PH

COUNTY OF LOS ANGELES
DEPARTMENT OF CONSUMER AFFAIRS

B-96 KENNETH HAHN HALL OF ADMINISTRATION
500 W. TEMPLE STREET / LOS ANGELES, CALIFORNIA 90012-2706 / (213) 974-1452
http://consumer-affairs.co.la.ca.us

PASTOR HERRERA, JR.
DIRECTOR

July 2, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

APPROVE AND AUTHORIZE EXECUTION OF A "CONSENT LETTER" APPROVING THE CHANGE OF CONTROL OF THE PARENT COMPANY OF THE CABLE TELEVISION FRANCHISE HOLDERS FOR THE LOS ANGELES UNINCORPORATED AREAS OF AT&T SOUTH, CLAREMONT, COVINA, KAGEL CANYON AND SAUGUS FROM AT&T CORP., TO AT&T COMCAST CORPORATION; ADOPT THE ATTACHED ORDINANCES PROVIDING FOR THE INCLUSION OF AN ADDITIONAL TERM IN THE KAGEL CANYON AND SAUGUS CABLE TELEVISION FRANCHISES

(1^{ST}, 2^{ND}, 4^{TH} AND 5^{TH} DISTRICTS - 3 VOTES)

<u>IT IS RECOMMENDED THAT YOUR BOARD:</u>

1. Approve and authorize the Director of the Department of Consumer Affairs to execute a "Consent Letter" substantially similar in form to the attached "Consent Letter", approving the change of control of the parent company of the cable television franchise holders for the AT&T South (South Central Los Angeles, Baldwin Hills, East Compton, Harbor, Lakewood), Claremont, Covina, Kagel Canyon and Saugus unincorporated areas from AT&T Corp. ("AT&T") to AT&T Comcast Corporation ("AT&T Comcast").

2. Approve the attached ordinances for the Kagel Canyon and Saugus unincorporated areas which: 1) require the Franchisees to offer a ten-percent (10%) discount of the monthly Basic Tier Rate to economically disadvantaged subscribers in the event that their own voluntary discount program is discontinued.

3. Find the cable television franchise amendments are categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e), of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061(b)(3) of the State CEQA Guidelines.

PURPOSE OF RECOMMENDED ACTION:

AT&T has requested approval of a proposed change of control of the parent company of the cable television franchise holders to AT&T Comcast but will continue to provide cable television service to the unincorporated areas of South Central Los Angeles, Baldwin Hills, East Compton, Harbor, Lakewood, Claremont, Covina, Kagel Canyon and Saugus. The County's Master Cable Television Franchise Ordinance (Title 16, Division 4 of the County Code) provides that the proposed change of control must be approved by the County.

Previously, Los Angeles County Code §16.60.170 vested the Director of the Department of Consumer Affairs with the authority to grant consent or deny applications for transfers and changes of controls in cable television franchises when there were no material additions to the franchise. Your Board has directed that all such applications be presented to you for approval or disapproval. This action is in accord with this direction.

JUSTIFICATION:

Approval of the "Consent Letter" authorizes the change of control of the cable television franchises from AT&T to AT&T Comcast in accordance with Los Angeles County Code §16.60.170 and 47 U.S.C. §537 and within the time limit specified in 47 CFR §76.502.

Los Angeles County Code §16.60.170(c) states that the consent to a proposed transfer or change in control "shall be refused only if the [Director of Consumer Affairs] finds that the franchisee is in noncompliance with terms and conditions of the franchise and/or that [the new controlling entity] is lacking in experience and/or financial ability to operate the cable television system authorized by the franchise."

However, Section 16.60.170(A)(4) also authorizes the County to impose additional terms and conditions which are deemed to be in the public interest as a condition of consent to a transfer or change of control of the franchise. Such additional terms and conditions shall be imposed by ordinance.

The Auditor-Controller has reviewed the financial capability of AT&T Comcast and does not object to the change of control. The Department of Consumer Affairs has reviewed the franchises for noncompliance and has determined that there are no issues that would prevent the proposed change of control.

