

# **COMMUNICATIONS SUPPORT GROUP, INC.**

2850 Mesa Verde Drive East - Suite 118, Costa Mesa, CA 92626 VOICE: (714) 444-4900  
FAX: (714) 444-4905  
EMAIL: [jrisk@csgaudits.com](mailto:jrisk@csgaudits.com)

**TO:** Maggie Healy, City of Redondo Beach  
**FROM:** John Risk, President  
**DATE:** February 9, 2007  
**SUBJECT:** PUC Draft Decision

On January 16, 2007, the California Public Utilities Commission (PUC) released Commissioner Rachelle B. Chong's draft decision, AGENDA ID #6325 QUASI-LEGISLATIVE TO PARTIES OF RECORD IN RULEMAKING 06-10-005, announcing the Commission's reaction to comments from the public and its plan to implement AB2987. The draft decision and its related attachments total more than 400 pages.

The purpose of the draft decision is to inform the public how the PUC will implement rules for governing and managing state video services and cable television franchises. In the draft decision, the PUC acknowledges several of the points made by local governments during the public comment process, but acts favorably to only a subset of the recommendations suggested by cities.

The following itemizes the matters from the draft decision of key significance to local governments:

- Applicant companies must notify local authorities and incumbent cable operators that an application has been filed with the PUC;
- No public/city comment allowed on franchise applications;
- Incumbent cable TV franchises automatically extended to January 2, 2008;
- PUC bond will serve as proof of financial capability; it is not available to local governments, which may require additional security instruments;
- PUC will notify cities if any applications are incomplete;
- Clarification that Commission fees are not franchise fees;
- Franchise fee payments to local governments can't be offset by Commission fees;
- Commission states that it will "continue to work with local entities to ensure strong communication channels...";
- Applicants' affidavit will include a statement that the applicant will fulfill all DIVCA requirements (including PEG requirements under AB 2987)

## **Memo and Charts on PUC Draft Decision**

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The Commission received written comments on this draft decision up to January 30, 2006 and plans to act upon the matter on February 15, 2007, at its next scheduled meeting. By statute, the Commission must commence accepting applications for state franchises no later than April 1, 2007.

By way of background, during the initial comment period which ended on October 25, 2006, the following entities submitted comments: AT&T California (AT&T); California Cable and Telecommunications Association (CCTA); California Community Technology Policy Group and Latino Issues Forum (CCTPG/LIF); the Consumer Federation of California (CFC); the Cities of Arcadia, Berkeley, Long Beach, Redondo Beach, and Walnut (Joint Cities); the City of Pasadena (Pasadena); the City of San Jose (San Jose); the City of Oakland (Oakland); the Division of Ratepayer Advocates (DRA); the Greenlining Institute (Greenlining); the County of Los Angeles (Los Angeles County); the League of California Cities and States of California and Nevada Chapter of the National Association of Telecommunications Officers and Advisors League of California (Cities/SCAN NATOA); Calaveras Telephone Company, Cal-Ore Telephone Co., Ducor Telephone Company, Foresthill Telephone Co., Global Valley Networks, Inc., Happy Valley Telephone Company, Hornitos Telephone Company, Kerman Telephone Company, Pinnacles Telephone Co., The Ponderosa Telephone Co., Sierra Telephone Company, Inc., The Siskiyou Telephone Company, Volcano Telephone Company, and Winterhaven Telephone Company (Small LECs); SureWest Televideo (SureWest); the Communications Workers of America (CWA) (filing late); The Utility Reform Network (TURN); and Verizon California, Inc. (Verizon) filed opening comments.

The following entities submitted reply comments: AT&T; the Broadband Institute of California (BBIC); CCTA; CCTPG/LIF; Los Angeles County, the City of Los Angeles, and the City of Carlsbad (Los Angeles and Carlsbad Responders); DRA; Greenlining; League of Cities/SCAN NATOA; Oakland; Small LECs; SureWest; TURN; and Verizon.

Given the fact that there are a variety of AB 2987-related requirements/issues that aren't addressed in the Order we have created two summary charts for your convenience. The first chart tracks the Commission's decisions regarding the issues commented upon by the Joint Cities, League of California Cities, and SCAN citing relevant pages for comments, findings of fact, and conclusions of law. The second chart summarizes elements of AB2987 which were not thoroughly considered by the Commission in the draft decision, but are mandated by AB2987, and remain important to cities in preparing for franchise applications from cable operators and telephone corporations. We will be holding a conference call to discuss these summary charts on Wednesday, February 28, 2007 at 1:45 pm.

We are also enclosing a useful a Word file containing the pages of the draft decision itemizing the PUC's Findings of Facts and Conclusion of Law in the proceeding.