you don't broadcast the Yankees, is that the reason why you're losing all that business to satellite companies and then charging us more money for it?

MS. TSCHIRCH:

The -- the satellite industry is across the United States. And the 17% is a national number. It's not a local number, it's a national number. So I think there's a little confusion --

CHAIRMAN ALDEN:

How much have you lost to the networks because the satellite -- because of the YES controversy or not carrying the Yankees?

MS. TSCHIRCH:

I would -- we've said publically that we have experienced a small customer loss, it's about 1% of our customer base.

CHAIRMAN ALDEN:

Then I just have one more question. You are a for profit corporation. And you call -- cable is a division, is that how you --

MS. TSCHIRCH:

We operate as a separate unit. That was the point I was trying to make if I didn't make it correctly.

CHAIRMAN ALDEN:

Okay. Each division or whatever, you know, separate entity thinks like that, they all fit into it strategy and a plan, a corporate strategy, a corporate plan, to basically to deliver profits to the owners of the company, which in this case, you are publically owned corporation. What are Cablevision's profits?

MS. TSCHIRCH:

I'm sorry, what are Cablevision --

CHAIRMAN ALDEN:

Profits. Because, I mean, I was looking at the Long Island -- like I said before, the Long Island Business News, they -- they actually put out a quite in depth an article on it, and I've seen some reports and interviews on CNBC about the profitability of just the Cablevision, you know, the cable part of your corporation. And it seems to be very profitable.

MS. TSCHIRCH:

You know, I honestly can't answer that. I didn't come prepared to answer that, but we can certainly send you a copy of our annual report.

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CHAIRMAN ALDEN:

That's what I stated, you know, in the beginning, that there's probably going to be some numbers and things like that that, you know, we don't have answers for. But those -- those are pretty much what I had as an opening type of dialog. I'll open it up to any other Legislators. Legislator Nowick.

LEG. NOWICK:

I was just curious, you talk basic cable and family cable, what does the basic cable cost?

MS. TSCHIRCH:

The basic cable is -- and again, to say it cost -- there's a range, because in different areas it's different -- it's different prices, but in Suffolk County, the average cost of basic cable is \$10.87 a month.

LEG. NOWICK:

And then you add on to that, of course, taxes and --

MS. TSCHIRCH:

And there are fees, regulatory fees and taxes --

LEG. NOWICK:

So when the bill goes out, it comes out to be how much after the \$10?

MS. TSCHIRCH:

It would depend on whether the municipality takes zero, one, two --

LEG. NOWICK:

In Suffolk County, right here in Suffolk County.

MS. TSCHIRCH:

They all -- they all -- not everyone has the franchise fees. So it's going to vary somewhat.

LEG. NOWICK:

Okay. But when you say the municipalities, are you talking about Suffolk County?

MS. TSCHIRCH:

All right. Joan is saying perhaps another 60 cents, maybe another 60 cents.

LEG. NOWICK:

Each town is different.

MS. GILROY:

Yes. For instance, Riverhead does not collect a franchise fee. Maximum allowable is 5%, Smithtown say collects 5%.

LEG. NOWICK:

Five percent for Smithtown, plus taxes.

MS. GILROY:

So if your bill is -- I believe that rate in Smithtown is \$10.50, is

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the actual rate of basic.

LEG. NOWICK:

Okay.

MS. GILROY:

So it would be \$10.50. You would add on 5% for the franchise fee that would be returned to the town. There is an FCC fee and a state dues say fee that has to be paid, but they're pennies.

LEG. NOWICK:

Okay. So what is that, about \$22, something like that when you're done?

MS. GILROY:

No, no. It's \$10.50 -- \$10.50, then you add on 5% of that, which is 50 -- whatever, 55 cents.

LEG. NOWICK:

Sales taxes.

MS. GILROY:

There's no sales tax on it. You just pay fees, right? There's no tax on that.

LEG. NOWICK:

There's no tax on cable or anything like that?

MS. GILROY:

Correct. You don't pay tax on that. You're paying the franchise fee. There's a line that reads on the bill, franchise, state, local. You send -- four cents goes to the federal, and then a percentage of .1% is due. So it only comes to change. So maybe 60 cents.