The attached "Consent Letter" requires AT&T Comcast to comply with all of the terms and conditions of the cable television franchises, the County's Master Cable Television System Franchise Ordinance (Title 16, Division 4 of the County Code) and the provisions of the "Consent Letter". Any further assignment or change in control of the cable television franchises will require the additional consent of the County.

The attached ordinances require the Franchisees to offer a ten-percent (10%) discount of the Basic Tier rate to economically disadvantaged persons in the Kagel Canyon and Saugus unincorporated areas. This provision is already in effect in all of the other AT&T franchise areas.

Implementation of Strategic Plan Goals

Approval of this recommendation will assist in implementing the Department's Strategic Plan goals to place emphasis on service delivery and fiscal responsibility. This will ensure the continuation of revenue provided to the County by statute.

FISCAL IMPACT:

There will be no cost to the County. Section 622 (b) of the Cable Act of 1984 (47 U.S.C. §542 (b), gives a local franchising authority, such as the County, the right to collect franchise fees of no more than five percent (5%) of total gross revenues collected by a cable television franchisee over a 12-month period. The change of control of the cable television franchises will not effect the collection by the County of the maximum allowable franchise fees.

FINANCING:

There will be no negative financial impact.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Office of the County Counsel has reviewed the attached "Consent Letter" and ordinances and approved them as to form.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

There will be no impact on current services. AT&T Comcast will continue to provide cable television service(s) to the residents of the unincorporated areas of South Central Los Angeles, Baldwin Hills, East Compton, Harbor, Lakewood, Claremont, Covina, Kagel Canyon and Saugus.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT:

The change of control of these cable television franchises are categorically exempt under CEQA pursuant to Class 1, Section (e) of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b)(3) of the State CEQA Guidelines.

CONCLUSION:

It is requested that the Executive Office-Clerk of the Board notify Mr. Perry C. Parks III, Vice President, Franchising and Local Government Affairs, AT&T, 550 N. Continental Blvd. Ste. 250, El Segundo, CA 90245, of the Board's action in this matter. It is also requested that conformed copies be forwarded to County Counsel, the Department of Public Works, the Auditor-Controller, and the Department of Consumer Affairs, Cable Television Franchising Division.

Respectfully submitted,

Pastor Herrera Jr.

Pastor Herrera, Jr. Director

PHJ:FT:GY

Attachments

c: Chief Administrative Officer
Executive Officer, Board of Supervisors
Auditor-Controller
County Counsel
Department of Public Works
Internal Services Department

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COUNTY OF LOS ANGELES
DEPARTMENT OF CONSUMER AFFAIRS

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July 2, 2002

DOC. NO. CA 02-02

Via Fax and Certified Mail

Mr. Perry C. Parks, III
Vice President, Local Government Affairs
AT&T Broadband
550 N. Continental Blvd. Suite 250
El Segundo, CA 90245-5050

CONSENT OF THE COUNTY OF LOS ANGELES TO THE CHANGE OF CONTROL OF THE PARENT COMPANY OF THE CABLE TELEVISION FRANCHISES FOR THE AT&T SOUTH (ORD. NO. 97-0032F, AS AMENDED), KAGEL CANYON (ORD. NO. 89-0161F, AS AMENDED), SAUGUS (ORD. NO. 87-0169F, AS AMENDED), COVINA (ORD. NO. 97-0033F, AS AMENDED) AND CLAREMONT (ORD. NO. 88-0032F, AS AMENDED) UNINCORPORATED AREAS OF LOS ANGELES COUNTY FROM AT&T CORP. TO AT&T COMCAST CORPORATION

Dear Mr. Parks:

The County of Los Angeles ("County") has granted franchises to operate cable television systems in the following unincorporated areas: AT&T South (Ord. No. 97-0032F, as amended), Kagel Canyon (Ord. No. 89-0161F, as amended) , Saugus (Ord. No. 87-0169F, as amended), Covina (Ord. 97-0033F, as amended) and Claremont (Ord. No.88-0032F, as amended) (collectively being referred to as the Cable Television Franchises or Cable Television Franchisees (when referring to the holders of the cable television franchises). The Cable Television Franchisees are currently controlled by their parent entity, AT&T Corp. (AT&T).

