

22. Franchise Agreement: Cable Television Rates and Charges

b. Communications

1. Barbara Gilbert

Kelly, Sherry

From: Bgilbertca@aol.com
Sent: Monday, December 01, 2003 5:02 PM
To: Hawley, Miriam; Wozniak, Gordon; Worthington, Kriss; Berkeley Mayor's Office; Breland, Margaret; Shirek, Maudelle; Olds, Betty; Spring, Dona; Maio, Linda; Englund, Sandy
Cc: Kelly, Sherry
Subject: berkeley Should Be Wary and Cautious with Comcast



[TcPW] PEG
Access FYI

FYI

Sincerely,

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Kelly, Sherry

From: Joseph Hilson [joseph@hilson.com]
Sent: Monday, December 01, 2003 1:14 PM
To: tcpw; tcpw_policy
Subject: [Tcpw] PEG Access FYI

This came from Brian

FYI....

-----Original Message-----

From: Paul Valle-Riestra [mailto:VALLE-RIESTRA@ci.walnut-creek.ca.us]
Sent: Monday, August 04, 2003 4:20 PM

Critics say firm is cutting airtime
by John Keilman
Chicago Tribune staff reporter
August 2, 2003

Even by the humble standards of public-access television, West Chicago's Channel 17 is a skeletal operation, but at least its rent has been free. The succession of cable companies serving the town let the channel operate in their building without charge and supplied a \$5,000 subsidy. But in mid-December, a few weeks after Philadelphia-based Comcast took over the town's cable system, Channel 17 learned the deal was over. City officials "said they just had notice that Comcast wasn't going to fund it anymore," said Bob Martin, president of the foundation that runs Channel 17. "They were going to get us out of that facility because they wanted it, and we had better start looking for a new home."

Public, educational and governmental access -- known by the acronym PEG -- was one of the original selling points for cable television, bringing everything from Zoning Board hearings to do-it-yourself talk shows to local screens. But critics say Comcast, which became the nation's largest cable company last year when it acquired AT&T Broadband, is turning its back on that commitment.

Since snapping up AT&T's 1.6 million Chicago-area customers in November, Comcast has stopped producing local programming in Elgin. It ended a \$100,000 annual payment for public access in Wheaton. And it is trying to negate a contractual agreement under which it pays the \$7,700 monthly rent for Naperville's public-access studio, saying it is not required under federal law.

Other complaints have popped up from California to Massachusetts, leading to accusations that Comcast is trying to end public access altogether. Bunnie Riedel, executive director of the PEG advocacy group Alliance for Community Media, said there are about 5,000 access channels nationwide, which equal "a lot of revenue lost for cable companies. They could be throwing in at least three or four more home-shopping channels on each system" if they reclaimed PEG channels, she said.

Comcast officials said suspicions are groundless and the disputes are part of contract negotiations or long-running legal quarrels in a tiny portion of Comcast's 4,500 cable systems nationwide. "At its finest, we realize that

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PEG programming can produce a competitive advantage for us, because satellite-dish systems can't produce that," said Jon Kreucher, a Comcast vice president of regulatory affairs. "We haven't adopted a companywide policy to do away with PEG. It wouldn't be in our interest, and we couldn't do it under federal law."

Public access required Cable companies are legally obligated to provide public-access channels if a town asks for them, and many do. But the things necessary to create programming for those channels -- equipment, studio space and staff -- are negotiated by cable providers and the towns they serve. As those contracts expire, some say Comcast, known as a fearsome negotiator in the business world, is taking a hard line on those expenses.

Marin County, Calif., had reached an initial agreement on PEG funding with AT&T Broadband last year when Comcast took over. Martin Nichols, head of Marin Telecommunications Agency, said the company quickly backpedaled on the \$12.8 million arrangement. "We went from having a deal Comcast said they would honor to one that would provide about 16 cents on the dollar," he said. "We've rejected that, and so we're in limbo." A Comcast spokesman declined to comment, saying the company had pledged to keep negotiations private.

