

PUBLIC HEARING ON PROPOSED  
AMENDMENTS TO THE G. E.  
CABLEVISION FRANCHISE

JUNE 21, 1973

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CITY MANAGER GRANATA: There will be no action today. As a result of the briefing several weeks ago the Council, you will recall, set up this public hearing with the understanding that you would hear everybody, close the hearing and then you would act at some future meeting. So I suggest that Mr. Paul Dodge from General Electric appear first and then you can go from there.

MAYOR BECKER: Well, is it in order for the ordinance to be read?

CITY MANAGER GRANATA: It was my understanding that you didn't want to take any action on any ordinance today.

MAYOR BECKER: Well, all right, then we won't read it. Well, you know why you are here. So, we'll proceed from that point. How do you like that for informality? Now, Mr. Dodge, you're going to represent the G. E. Company today, is that correct?

MR. PAUL DODGE: Yes, sir, if I may. Thank you very much. I'm Paul Dodge of G. E. Cablevision, and I would like to make, if I may, a few introductory comments to help start this forum, this public hearing this afternoon, for San Antonians as they express their personal feelings about Cable television and its impact on this City. First, if I may, I would like to mention that my manager, Mr. Sam Velanger, Vice President of Operations for G. E. Cablevision, is here with us today. If at any time later you might wish to direct any questions to him. Mr. Valanger, thank you. And also our Washington legal counsel, Mr. Coll, is here also next to Mr. Velanger, if at any later time you may wish to address any questions to him.

I'd like to mention for just a moment if I can that each year, once a year, the Cable television business gets together for a National Cable Television Association convention. That is taking place this week in Los Angeles and I'm very happy to report that one of G. E. Cablevision's other systems got an award there this week. Our system in Anderson, Indiana won the first place for a documentary programs produced by a cable television system. This was documentary. The subject was drug abuse and its effect on the community and it was shot in and around a particular locality of that system. Also, you've heard us mention before our programming subsidiary, Tomorrow's Entertainment, Inc. I'd like to mention just briefly that Tomorrow's Entertainment received two television Emmy Awards this year from the Television Academy of Arts and Sciences. The first was a War on Children, which is a fictional documentary focusing on the family living and problems and violence in Northern Ireland right now, and secondly, Cloris Leachman was honored as the best actress of the year for her role in a "Brand New Life", a movie which was produced by G. E.'s Tomorrow's Entertainment, Inc. Just a little comment about our programming work.

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May I recall for the Council at our last meeting that we discussed the amount of estimated franchise fees that General Electric will pay to the City over the 15 year term of this franchise. In round numbers from \$6 million to \$8 and one-half million of found income to the City. We further discussed that, because of FCC rules, this is significantly higher than any new franchise could pay. Somewheres from one and one-third million to five and a half million dollars more than any other new franchisee could pay the City. The question was posed at our last meeting having to do with the preservation of our seven and one-half percent franchisee payments beyond March 31, 1977. Now, I hope we have answered this question by the Special Delivery letter you should all have received. In summary, General Electric and the City are in complete agreement to preserve the seven and one-half percent rate as long as possible and the company is willing to make the following statement if the Council so wishes. "Concerning franchise fees under the San Antonio Cable Television Franchise, General Electric Cablevision would state that one, it will continue paying at the seven and one-half percent rate until an authority so empowered tells it to stop; two, in that event G. E. will diligently attempt to convince that authority to rescind its stop order; and, three, if that action is not successful then G. E. will work diligently with the City seeking other legal ways to continue the equivalent annual transfer of value in funds and/or services to the City for the life of the franchise". That is the end of the statement.

MAYOR BECKER: In other words, may I elaborate on that for a moment. You're willing to indemnify the City of San Antonio against the possibility of revenue whatever that would be calculated to be. That those revenues would never be less than the dollar amount that would equate to a seven and one-half percent, franchise percentage fee. Is that correct?

MR. DODGE: I think that is a slightly different statement than what I made. Mr. Mayor, my statements have to do with our company's attempts with due diligence to try to keep providing this amount or its equivalent to the City, and I can't anticipate any situations which might make it illegal in the future. We're looking for any legal way to continue this franchise.

MAYOR BECKER: As I understood it, if the fee would be changed from seven and one-half percent downward that you would make up the difference in some services or like commodities so as to insure the City of San Antonio that never at any one time would it have less the seven and one-half percent in some form or another as the percentage of sales clause, so to speak, effecting the amount of franchise. Mr. Dodge, do I make myself clear?

MR. ARTHUR TROILO: Mayor Becker, I'm Arthur Troilo, if I could answer that with the Washington counsel. Essentially, what you say is correct, Mayor Becker. We would like to state it in this way. There is no question that the City of San Antonio and the company agreed that for the life of this franchise the company is obligated to pay seven and one-half percent. Since the operations of the company are subject to Federal Communications Commission's regulations, if the Federal Communications Commission continues its present policy of limiting the amount of money that the City may charge as franchise fee in 1977, when it would affect this franchise. We agree to go to the FCC and appeal that ruling and try to maintain that seven and one-half percent at our expense to appeal that ruling and, perhaps, of course, with the cooperation of the City in doing so. If we're not successful in doing that, then we will seek out alternative ways which are permitted under the law to provide the City with

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services or other equivalents that will make up for the seven and one-half percent. Now, we're not going to go to jail to do it, or violate any law to do it, but we're going to try in some legal way, if we can. And that is the commitment of General Electric to the City.

MR. PADILLA: Mr. Troilo.

MR. TROILO: There's also the very, very possible situation that may occur between now and 1977 where the National League of Cities and other organizations are trying to turn around policy decisions of the FCC which limits the amount of franchise fee that can be paid by Cities. If it's lifted, we have no problem. We have a contract with you for seven and one-half percent for 15 years and we intend to stick by it.

MR. PADILLA: I was going to ask you, do you anticipate, I understand what you're saying, that you will work with us and in fact you will appeal any ruling that tries to reduce that fee in 1977. However, you cannot guarantee us in any way that we will keep it. If you try to make up the amount, the differential, in the event we are stuck with something less than seven and one-half percent, do you know of anything that might put the FCC in a position of alleging that we have to use subterfuge or circumvent the rule, and so forth?

MR. TROILO: As the statement was made in the letter to the Councilmen, Mr. Padilla, we wanted to make it very clear that we would pursue other legal means of doing it. Now, with the FCC, and Mr. Coll is the FCC expert, I'll let him speak, but let me just finish this. The FCC's purpose here is to make sure that the system developed and that the services are provided the consumer without over regulation by cities, and they have arbitrarily taken three to five percent as being an amount that companies can pay and still provide all of these other services, public access channels and otherwise. Now, if we as the franchisee go to the FCC and say, look, seven and one-half percent isn't preventing us from providing all of these other services that you want us to provide as a public utility, why can't we continue to pay the City of San Antonio seven and one-half percent? I can't imagine that that kind of argument wouldn't have some bearing. It's in situations where companies are trying to get out of paying the amount or where there's evidence it's preventing the company from providing all of these services that they should provide, where we have this problem. But, I'll let Mr. Coll continue on this.

MR. ROBERT COLL: My name is Robert Coll, I'm from Washington, D. C. I detect that this franchisee business is very important and probably it should be to you. So, if I could just take a minute, I'd like to start and come back to your question and to the Mayor's particular observation. You recall that when the Commission adopted their new rules, March 31, 1972, they said the limit that any local authority can impose is three to five percent as a franchise fee, and they said the reason why we're doing this is that we're concerned that the local people will skim off so much money from the top of these operations that it will be impossible for these cable operations to accomplish those public service benefits which we, the federal government, are requiring of them. Secondly, they said we think that fairly a local fee should be tied into the cost of local administration rather than a revenue raising measure.

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They said flatly on March 31, 1972 that all franchises would be limited to this three to five percent. Then on reconsideration they modified their position somewhat, and I have furnished you with the decision which they reached in respect to the State of Connecticut which is Valley Cablevision, Inc., and it appears at 38 FCC, 959. The State of Connecticut had imposed an eight and one-half percent gross receipt tax and franchisee fee combined. But they granted their franchise, as you have, prior to March 31, 1972. The Commission relying upon another decision they reached in connection with Rockford, Illinois, said all right, we'll let you have that until March 31, 1977. We find that for those franchises that were issued prior to March 31, 1972, whether or not operative doesn't matter because Connecticut was not in operation, still isn't, but for those that were issued prior to March 31, 1972, we will hold and construe liberally these requirements until March 31, 1977. Now, I reason from that decision, and I don't see why they should treat you any different than they treated Connecticut, that the Commission will rule here that you can have your seven and one-half percent until March 31, 1977. Now, what happens on March 31, 1977? Oh, by the way, and it's equally important that you understand this. I've also furnished you with their decisions concerning Sapulpa, Oklahoma. Now, Sapulpa didn't grant a franchise until after March 31, 1972. They imposed four percent, and the Commission made them cut it back to three. And they said anybody who is that's, first granted, after March 31, 1972, has got to comply with this guideline. In the case of Sapulpa, we see no reason why it should be more than three percent. I emphasize that because we start over again, I suspect this Sapulpa decision is going to govern. If you keep on going the Valley Vision decision should govern until March 31, 1977. Now, what happens in March 31, 1977. This is where I want to be very careful. We are prepared to tell the Commission and indeed we have--General Electric has told the Commission this in respect to other franchises that we believe that we can provide every service that the federal government requires of us, consistent with seven and one-half percent franchise fee. We see no reason under these circumstances why it should be reduced or cut back. The reason why the Commission wants to reduce or cut it back to make sure their goals are achieved we think can be met by us, and we'll submit such information, financial data, and arguments to the Commission and argue that they should waive it and if they won't we're prepared to pursue any legal remedies that are available to us to turn that Commission decision around, if it should be adverse. Also, I want to agree with what Arthur Troilo said. This is a very controversial area between now and March 31, 1977. The State of Connecticut isn't happy. They consistently impose higher fees. The City of New York is requiring 25 percent from pay television revenues which they insist they're entitled to get, and the federal government says no. I think there are things that can happen that may even moot this. But, what we are saying is that we'll do everything we can to persuade the Commission that we can live with seven and one-half percent and we're prepared to live with seven and one-half percent.

Now, to get back to your guarantee, Mayor Becker. If we go to the Commission and we fight it out and they tell us no. Yes we can try other things. We can ask the Commission, well, can we give them more channels or can we give them more services? Will that be all right? But you have to understand that we live by the federal government. They control us. We'll have to be totally honest, open and candid with them.

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And if they say no you can't do this, then we can't do it. And they do have the power to revoke our certificate should they feel that we have preceeded in a manner inconsistant with whatever ruling they finally come out with. So, if I make myself clear, we are prepared to do everything factually and everything legally to preserve the seven and one half percent. We think the Vally case makes it clear we'll get that till '77. Beyond '77 we can't use a word so strong as guarantee. We can use our best efforts within legal means.

MAYOR BECKER: Of course, one of the considerations that you're asking for in this situation is the increase in the recapture provision?

MR. COLL: That's correct.

MAYOR BECKER: And it seems to me that if we were to grant the increase in the recapture provision in your favor, then the federal government comes along in '77 and reduces our seven and one half percent franchise fee downward then we've lost. And we wind up with a garage full of nothing. Now, why can't we escalate upward or downward in like fashion, so to speak, so we're synchronous one with the other. If the fee goes down, the recapture provision goes down. If the fee stays at seven and one half percent, then the recapture provision would stay where you seem to think that it should be. I'm just speaking out loud here and maybe I should have let you finish, but.....

MR. COLL: Well, I was finished, Mayor. I can only say in connection with that that's a substantive variation in the amendment and frankly I've given no consideration to and which of course management would have to consider more particularly than myself.

MAYOR BECKER: You know, you're feeding a two-headed monster here in this thing. The likelihood of the fee being diminished, I think, the odds are in favor of that rather than preserving what we have.

MR. COLL: You mean in the long run.

MAYOR BECKER: I believe that.....

MR. COLL: I believe that the odds, sitting here right now, are that after March 31, 1977 it will be reduced.

MAYOR BECKER: I'm afraid so.

MR. COLL: I don't know that, but I suspect those are the slight odds.

MAYOR BECKER: If I were to bet one way or the other that's the way I'd bet. Now, what I was going to ask as a follow up to that statement, how many contracts totally--approximately--are there out in the United States today with all companies? In other words, are there 15,000, 10,000, 5,000 or some ball park figure? And, of those, I wonder how many go the seven and one half or beyond the three to five. Because if ninety percent or eighty percent, or some preponderance of that number, would be in excess of the three to five percent, they'll most likely all be trended downward. Wouldn't you imagine? If there're a very few and the ones that are above three to five percent are the exception to the rule. I think they would probably stand a better chance of standing. I'm just, once again, fishing.