On March 8, 2002, AT&T submitted to the County a FCC Form 394, associated exhibits and accompanying documents (the Change of Control Application) for a change of control of the Cable Television Franchisees to AT&T Comcast Corporation (AT&T Comcast). AT&T also submitted $1,000.00 per franchise (total $5,000.00) required by Subsection 16.62.025(A) of the County Code for processing the applications.

The County has found the Change of Control Application sufficient with respect to the informational requirements contained in Section 16.60.170 of the County Code. Therefore, the County hereby consents to the change of control of the Cable Television Franchises subject to the following terms and conditions:

(1) AT&T Comcast, AT&T Corp., Comcast Corporation or any affiliate or subsidiary of such entities shall not contest the County's assertion that it has "rendered a final decision" within the meaning of 47 U.S.C. §537, and within the original 120-day review period and in the manner required by 47 U.S.C. §537 and 47CFR§76.502.

(2) The County's consent to the change of control of the Cable Television Franchises to AT&T Comcast shall be voidable at the discretion of the County if the proposed merger of AT&T Broadband Corp. and AT&T Comcast is not completed by June 30, 2003, as set forth in the Change of Control Application ."

(3) The County reserves all rights not expressly granted in this consent. This consent shall not manifest a waiver or release of any right, privilege or power held by the County, whether arising before or after the date(s) of the change of control of the Cable Television Franchises, unless such a waiver or release is stated expressly in this consent. The granting of this consent shall not, except as expressly provided herein: (i) limit the County's right to require compliance with the terms of the Cable Television Franchises; or (ii) waive, diminish or otherwise adversely affect any right the County has or will have with respect to any matter, including, but not limited to, any renewal of the Cable Television Franchises or the County's rights to consider with respect to any cable television franchise renewal application, past or future breaches of the Cable Television Franchises; (iii) increase any of The Franchisee's obligations under the Cable Television Franchises.

(4) This consent letter shall not relieve AT&T Comcast, Franchisees or any other successor entity holding the Cable Television Franchises of any existing requirement, provision, or liability contained in or arising from: the Los Angeles County Code; any Federal or State law; any Federal, State, or County rule, regulation, or specification; or the Cable Television Franchises.

(5) This consent shall not be construed to grant or imply the County's consent to any other future change of control or transaction requiring the County's consent pursuant to the Cable Television Franchises, the County Code, or any applicable federal or state statute or rule. Except to the extent provided in Subsection 16.60.170(B) of the County Code, neither the Cable Television Franchises, in whole or in part, nor any portion of the cable television systems, in whole or in part, shall be sold, transferred, assigned, leased, hypothecated, placed in trust, or made the object of a change in control, without the filing of a prior written application with the County and the obtainment of the County's prior written consent to such a transaction.

(6) The County is consenting to the change of control of the parent company of the Cable Television Franchises on the basis of information in and accompanying the Change of Control Application as well as information provided during the County's consideration of the Change of Control Application. If any material change has occurred or occurs which supersedes the information submitted, or if the change of control of the Cable Television Franchises are not completed in accordance with the prior submitted information, AT&T Comcast or Franchisees shall inform the County in writing within thirty (30) days after such material change. If the County, in its reasonable discretion, determines that (i) such material change has an adverse effect on the ability of Franchisees to fully perform the obligations set forth in this consent or to fully perform the obligations under the Cable Television Franchises; or (ii) such material change involves the ultimate change of control of the Cable Television Franchises to a third party other than AT&T Comcast, then the further prior written consent of the County shall be required, in a manner consistent with Section 16.60.170 of the County Code.