MS. TSCHIRCH:

We might be up to a little over \$11.

LEG. NOWICK:

That's the bill you send out for 11 something, that's basic cable. What do you get for basic cable?

MS. TSCHIRCH:

You get 22 channels.

LEG. NOWICK:

Including 12 now.

MS. TSCHIRCH:

Including 12 now. And within that's, it's -- it's --

LEG. NOWICK:

Could you tell me what the channels are that you get; you get the Weather, you get --

MS. GILROY:

Public Access -- its going -- it's all your broadcast channels. So

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it's going to be, you know, your 2, 4, 5, WNYW, 6, which will be WXTV out of Patterson, ABC, Home Shopping, WOR out of Setaucus, LNY, 55, PIX, News12, channel 13.

LEG. NOWICK:

Do you get Fox 5? But you get 2 and 4, NBC, ABC, but those you would get without cable, right.

MS. GILROY:

Then you get you public -- public channel, which is WNET, which is Channel 13; QVC, which is another shopping channel, I guess. Then it's the local programming and public access.

LEG. NOWICK:

Okay. But without cable you get the two -- you get the ABC, NBC anyway?

MS. TSCHIRCH:

Well, some do and some don't, I guess.

LEG. NOWICK:

Then the next package goes -- I'm just trying to determine why the bills are so high? I'm trying to see -- is it a family package that you add on then?

MS. TSCHIRCH:

The next package is the family package.

LEG. NOWICK:

And that cost an additional --

MS. TSCHIRCH:

Depends on where you are.

LEG. NOWICK:

Smithtown, let's say Smithtown.

CHAIRMAN ALDEN:

Legislator Lindsay -- I mean, Legislator Nowick.

MS. TSCHIRCH:

I don't have the rate for Smithtown.

CHAIRMAN ALDEN:

Can I just -- what I'd like to do is can you give us all the rates? Because I know that you testified that almost everything is a, like --

MS. TSCHIRCH:

If I -- if I gave you all the rates, we'd be here for two hours.

CHAIRMAN ALDEN:

Right. So if you could just send us over you package type things. I'm sure you have literature on it.

MS. TSCHIRCH:

What I'm trying to say is that there are numerous rates for all the

different systems.

CHAIRMAN ALDEN:

It's all customer, you were saying before. So I'm sure you have -- you know, if somebody calls up, you have a little package that you send out to them, and say, here's what you can choose from and this is what it would be.

MS. TSCHIRCH:

We absolutely do. We communicate directly -- I should add that we communicate directly with each and every one of our customers so that they have the particular information that's important to them.

CHAIRMAN ALDEN:

Could you send that to us? Would that be possible? You know, the type of printed material that you have.

MS. TSCHIRCH:

We have a -- I guess --

CHAIRMAN ALDEN:

Legislator Nowick is interested in Smithtown, so.

LEG. NOWICK:

What I just -- I'm trying to determine if you can give me an average family package rate in Suffolk County, or is that something you can't? Does it have such a wide range that you can't do that?

MS. TSCHIRCH:

It has a wide range, and it becomes very confusing. Let me -- maybe it would help if I said that when we came to this 5.26% as an increase, and that is of the -- what the average customer buys, our average customer spends \$51.26 a month for cable. Now, that can be -- obviously, it's more than broadcast basic, and it's more than family, because they add on difference services. But that's \$51.26, and then the 5.26 average increase is about -- to the 51.26 amounts to \$2.69, does that help? That is the -- that is the average increase.

LEG. NOWICK:

I can't help thinking, now, wonder why everybody is so confused when they call Cable and ask for something. I don't mean any disrespect, but I finds it very confusing with all these -- all I want to know is how much is it going to be, what's the average? So you're saying the average now is about 51, 57, that's the family channels.

MS. TSCHIRCH:

Yes. But I -- and I know it's confusing here because we're looking at it broadly, but as a customer, if you are a customer, if you were to call Cablevision, they would -- the customer service representative would pull up your account and talk to you about what the increase means to you individually, or the correspondence that you get in the mail from us would talk to you as an individual and what is increased, what is decreased, what stay the same, etcetera. So it is very difficult to talk about it broadly, because there are so many variations.