MR. COLL: Well, I can't give you the answer nor do I think the answer is available. We have, I believe, about 3,000 separate operating CATV systems in the country.

MAYOR BECKER: Now, that's General Electric or .....

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MR. COLL: No, no everyone .....

MAYOR BECKER: Three thousand .....

MR. COLL: And many more than that have franchises outstanding but aren't operating. I couldn't even estimate that. But there would be no information available as to how many violated this standard because they haven't yet committed them to follow their franchises. Most of them won't, you see, until '77 comes. The existing systems don't have to file until March 31, 1977 unless they want to add signal .....

MR. PADILLA: Say we come to March 31, 1977 and we're required in spite of your best arguments and ours to cut the fee from seven and one half to three. Does General Electric keep that differential or can you refund it to the subscribers? Legally, as you interpret the present law.

MR. COLL: In other words, if there was a differential between three and seven and one half which would have gone to the City, could General Electric legally reduce the rate to reflect that money it didn't have to pay?

MR. PADILLA: So then if it wasn't, if they did not concur that it's legal to give the seven and one half to the City, you believe that under the present law and regulations and what have you General Electric could refund that money to the subscribers?

MR. COLL: I believe that they could. General Electric would have to be in a position of having told the government that they can do what they're required to do without this money.

MR. PADILLA: Would GE be willing to commit that this is what they would do in the event that they can't pay this fee to the City?

MR. COLL: What if the system is losing money at the time?

MR. PADILLA: That's something you'd have to consider before you can answer me?

MR. COLL: I think so. It would have to be taken into consideration. We're a profitable .....

MR. PADILLA: What would they do if they uphold the seven and one half percent and GE was losing money?

MR. COLL: They would be obligated to .....

MR. PADILLA: We're talking about the same money .....

MR. COLL: Yes, I realize that.

MR. PADILLA: The same dollars .....

MR. COLL: I realize that. That would be a question I would think of as a prudent business judgement at that time.

MR. PADILLA: On the other hand if you do not have the money to pay as a fee to the City then you would not have the same money to refund to the subscribers or vice versa.

MR. COLL: You'd have the same money of course, but it would be a question of whether it would be the wise thing to do. In other words to make a refund or reduction in rate for a service that is already losing a lot of money.

MR. PADILLA: And yet you question, "What if we are losing money at the time", would not really be germane if you had to pay the City seven and a half percent of your gross.

MR. COLL: We would be stuck with that. That's correct.

MR. PADILLA: So instead would you be willing to commit since we are talking about the same dollars, that if you can't refund it to San Antonio, can you refund it to the subscribers?

MR. COLL: I'd be willing to consider it with management as to whether that would be a prudent commitment particularly if it were a loss situation.

MR. PADILLA: You see because if you have a loss situation I'm wondering to myself here just how convincing your arguments to the FCC would be that the seven and a half percent fee made permanent.

MR. COLL: I realize that - that they would be less convincing. Let's put it that way. Although, I will say this to you, too. The FCC knows and experience is showing increasingly that the ability to turn around to a profitable situation a major CATV operation is probably more than four years. I look at the experience in New York City with Time - Life selling out their system, Cable Com. General selling out their system. You would have to put it on a long range basis to the commission that we don't expect to make our money in five years or six. The turn around is seven.

MR. PADILLA: Four years from now G.E. could just look at it as an expense item. What did they expect at that point in time?

MR. COLL: That's right. It would be an expense item. But they would be calculating in the long range .....

MR. PADILLA: You see, your argument to me would be much more convincing with assurances from G.E. that in the event your best arguments are not effective with the FCC that you are willing to take that same money and refund it to the subscribers.

MR. COLL: Subject to FCC approval.

MR. PADILLA: Of course.

MR. COLL: Well, you have made the point and I'm sure that management has heard it. The point, the thing, it seems to me in this situation, it's your decision to make, there are odds. You have to calculate the odds, no question about it. But, one thing we do know, to start over again, you start at 3 percent. That's for sure. I think the Sapulpa case made that pretty clear when they wouldn't give Sapulpa 4 percent. And going with us, you know, there are a lot of ifs'. I think there are no ifs' until March 31, 1977, I think the Connecticut case makes that simple and that plain. You know where you stand for the next four years and you stand at seven and one half percent. Then come March 31, 1977 there are uncertainties we can't resolve them. A new applicant can't resolve them. All we can say is we will do our best, which it seems to me, balancing against the alternatives isn't too bad.

MR. PADILLA: You see, what you are asking for, the FCC has us in a corner for the moment, at least, on the franchise fee. That is one of the most attractive features of our contract with G.E.. The other is the recapture provision. You are asking us to modify the recapture provisions as well as the terms in terms of time. The other is the FCC has us in a box, perhaps on the fee. If we could assure the citizens of San Antonio, even if the City cannot get the seven and one half percent off the gross, the subscribers who are the people of San Antonio,

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will get that in the form of credit in the form of a cut in subscription rates, then we can at least assure that we will have one of the desirable features of our contract, either in the terms of the City, per se, or the people of the City. But the way it is, if we extend or rather we do not assure that the City or the people will get the seven and one half percent and if we give up the other desirable, very desirable characteristic then, in effect, the two best reasons for dealing with G.E. is gone. Because any other subscriber can be dealt with on the basis of 3 percent.

MR. COLL: Well, you still have the four years between now and '77 and you are also assuming, of course, and this is a judgment you are going to have to make, that a new person will accept that the original recapture provision. I don't know whether they will or won't. This is something you are going to have to consider based on your information concerning CATV.

MAYOR BECKER: Is there a prescribed method of bookkeeping that the FCC requires in the operation of radio, T.V. stations and all this sort of thing. Is there a format they follow, so to speak, in accounting procedure or is it .... the reason I am asking this is because it is obvious anyone could load a company with expense, promotional, overhead of all kinds, and what not, show a loss operation, is easy to do. Of course, you must realize that this Council is kind of thrust into thermal thicket here with this thing, since we are enjoying this energy crisis and being so critical one of our affiliate agencies, you see. We just don't want to give the farm away here today ourselves or next time we vote on it.

MR. COLL: In answer to your question, the FCC has no requirements for uniform bookkeeping by radio, television stations or CATV Systems. The only area in which they do is the common carrier jurisdiction they have with the telephone company.

MR. PADILLA: Mr. Walker, in view of the fact that we have nothing more than just a contract for cable T.V., if we were to modify the recapture provision and the length of the contract in terms of time, would any of the bidders or the people who are interested in a cable T.V. system back in 1968, in your opinion, would any of them have any legal recourse?

CITY ATTORNEY WALKER: No, I don't think so, there isn't any question about that Councilman Padilla. I would categorically say no.

MR. PADILLA: Do you think they might allege that with a better recapture provision they could have submitted a better bid, or what have you. I mean it in those terms.

CITY ATTORNEY WALKER: No, I don't think so, because the way this one has been handled here, the City has been carefully proceeding as though, in other words, it has taken every step that would have been taken were this, in effect, a new contract. By that I mean all the notices, all the public hearings, etc., etc.. No, I do not think that a bidder in the past would have any rights whatsoever with reference to this proposed change now. For one reason, you still retain the right, if you so desire, to execute a contract with them at the end of 90 day period having gone through the same steps that you did on the original one. So I can't see where there will be any or any cause of action whatever.

MR. PADILLA: Thank you.

MR. TROILO: Mr. Padilla, if I could further answer that question. All of the bidders were subjected to the bid documents which said that the successful bidder would comply with the City Charter. That recapture provision which ultimately evolved as a matter of City policy, was not

in the bid documents. So there are no bidders that could say, they would have bid or they wouldn't have bid, it was something that came in later in the interpretation of the bid documents.

MR. PADILLA: Thank you.

MR. DODGE: As a related comment, I would like to remind us all that the amendment that we're discussing and considering now wasn't really that much of a one-sided situation, it's really two to five. Two changes that General Electric has asked for and five changes that the City has asked for. In the process of our getting a different recapture provision in a different term, the City got some more stringent controls than they had in the original franchise and they got such other additional services as more free pick up points from us. So there was an exchange that took place.

MR. PADILLA: Would you care to put a dollar value on what you gave up and what you are asking us to give up?

MR. DODGE: Well, I can't know how to put a dollar value on the non-compliance clause for example which says that if we are found in material and substantial non-compliance with the franchise you can take the cable plan away from us at net book value which is a lower rate than what the original franchise recapture provision calls for.

MR. PADILLA: Then this would still be the formula that is used in the event that recapture for those reasons, in spite of our passing in what you are asking us to pass.

MR. DODGE: If you recapture us because we're in material and substantial non-compliance with the franchise, you've got more powerful recourse than you ever had.

MR. PADILLA: Is there any definition of material in substantial non-compliance?

MR. TROILO: It would have to be proven that one of the provisions or requirements or responsibilities of the franchise holder under the ordinance was not being complied with. The City would be the determiner of that unless there was something that had to be litigated. But the recapture provision that is being amended is the right to recapture for any reason - just because the City decides it might be good management to take it over. The City doesn't have to have a reason. That is why the existing recapture clause is such a tough one and one which we don't find in any other franchise in the United States. Of which we have asked the City staff to check and which they have been unable to come up with.

MR. PADILLA: Are there any for instances in this proposed contract on what constitutes substantial and material non-conformance?

MR. TROILO: Not within the ordinance itself, Mr. Padilla.

MR. PADILLA: So this would be subject to interpretation by a court for instance?

MR. TROILO: Yes.

DR. SAN MARTIN: Mr. Mayor, I would like to ask some questions. Now according to your original proposal in '68, you specified a cable system of twenty channels and now you are proposing thirty. Is that correct?

MR. TROILO: Yes that's correct.

DR. SAN MARTIN: What is the additional expense which eventually will be paid by the subscribers if you have to go to, say to sixty or seventy-five and instead of doing it right now, what would you estimate the cost of rewiring or setting up professional equipment on your telephone poles. You would have to go through the same thing again?

MR DODGE: Let me try to estimate that and answer in this way, if I may, Dr. San Martin. The present offer of thirty channels is based both on our present estimate and the limited amount of market research that we have been able to do already and what we think is going to be a substantial and adequate supply of channels here in San Antonio, based on today's market. It's also related to the type of proven electronic hardware that's available on the market that we build the system out of. Thirty channels is an easily achievable size system with a single cable with phase electronic equipment. We see that perhaps twenty or twenty-two channels we've got a pretty good idea of what to do with initially and the remaining channels are there for future growth really in accordance with the way the FCC has planned it. They have a rule called the 80 percent rule. For example, when a public access channel is used fairly frequently, I have forgotten the precise formula, but it has something to do with used 80 percent of the time three days a week, then the system is allowed six months to provide another second public access channel. So we have to have some growth capacity to provide additional channels as needed. Now, to start right out and build a system right now that had seventy or eighty channels or ninety channels on it instead of the thirty would mean we would have to build a triple cable system and just to estimate what this means, I think a triple cable system would involve some eight to ten million dollars of additional investment here in San Antonio and we have some trouble of getting some of the hardware involved. The hardware to select from eighty channels in the home is not available now.

DR. SAN MARTIN: Did you select the feature of thirty channels as a maximum or is that the most you can do with your present equipment or is that what you feel is profitable at that time? Couldn't you, for the same cost of equipment and installation provide forty channels instead of thirty?

MR. DODGE: No, if I was going to build a reliable and a realistic system today and ask the question how many channels could I carry on a single cable system, the answer would be approximately thirty. If we, for some reason, had to build a 40 channel or 50 channel system now, we would be forced into dual cables and provide some additional channels which I am almost certain would not be used for quite some time.

DR. SAN MARTIN: Alright and you don't feel that the situation, say in 1975, would be much more different than it is right now. As a rule most everything you do is absolute by the time you finish. If you're assuming that by the time the system is fully operative in 1975 or there about, there won't be any more need and the 30 channels you have provided, for you don't feel that in two years the situation may change to the point that you may need more and then you will be in the position of having to go through additional expenses rewiring the City again.

MR. DODGE: We do not feel that San Antonio will need or can adequately make use of more than 30 channels in the foreseeable future.

DR. SAN MARTIN: About five years?

MR. DODGE: Five to ten years.

DR. SAN MARTIN: And you don't foresee 100,000 customers in less than five years?

MR. DODGE: We foresee more than 100,000 subscribers in five years.

DR. SAN MARTIN: And that can be accommodated with 30 channels?

MR. DODGE: Yes, sir. See the same signals go into each home. Identical signals go into each home.

DR. SAN MARTIN: In other words, you could have a million customers and still be able to handle this through 30 channels?

