

# STATE OF NEW YORK

3801

2017-2018 Regular Sessions

## IN ASSEMBLY

January 30, 2017

Introduced by M. of A. DINOWITZ -- read once and referred to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the public service law, in relation to creating standards by which the public service commission reviews and approves a merger or acquisition between telephone corporations, cable corporations, and combination telephone and cable corporations

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The public service law is amended by adding a new article  
2 12 to read as follows:

3 ARTICLE 12

4 PROVISIONS RELATING TO TELEPHONE CORPORATIONS, CABLE  
5 CORPORATIONS, AND COMBINATION TELEPHONE AND CABLE  
6 CORPORATIONS

7 Section 250. Definitions.

8 251. Mergers or acquisitions.

9 § 250. Definitions. The words and phrases used in this article shall  
10 have the following meanings:

11 1. "Cable corporation" shall mean any person owning, controlling,  
12 operating, managing or leasing one or more cable television systems  
13 within the state.

14 2. "Cable system" shall have the same meaning as set forth in section  
15 two hundred twelve of this chapter.

16 3. "Combination telephone and cable corporation" shall mean any tele-  
17 phone corporation operating in New York under common ownership with a  
18 cable corporation operating in New York or any cable corporation operat-  
19 ing in New York under common ownership with a telephone corporation  
20 operating in New York, or any successor of either corporation.

21 § 251. Mergers or acquisitions. 1. (a) No telephone corporation, cable  
22 corporation, or combination telephone and cable corporation that has  
23 gross annual revenues exceeding one hundred million dollars shall

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

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1 assign, transfer control of or merge its stock, franchise or system or  
2 any part of such system to any other person or corporation without the  
3 written consent of the commission.

4 (b) Notwithstanding any other section of law, no consent, as required  
5 by paragraph (a) of this subdivision, shall be given by the commission  
6 to the assignment, transfer of control or merger of any right or fran-  
7 chise to operate a telephone line or any cable television system unless  
8 it shall have been shown by the parties that such assignment, transfer  
9 of control or merger is in the public interest.

10 (c) No consent, as required by paragraph (a) of this subdivision,  
11 shall be given by the commission to the assignment, transfer of control  
12 or merger of any right or franchise to operate any part of a telephone  
13 or cable corporation's system, or to a contract for the operation of  
14 such entity's system, unless it shall have been shown by the parties  
15 that such assignment, transfer of control, merger or contract is in the  
16 public interest.

17 2. Before consenting to the assignment, transfer of control or merger  
18 of any telephone corporation, cable corporation, or combination tele-  
19 phone and cable corporation pursuant to subdivision one of this section  
20 the commission shall find that the proposal does all of the following:

21 (a) Provides public interest benefits to the affected subscribers.

22 (b) Maintains or improves the service quality standards the commission  
23 has established for the affected telephone corporation, cable corpo-  
24 ration, or combination telephone and cable corporation.

25 (c) Maintains or improves the financial condition of the resulting  
26 telephone corporation, cable corporation, or combination telephone and  
27 cable corporation doing business in the state.

28 (d) Maintains or improves the telephone corporation, cable corpo-  
29 ration, or combination telephone and cable corporation service offerings  
30 to subscribers in the state.

31 (e) Maintains or improves the quality of management of the resulting  
32 telephone corporation, cable corporation, or combination telephone and  
33 cable corporation doing business in the state.

34 (f) Is fair and reasonable to affected telephone corporation, cable  
35 corporation, or combination telephone and cable corporation employees,  
36 including both union and nonunion employees.

37 (g) Does not adversely affect competition in the marketplace for tele-  
38 phone or cable services.

39 (h) Creates enforcement measures when a telephone corporation, cable  
40 corporation, or combination telephone and cable corporation fails to  
41 comply with any conditions or commitments made to the commission in  
42 order to obtain commission consent. The commission shall be authorized  
43 to compel performance, issue penalties or order implementation of such  
44 conditions or commitments.

45 (i) Equitably allocates the forecasted positive benefits of the  
46 proposal between shareholders and subscribers, including but not limited  
47 to, the forecasted economic benefits. Subscribers shall receive not less  
48 than fifty percent of such forecasted positive benefits. For the purpose  
49 of allocating the forecasted positive benefits of the proposal between  
50 shareholders and subscribers, the commission may deem, including but not  
51 limited to, reinvestment of the forecasted benefits into the telephone  
52 corporation, cable corporation, or combination telephone and cable  
53 corporation's infrastructure as a benefit received by subscribers.

54 (j) Creates a program to provide services to low-income subscribers,  
55 who shall include but not be limited to families participating in the  
56 national school lunch program, citizens receiving benefits from the

1 supplemental security income assistance program, participants in the  
2 home energy assistance program, and participants receiving the lifeline  
3 discount on an eligible telecommunications service, at reasonable rates.