CHAIRMAN ALDEN:
Legislator Lindsay.

LEG. LINDSAY:
I just -- there's no way of you folks making up a chart to show us what rates are going up and what are going down in each town?

MS. TSCHIRCH:
What I can do and what I'd be very happy --

LEG. LINDSAY:
Without going into 100 pages.

MS. TSCHIRCH:
What I would be very happy to do, we notify each one of our municipalities when we have changes in rates. I'd be happy to send you a copy of the notification that we have provided to each of our municipalities in Suffolk County. I think that's the easiest way to do it.

LEG. LINDSAY:
And what would that be, ten pages?

MS. TSCHIRCH:
I don't know that I could condense it to ten pages, but it would give you the particular information that you are looking for.

LEG. LINDSAY:
The franchise is by town, right?

MS. TSCHIRCH:
Yeah.

LEG. LINDSAY:
There's ten towns in Suffolk County.

MR. TSCHIRCH:
But Incorporated Villages also, so we're dealing with 30 -- how many?

MS. GILROY:
Thirty-nine franchise.

MS. TSCHIRCH:
So 39 franchises in Suffolk County.

LEG. LINDSAY:
So really to cut to the chase, you say that basic is going down. Well, something must be going up, because there's -- you know, it was reported in Newsday that your increase is, I don't know whether it was doubled the national average, is that -- I mean, we don't have any way

of tracking nationally what the cable rates are, but it was reported in a news story that your increase that you are requesting is dramatically higher than in other parts of the country. And I think that's the issue. There's two issue with this legislation in my mind. Why -- why does it cost more for cable here then in other parts the country? And whether we have jurisdiction to do anything with this

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whole thing. That's the two points that I think it boils down to with this legislation.

MS. TSCHIRCH:

I think that probably all across the country it's the same issue. What's reported out in the paper may be an increase for a particular tier rather than an overall average. I can't tell you what other cable operators are charging. It's literally impossible to make that comparison and make it an apples to apples comparison, because they are all separate businesses. Because we -- we purchased the programming that goes on our service, you would have to look at the tier, not only the number of services in that tier, but what that tier is comprised of. So I think it's unfair to actually just look at something that is reported out in the paper. And, you know, I didn't see the article. I really can't comment on it. I can tell -- I can tell you that I'm -- I can tell you that I am a cable subscriber at another home in another state, and my rates are about the same.

LEG. LINDSAY:

Okay. We do know that the average increase that -- that you are going to implement is 5.2%, is it?

MS. TSCHIRCH:

5.26, and it amounts to about -- it's \$2.69.

LEG. LINDSAY:

Okay. And I think that was the comparison that was made in the newspaper that the average rate increase in other jurisdictions was considerably less than the 5.2. And whether it's right or wrong or whatever, the perception as Legislator Alden portrayed to the public is that Cablevision is using their television subsidiary as a cash cow to subsidize their other ventures. And whether that's right, wrong or indifferent, that's the perception that's out there. Because that's what we hear.

MS. TSCHIRCH:

I wish -- I wish I could correct that perception.

LEG. LINDSAY:

Not just with me. I think you have to correct it with the public if that isn't true.

MS. TSCHIRCH:

I think that that's why we have to keep going back to the points that were made, that we operate the cable units separately, there's competition if -- we have to be very careful. We could charge more for the basic rate than we are. We're not doing that because we want to be competitive. We don't to lose any customers. We want our customers to stay with us, and we want them to be happy. Do we make changes in programming to the -- yes, we do. But there's -- there's a reason that we make those changes. We are trying to always enhance our services. We're always upgrading to try to offer more options, that's another thing that the consumer has wished for for years, that they would like to have as many options as possible so that they can create their own packages. We are trying more and more to move in that direction. That's why we've upgraded the system and introduced

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new technology.

CHAIRMAN ALDEN:
Legislator Binder.