MR. DODGE: That is correct. I should say that if you have a million customers you might find you had some different special interest groups we didn't happen to find in San Antonio and it's conceivable that there would be some increase, for example, in the number of public access channels that we should provide because public access gives everyone a chance to come down and for five minutes free say what they have to say. But this has been anticipated in FCC regulations for orderly increases in the number of channels. If the public access or other governmental channels that the FCC specifies we provide do get used up, we have to provide more. That's in the rules now. If we did use up these eight and it still kept growing, we would have to go out at that time and add a second cable and from a business point of view I would much rather do it that way rather than tie up the initial investment now in the second cable and would not be used for several years but would just sit there and deteriorate.

DR. SAN MARTIN: In other words, you don't feel that addition to public access channels over and beyond 30 would stimulate the number of subscribers. I mean this is an indirect way of looking at it.

MR. DODGE: Well, Doctor, I predict that we will have trouble keeping first public access channels used very much.

DR. SAN MARTIN: Why do you make the prediction?

MR. DODGE: Based on the history in other cities. There is, you know, the great effort to provide lots of extra channels so everyone can have a good assured access to this new media and many times this has been

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done with several channels available. And they lay follow most of the time. There is not that much programming. There are not that many people that are interested enough to come down and speak out on issues. They think of the interest to their neighbors.

DR. SAN MARTIN: Okay. Let me ask you one more question, sir. You say that when it gets to about 100,000 subscribers, the rate could be reduced by twenty-five cents or something like that.

MR. DODGE: Yes, sir. That was in the original agreement.

DR. SAN MARTIN: Have you any information or projections to indicate that it may be more than twenty-five cents or did you arrive at that figure by any kind of computer projections in anyway?

MR. DODGE: I am not sure. I do not know what was in the mind of my predecessors, Dr. San Martin, when that original agreement was made in 1967, but if the franchise as originally written does provide for twenty-five cents a month reduction when we pass 100,000, our current projection is 130,000 subscribers.

DR. SAN MARTIN: Will G. E. be amenable to say instead of twenty-five cents let the City decide what that reduction should be in view of the financial situation at that time, instead of pinning it down to twenty-five cents. Would you be amenable to putting it in the contract to let the City determine as a modification of rate setting privilege to change that twenty-five cents to maybe fifty cents?

MR. TROILO: Dr. San Martin, the City under the Charter, has the right to change those rates at anytime. Where, after a public hearing, it is shown that the financial situation of the system has a reasonable basis for doing it. This original agreement to reduce it at 100,000 was G. E.'s commitment to do it after 100,000 even though, financially at that point the company would still be having a negative financial return from the system.

DR. SAN MARTIN: Yes, but will the City be able to initiate that in view of the contract that you have that specifies a twenty-five cents reduction....that's what I'm trying to say.

MR. TROILO: You might ask the utility supervisor to speak. I don't want to speak for the City, but as I read the City Charter a public hearing can be called at anytime to review the rates.

DR. SAN MARTIN: Even though the contract says twenty-five cents reduction only?

MR. TROILO: Well, the contract says that when they reach a hundred they have to reduce it regardless of what the records show. Now, if the City had a case where it could be reduced prior to that time all they have to do is go through the Charter requirements of reviewing the rates.

MR. MENDOZA: Mr. Mayor, can we hear from Mr. Edwards on that point?

MAYOR BECKER: Yes.

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MR. TOM EDWARDS: Well, on the section of rates you could call a public hearing and look into the rates being charged by G. E. at any-time. Like Mr. Troilo said, in the present contract G. E. has to lower it twenty-five cents a month regardless of whether they are making any return or not. Generally, if you did lower them and the City called a public hearing it will be on the basis of a reasonable return whether or not they are earning a reasonable return. If they're earning above a fair return then they would have to lower their rates and that's true with any utility that operates in the City and, of course, the reasonable return is .... looks at the industry and determines what other people in the industry are making. So the City does have that power to do that at anytime. Now there is in the franchise that a formal financial review would be conducted at the end of every five year period and that's specified as a formal financial review in the franchise.

DR. SAN MARTIN: When you speak of rate returns, are we specifically talking about eight percent as the figure that the City recommends or are we just .....

MR. EDWARDS: Well, you have to kind of generally look at the industry because it's somewhat fluid. Now, at the present time, small companies are paying nine to ten percent for debt capital and that has to be balanced with a certain amount of equity capital which, of course, with a much higher return so an eight percent return in this industry at the present time is almost impossible to achieve.

MAYOR BECKER: Possible or impossible?

MR. EDWARDS: I said almost impossible .....

MAYOR BECKER: It's pretty generally accepted isn't it that the government's attitude on the return on invested capital is changing from a point .... we're reaching almost a point of diminishing returns, if I'm any judge of it. They're constantly trying to turn everything in a downward trend on sales, invested capital and profits of any type, really. I'm not so sure that they'll ever get really what we properly term large profit on invested capital in this day and age. I doubt that whatever happens.

MR. EDWARDS: It's very difficult. We need to put off investments, too. That means that you've got to recoup later on a lot more to make up for it.

MAYOR BECKER: It's almost a self-defeating effort, really. If the City Council were to insist on the excessive amount of reduction. It would probably affect the whole franchise to the point where it would almost negate any desirable aspects of it or features of it.

MR. EDWARDS: Yes, sir. I mean you know yourself that there has to be an incentive for investment.

MAYOR BECKER: There is suppose to be but, generally speaking, you're not permitted that any longer, you know. That's pretty standard throughout this country.

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MR. DODGE: Incidentally, on the subject of a subscriber's rates. There was a question asked on this point at our last meeting, at our informal meeting. The question was, "How does the proposed subscriber rate here in San Antonio stack up with elsewhere in the industry?" We have done some research on that subject and, if I may, may I pass this data out to the City Council right now. These are two pages of data gathered from publications in the industry and if I may explain briefly the first one and a half pages of this data are where we went to other similar size television markets. San Antonio is the 45th largest television market in the United States. We went and looked at all other existing CATV franchises for the larger cities in the 35th through the 65th television markets in the United States. We found 28 other cities besides San Antonio. You'll see on the next to the last column on the right headed prescriber rates. We have listed them first, San Antonio, and then all the others in the order of increasing subscriber rates. You see the lowest is Ashville, North Carolina and Lancaster, Pennsylvania at \$4.50 per month.

MAYOR BECKER: Are these operating companies now or a mixture?

MR. DODGE: These, I believe, are in operation now providing the services and the number of channels listed in that center column down there. And you can see that we start out initially at \$4.75. After we hit the 100,000 point, it drops to \$4.50, which happens to coincide with the lowest of all of these other similar cities. They run on up to \$5.95 in Anderson, South Carolina and Rochester, New York. So, we are among the lowest of all of the similar size cities in the United States. The bottom half of the second page was to say how do we compare, let's look specifically around Texas at any other significant size cities having existing Cable TV systems in Texas, and you'll see they run from \$4.75 in Brownsville up to \$6.50 in Lubbock and Waco. Again, we will be lower than any other significant size Cable system in Texas and these are 1967 rates we have and I guess that's one reason why they are so low. The data is from established nationwide publications.

MR. PADILLA: Are these Texas cities the only ones that have Cable TV?

MR. DODGE: The only ones of significant size, Mr. Padilla. There are many small, small cities.

MR. PADILLA: Any city that's bigger than the one's listed doesn't have Cable TV?

MR. TROILO: (Speaking to someone in audience) Is that correct, what he's saying, correct?

MR. EDWARDS: The only one I think larger is Austin and they do not give us their rates.

MR. PADILLA: Can we take it that Houston, Dallas and Forth Worth and so on do not have Cable TV?

MR. DODGE: That's correct.

MR. PADILLA: Thank you.

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MR. DODGE: If I may continue.

MAYOR BECKER: Yes.

MR. DODGE: At our last meeting we also discussed that this was the capital intensive business. That it takes a large firm that has some staying power necessary to assure successful implementation of a project of this size. General Electric estimated at that time local expenditures in excess of \$98,000,000 in San Antonio over the period of a franchise, of which 15 to 18 million dollars were in the form of payments to the City either in franchise fees, in pole rentals or in taxes and that, of course, would be 15 to 18 million dollars reduction in taxes that the residents of the City would otherwise have to pay as its found income to the City.

On the subject of this staying power, I have a new letter here from our President, Reed Shaw, addressed to the Mayor and members of the City Council and I'd like very much to distribute this, if I could. While he's passing this out, let me say that our company has noted the financial difficulties being experienced by some of our competitors and we have resolved that we're not going to compromise our ability to do a good job here in San Antonio. I call particularly your attention to the second paragraph in this letter from Mr. Shaw, and if I may read it he says, "We had decided that there is substantial growth opportunity and heavy investment requirements inviting in the up standing franchise presently held, including San Antonio. Therefore, as a matter of record we would like to advise you that G. E. will not be seeking anymore new Cable television franchises in the immediate future". And then he goes on to explain that we're making this move to be doubly sure that we do not over extend ourselves financially particularly with interest rates going up right now. That commitments that we already have made outstanding including San Antonio, will carry us from our present total 70,000 subscribers up to 330,000 subscribers, and we wanted to take care of that commitment first before we go out and make new ones. So, as a matter of record, we wanted the Council to be aware of this decision. Yes, sir?

MR. PADILLA: Mr. Dodge, would you mind reading the letter for the benefit of the people in the audience?

MR. DODGE: I certainly would. Should I read it in its entirety? This is from the President of the General Electric Cablevision Corporation, Mr. Reed Shaw, it's addressed to the Honorable Mayor Becker and members of the City Council; "General Electric Cablevision Corporation has just completed a reassessment of the company's outstanding franchises and the projected cost of constructing the very latest state of the art Cable television systems for the communities involved. We have decided that there is substantial growth opportunity and heavy investment requirement embodied in the outstanding franchises presently held, including San Antonio. Therefore, as a matter of record, we would like to advise you that G. E. will not be seeking anymore new cablevision franchises in the immediate future.

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The purpose of this move is to avoid over extending ourselves. We are currently forecasting an investment of \$40,000,000 for systems in San Antonio and three other smaller size communities. This is a growth plan that will carry us from our present 70,000 subscribers to a projected 330,000. May I add parenthetically, 130,000 of those are San Antonio. We want to assure ourselves we have a sufficient reserve of resources to provide the very best in service for San Antonio and the other three cities as well as the communities we already serve.

We hope that it will be possible for the Council to give us an early and favorable answer to our request for franchise amendment. We are enthusiastic and excited about our San Antonio venture and we are anxious to complete our engineering which is already well under way and to begin construction upon approval by the City Council of the amendment". Signed, Reed L. Shaw.

MAYOR BECKER: What three cities is he referring to?

MR. DODGE: The other three which are starting to construct or have already started construction are Grand Rapids, and Wyoming, Michigan and the Peoria, Illinois.

MR. PADILLA: You presently have 70,000 subscribers?

MR. DODGE: In all of our systems in total. That's right.

MR. PADILLA: You're pretty new at this, yourself?

MR. DODGE: Well, .....

MR. PADILLA: At least in terms of numbers?

MR. DODGE: 70,000 is quite a few subscribers .....

MR. PADILLA: When you consider San Antonio, 130,000 will triple what you're presently going .....

MR. DODGE: That's correct.

MAYOR BECKER: Let me ask you a question, if I may. What type of arrangement, if any, do you have with the various municipalities around the City of San Antonio--Alamo Heights, Terrell Hills, Olmos Park and so forth? Balconies Heights?

MR. DODGE: Mr. Mayor, we have no specific understanding or relationship with them at this time. I might comment, if I would, about my attitudes and intentions, our attitudes or intentions.

MAYOR BECKER: Alright.

MR. DODGE: We, of course, .... our franchise only for the City of San Antonio itself. We feel that the logical thing to do would be to develop a greater San Antonio Cable system, particularly with many of the bedroom communities that are right close in to the City. We have felt just as a matter of strategy that we would try to get all the decks clear as far as the City of San Antonio itself is concerned first, then

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we would plan to contact many of these other cities and ask them if they would be interested in our developing a franchise with them. We would have to enter into a separate franchise agreement with each separately incorporated community to do this. And we would certainly be willing to discuss it. I think it's the right thing to do as far as the greater San Antonio area is concerned.

MAYOR BECKER: Would you be willing to give the City of San Antonio favorite nation's--sort of a clause in the contract that whatever you give these other cities you would give us where it is a better deal than we presently enjoy.

MR. DODGE: The franchise agreements with these other communities will probably be somewhat different in nature from the one the City of San Antonio has and from a business point of view we have an economically viable package with the City of San Antonio we feel. I would anticipate that some of the terms and conditions of the other franchises, with some of the other communities, would probably be not quite as favorable to those cities as San Antonio has now.

MAYOR BECKER: I appreciate that, but what if they were better? All I'm asking for is the same treatment of .... that be afforded us if it were to happen.

DR. SAN MARTIN: Can the City review that and change it to make it the same as the other cities?

MR. SAM VELANGER: My name is Sam Velanger, and I assure you and we can put it in writing that .....

MR. PADILLA: Who are you, Mr. Velanger? Are you with G. E. or an attorney?

