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Cable firm begins staking out turf

By BUD O'BRIEN GS

As it has threatened all along to do, Group W Cable has formally declared its "intention to renew" the cable television franchises it now holds with both the city and county of Santa Cruz.

In effect, Group W is saying that the action of the city and county in calling for bids from other firms to operate the cable TV systems in their jurisdictions has no validity if Group W chooses to renew its franchises.

The company has maintained all along that its agreement with the city contains a renewal clause and that it intends to renew its franchise. Group W has even begun a \$3 million upgrading of the city's cable system as evidence of its belief that it has a vested right to renew that franchise.

In the county's case, Group W maintained in a letter sent to the county Friday that the company has a right to renew the franchise under the provisions of the federal Cable Communications Policy Act of 1984.

"We believe the existing city franchise gives us the right to renew," said Stewart Butler, Group W manager in Santa Cruz, "and both the city and county are subject to the renewal provisions of the new federal law."

Butler softened the defiant

tone of the company's position a bit by adding that, "as in the past, we are prepared to work with the city and county in expediting this renewal process."

The city and the county, working in tandem, are seeking bids from other cable TV firms for their respective franchises after talks with Group W broke down. It is the position of the two agencies that Group W refused to provide ample guarantees that cable customers wouldn't be charged exorbitant fees in the future. The county-city group therefore asked for the competitive bids.

Group W's position is that the county and city wanted power over the company's operations that the company simply could not yield. The company insists that it had offered to tailor its rate structure to a reasonable standard, such as the cost-of-living index.

All sides agree that a completely new cable system is needed, at a cost of upwards of \$25 million. Under consideration is the granting of a 15-year franchise when Group W's current franchise expires next year.

In letters delivered to the city and county Friday, Group W asked the city "to respond by Nov. 26 as to whether it recognizes Group W's right to renewal under the (existing) city franchise." In a simultaneous letter to the county, the company advised the county that "it intends to invoke the renewal provisions of the new (federal) cable act."

Pat Busch, assistant county administrative officer, who has been handling cable TV negotiations for the county, said this morning that "we have received the letter and are studying it." He said he could comment no further until he had conferred with the San

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Francisco law firm retained by the city-county negotiating team.

Meanwhile, an unspecified number of companies, and at least one cooperative, have inquired into the possibility of bidding for the franchises.

"We have been very, very gratified at the response (to the call for bids)," Busch said.

Those bids are due Dec. 31.