(7) Within thirty (30) days of the change of control of the Cable Television Franchisees, the Franchisees shall deliver to the County:

A. Written notification of the closing of the pending transaction;

B. Express and unconditional acceptance executed by the Cable Television Franchisees, of the terms and conditions of their respective cable television franchises, the Los Angeles County's Master Cable Television System Franchise Ordinance, incorporated in Title 16, Division 4 of the Los Angeles County Code, in its most current form and as it may be subsequently modified or amended by Los Angeles County in the reasonable exercise of its police powers, and this Consent Letter. (Attachment I)

C. A letter duly executed by MediaOne of Delware, Inc. guaranteeing the performance of the Cable Television Franchisees under their respective cable television franchises pursuant to Sections 16.60.170(E)(4) and 16.60.110(A) of the Los Angeles County Code. (Attachment II)

D. Performance bonds fully complying with the requirements of the Cable Television Franchises and the Los Angeles County Code and which references the Cable Television Franchises and corresponding ordinance numbers, as amended, and identifies the Franchisees.

(8) Franchisees shall ensure that all customer notices, rate cards, channel lineups, service orders, brochures, work orders and other miscellaneous documents for the Cable Television Franchises are in full compliance with applicable County Code, State law and Federal law and regulations.

(9) Franchisees shall continue and shall not fail to meet the obligations pertaining to Public, Educational and Governmental Access Supports contained in the Cable Television Franchises.

(10) If any term, condition, or provision of this consent shall, to any extent, be held to be invalid, preempted, or unenforceable, the remainder of this consent shall be valid in all other respects and continue to be effective.

(11) If any of the material terms and conditions specified in this consent are not fully agreed to and/or satisfied within the specified periods of time, such failure shall constitute a failure to comply with a material provision of the Cable Television Franchises and shall allow Los Angeles County to pursue all remedies available under the Cable Television Franchise and Title 16, Division 4 of the Los Angeles County Code.

Sincerely,

Pastor Herrera, Jr.
Director

PHJ:FT:GY

Attachments

c: Supervisor Gloria Molina, First District
Supervisor Yvonne Brathwaite Burke, Second District
Supervisor Zev Yaroslavsky, Third District
Supervisor Don Knabe, Fourth District
Supervisor Michael D. Antonovich, Fifth District
Chief Administrative Officer
Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller
Department of Public Works
Internal Services Department

APPROVED AS TO FORM
BY COUNTY COUNSEL

LLOYD W. PELLMAN

BY: ______________________________
Deputy County Counsel

"ATTACHMENT I" TO A July 2, 2002 "CONSENT LETTER"

Cable Television Franchisees' Reaffirmation and Acceptance of the Cable Television Franchises, the Master Cable Television System Franchise Ordinance (Title 16, Division 4 of the Los Angeles County Code) and the attached "Consent Letter"

MediaOne of Los Angeles, Inc. as holder of cable television franchises in the AT&T South (Ord. No. 97-0032F, as amended), Covina (Ord. No. 97-0033F, as amended) unincorporated areas; King Videocable Company, as holder of cable television franchise in the Kagel Canyon (Ord. No. 89-0161F, as amended) unincorporated area; MediaOne of Newhall, Inc, as holder of cable television franchise in the Saugus (Ord. No. 87-0169F, as amended) unincorporated area; and MediaOne of Illinois, Inc. as holder of cable television franchise in the Claremont (Ord. No.88-0032F, as amended) unincorporated area (collectively referred to as the "Cable Television Franchisees") hereby agree to abide by and/or satisfy, to the maximum extent required by law, the terms and conditions of: (i) their respective Cable Television Franchises; (ii) Title 16, Division 4 of the Los Angeles County Code (the "Master Cable Television System Franchise Ordinance") in its most current form and as it may be subsequently modified or amended by Los Angeles County in the reasonable and lawful exercise of its police powers; and (iii) the attached "Consent Letter".

The Cable Television Franchisees warrant and represent that this "Attachment I", is executed by two persons lawfully authorized to act on the behalf of and to bind the Cable Television Franchisees with respect to their franchise(s) and that all terms and conditions contained in this "Attachment I" are legally binding obligations of the Cable Television Franchisees.

MEDIAONE OF LOS ANGELES, INC.

