

CABLE TV

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# Cable firm launches information campaign

By BUD O'BRIEN

Group W Cable has launched a campaign to get the public on its side in its fight to retain the right to provide cable television to most of the unincorporated areas of Santa Cruz County, as well as to the cities of Santa Cruz and Scotts Valley.

The company sent out letters last week to most of its customers explaining its side in the increasingly bitter dispute over who will provide cable television for most of the county in the future.

Group W, a subsidiary of the giant Westinghouse Electric Corp., had already taken the battle to the courts. It filed suit last November in Federal District Court in San Francisco, asserting, among other things, that a law passed by Congress last year gives it the right to renew its franchise in the county, whether the Board of Supervisors accedes or not.

But the county, which is proceeding in concert with the city of Santa Cruz, has taken the position that it retains the right to grant a cable television franchise. And when negotiations with Group W over renewing the franchise for another 15 years broke down last year, the county called for bids from other prospective cable providers.

Those bids (technically,

responses to the county's "request for proposals" from cable providers) were to have been opened Dec. 31. But a delay until Feb. 15 was granted at the request of potential bidders to give them time to study the possible effects that could flow from Group W's lawsuit.

All sides have agreed that however the fight over who gets the franchise is resolved, an entirely new, "state-of-the-art" cable system must be installed — one capable of providing, among other amenities, at least 60 channels, including some for community programming.

Group W pledged to install such a system, but its negotiations with the county broke down principally over the issue of controlling rates to subscribers.

The county's position is that the company refused to agree to contractual terms that would protect subscribers from "gouging" in the future. Group W contends its pledge to keep rates "reasonable," combined with the county's option of taking the company to court if it raised rates unreasonably, provided adequate protection.

All those negotiations were conducted behind closed doors, so that the only information available to the public has been through the statements from the two sides. Until it sent out the letters to its subscribers last

week, Group W has been consistently circumspect in commenting on the issue.

The letter essentially blames the county (and the city of Santa Cruz) for the long delay, asserting that cable subscribers could have been enjoying vastly improved service by now if the local government agencies hadn't been so stubborn.

But Pat Busch, assistant county administrative officer who has been in charge of the negotiations for the county, maintains, as he has all along, that the county believes it must not yield in its determination to provide cable customers with protection against unreasonable rates.

The county's position is that, because of the topographical conditions which inhibit over-the-air reception, this county is a particularly lucrative market for cable TV providers. And, with new federal and state laws taking away the power of local governments to control rates of cable TV franchisees, the county says it is all the more vital that such protection be written into the franchise

agreement.

Despite Group W's claim that it has a vested right to retain the franchise (a claim that the courts will presumably rule on eventually), at least two other organizations have announced that they will bid for the franchise.

One is a non-profit organization calling itself the Cable Co-op of Greater Santa Cruz. Its aim is to give the community control over its TV cable system. Santa Cruz attorney Edward F. Newman is president of the co-op and it has retained a nationally known cable TV management company — Nashoba Communications Co. of Boston, Mass. — to supervise the installation of a new cable system in case it wins the franchise.

Conservative groups in the county, notably Midcounty-based Associates for Good Government, have attacked the concept of the co-op as one leading toward government control of a part of the media — a position concurred in by Group W.

But there is also a privately

financed local group that has declared its intention of seeking the franchise. This group, calling itself Greater Santa Cruz Cable TV Associates, was put together by George Couch, president of Couch Distributing Co. of Watsonville. Couch is the president and Santa Cruz developer Jack Baskin is chairman of the board.

Couch said last week that "we are very serious about our desire to win the franchise." He said the firm has retained an "expert in the cable industry" as a chief adviser, although he wouldn't name that individual until the county Board of Supervisors and the Santa Cruz City Council have had time to study the proposals that are to be submitted by Feb. 15.

But Couch asserted that the new company is "absolutely and without question" both financially and technically qualified to operate the cable franchise.

He said he was moved to form the organization after reading about the difficulties between the county and Group W, in the

belief that "local people who were interested in investing in our community would be of interest to (local) governmental bodies."

Couch was reluctant to discuss any details of his organization or of its proposals until they reach the local government bodies, but he did indicate that in his opinion the matter of rates to be charged cable subscribers "is a legitimate concern of local government."

"Good cable service at a fair price" should be the result of any agreement, he indicated. "There should not be gouging in any way, shape or form."

County officials wouldn't guess as to how many other bids will be received, although one said he expected at least three in total.

Whether Group W itself will submit a bid — even though it asserts a legal right to retain the franchise without doing so — is also gist for speculation.

Asked that question last week, Group W spokesman Tony Hill would only say: "We still have that option."