Chart 1 - PUC Order and Cities Comments

INITIAL COMMENTS	PUC OPINION - Draft 63715 Chong's Draft Decision
1. Right of Local Governments to Comment on a State Franchise application.	PUC found that the law gives the PUC exclusive rights and that no public comment will be allowed in the application process.
2. Local Government's oppose state mandated extension of expired/expiring local franchises until January 2008.	PUC found that the legislature envisioned automatic or mandatory extensions, and therefore PUC mandates automatic extensions.
2 - Continued	Page 17 Chong Draft Decision §IV. When Applicants Can/Must Apply for a State Video Franchise B. Applicants with Existing Franchises 2. Discussion Public Utilities Code §5930(b) directly addresses extension of a local video franchise. The statute declares that "[w]hen an incumbent cable operator is providing service under an expired franchise or a franchise that expires before January 2, 2008, the local entity may extend that franchise on the same terms and conditions through January 2, 2008." Public Utilities Code §5930(b), however, does not provide us clear direction on how to treat local franchise renewals. The significance of the word "may" in the Code text quoted above is debatable. On the one hand, use of the word "may" could indicate that the Legislature gives the local franchising authority discretion regarding renewal of a local franchise. But on the other hand, use of the word "may" could indicate that the Legislature recognizes that an incumbent cable operator may not want to renew its local franchise. The word "may," under this conception, simply captures the uncertainty of the situation. If the Legislature instead replaced the word "may" "local entity shall extend [a] franchise" – even if the incumbent cable operator that is party to the franchise wants to cease offering service. Forcing an incumbent cable operator to continue offering service against its will would make little sense.
2 - Continued	Page 18 Chong Draft Decision B.2. Discussion - Continued Additional statutory guidance is found in the express Legislative purposes for DIVCA. These provisions suggest that local franchise extensions should be automatic if requested by the incumbent cable operator. Most illuminating is the Legislature's declaration that DIVCA should "[c]reate a fair and level playing field for all market competitors that does not disadvantage or advantage one service provider or technology over another." To be consistent with this intent, a locality should not be able to force an incumbent cable operator to agree to extra concessions during the time prior to when an incumbent may operate under a state video franchise.
2 - Continued	Page 19 Chong Order B.2. Discussion - Continued Furthermore, statutory provisions permitting unilateral abrogation of local franchises contradict the argument that the local franchise, as a negotiated contract, requires both parties' consent prior to any extension. DIVCA establishes that franchise abrogation may only require action by one party. For example, when a competitor provides notice of intent to offer service in all or part of a jurisdiction, an incumbent cable operator in the jurisdiction may opt out of its local franchise without the consent of the local franchising authority. Similarly, when a competitor begins serving a jurisdiction, the local franchising authority may require all incumbent cable operators to seek state video franchises in its jurisdiction even if the incumbents otherwise would not choose to opt into a state franchise.
2 – Continued	Pages 208 Findings of Fact 4. Appropriate implementation of DIVCA, which is designed to create a fair and level playing field for all video service providers, requires the automatic extension of local video franchises that (i) expire before January 2, 2008 and (ii) are held by incumbent cable operators planning to seek state video franchises.
3. The bond valuations should be higher than the proposed amount of $100,000 and the bonds name local governments as obligees.	Page 55 Chong Draft Decision §VI. Information Required to Complete an Application C. Additions to the Application and the Affidavit 1. Proposed Changes to the Application c. Proof of Legal and Technical Qualifications As discussed in Section VII, the Commission is requiring the submission of a bond in Draft Decision to provide "[a]dequate assurance that the applicant possesses the financial, legal, and technical qualifications necessary to construct and operate the proposed system and promptly repair any damage to the public right-of-way caused by the applicant."

