

Cable-TV accord still contains 'ifs'

By KATHARINE BALL
STAFF WRITER

In their six-year quest to land a cable television system for Santa Cruz County that features all the state-of-the-art "bells and whistles," the Board of Supervisors and the Santa Cruz City Council appear to be on the verge of success.

The new agreement — which is still subject to a few large "ifs" — includes rate protection through the year 2002 for the 39,000 customers the system currently serves, plus another 6,118 households the cable lines will be extended to serve. Channel capacity will increase dramatically, to 54 channels. Perhaps most astonishing of all, the council members and supervisors have gotten the new cable TV firm, United, to pick up most of the \$400,000 in outstanding legal costs run up in their dogfight against the cable industry.

But some obstacles still litter the path to cable bliss.

United Cable, the eighth-largest cable firm in the nation, has agreed to buy the cable franchise from Greater Santa Cruz Associates, a group of local businessmen formed to run the cable system back when the City Council and supervisors still believed the franchise was theirs to award.

The deal on the franchise will

only be completed, however, if United manages to buy the system now operated by a consortium whose major partner is TCI.

Because TCI (and before that, Group W) would never concede the right of the city and county to bestow the franchise on the Associates, Group W and TCI never stopped operating the system, even though they no longer had local authorization to do so.

The Associates never got the chance to operate the system.

Six years of litigation have ensued.

But now, if TCI will sell the system to United, the franchise and the equipment will be reunited, and United will sign off on a legally enforceable consent decree that will provide the rate limitations and order the system upgraded.

Negotiations are now ongoing between United and TCI, said Mark Van Loucks, formerly executive director of the Associates, who apparently brokered the agreement, in part to extricate himself from a lawsuit he was embroiled in with the Associates.

Fred Vierra, president and chief operating officer of United, appeared confident that United would buy the system

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from TCI, even though a corporate merger will make TCI the majority stockholder in United.

(United Cable will merge with United Artists, pending approval by the U.S. Department of Justice, the Internal Revenue Service and the Federal Communications Commission. TCI owns 65 percent of United Artists, Vierra said, and already holds 40 percent of the shares in United Cable. TCI is the third-largest cable operator in the nation.)

Barry Marshall, vice president and chief operating officer of TCI's western division, said late last week that it would be illogical for TCI to sell itself its own property.

Vierra said yesterday, however, that Marshall may not have been aware of the pending deal.

Supervisor Gary Patton said the sale of the system to United had to be completed within a month, or the whole deal would be off and all parties would resume their litigation.

The sale of the Santa Cruz cable system comes just as TCI begins a long-promised upgrading of the system. United will continue that work, and string cable lines into various outlying areas not currently served. Among those areas are UC-Santa Cruz, Trout Gulch Road-Redwood Drive in Aptos, Sunset Beach-Zills Road near Watsonville, and Old San Jose Road and Porter Gulch Road in the Sequel hills.

Monthly fees for 54-channel service will be \$13.50 for the first four years. One year after completion of the upgraded

system (1993), the fees will rise to \$16.95.

The fees will be guaranteed by a consent decree worked out between United and the city and county of Santa Cruz. The consent decree must be approved by the federal appeals court in which the litigation has been taking place.

Supervisors and council members alike hailed the agreement as a triumph for themselves and local TV watchers.

"We will achieve all the goals we set out," said Patton. "That is very important. We have been willing to litigate and fight and take on what has been a rather unresponsive cable industry."

The local politicians had been taking some heat lately for squandering \$400,000 on an apparent lost cause. But with the recapture of the legal fees, they may have taken the wind out of their critics' sails.

Councilman Mike Rotkin said he was not completely satisfied.

"If we lived in the world that I might like to live in, we would have a completely different situation. The system would be owned and operated by the people who use it," he said.

Nevertheless, he said he was pleased that the David of local government had slain the Goliath of the cable industry — or at least the locals made the industry rub its collective forehead and look around for where the rocks were coming from.

"It was important to hold out," Rotkin said. "We were told countless times to give it up, that we were powerless to affect the outcome. We made the correct decision to fight back. We will get the best system available in the nation."