1. NAME: ____________________ 2. NAME: ____________________
TITLE: __________ DATE: ______ TITLE: __________ DATE: ______

KING VIDEO CABLE COMPANY

1. NAME: ____________________ 2. NAME: ____________________
TITLE: __________ DATE: ______ TITLE: __________ DATE: ______

MEDIAONE OF ILLINOIS, INC.

1. NAME: ____________________ 2. NAME: ____________________
TITLE: __________ DATE: ______ TITLE: __________ DATE: ______

MEDIAONE OF NEWHALL, INC.

1. NAME: ____________________ 2. NAME: ____________________
TITLE: __________ DATE: ______ TITLE: __________ DATE: ______

Note: All Signatures Must Be Acknowledged Before A Notary Public

"ATTACHMENT II" TO A July 2, 2002 "CONSENT LETTER"

Guarantee of Performance of Obligations Arising From The Cable Television Franchises, The Master Cable Television System Franchise Ordinance And The Attached "Consent Letter"

MediaOne of Delaware, Inc. a corporate entity in the new ownership structure of the below referenced cable television franchises hereby guarantees the performance of MediaOne of Los Angeles, Inc., as holder of cable television franchises in the AT&T South (Ord. No. 97-0032F, as amended) and Covina (Ord. No. 97-0033F, as amended) unincorporated areas; King Videocable Company, as holder of cable television franchise in the Kagel Canyon (Ord. No. 89-0161F, as amended) unincorporated area; MediaOne of Newhall, Inc, as holder of cable television franchise in the Saugus (Ord. No. 87-0169F, as amended) unincorporated area; and MediaOne of Illinois, Inc. as holder of cable television franchise in the Claremont (Ord. No.88-0032F, as amended) unincorporated area (collectively referred to as the "Cable Television Franchisees") under their respective franchises in accordance with Section 16.60.110(A) of the County Code.

MediaOne of Delaware, Inc. further agrees that it will not cause, nor will it cause any of its subsidiaries or affiliates to cause the Cable Television Franchisees or any successor holder of the cable television franchises over which it exercises control or influence, to fail to abide, to the maximum extent required by law, by the terms and conditions of the Cable Television Franchise or the Master Cable Television System Franchise Ordinance or the attached "Consent Letter".

MediaOne of Delaware, Inc. warrants and represents that this "Attachment II" is executed by two persons lawfully authorized to act on behalf of it and bind and that all terms and conditions contained in this "Attachment II" are legally binding obligations of MediaOne of Delaware, Inc. The first signatory shall be a member of the group of persons consisting of the board chairman, president, or any vice president of MediaOne of Delaware, Inc. The second signatory shall be a member of the group of persons consisting of the secretary or any assistant secretary or the chief financial officer or any assistant treasurer of MediaOne of Delaware, Inc.

MEDIAONE OF DELAWARE, INC.
A Delaware Corporation

BY:

NAME: ______________________________

TITLE: ________________ DATE: ________

AND

NAME: ______________________________

TITLE: ________________ DATE: ________

Note: ***All Signatures Must Be Acknowledged Before A Notary Public.***

ANALYSIS

This ordinance amends the cable television system franchise for the Kagel Canyon unincorporated area granted by Ordinance No. 89-0161F, as amended, to King Videocable Company ("Franchisee"), to add a requirement for a ten percent (10%) discount from the Basic Tier Rate for economically disadvantaged individuals should Franchisee discontinue its existing voluntary practice of offering a "Lifeline tier" of cable service to such individuals. This ordinance is being adopted in conjunction with the County's consent to a change of control of the parent company of Franchisee from AT&T Corp. to AT&T Comcast Corporation.