Chart 1 - PUC Order and Cities Comments

INITIAL COMMENTS	PUC OPINION - Draft 63715 Chong's Draft Decision
3 - Continued	Page 73 Chong Draft Decision §VII. Bonding Requirements B. Discussion 2. Amount of the Bond Specifically, we revise the bond amount to require state video franchise holders to carry a bond in the amount of $100,000 per 20,000 households in a proposed video service area, with a required $100,000 minimum. Given that that the requirements of DIVCA are intended to spur competition, rather than stymie it, we will place a cap of $500,000 on the bond requirement.
3 - Continued	Page 216 Findings of Fact 60. It is reasonable to require that the bond list the Commission as the obligee and no other obligees because the bond is designed only to prove to the state that the applicant possess adequate qualification to be a state video franchise holder and because local entities may require addition security instruments.
3 - Continued	PUC draft decision order on page 72 states: "Local entities may require further security instruments as part of their oversight of local rights-of-way. DIVCA tasks local entities with governing “time, place, and manner” of a state video franchise holder’s use of the local rights-of-way. In overseeing time, place and manner of this use, local entities may issue rights-of-way permits, and these local permits may require further security instruments to ensure that a state video franchise holder fulfills locally regulated obligations. Locally required security instruments can best take into account size and scope of a state video franchise holder’s
4. Local governments want rules to allow for comment at the transfer and renewal process	Page 227 Findings of Fact 148. It is not reasonable to adopt state video franchise renewal provisions at this time.
5. In addition to effecting the DGO subsection VI.G (“Miscellaneous 11 Changes”) modifications noted immediately above, the commission should also revise the subsection so that it expressly notes all the post-event events to which this notification applies.	Pages 95-96 Chong Draft Decision There is significant statutory support for Joint Cities’ request for information regarding state video franchise applications. Public Utilities Code § 5840(h) directs us to “notify . . . any affected entities [of] whether the applicant’s application is complete or incomplete” and “specify with particularity the items in the application that are incomplete . . . .” Accordingly, the Executive Director shall provide notice of incompleteness and the specific reason for incompleteness in the same document. A copy of this document shall be provided to the “affected local entities.” If the Commission requests more information from an applicant, we find that the applicant shall provide a copy of this information to any affected local entities. This procedure obviates the need for the Commission to notify the affected local entities whenever we request additional data. Also, it is consistent with the statute’s intent that local entities receive a copy of materials submitted when an applicant applies for a state video franchise.
6. The Commission’s video franchise renewal provisions do not comply with governing federal law (lacking process for assessing community needs and interests).	Page 248 Order 24. Phase II of this proceeding will address renewal issues to the extent possible at the time of the proceeding.
7. The Commission should expressly state that Subsection 5840(d) of the Public Utilities Code applies to the issuance of all state video franchises, including original state franchises. 5840 (d) states that "No person or corporation shall be eligible for a state-issued franchise, including a franchise obtained from renewal or transfer of an existing franchise, if that person or corporation is in violation of any final nonappealable order relating to either the Cable Television and Video Provider Customer Service and Information Act (Article 3.5 (commencing with Section 53054) of Chapter 1 of Part 1 of Division 2 of Title 5 of the Government Code) or the Video Customer Service Act (Article 4.5 (commencing with Section 53088) of Chapter 1 of Part 1 of Division 2 of Title 5 of the Government Code).	Page 97 Chong Draft Decision §X. Announcement of Application Review Results B. Notification of Statutory Ineligibility We tentatively adopted this provision pursuant to Public Utilities Code §5840(d). This statute establishes that no person or corporation shall be eligible for a new or renewed state video franchise if that person or corporation is in violation of any final nonappealable order relating to either the Cable Television and Video Providers Customer Service and Information Act or the Video Customer Service Act.