The entire cable industry is under investor pressure to recoup billions of dollars sunk into system upgrades in the 1990s, said Anne Hoag, a cable expert at Pennsylvania State University. Comcast has a particularly large burden: It took on \$25 billion in debt when it acquired AT&T Broadband, a notoriously poor financial performer.

Jeff Chester of the Washington-based Center for Digital Democracy, an advocacy group for cable consumers and programmers, said that has led to Comcast "squeezing communities across the country" to save money. "It's in the process of playing hardball with cities in terms of [contract] renewal, with public access, threatening to cut budgets, threatening to close channels," he said.

Kreucher said PEG cutbacks are a pittance compared with Comcast's recent sale of home-shopping channel OVC for \$8 billion and ongoing debt restructuring. Any public-access savings would be "so insignificant that there's no way the company would ever look at that as an opportunity," he said.

Costs drove Elgin moves But Comcast officials acknowledge money was behind the loss of local shows in one Chicago suburb. Elgin's contract is vague when it comes to PEG, saying only that the cable company must provide "local origination programming."

Cable providers through the years took an expansive view of that phrase, assigning employees to tape City Council meetings, produce a mayoral show and put together a week-in-review program for a local channel. But in February, a few months after Comcast took over from AT&T, the company ended the Elgin programming, leaving the local channel to carry shows highlighting news, sports and politics from across the Chicago region, as well as a program touting Comcast's pay-per-view offerings.

"It becomes difficult to program for the needs of 50,000 when you have 1.6 million viewers," said Comcast spokeswoman Patricia Andrews-Keenan. "You have to be as broad-based as possible so you're appealing to a broad range of your viewers. It becomes cost-prohibitive to do those kind of [local] shows on a weekly, monthly basis." Elgin has begun taping its own City Council meetings, which still run on the local channel, and is considering

paying private companies to create other programming. Assistant City Manager Sean Stegall said that even though Elgin still is negotiating a final agreement with Comcast, it has no leverage to force a public-access showdown. "A municipality not renewing a contract and having it upheld is beyond rare," he said. "The statutes are set up clearly in [the industry's] favor."

Lawsuit filed

But one city is taking on Comcast over PEG issues. Officials in San Jose, Calif., have big plans for public access, from adding new channels to expanding and updating the local studio. When they judged Comcast's offer to be woefully inadequate, they voted to preliminarily deny renewal of the company's contract.

Comcast sued, saying the city overstepped its legal bounds, and the matter is before a federal judge. The company declined comment, but San Jose spokesman Tom Manheim said it's only fair for Comcast to pay for the "electronic soapbox" provided by public access. "Comcast is a company that will make, in our estimate, gross revenues of over \$1.5 billion over 10 years" in San Jose, Manheim said. "They are making a profit by using the public's right of way. We think they offer a good service. We also think the residents of San Jose deserve something in return."

Not every town has battled Comcast over public access.

In Skokie, the company paid for a \$200,000 upgrade to the town's studio. Officials in places such as Chicago, Oak Park and Addison, where contracts still are in force, say they have seen no hint of reduced support. Comcast officials say the PEG arguments will be ironed out before the final deals are signed and dismiss complaints as negotiation-minded posturing. They also note that local governments in West Chicago and Wheaton slashed their own spending on public access this year.

"We're happy to work with cities to air more local programming, but we expect them to play a role and be responsible as well," Kreucher said. "We need them to understand that they're partnering with us to create a high-quality channel."

In West Chicago, Comcast hasn't yet forced Channel 17 to leave its building despite its desire to reclaim the space, and producers still are turning out new shows. But Laura Bahrenburg, who showcases dining and area events on "Food, Fun and Whatever," nonetheless worries the end could be near.

"We'll know shortly if we'll have a studio, equipment, be able to get our programs out," she said. "If we cannot, I think it'll be a sad thing on our part. I think the community would still like to have those things when they pay for cable TV."

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