

Cable TV TCI backs out of cable TV deal

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WATSONVILLE — TCI Cablevision switched channels on Sonic Cable, dropping a proposal to acquire several Sonic service areas, including Watsonville.

John Adams, Sonic's general

manager, said TCI informed Sonic of its decision late last week, but he did not know the details surrounding that decision.

Under the proposed plan, TCI and Sonic would have "swapped" service areas, Adams said. TCI, the nation's largest cable company,

RP 4-15-95
would take over Sonic's South Santa Cruz County franchise, which serves about 16,000 customers, and service areas in Colfax, Auburn, Placer County and Utah. Sonic, which is based in Sacramento, would take over TCI's service areas in Travis Air Force base, Rio Vista, Vacaville, and Davis.

Adams said the deal is essentially dead.

"The deal has been terminated," Adams said. "It kind of caught us by surprise."

Carole Mulford, TCI community relations officer, didn't have details on why the deal was called off. All she said was that TCI "re-evaluated" the proposal and came to the decision. She referred questions about details to TCI's

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corporate offices, which couldn't be reached before deadline.

Many changes in federal and state regulations and new competitive technologies, such as miniture satellite dishes, played pivotal roles in TCI's about face on the Sonic deal, Mulford said.

"We're real disappointed," she said.

The deal, according Mulford, is

not likely to take place in the near future. But whether it will be reborn is difficult to predict.

"Nothing will suprise me," she said.

Watsonville has a 20-year contract with Sonic. That contract will expire in 2003. Last August, Sonic agreed to enter into negotiations with the city. Those negotiations included renewing the contract. As an opening ante, Sonic said it would implement a "major upgrade" of its system serving Watsonville and Capitola.

The upgrade, Sonic officials said, that would make it "bigger and better" than TCI.

Sonic basic rate is about \$22 a month for 33 channels. TCI's base rate a month is about \$18 for 56 channels. For years Sonic customers have complained of shoddy service, poor picture quality and a small selection of channels. As a result of the chronic problems, the city organized a cable television committee, which acts as an advisory body.

In the fall, Sonic announced the swap with TCI. The proposal was before the Watsonville City Council for approval, but action was postponed earlier this year. The city was trying to have a public access channel included in TCI cable system package, something that the city has wanted from Sonic for some time.

Now that TCI is out of the picture, Sonic will go "full speed" to expand and improve service.

"I'm out of the swap mode," Adams said.