MR. VELANGER: Yes. I'm with General Electric. I manage the operations for the corporation. And any franchises that we would negotiate with any of the surrounding areas in the metropolitan areas in San Antonio certainly would be getting no better services or treatment in any way than what San Antonio would be getting.

MAYOR BECKER: Will you warrant that in the contract you make with San Antonio?

MR. VELANGER: Yes, we will.

MAYOR BECKER: You will?

MR. VELANGER: Yes.

MAYOR BECKER: Fine.

DR. SAN MARTIN: I have one more question.

MAYOR BECKER: Yes, sir.

DR. SAN MARTIN: What are the usual bookkeeping and billing procedures? Would you use the services of the City Public Service Board and, if so, what kind of collection fee they will be entitled to?

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MR. DODGE: Your question has to do with what .....

DR. SAN MARTIN: With bookkeeping and billing procedures. How do you send them to the subscriber? How do you collect it? Through the Public Service Board?

MR. VELANGER: No, we engage U. S. Computer, which is a firm that handles selling and collections--that specialize in the Cable industry and they currently do all of our billing by mail and the collections are handled by mail.

DR. SAN MARTIN: You would not have, say, a central office where people could pay their bills.

MR. VELANGER: Yes, we would.

DR. SAN MARTIN: You will have that, too?

MR. VELANGER: Absolutely, yes.

DR. SAN MARTIN: And you would not use the facilities of anybody else even if it would be a substantial savings to you?

MR. VELANGER: Well, we certainly would enjoy talking to someone else that could provide the same service, but it's a unique service and it is to individual customers in that it is far greater than the usual kind of billing. It does correspond to the power and telephone companies and we even attempted to, at one time, try and get them to perform that service for us.

MR. PADILLA: There are some companies in San Antonio that service collection points for a certain utility bill and so forth, would you make an attempt to work with some of them?

MR. VELANGER: We certainly would. We .....

MR. PADILLA: It's very convenient for many people in San Antonio to cash their checks and take care of their bills to the extent that they can. Many grocery stores do this and perhaps some banks, branch offices and so forth.

MR. VELANGER: As far as collection points and things of this nature is concerned, yes I .... we could work those out. Yes. It's to our benefit to do that.

MR. PADILLA: Did I understand you to say, yes, to the Mayor's question to the effect that if any community in the county got a better contract than San Antonio has you would upgrade ours to at least match theirs?

MR. DODGE: The answer to that was, yes. And it's very easily controllable from our point of view in terms of what we would grant in any other franchises in the metropolitan area.

DR. SAN MARTIN: What would you consider the metropolitan area? How far out or around San Antonio? Say one hundred miles around San Antonio?

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MR. DODGE: No, Dr. San Martin. I wouldn't say a hundred miles away. We haven't drawn a specific line yet, but there's a technical limitation as to how far these signals can be carried. But, certainly, many of the communities we're talking about are totally surrounded by the City of San Antonio. And we know we can handle the City itself.

DR. SAN MARTIN: Would you say 50 miles around .....

MR. DODGE: I'd say 50 miles was too far, Doctor.

MR. PADILLA: Would you say Bexar County?

MR. DODGE: Yes.

MR. PADILLA: Very refreshing, Mr. Dodge.

MAYOR BECKER: Pardon the interruption, but we're trying to hammer this thing out here today.

MR. DODGE: Yes sir, I appreciate that. I'd like to get it hammered out, too, Mr. Mayor. May I mention just briefly on the subject of downtown development. We noticed a recent Texas A & M study showing that the Paseo Del Rio has added another \$22,000,000 to annual retail sales in downtown San Antonio. May I simply state that General Electric continues its interest in downtown development just as it did with the General Electric Pavilion at the HemisFair and now our G. E. Cablevision headquarters in and studio still planned for HemisFair Plaza. I close by requesting this Council that we very much request a favorable third reading from you at an early time so that we can get down with the business at hand--provide the services that we've been talking about so much here. And we have 2,000 miles of this to put out. Thank you very much.

MR. PADILLA: Mr. Dodge, how big do you anticipate this building at HemisFair to be in terms of square feet or what have you?

MR. DODGE: It is part of an existing structure, Mr. Padilla. Initially, we'd planned about 9,000 square feet with expansion capability. It will include our administrative offices and two television studios. It will not be our only facility in town, however. We are planning to have the maintenance function at a separate location.

MR. PADILLA: This computer outfit that you think is going to collect your bills, are they going to do it from a detached point or will they come into San Antonio as well?

MR. DODGE: They serve all of our other systems now. All of our other General Electric Cablevision systems. Their computers are physically located, I believe, in the State of California. Their work is done by mail. However, of course, the bills can be paid either by mail, even in that case it's mailed to a local office. I guess we will have to arrange some kind of local collecting and gathering together of the funds. So, as far as the subscribers are concerned, they will probably be totally unaware of the fact that the computer is keeping track of the bills some distance away.

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MR. PADILLA: Until they have to argue with it and then they find out that it's in California.

MR. DODGE: Well, they would argue with us. They'd have our telephone number, Mr. Padilla.

MR. PADILLA: Okay.

MR. MENDOZA: Mr. Dodge, I have a question in regards to the rates. Are there any other charges to the subscriber other than the \$4.50 that you're showing here on the chart?

MR. DODGE: The general answer to that is yes, Mr. Mendoza. There's quite a complicated structure of fee charges that was spelled out in the 1967--the original--franchise agreement. We're not proposing any change in them at all. These residential subscriber rates, this is for a single home, for two, three or four living units in a single structure where we bill each homeowner or occupant separately. There is an installation fee of \$14.50, however, if the subscriber elects to become one of--a subscriber of ours--if a homeowner elects to become a subscriber of ours within the first 90 day period when the service is offered on his street the installation fee is waived. There is also a charge for any additional outlets. For example, if someone has a second television set an additional outlet is charged at the rate of \$1.00 a month.

MR. PADILLA: How about the subscriber's fee, if he has three or four sets?

MR. DODGE: Well, you just add it up almost like a telephone bill.

MR. PADILLA: Is it \$4.50 a set?

MR. DODGE: When you're starting at the beginning, now, it will be \$4.75 for the first outlet and \$1.00 for the first converter. If you have one television set with one converter, that will be \$5.75 a month. And when we've got over 100,000 subscribers that will drop a quarter to \$5.50 a month. If you had a second television set there would be an additional \$1.00 a month for each extra outlet. Any additional converters would be \$1.00 a month. And incidentally, it's provided in the franchise. These converters at \$1.00 a month are either renting it or buying it at cost.

MR. PADILLA: They can be bought from you so that that \$1.00 fee would end .....

MR. DODGE: That's right. That is provided .....

MR. PADILLA: Is the converter for UHF?

MR. DODGE: No, it's a converter specially built for Cable television systems that allows you to select anyone of these 30 channels and heterodynes that signal down to one of the existing channels that your TV receiver is built to receive. For example, Channel 3.

MR. PADILLA: Can you have effective service without the converter?

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MR. DODGE: You can have limited service. The converter is an option as provided for in the franchise. You can, if you wish, pay just the \$4.75 a month and not receive the converter. However, there will be a number of channels that you will not be able to select from.

MR. PADILLA: What would you say, you'd get 20, 30, 40, 50 percent of the service that you can get with the converter?

MR. DODGE: Well, I'll say roughly half.

MR. PADILLA: Half.

MR. DODGE: Roughly half.

MR. PADILLA: So, for an additional dollar you can double your capacity.

MR. DODGE: You can get it all. Yes, sir.

MAYOR BECKER: What's the cost of the converter, if you buy it?

MR. DODGE: We expect that in the quantities that we will be buying these converters they will be about \$30.00 apiece.

MAYOR BECKER: The dollar a month will apply to the \$30.00 converter, if you so desire?

MR. DODGE: If you wanted to buy your converter instead of rent it, we would sell it to you and we would charge you, if it cost \$30.00 in my example, we would charge you a dollar a month for 30 months and then it's yours. However, the maintenance of the converter is also your responsibility, in that event. However, if you lease it from us, lease the converter, you pay a dollar a month indefinitely but all maintenance responsibility is ours.

MAYOR BECKER: What is your maintenance factor on one of those?

MR. DODGE: We don't really know yet. Just a very few cities have converters. In this rate structure thing here, none of these other cities have converters, yet.

MAYOR BECKER: Well, how are they getting all of the different channels and everything?

MR. DODGE: Well, they're not. You'll notice channels used--San Antonio, Texas 22 video--read down the rest, you see 9, 12, 9, 11, 10, 12, 8 conventional television receiver can tune channels 2 to 13, which is the twelve channels. It's the maximum offered on any Cable system which does not have the converter.

MR. PADILLA: Then your converter would make it possible to use what we commonly know as a UHF Channel. Is that what it is?

MR. DODGE: Not really, Mr. Padilla. We don't go up that high in frequency. The UHF signals up around 450 and 500 megahurts. And that's too high a frequency for our Cable. The losses are too high. So we keep all our signals down below 270 megahurts and use this converter specially built for Cable television use, to select anyone of those thirty.

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MR. PADILLA: Now, is there any provision in your contract for anything over and above or will people be getting all the service, example, a prize fight which we commonly see on, you know, paid TV? Is there an extra charge for certain programs or can people, once they subscribe, just have a blank check as far as what they want to see?

MR. DODGE: It is possible that at some time in the future we would come to, we might come before this Council and ask for permission to offer an extra cost service--sometimes called paid TV or premium TV. I note for you that our existing franchise says that we cannot offer that until we come and get your approval first.

DR. SAN MARTIN: At an extra cost to the subscriber?

MR. DODGE: If we wanted to offer programming at extra cost, for example, a prize fight as Mr. Padilla suggested, we would have to first come to this City Council and get your approval to charge that extra cost for premium channels. Yes, sir.

MAYOR BECKER: I should probably know this, but you have 21 video and 30 cap. Now, I'm sorry but I'm lost on that "cap".

MR. DODGE: That's the abbreviation for capacity, Mr. Mayor. We need growth capacity .....

MAYOR BECKER: I see.

MR. DODGE: If the public access channel fills up, we have to provide a second one. So, we have growth left.

DR. SAN MARTIN: I would like to ask a question, Mr. Mayor. On the question of the converter, you said that if the subscriber chooses to buy the converter, he also becomes liable for the maintenance and in the case that you rent it for a dollar a month, you take care of the maintenance. Is that correct?

MR. DODGE: Yes, sir.

DR. SAN MARTIN: Even to the point where it would be in some cases it would be easier just to put in a new converter rather than try to repair it.

MR. DODGE: If we were leasing, if you were leasing a converter as a subscriber it is our responsibility to be sure you have a working converter at all times. Now, if anything happens to it, like if it gets broken, we would have to either repair it or replace it with a new one.

DR. SAN MARTIN: What kind of service facilities would you have so that people can call in and say my converter is out of whack? Would it take you a day or a week to come in and look at it? Do you have adequate service facilities to take care of complaints?

MR. DODGE: The answer, Doctor, is yes. Converters are just one of the things that can go wrong in a system like this. Our experience has been that when, for example, an amplifier fails. A big lightning storm comes through town, lightning strikes and burns out one of the amplifiers. History has shown us that in usually about 15 minutes we've got enough telephone calls that we know just what and where something went wrong. For your information, our maintenance planning here indicates that we should have a fleet of maintenance trucks.

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MR. PADILLA: Mr. Dodge, do you have any idea how much additional power the installation of this unit will use in this community? I think I might have just shot you down.

MR. DODGE: There will be some electrical power consumption, Mr. Padilla.

MR. PADILLA: I'd hate to hear that this doubled our need for energy plants and so forth. We haven't got anything to run on as we have now.

MR. DODGE: I'd be less than truthful if I didn't admit they take some power in their power, sir.

MR. PADILLA: How much would you say? It's a serious question.

MR. DODGE: Well, .....

MR. PADILLA: After you're fully installed.

MR. DODGE: After we're fully installed I suspect that our bill from CPSB, let's see, we had an estimate on that, it would be somewhere, we estimated we'd be paying about \$75,000 or \$80,000 a year to City Public Service Board for our electric bill.

MR. PADILLA: Dollars don't matter in the context to the energy crisis. How much would be adding? Five percent to their load, ten, twenty-- how much? I'm just wondering.

MR. DODGE: It would be an insignificant total.

MR. PADILLA: Okay this is what I was trying to determine. It was a serious question in spite of the fact that it came through in another way.

MR. DODGE: A fraction of a percent increase, I'm sure.

MR. PADILLA: Well, I don't know anything about cable T.V., the technical aspects of it. What, one percent?

MR. DODGE: Oh, it must be less than that.

MR. PADILLA: Okay.

MR. MORTON: Let me see if I can frame it. Would you use as much electricity, let's say, as a local T.V. station?