LEG. BINDER:

Let me just see if I can get some more detail. I think Legislator Nowick, I think, deserves maybe a better answer than she got. In Suffolk County, what is the cheapest family package rate, no add-ons, no extras? I don't want to talk about average. What is the cheapest family, and what is the most expensive family, give me 2002, this year, and after the increase next year, no add-ons, no extras, no anything. Just -- you have a package, you sell it as a package. Okay, it costs different rates, you have a franchise fees. But how much is the family package; cheapest and most expensive in Suffolk County? You must be able to do that.

MS. TSCHIRCH:

I actually didn't bring all those rates with me, but I will -- I will absolutely answer that question when we send the information in.

LEG. BINDER:

You have any idea?

MS. TSCHIRCH:

I honestly don't. I honestly don't.

LEG. BINDER:

Okay. What percentage of your viewership subscribe to basic family, the basic cable which is regulated? What percentage have family? I'd like to know. What percentages have family with add-on, any one or more add-ons on top of the family? And then what percentage have

other premium packages? And if you obviously don't have that, I would assume. But in Suffolk County, just in Suffolk, I don't want to know the whole corporate breakout, if it's possible. If you have to give me corporately, then that's fine. But I'd like to know in Suffolk County, because that's what we're concerned about, what's the breakdown of percentage of people subscribe to, so we know -- because --

MS. TSCHIRCH:

I think I can try to ballpark this. I think that there's about 10%, am I right, Mary, about 10% that are broadcast basic only customers, less than a third of our customers are family only. That's why we've moved to the average rate, because it does not represent the largest portion of your customer base.

LEG. BINDER:

So 10% -- about 10% is basic, somewhere near 30% is family, just the family package, then there's -- so now we're talking that's the 40%. Of the other 60%, there are those who add on one, two or more services to the family, and then there's a percentages of premium packages, and premium packages is probably with add-ons on top of even your premium packages, I would assume.

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MS. TSCHIRCH:

There are.

LEG. BINDER:

Right. If you can give me -- I'd like to just see the breakout of that so I can take a look between the two questions as to what the rates are for the different packages without add-ons. I mean, I don't think this is going to take a huge analysis to see what percentage you're getting, what type of increases, on just packages that you offer. This is -- I mean, we can kind of see this.

MS. TSCHIRCH:

But it's not a standard rate across the board. That's where we get into really -- you're getting into literally --

LEG. BINDER:

What do you mean not a standard rate?

MS. TSCHIRCH:

There are different rates in different areas. So you break that down into all those components. Some of the rates --

LEG. BINDER:

Different rates based on the franchise fees, or different rates based on --

MS. TSCHIRCH:

No, just different rates. When -- when -- when we were regulated, when we were first regulated, there was one of those detailed forms that had to be filled out many many years ago. You established a base line rate, and then you billed from that. So the rates -- the rates are not the same, and they never will be. Unless, you know, I shouldn't say they never will be. Never say never. But they're not -- haven't been. And in the foreseeable future, won't be. But the --

LEG. BINDER:

So in other words, somebody in Babylon and somebody in Brookhaven can have exactly the same franchise fee -- let's say they have the exact same franchise fee, everything else being equal, and they get the exact same packages, they will pay different because of where they live.

MS. TSCHIRCH:

And it's never equal, that's the problem. You know, you take Brookhaven as an example. In part of Brookhaven we purchasing from TCI, so they had a different lineup of channels, and they had a different -- a different rate structure, so they are an anomaly compared to another area. So it's -- it's -- that's -- that really is back to why we went to an average price, because that is the fairest way to try and express the rate change. It effects different people different ways.

