

Cable Nightmare Settled, Maybe

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The city and county may have put a stop to years of legal gymnastics this Tuesday by signing an all-encompassing agreement that should settle the multiplicity of local woes regarding cable TV—and give sub-

scribers almost all the bells and whistles they could ask for. Then again, the deal may never go through.

At a joint session of the city council and county board of supervisors Tuesday afternoon, five of seven council-

members and the entire board of supervisors approved a behemoth transfer agreement that would drop the area's coveted cable TV franchise into the lap of Colorado-based independent cable contractor Mark Van

Loucks. The settlement agreement reflects weeks of closed door sessions that began when Van Loucks offered to buy the city and county's exclusive franchise award. On Tuesday, Van Loucks agreed to take over the fran-

chise award of Greater Santa Cruz Cable TV Associates, a group of local entrepreneurs that won the exclusive right to operate a cable system in Santa Cruz in 1986.

But it's unclear if the city's heftiest woe—its \$650,000 legal battle against a consortium of cable TV operators headed by TeleCommunications, Inc. (TCI)—will be solved. TCI is involved in a long-running legal battle with the city and county, based on that company's purported right to operate a cable system in Santa Cruz. The predecessor to the TCI-based consortium had been operating in Santa Cruz since 1981, and when the city and county told it to roll over to make room for the exclusive franchise in 1986, that company sued. Now, TCI is trying to uphold a successful federal ruling that allows it to operate. In the meantime it remains the only cable operator in Santa Cruz, and owner of the entire cable system.

It is that cable system that Van Loucks *must* buy before his deal with the city and county is more than a handshake. But rumors have it that TCI may never sell. According to sources, Van Loucks has until June 26, the end of a negotiating period between himself and TCI, to convince TCI to sell. Meanwhile, TCI officials have repeatedly denied that they plan to sell their system. TCI is a buyer and not a seller. "Unless the city and county have been distracted by Van Loucks's oratory, there must be something to [the agreement]," said a skeptical Tom Karwin, publisher of the locally produced and nationally distributed *CableLetter*. "But TCI has been in the steady acquiring mode for several years.... TCI is becoming a monster in the cable industry.... taking advantage of their enormous cable system to expand, expand, expand."

TCI may, in fact, have no incentive to sell. That is, no incentive other

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than the fact that Van Loucks's Denver-based affiliate company, United Cable Television Corp., is in the process of merging with United Artists Communications, Inc., of which TCI owns 65 percent. "There may just be some money shuffling there," elaborated Karwin. "I don't see what benefit there would be in TCI blocking a transaction in which they would be the owner."

If the deal does go through, all parties to the agreement should be happy, for the most part. Van Loucks is essentially brokering the sale for United Cable, which should end up spending close to \$1 million in order to carry out the franchise requirements of the city and county. The company will be required to provide:

- An upgrade of the existing cable TV system, to handle at least 450

megahertz—a system that can handle 60 to 79 channels with good reception. The existing system only has 12 to 28 channels, and poor reception.

- Special protections for Santa Cruz subscribers, including a rate freeze until the system is upgraded, and regulated rate hikes thereafter. Also, improved customer responsiveness, with built in mechanisms for city and county oversight.
- Extensive community use of the cable system through public access channels and an access program through a publicly controlled Cable Usage Corporation. United Cable will also have to provide a public access studio, which will be open for community use for at least 42 hours out of every week. There will also be a government channel, local origination programming and school access to broadcasting.

• Expansion of service into areas where prior owners have refused service, including outlying areas of the county.

• Reimbursement to the city and county for legal fees incurred in the suit against TCI, of up to \$415,000. The city and county have spent \$650,000, \$250,000 of which GSC, the original franchisee, has already paid.

On the issue of payment, Santa Cruz City Councilmember Mike Rotkin concluded Tuesday's meeting on a sour note. "Ultimately, all costs in cable are borne by the people who subscribe." Karwin elaborated: "As a subscriber, it doesn't do me any good to have everybody that's involved in this [settlement] left unscathed.... There may be an inescapable reality here that subscribers are always at risk." •