MR. DODGE: Well, let's see. I've got a thousand amplifiers, each one drawing maybe a half an amp at 60 volts which is about 30 watts, I guess it would be about a 30 kilowatt load, just off the top of my head. Continuous load--day and night around the clock.

MAYOR BECKER: That's about what your cook stove consumes over at your house now.

MR. MORTON: Are you through with your presentation, sir?

MR. DODGE: Yes I am, Mr. Morton.

MR. MORTON: Okay, do you have other people who are going to make a presentation, or is that it?

MR. DODGE: This is the end of the planned General Electric presentation. We turn the floor back to you. If you have further questions, we suggest that you .....

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REV. BLACK: I'd like to ask more questions. You have indicated your capacity to deal with this matter economically. You've indicated your capacity to deal with it technically. What is your capacity to deal with it in terms of the ethic pluralism of this community as a result of employment? What kind of history does your concern have in terms of employment? Since I've been here and the presentations have been made, I have been interested that we've sort of singled that kind of issue out. There hasn't been the diversity in the presentations as I see in the community. So, I'm particularly concerned about that in terms of any organization that gets a franchise with this City. I think we've got to think in terms of their employment practices and their affirmation of their work activities and what they propose to do in that area.

MR. DODGE: Well, may I try to answer that in this fashion, Rev. Black. In earlier discussions with the previous City Council we had described to them that General Electric was one of the first industrial concerns--major industrial concerns--in the country to have a written equal employment opportunity policy. I'm sorry, written equal employment policy. General Electric has had that for some time. As a matter of fact, our wholly owned subsidiary, General Electric Cablevision, has a specifically written policy. That policy was by request of the previous City Council actually made part of this ordinance, as an attachment. So, as I say, that statement is there.

May I go on to say that I hope that we have demonstrated, specifically in the case of San Antonio, ever since we've got here, a sincere effort to contact many diverse groups throughout the City of all ethnic and religious mixes, both to talk to them about what kind of programming they felt that they wanted on the cable and also ideas on how we were going to be able to get the kind of job applicants and perhaps the job training that would be required to fill these 130 odd payroll slots that we think are going to be created in this organization. So, I offer the evidence of how we have started out and just want to add my own sincere desire that we give everyone a fair opportunity. We have in our plans arrangements for some job training programs so that we can get maximum amount of these people from the San Antonio community.

DR. SAN MARTIN: Rev. Black, if I may add to what you said. Is your training program envisioning any type of additional education for some of your trainees where you would provide either the facilities or the scholarship money available so you would train some of your trainees in a specific area if those facilities are not available in San Antonio area? That you will send them to another University and pay their expenses in such as a scholarship in order to train them a little bit better?

MR. DODGE: Well, Doctor, most of the positions that we are talking about are not the type of positions that require college level education. I'm thinking particularly that the high volume of our employment opportunities will be installers and in distribution maintenance personnel. Where some special purpose training running all the way from how do you climb a utility pole to specialized electronic trouble shooting techniques.

DR. SAN MARTIN: I'm talking about training people from the community in the more complicated more technically oriented aspects of your operations where you would be able to draw from our local manpower pool here.

MR. DODGE: There are some of these categories of people that might be sent outside of San Antonio to existing schools. I didn't want to create the wrong impression as to the academic level of the education involved. That's all, Doctor.

MAYOR BECKER: Are there any other questions of Mr. Dodge? All right, well, thank you very much, sir.

MR. MORTON: I'd like to, if I may sir, ask a few questions here very quickly. As far as your plans for construction, in the letter from your president you said that you'd start right away. Is there any commitment in the agreement as to maximum time you would start?

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MR. DODGE: In the letter that our president, Reed Shaw, wrote to the Council about two months ago, and I believe you received in original packet, we spelled out a start-up schedule which we said that we would meet and included it. Ten months from the date the City Council gives approval we would be serving first subscribers. We still intend to meet that schedule as to the start-up of the system. That's right.

MR. MORTON: Okay, as far as your plans on what area of the City that you would start in first, would go to the less affluent areas on at least a prorata basis or would your plans be to go to your higher income sections of the City first?

MR. DODGE: I wish I had brought some of the visual aids I had with me last time. You may recall the map of the City where we had the City broken up into seven regions. The central region and six peripheral regions. Our construction plan is to build these cities one region at a time. Here is the six peripheral regions and here's the central region. We've selected the central region as the one to be constructed first. And it goes within these boundaries as shown by these green lines. That includes the near west side, near east side and on up the side of Alamo Heights, of course, we're not franchised in Alamo Heights yet. So, our plan is to start construction here--here's where we started the strand mapping, for example, a couple months ago. As soon as we get construction going in the central region with one construction sub-contractor then as soon as we can we are going to move to the north-east region. That would be the second one planned. I guess we're starting down here first for many, many reasons. One of which is, this encompasses the majority of the low income part of town. Secondly, our headquarters and our television studios are going to be there anyway. Up here in the northeast region is where we're planning to locate our major maintenance complex close to the interstate highway. So it would be easy for our trucks to get around town. That's our plan to go a region at a time .....

MR. PADILLA: Where would you go beyond that? Just curious. Have you projected beyond that?

MR. DODGE: Well, no we haven't.

MR. PADILLA: Okay.

MR. MENDOZA: Mr. Padilla lives right on the northeast .....

MR. PADILLA: No, I'm not in phase 2. I was wondering when I'd get the pleasure of having cable T.V. though, if you build it.

MR. MENDOZA: We're going to try to help you out, Al.

MR. MORTON: I think if the priorities on construction could be set up to where those who are less advantaged would be given priority as far as sequence .....

MR. DODGE: Well, that was certainly one of our considerations why we selected the central region first.

MR. MORTON: The next thing I'd like to ask, once you get started what kind of a time frame do you have to complete the project?

MR. DODGE: Our outside limit is set by the FCC, which has the guideline that systems must be essentially completed within a five year period. I think it's written in such a way that you suppose to build twenty percent of the system a year. We want to do it faster than that for a lot of reasons. One of which is that we've only got fifteen years in a franchise and it's good business to get going. History has shown that the usual pacing factor or limiting item on rate of construction is the rate at which we can get the utilities to

do their make-ready work on their poles. I'm talking now about getting Southwestern Bell and City Public Service Board to do their make-ready work fast enough so that those poles are prepared when our cable construction crews get there. We would be prepared to build it as fast as having it all done in three years if we are fortunate enough to get the make-ready done that fast.

MR. MORTON: And in areas where you don't have poles, you get an easement across the rear of the lot, is that right?

MR. DODGE: Where both utilities--both electric and telephone utilities--are presently buried we would also be buried. Whenever one or both is aerial, we would probably go aerial.

MR. MORTON: Okay, but you are not going to introduce anymore poles in areas where there are no poles?

MR. DODGE: Once in a great while we get into a situation where we want to add one pole to get into an otherwise fairly inaccessible area from our trench but we don't like to own poles and this would be an insignificant percentage of the total.

MR. MORTON: What are your plans as far as serving outside the corporate limits of cities not in Bexar County? We have a county population of fifty thousand people much of which has been urbanized and is fully developed, you couldn't tell if you are in the City or in the County.

MR. DODGE: Our planning after getting the franchise amendment cleared away with the City of San Antonio itself, to approach many of the close in separate incorporated communities, perhaps also military bases, we haven't made a decision on that yet, to develop what I would describe as a greater San Antonio system.

MR. MORTON: I am not talking about incorporated areas. I am talking about non-incorporated areas. There are large subdivisions located in the County, in fact approximately sixty percent of the single family starts last year were in the County in non-incorporated areas. What do you do in trying to serve these people or do you serve them?

MR. DODGE: Mr. Morton, we would like to consider each of these things on a case by case basis where I could conceive of situations where there were just a few homes and was a long ways away from any place from where we would otherwise be, and that certainly would not make a good business venture, but something jamor, something close in comes along--when the City itself annexes new areas for example, a franchise provides that in a newly annexed area, wherever the home indensity reaches thirty homes per mile we are obligated to offer them services in the City.

MR. MORTON: Okay, then actually, we here in San Antonio have a little bit of a unique situation in that we have many policies, not only in the City, but also your utilities which really reward a developer to stay out of the City if he can and I wonder here if we might not have a real opportunity to provide a little enticement for people to come in to the City by getting an agreement from you that you will not serve a non-incorporated area. I am trying to get the balance here, right now its about \$800 in favor of staying out per unit and so I am saying .....

MR. DODGE: I don't think we are prepared to make that kind of committment today, Mr. Morton. Let's make it a subject for future discussion.

MR. MORTON: I don't think we'd have any control over it if we didn't have it in the original agreement.

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MAYOR BECKER: I mean as far as revenue and things you are talking about.

DR. SAN MARTIN: I'd like to ask Mr. Walker if the contract is specifically delineates the city limits of the City of San Antonio and nothing else.

MR. WALKER: As I recall it, it was. Do we have it there? Yes, the answer is yes.

MR. PADILLA: Yes, but the effect of that is that their contract with us is for San Antonio. That doesn't preclude you from going anywhere else. You can go to Windcrest, you can go to any unincorporated area outside the City and sell this service, can't you?

MR. DODGE: Not without the permission of the governing both of that, in the case of a non-incorporated area, we have got to go to Commissioner's Court of Bexar County to get permission to set foot into their domain.

MR. PADILLA: So our contract doesn't preclude you from serving any other community incorporated or otherwise.

MR. DODGE: The existing franchise, as I understand it, merely franchises us, gives us the right to own and operate a system in the City.

MR. MORTON: But, again, getting back to my question, you kind of slipped off a little bit on it, let me put it to you again. There would be nothing from a legal standpoint to keep us from inserting a clause in there that as part of the consideration for your coming into San Antonio you agree with the City of San Antonio that you will not provide service to unincorporated areas in Bexar County.

MR. TROILO: That's a question we really haven't researched. The problem you get into is whether that would constitute some sort of a discriminatory practice on the part of a corporation whose services are supposed to be available in this field to whoever might want them. Now, obviously, all of the thrust of the efforts over this period have been to work within the city limits of San Antonio. That's the only thing that the City Council has the power to give us to do. Now what happens in these other areas, I think it's something that we generally have to do more legal research on and it might affect our FCC standing and other things. I just don't have the answer for it.

MR. MORTON: We are only, I don't want to try and confuse you, we are only talking about one area.

MR. TROILO: Bexar County, unincorporated areas.

MR. PADILLA: Mr. Troilo, would we have the same rights and preogatives as the City and the ETJ that we presently have with the other utilities?

MR. TROILO: In what respect?

MR. PADILLA: In reference to Cable T.V.-Cable T.V.-is it defined as a utility?

MR. TROILO: For some, for most purposes, yes, Mr. Padilla.

MR. PADILLA: The Water Board and Gas and Light Company, we have certain controls as far as the ETJ is concerned. Would we have similar or like controls with cable T.V.?

MR. TROILO: My immediate answer is no. The reason you have those other controls is because specific statute gave you those controls. Otherwise we are really dealing with the City Charter here.

MR. PADILLA: Cable T.V. is not included in those statutes?

MR. TROILO: No, sir. We are operating under the City Charter the right to grant the use of your public streets, alleys, to a company to provide a service to the community. So we are using the City's streets and highways and byways and that what we are paying the franchise fees to the City in order to use your property.

CITY MANAGER GRANATA: Arthur, since the main system is in the City, is there a possibility of a surcharge to extend it beyond the City limits in the unincorporated areas if you charged say thirty percent more. You would probably have to research it anyway.

MR. TROILO: We don't know the answer .....

MR. MORTON: That's a good question. Mr. Padilla, I would like to say that the authority of the City or any of its agencies on a utility in a ETJ is not absolute and a very definitely a question of law that I wouldn't want to sit here and say that I conclude that they have that authority.

MR. PADILLA: Don't we have a lawsuit arguing that point now.

MR. MORTON: That's exactly right. At the end of the fifteen year term of the contract, what happens to the system at that time?

MR. DODGE: I would anticipate that at the end of the fifteen franchise term we would come back to the City and initiate discussions for a follow on-the second franchise period in which we would continue use of the same system, right on into a second fifteen year period.

MR. MORTON: But there is nothing in there today which says at the end of fifteen years, you convey title to the City of San Antonio for a \$1 or something like that.

MR. TROILO: The system would, if the City wanted to buy the system, then the recapture provision during the life of the franchise will be in effect ..... but at one day after the franchise has expired, then the General Electric has no further rights to operate within the City so that it may have a lot of equipment and a lot of contracts and a lot of depreciated hardware around but it has no right to continue to operate.

MR. MORTON: I wonder exactly where we would stand on that. Lets make the assumption that one day after the fifteen year term and we have said we do not care to negotiate with you or anyone else. We want this system for our own. What would be our right to that system?

MR. TROILO: Well, that would have to be negotiated at that time.