MS. GILROY:

Maybe just to add, because it may clarify. It all goes back to a base number that was established in 1992, and that was established by system, not by town. And the components within that had to do with

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the overhead of running the system. There where a whole degree of components that went into it. So because it's not -- I don't want you to leave thinking it has to do with franchise fees. The Hauppauge system -- and system meaning the actual cable plant, and a lot of things went into what does it take to operate the Hauppauge system plant. And that included at the time the Town of Smithtown, part of Brookhaven, part of Islip. And when those base numbers were established in 1992, that why there's one rate. In 1992, TCI owned part of Brookhaven. There is a different system that served East Hampton. There was a different system that served Riverhead. And the components of that formula set the basis, and that's what varies is the system, not necessarily the townships. I don't want you to think if Riverhead has a zero franchise fee -- yes, they do pay less in Riverhead because they don't pay the extra 5%, but the base where we start at, in Southampton they pay 3%. So they all pay the same base, then it varies because of franchise fee on top of that, but that 1992

base mark had to do with the system and the cost of running that system and the overhead of the system became the benchmark. And that's why we have these various rates all over the place. Huntington and Babylon are fed from the Woodbury system. So that's where the variation comes in.

LEG. BINDER:

And Cablevision wasn't able to intergrade that into a system and then blend it and turn it into one rate across the board. There was no way for -- for -- you're saying there's no way, since they intergrade into a system, there was no way for them to intergrade that and charge everyone basically the same thing for the same package. They weren't able to do that.

MS. TSCHIRCH:

We have not done that yet. We actually are striving toward that goal, but we are -- we're not there.

LEG. BINDER:

But that's -- that's the intention.

MS. TSCHIRCH:

That's -- eventually, that would be our intention, because it would make -- it would make the rates structures so much easier to understand. It would -- it would make it much easier for the customers to understand. There would be fewer variations that our customer service repetitives would have to deal with. We're not there yet.

LEG. BINDER:

What does it take to get there?

MR. TSCHIRCH:

We have to really look at -- look your line-ups and look at our packages and look at the rates. And it's likely it will take a couple more years before we're there.

LEG. BINDER:

On the franchise fee, why would -- let's say Riverhead, let's say at 5%, what would they make? How much -- how much would Riverhead if

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they wanted to take the franchise fee, how much would they make?

MS. TSCHIRCH:

Well, if you look at -- if you look at what it means to the average -- to a customer, if you figure the average bill is 50 -- say \$51 or \$50, and if they -- if they to the -- Riverhead takes no franchise fee -- but if they went to 5%, it would be -- you know, the easiest way to do

it would be 5% of -- 5% of \$50 would be the franchise fee.

LEG. BINDER:

Why would Riverhead choose -- maybe -- why would they choose not to?

MS. TSCHIRCH:

No, it's actually a very very valid question. Because, Legislator, the franchise fee is a pass through to the customer. So it will in effect increase the bottom line of the customer's bill. So a municipality has the option of either collecting a franchise fee or not collecting a franchise fee. Some have opted not. There are more that have it, but some have opted not.

LEG. BINDER:

I'm kind of curious. How much do you think that would be ballpark to Riverhead? How much money would that be. You know kind of what they are to each town, how much money that is. I'm curious, because they were crying other some money that they didn't get from Suffolk County, because of not filling out some paperwork, and now I'm hearing that they've decided not to tax their own residents for something -- in a sense, tax -- and everyone else seems to take this franchise fee.

LEG. LINDSAY:

Good question.

LEG. BINDER:

If they want it from the County, right, we should -- we should do revenue sharing with them when they don't do the paperwork that they're supposed to do, and now I'm hearing -- and it just happened to be in Riverhead, so I appreciate that -- so now I'm hearing that Riverhead decides, well, we're not going to take it from our own citizens, everyone else is, but we want it from the County, that we have to have.

MS. TSCHIRCH:

The only thing that I can say to you, you can try to do your own calculation. We're doing -- we're doing it on the back of a napkin here. But if the average cable bill was \$50 a month, and there is about 14,000 customer in Riverhead, so can calculate it out.

CHAIRMAN ALDEN:

This is not something against -- Legislator Caracciolo -- I mean, Legislator Binder is making a point about Riverhead.

LEG. BINDER:

I'll try to figure that out when I have the opportunity. But that -- the other question. Do you -- before you bill to the system, do you approach -- do you have to approach Riverhead, and they say, no thank you, we're not going to charge a fee. Do you -- are you required by

law to approach the municipality and say, we'd like to do X, Y and Z, so we're applying and then you decide? Or if you start building and they have to catch it and say, well, we're on your right-of-way, and they come to you and say, excuse me, but you are on our right-of-way you have to give us money? How does that work?

