



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: RICHARD DOYLE
City Attorney

SUBJECT: Resolution of Cable Television
Rate Dispute

DATE: December 8, 2005

RECOMMENDATION

Adoption of a resolution resolving disputes regarding rates for equipment that may be charged by Comcast of California II, LLC.

BACKGROUND

The Federal Cable Act and the City's Cable Ordinance allow the City limited authority to review and regulate cable television rates in the City. Each year the Cable Company (Comcast) submits a form containing its justification of the rates it proposes to charge for regulated services and equipment. The City routinely has the form reviewed by consultants to determine if the rates are within the limits allowed under federal law.

This can be a complicated analysis as the limitations are based on, among other things, the cost to Comcast to perform these services and provide the equipment. The analysis must be done by experts in the Cable TV industry.

One of the City's consultants, Ashpaugh & Sculco, CPAs, conducted a very detailed review of certain Comcast equipment rates on behalf of a number of cities across the country including San Jose, Santa Clara and Mountain View. A dispute arose as to the appropriate rate for certain cable television equipment provided subscribers and a proposed compromise with Comcast as to the rates on this equipment was reached. For San Jose the settlement would result in a small refund to most San Jose customers. Who gets refunds and in what amount is based on the particular equipment and services used by the subscriber. The individual refunds would be small, most under \$1, but with approximately 160,000 subscribers the aggregate refund to San Jose subscribers is significant.

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ANALYSIS

To implement the terms of the proposed Settlement Agreement the City needs to adopt a rate order as contained in the Settlement Agreement establishing cable equipment rates consistent with the Settlement Agreement.

COORDINATION

This memorandum was coordinated with the City Manager's Office.

CEQA

Not a project.

RICHARD DOYLE
City Attorney

By: _____
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cc: Del Borgsdorf