MR. PADILLA: Would the recapture provision would not apply because the franchise would have expired. The recapture provision only protects G.E. during the period of the franchise.

MAYOR BECKER: There isn't anything in the present contract that stipulates that ninety or one hundred and twenty or one hundred and eighty days prior to the expiration date of the contract that intentions must be stated either as to the abandonment or the intent to renew, there isn't anything contained in the contract to that affect?

MR. TROILO: There is nothing in the contract, Mayor Becker, the Charter authorizes that the franchise be extended or renewed during

the period of the franchise before it expires. So it would be up to the City and G.E.. If G.E. wanted to stay, we would be in here much before the franchise expired asking for the City to consider what was going to happen when it does expire. On the other side the City would be looking at that period to what it would be in the best interest of the City, whether to advertise for new bids on the franchise or to talk to G.E. about extending the franchise.

MR. PADILLA: What year do your projections show you recouping your investment? Is it well within the fifteen year term?

MR. DODGE: Our latest financial analysis shows cumulative cash flow getting back to zero in the eleventh year.

MR. PADILLA: So if those hold true you'd be four years to the good.

MR. DODGE: That's correct.

MR. MORTON: Let me ask you. From an economic standpoint you're going to spend forty million dollars most of which will be in the system. Is that right?

MR. DODGE: The forty million dollar figure is for four cities. Twenty-four million for San Antonio.

MR. MORTON: Okay. Twenty-four million dollars. Of that most of it is going to be underground or on a pole. Is that right? From an economic standpoint fifteen years and one day from now when you no longer have the contract is it economically feasible for you to go out and extract your system from the ground or a pole?

MR. DODGE: No, it's not.

MR. MORTON: In other words, what I'm really getting at-it seems to me that this is something that really is left vacant in the contract and .....

MR. DODGE: That's correct. It is a subject for negotiation in the last year or so of the fifteen year term.

MAYOR BECKER: It would seem to me that the City of San Antonio is in a position here that is going to be very, very hard to deal with at this time. You've got \$23 million invested in the system. We have absolutely no duty to you whatsoever.

MR. DODGE: That's true. We would be in here trying to show the reasons to you why it would in the best interest of the City to continue with us. For example, the expertise required and all to manage and operate the system don't know what all points we would all make. But that's right.

MAYOR BECKER: What kind of right down schedule, depreciation schd schedule do you all take with this type of equipment?

MR. TROILO: What rate of depreciation do we use? I think we use about ten years depreciation, don't we Sam?

MR. VELANGE: Yes we do. But recognize that over fifteen years is reinvestment because you don't just spend \$24 million and its' a continuing thing. \$24 million the initial price. By the end of fifteen years it's going to be substantially more investment on the books.

MR. DODGE: We estimated on top of the 24 at our last meeting, we had listed another \$20 million in refurbishment and extension of the system over the term.

MR. MORTON: Could you summarize the reason behind you wanting to change the recaptive provision from the one that was originally negotiated for the other people in the audience.

MR. DODGE: Well, yes because the original recapture provision is, frankly, so favorable to the City and unfavorable to General Electric and the City Charter sets the stage such that the City can recapture it with out cause at any time. In other words, no matter how good a job we might do in operating the system the City can recapture the system at any time it wishes. The formula or the amount of money reimbursed to G.E. from the City in the event of recapture is specified by a formula in the recapture provision. The problem has been the original formula that was listed in the original franchise which specifically says reproduction cost less depreciation. This, when you figure it out, turns out to be a very, very small percentage of the actual fair market value of the system in the event we're able to make this a successful system and get a lot of subscribers. If in review at the present time it becomes such a large uncontrollable financial risk to the company that we thought we were unwilling to recommend to our Board of Directors that we invest this \$24 million with this heavy uncontrollable threat of a very severe financial loss over our heads.

MR. PADILLA: Mr. Dodge, on that very point, what was the market situation in terms of recapture at the time you agree to those provision in San Antonio? Did you buy something that was substantially the same as the contracts you were signing with other communities at that time?

MR. DODGE: I'm no sure I understand the question, Mr. Padilla.

MR. PADILLA: When you agreed to the present recapture provisions with the City of San Antonio .....

MR. DODGE: The original one?

MR. PADILLA: You do agree that there is an agreement at the present time as to recapture provisions .....

MR. DODGE: The 1967, right .....

MR. PADILLA: When you agreed, when you had that understanding, that agreement when you signed that contract with the City, how did the recapture provisions in our contract compare with what was then the market in terms of recapture provisions you were signing with other communities in other community contracts?

MR. TROILO: Mr. Padilla, at the time we submitted these to General Electric's general counsel and there was no other franchise that they had entered into or that anyone else had entered into that had as severe a recapture clause as this one which was proposed and that was known at the time.

MR. PADILLA: This is very important in my line because one of the things I have to struggle to resolve is how you can agree, you made the statement that you cannot recommend to your board that you proceed with this investment when obviously in 1968 when you thought you were going to proceed ... you know in a very short time you didn't ... probably didn't foresee this five year delay and so forth, at that time obviously someone recommended to your board that the San Antonio proposal was a good one. The contract here as it were.....

MR. TROILO: Mr. Padilla, the contract between the City and General Electric has an unconditional side and it has a conditional side. The unconditional side was that regardless of whether it, General Electric built the system or not, it had to pay the City \$50,000 a year. On the

conditional side it was that General Electric had the option not to start construction of the system until the FCC approved the importation of distant signals into San Antonio. It was foreseen in the proposal that this would take at least eighteen months or two years to go through. So, during that period and feeling that the FCC itself might require some changes in the franchise as part of this certification process the management at that time went along with a provision which they were very much in disagreement with feeling that at some future time they might have to come back to the City for a series of changes depending on what happened in the industry itself and until they actually built the systems they were committing the \$50 thousand a year but they weren't committing the capital of millions of dollars that would have to go into the purchase. At this point they are committing that \$24 million and the management now is worried about that provision to the extent of not investing the money in San Antonio unless the franchise is amended.

MR. PADILLA: So, in effect, then the recapture market has improved substantially since 1967?

MR. DODGE: The recapture provisions in ordinances are about the same as they were in 1967. They haven't changed. San Antonio still stands out as the Lone Ranger in this field and we asked the City staff to show us another one anywhere that's this tough.

MR. PADILLA: Well, that's my point. It seems to me that we've got a pretty good contract .....

MR. DODGE: Well, you have a good contract if you can get somebody to build you a system under it.

MR. PADILLA: And now we're being asked to change it when we do have a very favorable contract at this time.

MR. TROILO: Well, Mr. Padilla, let me say this that I would choose to-and I want to argue that as an argument-but I want to advocate the use of a different term. There is difference between an unfavorable contract and an unreasonable provision and I submit to you that the present provision is unreasonable because it gives the City a unilateral right to take the franchise for no reason. It would seem to me that at a point where G.E. has invested enough money to have the system going good management would dictate under this provision that the City take it over and that's the position the company doesn't want to be in.

MR. PADILLA: I was just wondering if G.E. management has changed that much in five years or whether just the market has. I think G.E. had very good management five years ago.

MR. TROILO: Well, I'm not going to say that they had that they did not, Mr. Padilla. They always have good management but the management has changed.

MR. PADILLA: I'll be very direct, Mr. Troilo. I'm afraid that what we're being asked to do is what frequently happens in other types of contracts. We read about it all the time in the papers. Someone, in effect, buys in and then before they perform the contract is upgraded considerably.

MR. TROILO: Well, Mr. Padilla, we're talking about the most remote of situations where the City would want to get into the television business. That's the only thing we're talking about. We're not talking about something that's likely to happen, but the threat of it is such that it does have the management worried.

MR. PADILLA: Well, I'm just wondering if G.E. has in effect bought in by agreeing to something that was obviously not favorable to them figuring that they could come to the Council and have the contract amended before they ever had to spend a dollar other than the \$50 thousand a year which we do get.

MR. TROILO: Well, Mr. Padilla, that \$50 thousand has now become \$300 thousand.

MR. PADILLA: That's right.

MR. TROILO: They did intend to come back to the Council at the time they started construction to rediscuss this. There's no question about it. At the time Mr. Shelly was here, he refused to discuss it, he refused to allow the ordinance to come to the Council without that provision in there. G.E. had been through nine months of hearings and had spent a substantial amount of money in bringing studies to the Council and bringing executives from New York and they felt that they would not start another controversy on the interpretation of the bid document because, again, I want to harp on the fact that what was done was that market value of the system was redefined by the City Manager at the time. You see this starts out the recapture provision says that it will pay them the market value of the system and then it defines market value in a way that is not the way systems are sold on the market. The way systems are sold on the market today all over the country is based on the number of subscribers the system has and that formula did not take into consideration how many subscribers the system had.

MR. PADILLA: And how were systems sold in 1968 when this contract was signed?

MR. TROILO: They have always been sold on the basis of the number of subscribers. That's where the income is.

MR. PADILLA: All right.

MAYOR BECKER: It's too bad these talks aren't occurring in Paris. This could go on forever. Let me ask you a question. Let's say that after five years one-third, the first third of the contract that G.E. has \$10 million invested and that you have 25,000 subscribers. Just pull something out of thin air.

MR. TROILO: Mr. Becker, we invest all of the \$24 million within the first five years.

MAYOR BECKER: Alright. \$24 million.

MR. TROILO: And we have in excess of 100,000 subscribers, nearly all of our final subscriber count at the end of five years.

MAYOR BECKER: Well, what if you only have .....what if you have \$24 million invested though and you have 25,000 subscribers. Couldn't that possibly happen or could it happen?

MR. DODGE: Well, if we do a very bad job.

MAYOR BECKER: It could happen. Let's say 50,000. All right, 50,000, now then, and the City wants to take the deal over. What's the formula that they take it over on?

MR. DODGE: The new formula would be.....

MAYOR BECKER: The old one - let's take the old one first.

MR. DODGE: The old one is reproduction costs less depreciation. We would have to guess what that would be. The \$24,000,000 would probably be depreciated down to around \$15 million, perhaps.....

MAYOR BECKER: Reproduction cost.....

MR. DODGE: Less depreciation. It's then depreciated some minor portion by that point in time. It might be depreciated down to something in the neighborhood of \$15,000,000 or \$16,000,000.

MAYOR BECKER: You wouldn't be using the production cost at that time as a means of determining what you have, as a production cost? Reproduction cost?

MR. PADILLA: The reproduction cost could be \$30 million or \$40 million.

MAYOR BECKER: So the inflationary value, of course, is working in your favor there.

MR. DODGE: That's in the original formula.....

MAYOR BECKER: Right. I won't quarrel with that. I don't blame you.....

MR. DODGE: Incidentally, that would not. I think you're foreseeing a situation where it would be a bad deal for the City to recapture. That doesn't happen with the new formula. Perhaps, the new formula is an either/or situation.

MAYOR BECKER: All right, \$24,000,000, let's say, then the reproduction cost now which could possibly inflate that - whatever. I don't know. And then the 50,000 subscribers - now at the rate you have, the old rate, that 50,000 would be recaptured at, what's the figure now?

MR. DODGE: Well, in the old formula that has nothing to do with the number of subscribers at all.

MAYOR BECKER: Does not have anything to do - to do.....

MR. DODGE: Simply reproduction cost less depreciation, period.

MAYOR BECKER: Okay. All right now, then let's discuss the new one for a second.

MR. DODGE: Okay. The new one is reproduction cost new less equivalent depreciation plus \$200.00 per subscriber or fair market value, whichever is lower.

MR. PADILLA: And we stipulate fair market value to be arrived at how?

MR. DODGE: Three independent appraisers determine the fair market.....

MR. PADILLA: Named by who?

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MR. DODGE: The City names one, the company names one, those two name a third, and if they can't they go to the American Association of Arbitrators for the third.

MAYOR BECKER: Now, you say the \$200.00 figure is being compared to what that's accepted today? I've heard \$385, \$375.....

MR. DODGE: A study we did developed an average of \$393 per subscriber.

MAYOR BECKER: \$393 - so you are talking about approximately one-half the value of what's considered to be the ongoing recapture price?

MR. DODGE: In some cases it would amount to somewhat more than one-half, Mr. Mayor, because it's reproduction cost less depreciation plus that \$200.00 per subscriber. We worked out one particular example in the previous presentation and the number came out 70 percent.

MR. PADILLA: Mr. Dodge, then the net effect of the change that you want in terms of recapture is \$200.00 per subscriber?

MR. DODGE: That's correct.

MR. PADILLA: Because the rest of the formula is now in the contract, and you would propose to keep it. Then you would further say plus \$200.00 per subscriber?

MR. DODGE: That is correct. But, there's an either/or situation to benefit of the City. If that calculation should come out with a number that is higher than the fair market value for that system, then these three appraisers would determine the fair market value. It's whichever of the two is lower.

MAYOR BECKER: So, if you have 50,000 subscribers at \$200.00, of course, you have \$10,000,000.