MS. TSCHIRCH:

There's a formal process that is already in place, and it's set out by state in the regulations. If a cable operators wanted to come into a municipality, whether it be a village or a town, there's an application process that you have to go through. You absolutely, positively have to have -- it's not called a license -- it's a franchise to operate in that municipality. Typically, a franchise term initially may be 15 years, usually a renewal is ten years. So if we're operating, and we can use Riverhead or anyone else as an example, we're already franchised as an operator. At some point in time, that initial franchise is going to expire, and we go in prior to the expiration and start working with that municipality to renew that franchise.

LEG. BINDER:

I'd just ask Counsel to get me that section of New York State Law, if you can, so I can take a look at --

MR. SABATINO:

It's Article 11 of the New York State Public Service Law. There's a whole series of sections.

LEG. BINDER:

I want to take a look at that specific part. Thank you.

CHAIRMAN ALDEN:

Okay. I want to thank you for coming. I just have one quick question more, and people keep asking all the time. Yankees on cable, yes? No? Maybe?

MS. TSCHIRCH:

I really don't want to speculate, so no comment.

CHAIRMAN ALDEN:

At this point in time, though, no.

MS. TSCHIRCH:

At this point in time I have no comment.

CHAIRMAN ALDEN:

Are they on cable now?

MS. TSCHIRCH:

No, they are not on cable now.

CHAIRMAN ALDEN:

Okay. Thank you very much for coming down and answering the questions.

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MS. TSCHIRCH:

Really, thank you for inviting us. We really appreciate the opportunity.

CHAIRMAN ALDEN:

I think we'll get right into the agenda very quickly.

TABLED RESOLUTIONS

1696-2002. Adopting Local Law No. -2002, a Local Law to toughen fines for item pricing violations within Suffolk County. (ALDEN)

CHAIRMAN ALDEN:

As I mentioned before, 1696, and Legislator Lindsay was inquiring about that. I'm going to make a motion to table, seconded by Legislator Lindsay. All those in favor? Opposed? That's TABLED. (VOTE: 4-0-0-1) (Not Present; Leg. Haley)

1952-2002. Adopting Local Law No. -2002, a Local Law to require retail food establishments to disclose salt, sugar, fat and carbohydrates. (POSTAL)

CHAIRMAN ALDEN:

Legislator Postal asked me to table that one, so motion by myself, seconded by Legislator Binder. All in favor? Opposed? That's TABLED. (VOTE: 4-0-0-1) (Not Present; Leg. Haley)

2057-2002. Adopting Local Law No. -2002, a Local Law updating regulations for precious metal exchanges and dealers in secondhand articles. (CARPENTER)

LEG. BINDER:

Motion to table.

CHAIRMAN ALDEN:

Motion to table by Legislator Binder, seconded by myself. All those in favor? Opposed? That's a unanimous tabling motion. TABLED (VOTE: 4-0-0-1) (Not Present; Leg. Haley)

Legislator Carpenter.

LEG. CARPENTER:

I'm not on the committee, but I would just like to make mention of this particular resolution. We're working with Police Department and the secondhand dealers, the precious metal dealers and all to make some changes on the resolution. So hopefully in January we'll be ready to move it.

CHAIRMAN ALDEN:

Very good.

INTRODUCTORY RESOLUTION

2297-2002. Adopting Local Law No. -2002, A Charter Law directing Suffolk County action to roll back cable television rates in Suffolk County. (ALDEN)

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CHAIRMAN ALDEN:

This has to be tabled for a public hearing. So I'm going to make the motion to table, seconded by Legislator Binder. All in favor? Opposed? That's TABLED for a public hearing.
(VOTE: 4-0-0-1) (Not Present; Leg. Haley)

If there's anybody else that has anything that they want to bring before this committee? If not, we stand adjourned. Thank you very much.

(*THE MEETING WAS ADJOURNED AT 1:05 P.M.*)

{ } DENOTES BEING SPELLED PHONETICALLY

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