Chart 1 - PUC Order and Cities Comments

INITIAL COMMENTS	PUC OPINION - Draft 63715 Chong's Draft Decision
8. Local government reminds the Commission that DIVCA emphatically states the Legislature's intent that local government revenues be protected and that the Commission should promote this legislative principle.	Pages 105-106 Chong Draft Decision 2. Discussion In response to local governments' requests, we clarify that the Commission's user fees are not "franchise fees" as defined by Section 542 of the Federal Communications Act. Any fees levied by the Commission pursuant to DIVCA are either fees of "general applicability" or fees "incidental to the awarding or enforcing of the franchise." Consistent with the intent of Public Utilities Code §442(b), we will enforce our rules in a manner that does not permit state video franchise holders to use our fees as an offset against franchise fees owed to local governments. But while we respect concerns regarding the Commission's fees, we do not amend the application to stipulate that our user fees shall not be used to offset ranchise fees owed to local entities. If every requirement, condition, and obligation contained in DIVCA were to be reflected in the application, the application form would quickly become unwieldy. Moreover, we find that the Commission's analysis here sufficiently protects local entities' ability to collect franchise fees required by DIVCA.
9. The DGO's fee structure needs clarification; application review costs to the Commission and fees to applicants are grossly underestimated.	Page 77 Chong Draft Decision §VIII. Application Fee B. We decline to modify the amount of our application fee or assess an application fee for anything other than an application for an initial or renewed state franchise. We conclude that the proposed application fee of $2,000 is reasonable for recovering our costs to process an application.
10. Commission Overrules Cities' Request To Limit Service Area For Applications For State Video Franchises to 750,000 Households.	Page 202 Chong Draft Decision We decline to impose any new regulations that would restrict the size or modification of a video service area. It is unclear whether limiting the size of video service areas as suggested by Joint Cities would help or harm government efforts to monitor state video franchise holders' compliance with DIVCA. Local entities disagree about what is the optimal size for effective government monitoring. Moreover, we find that CCTA's caution concerning tax implications does not require Commission action. An applicant is best able to determine the tax consequences of its individual business plan, and, if preferable, an applicant is free to request a single state video franchise for the entire state of California. Affording this flexibility is consistent with the Legislature's intent that DIVCA "[c]reate a fair and level playing field for all market competitors . . . ."
11. Require Identification of the Ultimate Corporate Parent	Page 54 Chong Draft Decision §VI. Information Required to Complete an Application C. Additions to the Application and the Affidavit 1. Proposed Changes to the Application b. Information on Corporate Parents Joint Cities urges us to modify the state video franchise application to "include information on all parent entities, if more than one, including the ultimate parent." We find that this request is reasonable and based upon the statute. Public Utilities Code § 5840(e)(5) states that the applicant must provide the "legal name, address, and telephone number of the applicant's parent company, if any." The statute provides no exception that allows an applicant to omit listing a parent company if the applicant has more than one parent company. Accordingly, we clarify that the Application must include information on all parent entities, including the ultimate parent.
12. Notices to Local Entities	Page 54 Chong Draft Decision §VI. Information Required to Complete an Application C. Additions to the Application and the Affidavit 1. Proposed Changes to the Application d. Information Coordination with Local Entities ...we clarify that the Commission will continue to work with local entities to ensure strong communication channels. We view the local entities as our partners in oversight of state video franchise holders. We have worked with and expect to continue to work with individual cities and organizations, such as the League of Cities, to develop communication systems and other documentation to facilitate the success of the new state video franchise system. Concerning the specific items requested above, we find that these items are best addressed at the administrative level of the Commission. We anticipate that action on these specific items will commence following the staffing of the Commission's new video franchise unit.
12 - Continued	Page 234 Conclusion of Law No. 58. Pursuant to Public Utilities Code § 5840(b), a state video franchise holder must provide a local entity notice that it will begin offering service in the entity's jurisdiction. This notice of imminent market entry shall be given at least 10 days but no more than 60 days, before the video service provide begins to offer service.

Chart 1 - PUC Order and Cities Comments

INITIAL COMMENTS	PUC OPINION - Draft 63715 Chong's Draft Decision
13. The Commission should take several additional steps to ensure that the Commission and local governments timely receive all information necessary for the successful accomplishment of their respective responsibilities.	Page 13 Chong Draft Decision §IV. When Applicants Can/Must Apply for a State Video Franchise A. Applicants for New Franchises 2. Discussion We modify the General Order to clarify that an incumbent cable operator is not considered an incumbent in areas outside of its franchise service areas as of January 1, 2007. Like CCTA and SureWest, we find that this result is consistent with the definition of "incumbent cable operator" found in DIVCA. Public Utilities Code §5830(j) defines "incumbent cable operator" as "a cable operator . . . serving subscribers under a franchise in a particular city, county, or city and county franchise area on January 1, 2007." Moreover, it would be contrary to the Legislative intent for DIVCA if we prevented an incumbent cable operator in one service area from operating under a state video franchise in a new area. An express purpose of DIVCA is to "[p]romote the widespread access to the most technologically advanced cable and video services to all California communities."
13 - Continued	A. 2. Discussion - Continued As requested by SureWest, we also amend the language in Section III.C.1 of the General Order to replace "service area" with "jurisdiction." We find that this modification makes the General Order consistent with the plain language of Public Utilities Code §5840(n). Section 5840(n) requires a state video franchise holder to "notify the local entity that the video service provider will provide video service in the local entity's jurisdiction."
13 - Continued	Page 17 Chong Draft Decision §IV. When Applicants Can/Must Apply for a State Video Franchise B. Applicants with Existing Franchises 2. Discussion In this context, invocation of federal Cable Act renewal provisions is not persuasive. With respect to League of Cities/SCAN NATOA's argument that "allowing the video service provider to unilaterally extend the franchise frustrates the bargaining ability of the local entity and arguably violates federal law," we observe that incumbent cable operators that request an extension of a local franchise are planning to opt out of a local franchise, rather than renew it. The federal Cable Act's requirements pertaining to franchise renewals, therefore, are inapplicable.
13 - Continued	B.2. Discussion - Continued We conclude that it is necessary and reasonable to require automatic extension of state video franchises that are held by incumbent cable operators planning to seek state video franchises. We find that this statutory interpretation is most consistent with DIVCA and does not contradict state or federal law. We also hold that we will permit incumbent cable operators to apply for state video franchises before expiration of their local franchises. As pointed out by CCTA, failure to allow state video franchise applications in advance of expiration of local franchises would place incumbent cable operators in legal limbo during the time between expiration of their local franchises and issuance of their state franchises. Consequently, applicants could be forced to choose between competing perils of unlawful operation or discontinuation of their video services. We fail to see how either alternative serves consumer interests.
13 - Continued	Page 32 Chong Draft Decision §V. Eligibility to Operate Under a State Video Franchise B. Discussion 1. Implementation Concerns Our review of parties' comments reaffirms that it is both necessary and reasonable to adopt restrictions on when a corporate entity may operate under a state video franchise. These restrictions are especially relevant to implementation of three types of statutory provisions: the cross-subsidization prohibition, build-out requirements, and reporting obligations. All three of these statutory provisions impose requirements that apply to not only video services, but also other communications services. We discuss issues raised by each of these provisions below.