MR. PADILLA: Would it be fair to say that if the average figure is \$393 per subscriber, then the appraisers when they sit down would consider the fair market value at \$393 per subscriber?

MR. DODGE: The \$393.....

MR. PADILLA: Plus other considerations?

MR. DODGE: The \$393.....

MR. PADILLA: If that's the national average - San Antonio's being \$200 but the figure \$393 would it be fair to say that would be used by the appraisers?

MR. DODGE: I would expect the appraisers to use what was in practice of the industry at that time. If this were five or ten years from now it might be a higher or a lower.....

MR. PADILLA: If this were today, it might be \$393 if that's the average?

MR. DODGE: Yes, it might be \$393.

MR. MORTON: So, really what we're talking about is \$39,000,000 if we had say 100,000 subscribers, isn't that right?

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MR. DODGE: 100,000 subscribers at - 100,000 subscriber system would be worth about \$39,000,000 now.

MR. MORTON: \$39,000,000?

MR. DODGE: You know, if it was a well run system, and it looks like it's..

MR. PADILLA: We would be obligated to pay you \$20 million in the event the appraisal was higher?

MR. MORTON: No. Let's get your either/or situation.....

MR. PADILLA: Well, if we had 100,000 subscribers and we agreed to pay \$200.00, that's \$20 million not \$39 million.

MR. DODGE: That's \$20 million plus.....

MR. PADILLA: Plus the fair market, the reproduction cost less depreciation.

MR. MORTON: That's right.

MR. DODGE: Right. Which might be something in the \$15 million to \$18 million area five or six years from now.

MR. PADILLA: I want to talk to net differences because the formula of reproduction cost less depreciation is in the present contract and you also propose to carry it forward into the new contract with the additional plus \$200.00 per subscriber.

MR. DODGE: Correct. But with a ceiling on it not to exceed fair market value.

MR. PADILLA: Right.

MR. MORTON: Okay. Let's just look at it. You say in five years you hope that you will have 100,000 subscribers. Is that correct?

MR. DODGE: At least, yes, sir.

MR. MORTON: At least as much. And you initially invested \$24 million plus maintenance and repair. And the formula that you're proposing would be fair market value at a value today at \$393 per customer which would be \$39 million, now, or whichever is lower and the formula on that would be.....

MR. DODGE: Twenty million for the subscriber plus reproduction cost new less depreciation.

MR. MORTON: Okay. And what kind of.....

MR. DODGE: In ten years the \$24 million should be depreciated down to \$8 million.

MR. PADILLA: But the replacement value would be increased by the amount of inflation and so forth as a factor.

MR. DODGE: Yes, sir. If there's a lot of inflation, the \$393 would probably go up to.....

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MR. MORTON: Okay. So, you're saying \$8,000,000 plus \$200.00 per customer. Is that right?

MR. DODGE: That's my estimate.

MR. MORTON: Now, that's the either/or in the new recapture provision.

MR. DODGE: Yes, sir.

MR. MORTON: Now the old one again?

MR. DODGE: The old one would be just the \$8,000,000 period.

MR. MORTON: The \$8,000,000.....

MR. PADILLA: The old one is reproduction cost less depreciation. Is that right?

MR. DODGE: Yes, sir.

MR. MORTON: Well, I can see why you're trying to get that changed.

MAYOR BECKER: I'd like, if you would, I don't know whether I've asked you for this before or not. It's possible I didn't. I haven't had a chance to see my mail. I got back into town yesterday afternoon late. Would you give us a schedule in incremental values of five years 50,000 sets installed, \$24,000,000 expended in capital improvement, and ten years and try to work this thing out in the old formula, in the new formula and so forth? Could you do that?

MR. DODGE: Could I do that? Yes, sir.

MAYOR BECKER: Would you be kind enough to break .....

MR. DODGE: I would suggest the best way to do this would be for me to work with Mr. Edwards. And I could use my projection data on the number of subscribers by year. Perhaps, Mr. Edwards could help me with the arithmetic to be sure it's done right.

MR. PADILLA: Do you have any idea how much money it's worth to you not to have a recapture clause in the contract?

MR. DODGE: Is the City going to exercise it?

MR. PADILLA: No, to delete it entirely, how many million of dollars would you pay?

MR. DODGE: We could not delete it in its entirety. It's called for in the City Charter.

MR. PADILLA: Well, if you don't perform a unilateral take over without reason.

MR. TROILO: That's also called for in the Charter.

MR. PADILLA: It is?

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MR. TROILO: Yes, sir.

MR. PADILLA: Thank you. I thought I'd sell you something, Art.

MR. MORTON: Let me ask just one other question. Just for the record. When we were talking about the unknown action of the FCC in 1977, it may be a little bit far out but I know the City of San Antonio in its budget has contributions to agencies that are not departments or agencies of the City. For instance, we can make a contribution to the San Antonio Symphony. Is that correct? But we do not own the San Antonio Symphony. Dollarwise, let's say if we didn't make the contribution and you did-- let's say that the FCC says "No way that you can go above the three and one-half percent rule". Would you rule out the possibility of your making a gift to an agency that was completely unrelated to the City of San Antonio, but to whom we normally make a contribution in our budget?

MR. DODGE: My very first question is whether it would be legal or not. I don't know how to answer that question. I might comment in passing that I can think of some other alternatives that might make more sense than that, Mr. Morton. For example, we have discussed on more than one occasion with various representatives of the City of San Antonio some other communications services to the City which might be provided on this system, but don't have anything to do with Cable television. Last Friday we had a discussion about the possibility of interconnecting traffic lights and pavement sensors with the main computer downtown in a future traffic central system for San Antonio. It is conceivable that some services of this nature might fill out our due diligence to provide .....

MAYOR BECKER: Are you sure that you could do that? If you could do that that would be almost a gift from heaven. You know we've got a million dollars worth of equipment laying someplace--at least it's my understanding we do--that was purchased some 20 years ago, whenever it was. I forget when it was. It was suppose to do this very thing you're talking about--synchronize all the traffic lights and everything. And the streets are of such random lengths and the blocks are so catiwampus in this town that the thing absolutely was unable to be programmed into any uses whatsoever in San Antonio. Is that correct?

CITY MANAGER GRANATA: Yes, sir that's correct. That was over sold to the public.

MAYOR BECKER: Well, brother, it was over sold alright. Because it's not even operating. Is it?

CITY MANAGER GRANATA: No, sir. It's operating right here right by the River but it was over sold. People thought it was going to be the answer to every traffic problem. We were going to have the walk system. But it was just over sold to the people. It didn't do what it .....

MAYOR BECKER: Well, what's it doing now?

CITY MANAGER GRANATA: It's operating the signal system now in the downtown area.

MAYOR BECKER: Does it operate the downtown area signal system?

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CITY MANAGER GRANATA: Right, sir.

MAYOR BECKER: Well, it doesn't even do a very good job of that.

CITY MANAGER GRANATA: That's correct, sir.

MAYOR BECKER: Now, what you're offering there has infinite possibilities. Have they progressed in the state of art since that day to where there's actually some valid expectations for some type of real benefits to be derived from this type of equipment or this type of installation?

MR. DODGE: Let me clarify that General Electric is not offering to operate a traffic control system. We had a discussion with the City of San Antonio and a potential future vendor, I understand, of equipment. What we were discussing was the, at the conceptual level, could our system provide, in effect, a kind of a transparent communications medium whereby, if they had some digital data out at a given intersection, could they get that digital information downtown to a central computer and vice versa. In other words, could we carry digital data on our Cable system? We already know that in our system design we have a capability for a two-way digital holding system of our own so that we can support some potential future services that may be provided into the home in the nature of having push buttons on the front of your converter and you can say yes or no or something like that. There is technology now for digital data poling schemes on these cables. So, conceptionally, we felt that yes we could provide this kind of service providing a lot of "ifs" were met. If they could live with our system reliability and maintain ability schedules, construction time schedules. Some parts of the City we won't be in for several years and all that type of consideration.

MAYOR BECKER: Many cities, you know, have, I don't know whether it's closed circuit TV, but it's TV, at all the major intersections and they help monitor the traffic from a either control panel centrally or positioned throughout the City in various quadrants .....

MR. DODGE: We are not talking about sending visual images back and forth. We're talking about having computers talk to each other in digital .....

MAYOR BECKER: Yes, I understand.

MR. MORTON: Mr. Dodge, would you answer my question?

MAYOR BECKER: I probably didn't let him.

MR. MORTON: Well, he slipped off and was off in never, never land on an entirely different plan just like he did on the question before. Would you answer my question? Just for the record.

MR. DODGE: Your question was would we make a gift in lieu of the City making a gift as a way to fill in this possible cut back in the seven and one-half percent?

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MR. MORTON: Yes, sir.

MR. DODGE: May we consult a little bit for just a moment, please?

MR. MORTON: Certainly, we have a man here who apparently appears before the FCC all the time. And I would like to have him answer the question.

MR. COLL: I will answer it as best I can. The rule says that you shall not exceed these payments directly or indirectly. Now, in my experience with the FCC they're pretty bright and they're pretty alert. If they thought that what we're doing was a subterfuge which for some reason they'd otherwise found contrary to the public interest, I suppose they would say no. On the other hand, I will say this, the Commission is flexible. I can foresee their considering--are required to consider all these cases on their individual merits and if there were services we could provide, if there were some way of providing the City a service that .....

MR. PADILLA: Like refunds to the subscribers.

MR. COLL: No, even this. The government may do it. The difficulty that we have is this. The Commission just hasn't given us any guidelines. They're playing a hardline, right now. They're saying, "Look, new ones have got to come up within this guideline. Now, those that were granted can bend our guidelines for March 31, 1977". That's all they've told us. So, all we can really do is say look, we'll do the best we can when in council. We don't have that much guidance in the federal government. How long they'll plan that hard game, I don't know.

MR. PADILLA: Do they set your subscriber rates at all?

MR. COLL: No, sir they don't.

MR. PADILLA: Are you free to reduce the rates?

MR. COLL: Under the present law, the FCC, yes. Under the present law we are.

MR. PADILLA: But, again, back to my original question. The difference between seven and one-half percent and three percent, would you be willing to refund that to subscribers? Since apparently at the present time you are free to do so.

MR. COLL: Well, let's assume for a moment that management was. Would the Commission let us? I think it's really the only question I can answer. I think it would depend, in part, the way you present it to the Commission. If you present it too boldly, in other words, you go in and ask them for a waiver of seven and one-half and they say no. We feel that five or three or four, whatever they decide on is much as this system can stand to maintain a public service. Then we turn around and reduce the equivalent, what is the federal government going to say to me? I mean they say, "Look, we told you we can't do indirectly what we told you not to do directly". So, it's very, very difficult. It seems to me what you're going to have to do as '77 approaches, if the government hasn't given us further guidance, relent

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it and relax, is approach the FCC and in effect negotiate with them. What we're saying to you is that we'll negotiate on your behalf. That we're willing to go the seven and one-half one way or the other. We'll do all we can. But we are really dealing in the dark with the federal government .....

MR. PADILLA: It seems to me that in 1977 it would be in your interest for the federal government to continue the tough policy.

MR. COLL: Many cable operators have taken exactly that attitude, Mr. Padilla, and I think what we're trying to reassure you is that we won't. That's all we can do is reassure you that we won't. That we'll do the best we can. You're perfectly correct. This rule that we're talking about was imposed by the federal government at the request of the cable industry. And we're telling you that we're willing to live by the seven and one-half percent to the extent that we can.

MR. MORTON: Would you be willing to include in the letter that you sent all the Councilmen regarding what the amendments in this particular area to the effect that even "a gift, if legal"?

MR. COLL: If legal, yes. And I think Paul Dodge's earlier statement tried to convey just that. I think, it's been a long time ago now, but that's what he was saying. We'll do everything we can, if it's legal.

MAYOR BECKER: You thinking about campaign contributions?

MR. BECKMANN: That's not legal.

MAYOR BECKER: Does anyone else have any questions of Mr. Dodge? Alright, thank you very much, sir. Now, ladies and gentlemen, you've been sitting out there patiently all this time. There are twenty of you signed up to be heard. Unquestionably, you've probably gotten some of the answers to your own questions through the discussion that the Council members have had with Mr. Dodge and the other gentlemen representing the G. E.--Mr. Troilo and so forth. I would only ask you please, that if you don't have anything new to lend to the subject would you please be forbearing and forgiving and perhaps pass your turn. If you do, certainly you have the right to speak. You've been here, you've waited and you've signed up and we appreciate that and we'll certainly acknowledge that fact. There is a five minute time limitation on each person and with that preamble I'll conclude. I'll start with Darrell West, San Antonio Independent School District.

MR. PADILLA: Mr. Mayor.

MAYOR BECKER: Yes.