4 3. When reviewing an assignment, transfer of control or merger  
5 proposal, as set forth in subdivision one of this section, the commis-  
6 sion shall consider reasonable alternatives or modifications to the  
7 proposal as recommended by other parties to determine whether or not the  
8 proposal is in the public interest.

9 4. The person or corporation seeking acquisition or control of a tele-  
10 phone corporation, cable corporation, or combination telephone and cable  
11 corporation shall have before the commission the burden of proving by a  
12 preponderance of the evidence that the requirements of subdivision two  
13 of this section are satisfied.

14 5. In determining whether or not an acquisition of a telephone corpo-  
15 ration, cable corporation, or combination telephone and cable corpo-  
16 ration has the gross annual revenues exceeding the amount specified in  
17 subdivision two of this section, the revenues of that telephone or cable  
18 corporation's affiliates shall not be considered, unless the affiliate  
19 is to be utilized for the purpose of effecting such merger, acquisition,  
20 or control.

21 6. Paragraphs (a), (b), and (c) of subdivision two of this section  
22 shall not apply to the formation of a holding company.

23 7. Paragraphs (a), (b), and (c) of subdivision two of this section  
24 shall not apply to acquisitions or changes in control that are mandated  
25 by either the commission or the legislature.

26 8. When issuing a decision on a proposed assignment, transfer of  
27 control or merger proposal, as required by subdivision one of this  
28 section, the commission shall issue a report detailing how that decision  
29 was reached within thirty days of issuing such decision. If the commis-  
30 sion grants conditional approval in its decision, the department shall  
31 issue an additional report within one year after granting such condi-  
32 tional approval detailing the corporation's compliance with such condi-  
33 tions or commitments. Nothing in this section shall preclude the depart-  
34 ment from issuing additional reports on the corporation's compliance.

35 9. (a) Any consent required by paragraph (a) of subdivision one of  
36 this section shall only be provided by the commission after a full  
37 evidentiary hearing.

38 (b) Such full evidentiary hearing shall be live streamed on the inter-  
39 net and archived on the department website for public viewing.

40 10. (a) Any consent required by paragraph (a) of subdivision one of  
41 this section shall only be issued by the commission after a public hear-  
42 ing where members of the public may provide the commission or its desig-  
43 nee with comments on the proposal.

44 (b) The commission shall announce the public hearing at least thirty  
45 days before the date of the public hearing and shall publish such notice  
46 on its website at least thirty days before the public hearing.

47 (c) The public hearing shall be no less than fifteen days before a  
48 consent on the proposal is issued by the commission.

49 11. The commission shall issue a written "finding of fact" as to all  
50 of the findings required in subdivision two of this section, and it  
51 shall include but not be limited to:

52 (a) an explanation of how the department determined the "forecasted  
53 economic benefits" in paragraph (i) of subdivision two of this section  
54 and specifically set forth in an itemized manner how subscribers are  
55 intended to receive not less than fifty percent of such forecasted  
56 economic benefits, and

1 (b) a rationale as to why the commission has consented to the partic-  
2 ular distribution of such forecasted economic benefits between the  
3 subscribers and shareholders. Such finding of fact shall be issued at  
4 least thirty days prior to the commission issuing a consent order pursu-  
5 ant to subdivision one of this section and shall be posted on the  
6 commission's website.

7 12. (a) Any review of a merger or acquisition by the public service  
8 commission pursuant to this section shall be in addition to any other  
9 review by the public service commission required by this chapter unless  
10 otherwise deemed by the commission.

11 (b) Any consent or approval of a merger or acquisition by the public  
12 service commission issued pursuant to this section shall not be consid-  
13 ered an approval or consent of the public service commission required by  
14 any other section of this chapter unless otherwise deemed by the commis-  
15 sion.

16 13. The commission shall comply with the requirements established in  
17 this section to the fullest practicable extent. If any of the require-  
18 ments conflict with the requirements or schedule set forth by the feder-  
19 al communications commission, the commission may modify the requirements  
20 to achieve compliance.

21 § 2. Severability clause. If any clause, sentence, paragraph, subdivi-  
22 sion, section or part of this act shall be adjudged by any court of  
23 competent jurisdiction to be invalid, such judgment shall not affect,  
24 impair, or invalidate the remainder thereof, but shall be confined in  
25 its operation to the clause, sentence, paragraph, subdivision, section  
26 or part thereof directly involved in the controversy in which such judg-  
27 ment shall have been rendered. It is hereby declared to be the intent of  
28 the legislature that this act would have been enacted even if such  
29 invalid provisions had not been included herein.

30 § 3. This act shall take effect immediately.