LLOYD W. PELLMAN
County Counsel

By
LILLIAN D. SALINGER
Deputy County Counsel
Public Works Division

LDS:jn

6/11/02 (requested)
6/12/02 (revised)

ORDINANCE NO. ____________

An ordinance amending a franchise to provide cable television service in the Kagel Canyon unincorporated area, granted by Ordinance No. 89-0161F, as amended, to King Videocable Company.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 11 is added to Ordinance No. 89-0161F, as amended, to read as follows:

Section 11. Franchisee currently has a voluntary program in which it provides a low-cost "Lifeline tier" of basic cable service to economically disadvantaged customers. If, at any time during the term of the franchise, this voluntary program is terminated or ceases to be offered, the following provisions shall apply:

A. Franchisee shall provide a discount of ten percent (10%) from the monthly Basic Tier Rates to: (i) any subscriber who supplies to Franchisee reasonable proof that he or she has been deemed exempt from the imposition of a utility user tax by the Treasurer and Tax Collector of the County of Los Angeles; or (ii) any other subscriber (including senior citizens, low-income individuals, or disabled persons) who supplies to Franchisee reasonable proof that he or she is participating in an economically disadvantaged plan offered by any public utility operating in the franchise Service Area.

B. Franchisee shall neither offset the value of the discount(s) described in this Section 11 against franchise fees owed to the county nor pass the cost of providing the discount(s) through to the county nor surcharge the county in connection with the discount(s).

C. Franchisee shall deliver written notice of the availability of the discounts(s) described in this Section 11 to all subscribers. Such written notice shall be provided in bill inserts or other documents mailed to all subscribers. Throughout the term of the franchise, Franchisee shall continue providing notice of the discounts(s) to all subscribers in all rate cards and all other documents sent to subscribers, pursuant to law or this franchise, which comprehensively address cable television service rates.

[KingKagelCynFrnLSCOC]

ANALYSIS

This ordinance amends the cable television system franchise for the Saugus unincorporated area granted by Ordinance No. 87-0169F, as amended, to MediaOne of Newhall, Inc. ("Franchisee"), to add a requirement for a ten percent discount from the Basic Tier Rate for economically disadvantaged individuals should Franchisee discontinue its existing voluntary practice of offering a "Lifeline tier" of cable service to such individuals. This ordinance is being adopted in conjunction with the County's consent to a change of control of the parent company of Franchisee from AT&T Corp. to AT&T Comcast Corporation.

LLOYD W. PELLMAN
County Counsel

By

LILLIAN D. SALINGER
Deputy County Counsel
Public Works Division

LDS:jn

6/11/02 (requested)
6/12/02 (revised)

ORDINANCE NO. ____________

An ordinance amending a franchise to provide cable television service in the Saugus unincorporated area, granted by Ordinance No. 87-0169F, as amended, to MediaOne of Newhall, Inc.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 18, which was added to Ordinance No. 87-0169F, as amended, by Ordinance 2000-0009F, is re-numbered as Section 22.

SECTION 2. Section 23 is added to Ordinance No. 87-0169F, as amended, to read as follows:

Section 23. Franchisee currently has a voluntary program in which it provides a low cost "Lifeline tier" of basic cable service to economically disadvantaged customers. If, at anytime during the term of the franchise, this voluntary program is terminated or ceases to be offered, the following provisions shall apply:

A. Franchisee shall provide a discount of ten percent (10%) from the monthly Basic Tier Rates to: (i) any subscriber who supplies to Franchisee reasonable proof that he or she has been deemed exempt from the imposition of a utility user tax by the Treasurer and Tax Collector of the County of Los Angeles; or (ii) any other subscriber (including senior citizens, low-income individuals, or disabled persons) who supplies to Franchisee reasonable proof that he or she is participating in an economically disadvantaged plan offered by any public utility operating in the franchise Service Area.

B. Franchisee shall neither offset the value of the discount(s) described in this Section 23 against franchise fees owed to the county nor pass the cost of providing the discount(s) through to the county nor surcharge the county in connection with the discount(s).

C. Franchisee shall deliver written notice of the availability of the discounts(s) described in this Section 23 to all subscribers. Such written notice shall be provided in bill inserts or other documents mailed to all subscribers. Throughout the term of the franchise, Franchisee shall continue providing notice of the discounts(s) to all subscribers in all rate cards and all other documents sent to subscribers, pursuant to law or this franchise, which comprehensively address cable television service rates.

[MediaOneSaugusFrnLSCOC]