Chart 1 - PUC Order and Cities Comments

INITIAL COMMENTS	PUC OPINION - Draft 63715 Chong's Draft Decision
13 - Continued	B.1. Implementation Concerns - Continued First, we recognize that our ability to enforce build-out requirements may be impaired if a corporate family divides its video or telephone and video services among different operating entities in California. "[H]olders or their affiliates with more than 1,000,000 telephone customers in California" are required to meet stringent build-out requirements for provision of video service. Yet a company with video and telephone customers could avoid these statutory obligations if it (like incumbent cable operators) were able to attain a separate franchise for each region where it offered communications services, thereby ensuring no single entity ever had more than 1,000,000 telephone customers. Alternatively, a company could avoid build-out requirements if it were able to use a video affiliate, separate from its telephone business, to acquire a state franchise. This structural separation would ensure that no one entity in the company would have both telephone and video customers, the combination required for the applicability of § 5890(b) build-out requirements.
13 - Continued	B.1. Implementation Concerns - Continued Second, we determine that our authority and ability to prevent subsidization of video services with telecommunications funds could be challenged if a company divides its video and telecommunications services into two different operating entities. Public Utilities Code § 5940 prohibits crosssubsidization of video rates by a "holder of a state franchise . . . who also provides stand-alone, residential, primary line, basic telephone service. . . ." A company offering both telecommunications and video services, however, would not be covered by this statutory provision if it divided its telecommunications and video operations into two different affiliates.
13 - Continued	B.1. Implementation Concerns - Continued Third, we find that it would be difficult, if not impossible, for us to collect comprehensive broadband and video reports if a company separated its broadband operations from its video operations, or divided its video operations among multiple California entities. Regarding broadband data, a state video franchise holder is required to report information regarding broadband access and usage, to the extent that the "holder makes broadband available in the state." Yet a company could try to avoid the broadband reporting requirements if it assigns all its broadband customers to an affiliate separate and distinct from a video affiliate, which attained the state video franchise. Indeed, SureWest already has notified us that it does not believe it has an obligation to provide its affiliates' broadband data. SureWest asserts that the Commission "has no legal authority to require such reporting from non-regulated affiliates."
13 - Continued	B.1. Implementation Concerns - Continued With respect to video data, a state video franchise holder is required to report information regarding video access within the holder's "video service area." Implementation of this requirement, however, would be unduly complicated if multiple video entities in a corporate family operate pursuant individual state video franchises (as requested by incumbent cable operators). These individual operating entities would produce individual reports. Commission staff then would need to review and combine multiple data sets in order to develop a single picture of the corporate family's operations as a whole.
13 - Continued	B.1. Implementation Concerns - Continued Any such evasion of an important statutory provision is untenable. Public Utilities Code § 5840(e)(1)(B) recognizes that both "the applicant" and "its affiliates" must "comply with all federal and state statutes, rules, and regulations," which include provisions found in DIVCA. Moreover, the Legislature states that DIVCA should "[c]reate a fair and level playing field for all market competitors that does not disadvantage or advantage one service provider . . . ." It would be contrary to this express Legislative intent [if] we applied DIVCA in a manner that varied depending on the corporate structure of the company offering video service. We need not develop any further record to reach this conclusion.

