

May 23, 1978.  
Sentinel p 5

# Capitola Cable TV Pact OK'd

*Cable TV*  
On a split 3-2 vote Monday night, the Capitola City Council gave its approval to a \$2 rate increase for the Sonic Cable TV company, after a spokesman for the company informed Council members that previous cable subscribers' deposits will be applied against increased costs for the first year.

The new rate will go from \$4.50 to \$6.50, with a \$15 installation fee replacing the previously required deposit payment for cable service.

The San Luis Obispo-based Sonic cable firm has approximately 2,050 installations in the Capitola area. W.A. (Bill) Hargan, a Sonic spokesman, said the company's rate of return on the increase would fall well below the 15-18 percent rate of return called "reasonable" by the Cable TV Information Center of the non-profit Urban Institute in Washington, D.C.

The fee hike would increase Sonic's profits from \$4,235 to \$25,235 for the year, with some \$21,000 earmarked for capital improvements such as undergrounding cable.

The council did not set a date for the new rates to go into effect.

In expressing their opposition to the increase, Mayor Mick Routh questioned the company's basis for projecting its rate of return, while Councilman Ron Graves said Sonic's service was not comparable to that of other cable companies at the increased rate.

Graves stated his preference for "opening up the franchise" if the new rate were adopted.

Speaking in favor of the rate hike, Councilwoman Carin Mudgett said she hated to see it happen, "but we have to be a little realistic."

Capitola was "darn lucky to have been getting cable TV for \$4.50," she concluded.