Chart 1 - PUC Order and Cities Comments

INITIAL COMMENTS	PUC OPINION - Draft 63715 Chong's Draft Decision
14. Commission Support's Cities Request to Stipulate That State User Fees Are Not Franchise Fees.	Page 105 Chong Draft Decision §XII. User Fee A. Federal Cable Act Compliance 2. Discussion In response to local governments' requests, we clarify that the Commission's user fees are not "franchise fees" as defined by Section 542 of the Federal Communications Act. Any fees levied by the Commission pursuant to DIVCA are either fees of "general applicability" or fees "incidental to the awarding or enforcing of the franchise." Consistent with the intent of Public Utilities Code §442(b), we will enforce our rules in a manner that does not permit state video franchise holders to use our fees as an offset against franchise fees owed to local governments. But while we respect concerns regarding the Commission's fees, we do not amend the application to stipulate that our user fees shall not be used to offset franchise fees owed to local entities. If every requirement, condition, and obligation contained in DIVCA were to be reflected in the application, the application form would quickly become unwieldy. Moreover, we find that the Commission's analysis here sufficiently protects local entities' ability to collect franchise fees required by DIVCA.
15. Commission Overules Cities' Request That Application Form To Have a Distinct Stipulation Regarding Interpretation That State Fees Are Not Franchise Fees.	Page 100 Chong Draft Decision §XI. Notice of Imminent Market Entry B. Discussion We, like CCTA and DRA, conclude that we should require state video franchise holders to provide concurrent notice to affected incumbent cable operators. The basis for this conclusion is Public Utilities Code § 5840(o)(3). Public Utilities Code § 5840(o)(3) specifies that an incumbent cable operator's right to abrogate a local franchise is triggered when "a video service provider that holds a state franchise provides . . . notice . . . to a local jurisdiction that it intends to initiate providing video service in all or part of that jurisdiction." Implicit in this abrogation right is the assumption that an incumbent cable operator will know when a state video franchise holder provides notice of imminent market entry. To ensure this assumption is fulfilled, we modify the General Order to require state video franchise holders to provide affected incumbent cable operators concurrent notice of imminent market entry.
16. Commission Requires Notice To Cable Companies When An Applicant Submits Its Application To The State	Page 218 Findings of Fact 74. Since DIVCA specifies that an incumbent cable operator's right to abrogate a local franchise is triggered when a video service provider that holds a state franchise provides notice to a local jurisdiction that it intends to initiate providing service in all or part of that jurisdiction, it is reasonable to require the state franchise holder to provide notice of imminent initiation of service to the incumbent cable operators operating in that jurisdiction. Findings of Fact 75. Requiring concurrent notification of the local entity and the incumbent cable operator of imminent market entry by a state franchise holder is reasonable in light of the Legislative intent that DIVCA create a fair and level playing field for all market competitors.
17. State Overrules Cities' Request To Increase First Year User's Fees	Page 109 Chong Draft Decision §XII. User Fee B. Commission Budget 2. Discussion The budget for our state video franchising program shall be established in accordance with the clear guidance found in DIVCA.395 Pursuant to Public Utilities Code § 401(b), the user fee will "produce enough, and only enough, revenues to fund the commission with (1) its authorized expenditures for each fiscal year to regulate . . . applicants and holders of a state franchise to be a video service provider, less the amount to be paid from special accounts except those established by this article, reimbursements, federal funds, and the unencumbered balance from the preceding year; (2) an appropriate reserve; and (3) any adjustment appropriated by the Legislature. This user fee necessarily includes funding for DRA, whose budget is included in the Commission budget as a separate line item.
17. Continued	B.2. Discussion - Continued In response to Joint Cities' and League of Cities/SCAN NATOA's requests, details regarding how we calculated the state video franchising budget for Fiscal Year 2007-2008 are available in Appendix F. These details, when considered in light of our responsibilities pursuant to DIVCA, should alleviate any party's concerns that our budget either is too great or too small. We further observe that affected parties have ample opportunities to raise issues concerning the size of our annual budget and scope of our activities. The Commission's budget is subject to oversight by both the Administration and the Legislature. Moreover, if we find in practice that our budget needs to be modified, we retain the right to augment our budget as necessary, pursuant to approval by the Department of Finance.

Chart 1 - PUC Order and Cities Comments

INITIAL COMMENTS	PUC OPINION - Draft 63715 Chong's Draft Decision
18. Commission Requires Compliance With Collective Bargaining Agreements.	Page 58 Chong Draft Decision §VI. Information Required to Complete an Application C. Additions to the Application and the Affidavit 2. Proposed Changes to the Affidavit a. Information on Labor Contracts ...Thus, any applicant for a state video franchise, an amended state video franchise, or the receipt of a state video franchise must attest that it will comply with existing collective bargaining agreements and honor such agreements when transferring a franchise. More specifically, Public Utilities Code § 5840(e)(1)(B) further requires that an applicant make four statements attesting to its compliance with individual provisions of state law. Compliance with DIVCA labor requirements is not included in these provisions.
18 - Continued	C.2.a. Information on Labor Contracts - Continued To ensure clarity, we mandate an additional statement in the affidavit. We require the affidavit to include a statement that the applicant will fulfill all DIVCA requirements. This addition to the affidavit allows us to address this meritorious claim of CWA. Furthermore, this broad language enables us to address with economy the meritorious claims of other parties discussed below. If transfer of a state video franchise is sought, we also shall require the transferee to state, by affidavit, that it "agrees that any collective bargaining agreement entered into by a video service provider shall continue to be honored, paid, or performed to the same extent as would be required if the video service provider continued to operate under its franchise for the duration of that franchise unless the duration of that agreement is limited by its terms or by federal or state law." We support CWA's assessment that this stipulation is necessary for implementation of DIVCA collective bargaining provisions. Public Utilities Code § 5970(b) specifically requires that the transferee agree to respect a collective bargaining agreement in this manner.
18 - Continued	C.2.a. Information on Labor Contracts - Continued Finally, we direct state video franchise holders to submit annual reports that indicate whether their California employees are covered by a collective bargaining agreement. While submission of this information is outside of the scope of the tightly prescribed application process, we find that this reporting requirement is necessary for ongoing enforcement of DIVCA labor provisions. A regular reporting requirement will help us to ensure that existing collective bargaining agreements are identified and respected during the transfer process.
18 - Continued	Page 60 Chong Draft Decision §VI.C.2. b. Authority of Affirming Individual CFC states that the affidavit "does not require sufficient assurances that the affirming individual has authority to speak for and bind the Company." It notes that "[t]here is no requirement that the individual holds a position with the Company that would give him or her that authority." Consequently, CFC urges the Commission to revise the affidavit form to guarantee "that the individual who signs it has personal knowledge of the facts which he or she is affirming." We find that CFC's proposed alterations are not necessary. The content of our affidavit already adequately addresses CFC's concerns. The affidavit requires the affiant to swear that she or he has "personal knowledge of the facts," is "competent to testify to [the facts]," and has "authority to make this Application [on] behalf of and to bind the Company."
18 - Continued	Page 61 Chong Draft Decision §VI.C.2. c. Other Requests for Affidavit Modification The Cities and Pasadena call for an addition to the section of the affidavit addressing PEG. Specifically, they ask that we require the following statement to be included in the affidavit: "Applicant will timely and fully provide the public, educational, and governmental access (PEG Access) channels, as well as associated funding and support (such as system interconnection, where applicable), required by AB 2987, as well as any continued institutional network (I-Net) facilities and support required by AB 2987." The addition of a statement by which the applicant affirms compliance with all DIVCA requirements, as discussed above, meets this concern. No further modification to the affidavit is necessary.

Chart 1 - PUC Order and Cities Comments

INITIAL COMMENTS	PUC OPINION - Draft 63715 Chong's Draft Decision
19. Commission Overrules Cities' Request For Distinct Affirmation Regarding Providing Service To Community Centers and overfules Cities's request to have an statement added to the application to the effect that state administration fees do not qualify as franchise fees under federal law.	C.2.c. Other Requests for Affidavit Modification - Continued CCTPG/LIF requests that the affidavit "include an additional affirmation that the applicant will provide free community center service as provided by Section 5890(b)(3)." The addition of a statement by which the applicant affirms compliance with all DIVCA provisions, as discussed above, meets this concern. No further modification to the affidavit is necessary. Finally, we note that Pasadena, Joint Cities, and League of Cities/SCAN NATOA ask that the application require the franchise applicant to state that the applicant agrees that Commission or state fees do not qualify as franchise fees pursuant to caps imposed by the federal Cable Act. We decline to impose such a requirement. We find that this statement is unnecessary and likely would carry