MR. PADILLA: Since there are some citizens groups that are organized, I would like to ask if it would be possible, in the event that it is their wish, to consolidate their time and name a spokesman. In some cases the groups viewpoint might be better presented by one person, if they so choose to have one person that could speak several multiples of five minutes.

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MAYOR BECKER: Consolidate their time, totally?

MR. PADILLA: Yes.

MAYOR BECKER: All right.

MR. PADILLA: If they choose to do it.

MAYOR BECKER: Yes, Bill.

MR. BILL WALLACE: At the briefing you promised us the time to present our stories.

MAYOR BECKER: You're going to have time.

MR. WALLACE: I'll be the only speaker for three groups and I cannot present it in five minutes.

MAYOR BECKER: I think what we were doing here, Bill, was trying to not only answer questions we have but also answer questions that you all might have, plus show you the depth to which we're trying to reach here. All right, now, you're the next person signed up here, Bill. You say you represent three groups. All right now, let's see you represent the PCDC, Scope, Inc., and Tri-Ethnic. Okay. Now, how many people are there involved in your three groups, would you say?

MR. WALLACE: Quite a few.

MAYOR BECKER: Well, may I have a show of hands?

MR. WALLACE: Three completely separate corporations.

MAYOR BECKER: Well, that might be 10,000 people and if you've got five minutes to .....

MR. WALLACE: (INAUDIBLE)

MR. PADILLA: How much time do you think you need, Bill?

MAYOR BECKER: How much time do you think you .....

MR. WALLACE: I'd say 15 to 20 minutes.

MAYOR BECKER: Well, you're welcome to that.

MR. WALLACE: Okay.

MAYOR BECKER: You're welcome to that. I just don't want you to miss dinner tonight, Bill. That's all. Well, now you're ready to go, aren't you. Okay, you're next. No, no. Mr. West apparently is not here or doesn't care to speak or whatever the case may be. I've asked for Mr. Darrell West and I don't get any acknowledgement from the audience--response. All right, Bill Wallace. The one and only.

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MR. WALLACE: I thank you, Mr. Mayor. First, let me say that, a little bit of how I feel about the time limit at all on any citizen. I come to this Council right here at this podium on several occasions and asked for a "C" session for citizens to discuss the problem. I wasn't granted this but G.E. shoots one letter and they get a whole session of from about one o'clock to a little after five. We're promised a chance to make our presentation and I think that you should drop the five minutes and listen because this is supposed to be our day. Now, they haven't given you much more than they gave you in three hours and a half than they gave you downstairs there--two hours and a half, whichever the case may be.

In sitting back there listening to a couple of things, on the signal lights. This is a part of the two way system that must and will be in operation. So they won't, they're not giving you nothing. That's gonna come whoever gets the cable system. You're gonna have traffic control signal lights. You're gonna have medical services to the point of where you can lay in your bed pick up phone, call the hospital and tell them you think you're having a heart attack and lay the phone over your heart and get EKG run down at the hospital. You'll be able to sit at home and shop. This is two way capability. You have a fire alarm system built into the system. Of course, all these things cost a little extra. You have a burglar alarm system built into the system. These things are already in experimental stages. When one of our members of our group went up to Washington there was experimenting with a deal--the people in Washington was playing bingo with the people in Las Vegas through the cable T.V. system. This is the money that's ..... There will be no ten years to get back that twenty-five million, no sir.

Now, you keep talking about 100,000 subscribers. A hundred percent saturation in this City is over 200,000 subscribers. Now you figure up what your \$200.00 subscribers would come to then. Say, if they saturated around 80 percent. A lot of little ifs and ands have been left out of this thing. Sixty-eight dollars a year on an average of \$575 subscriber, one T.V. set, you know how many homes have more than one T.V. set, is \$6 million eight hundred a year. And you're not going to lose money at that. This is just on subscriber rates. This is not what you get off of advertisement, what little time you sell on the air and this sort of thing. This is coming from the people of San Antonio. Over half of them poor and can't afford it. And what are they getting for it? Nothing. For thirty channels. They say we're gonna get thirty channels but this little thing say twenty. Capability of ten more. There's no programing, no nothing of when those ten more are coming. This, all of this.

One other thing I'd like to touch on true \$4.75, if the converter was with it, is a low figure. Five seventy-five puts you way up in the ball park. Puts you in the grand stand. You know, in the box seats of charges. Another little thing--notation--I'd like to make. If you'll notice the ranks, the market ranks of this thing. They didn't come from one to forty-five. They went from thirty-five to on back. Now, the rules governing the top fifty stations are different from those governing the bottom fifty stations. Check with me. I'm not a lawyer. I don't get paid to find out these things. I don't have a staff working under me, but if I can find it out, the City staff can find it out. And I did it at my free time because of the interest that I have in the community and the City of San Antonio. This is a bunch of hog wash that they're selling you. You're sitting up here just swallowing it.

There's one book that each of you can buy and read. It's called "The Wide City". And when you get through you're going to be an expert because it's the most complete book on cable written. In there it gives you the ratings. San Antonio is the forty-fifth in the market--general television market. It's also fiftieth in the black market. And you know we're a very small percentage here. G.E.

is twenty-first in the top twenty-five companies. It may have gone up one because a couple of them moved that was up above them. So they may be around nineteen now. So, the things--I mean, don't sit up here and swallow everything because, like you say, they have some slick talkers. You ask them where they been they tell you about last week's weather. And this is the way it went in negotiations everytime you ask them something you had to come back and ask them again, and again, and again, and one question that I never got answered what you gone put on thirty channels? Today I don't have that answer.

Let's look at one thing. Now all of you, most of you, are businessmen and mostly quite successful businessmen. You should run this City in the same manner, in some instances, that you run your business with all the safeguards. If I come to you and lie outright when I don't have to and you can prove it, I'm not worth dealing with under any circumstances. Let's see what was one of the first lies they told. G.E. did not start to build this system, and it's on tape here in one of these tapes that you have. G.E. did not start to build their system during the past five years because that was forbidden by the FCC. No such law ever existed. It only stopped them from importing distant signals. Now, if you are community minded and you're interested in bringing to this City and servicing the Citizens of this City in this nation. This is a great big country town. We got just about as much opportunity here or less as the people that live in Seguin--thirty miles away from here. We have a lot of people and we rank very high up around somewhere just under the top ten cities in the nation, but there's nothing here. Oh, it's getting better. But the people still starving to death.

Let me give you one little example. Coastal States, when they come to San Antonio, since I heard this referred to the City Public Service Board a couple of times we'll keep it in that light, we'll use that example, was a no body. Never had a big contract in their life. Cat scrubbing for service to serve the people and this sort of thing. Come to San Antonio and got this contract. What'd we do? They got four hundred people and we can't get no gas from them. But we put them on the map. Now, if we give G.E. the franchise as is or as they want to change it, and they've already done this. I can prove it. They've been in different cities bidding on franchises and using San Antonio and all this great system that we don't have yet, that we gonna get, as an example of their capabilities to sell their services to other people. We go and lift them from about nineteen-325,000 subscribers extra. Now, the charts that I have say that I have say that G.E. had 45,000 subscribers, and that's why they are twenty-first. If we lift them up to somewhere in the top six they are going to make an awful lot of money, aren't they, an awful lot of money. Off of who: Off of the people here in San Antonio. The soft soap they're selling you all. You're gonna buy it. What happens? What actually happened? You couldn't import distant signals. They could have built a system.

We could be sitting watching 30 channels, 20 or 15 or whatever it was. At the briefing, I think the date was the twenty-first of last month G.E. stated, or the representatives stated, "we wanted to bring San Antonio" and they quoted "39 from Houston, 37 from Dallas, 30 something from Fort Worth". Our whole system is what they told you downstairs - was hinging on the fact to be able to bring this type of programming in this City. Most of you were there so I know you know I'm not lying.

So Sunday or Monday I went to Newstand and I bought some T.V. guide paper from Dallas and from Houston. I don't have the Fort Worth stations, but if its channel 33, it's in Dallas. What kind of great programming was G.E. going to bring in here. Revival Fires, Challenge of Truth, Real Estate Today, movie, movie, old movies at that, movie, the Flying Nun, Major Adams, Star Trek, Bonanza, The Name of the Game and Jonathan Winter Show, that's on Sunday. You know that's great stuff. We had all of that and got rid of it. You know and what do they have on the other days - The Flying Nun, High Chaparrel, The Virginian, Gomer Pyle, Hogan Heroes, Bonanza and a movie. Can you see your kids growing up on this garbage? See because I'm a poor man and about the only real enjoyment my kids get is watching that idiot box called T.V., you know. Next day same thing. Here's a good one, Bugs Bunny, Flying Nun, High Chaparrel, The Virginian so forth. Houston stations same way. I was there when they built in '39. When I was there they didn't have no- they had Palladin, Elliot Ness and the Boys and this sort of thing. The only difference in Houston - they have a couple of nights they've got wrestling about twice a week, you know, plenty movies, I Love Lucy all that Straus Family and all that kind of good stuff. American Angler, things that you get on your regular five channels you get here. Tom Jones, Tarzan and Lassie you get those here. It's beyond these people, you know, I mean and I want to leave these with you to look over yourself. I don't have no printing shops, I can't print no books, I wouldn't know how to operate one if I had one. But those are the things that they said was economically unfeasible to build a T.V. station here, a cable system. You tell me how. I've been looking at Palladin since the day it come on T.V. and they've been out for several years and you can still get them right here on the same station. You don't need no extras. You don't need not one ..... why do I want to pay six dollars a month to keep seeing garbage. So what means you want community oriented programs. Now if G.E. was interested in the community of San Antonio they would have done like they did in other cities where they were interested in the community. They have a consultant, a black man named Doyle Dugan. They don't like to use him because he brings back the truth. He says that community needs this and this, you know, a piece of the action or something, and they wouldn't go with him because the boy likes to bring the truth and they don't want to hear the truth. They want G.E., a money making company. Have you ever stopped to think why it's the third or fourth largest electrical company and twenty-first in cable systems? Have you ever stopped to think of that? Another thing, let's be realistic, five dollars a poll rental excessive average three, you want to know what it was three. The consumer will pay this five dollars, that's extra too.

Another thing can they make contributions? I'm sure they get plenty of tax deductions on contributions. They could make some in San Antonio, use as deductions there's another way.....the amount of difference. This seven and one half percent or this over three percent was cut out for one reason - to quit taking the consumer, not G.E., not the City, the consumer. If you show where you want to give the consumer something back you're not going to get not one bit of lip from the FCC and their lawyer knows it. I know it, I'm no lawyer, I talk to people at the FCC. So why doesn't these people with all these big bank accounts, and high price salaries and this sort of thing, why can't they come up with this type of information. They also said that they wanted to have two stations of local origination which was, let's say racially inclined, one brown, one white, black combination. That don't suit to good with me. You know that when they say they didn't mention my race you know that when I come up here I'm going to have something to say about it. We are just slightly

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lower in national ratings in this City as ..... why can't we have a channel, why can't there be one white, one brown, and one black and all three of these fall in between 2 and 13 so whoever gets so that whoever gets to say we can sorta spread the culture around and we may be able to understand one another, get along a little better. If I know what makes you tick and you know what makes me tick, we're gonna get along pretty good. If I know how I hurt your feelings and you know how you hurt my feelings we're gonna ..... being sensible people we're gonna try not to do those things to each other. They also say that you would lose a million dollars by choosing another cable television under the formula that I worked out the most that you could reuse - could lose is about \$200 thousand difference, considering that they're not gonna be and they're not gonna lose that much. They're not gonna have a one hundred percent saturation at twenty percent completion and if something better isn't worked out, they're not gonna get three percent saturation at one hundred percent completion. I'm not against G.E. having a set ..... building a set, but one other thing needs to be taken into consideration, all the books I've read all the experts in every book that you can buy on cable television - they don't go with operation unless you check ----try to correct it. There are no hundred-thousand subscriber system by single operator in existence - period. You can't compare these rates with us at all. The rates are fixed on a fair amount of returns. If you're only going to have twenty-thousand subscribers, you gonna have to charge a little more. If you're gonna have two-hundred-thousand subscribers, you can charge a whole heck of alot less. This is one point that needs to be negotiated and this is another point - that puts us unlike anybody else in the business.

One other thing I've been sitting back there listening, I've listened to hearings, briefings, see that you're gonna be able to make all these changes. I've talked to people at the FCC by the phone this week. They told me the same thing then they told me six months ago - any change, any change this is not necessary to conform to the new rules of FCC is considered a new contract; therefore, seven and one half percent is out, three percent is in. They know that. I would like to ask one question before I go.....because this is the one thing I haven't been clear in my mind. Let's say that they are granted.....you passed the hearing and let's say that they beat us at the federal level, which I don't think they will, is that fifteen years from this year for the contract or the fifteen years from 1968. Can anybody answer me that right quick?

MR. PADILLA: What they want is fifteen from now, Bill.

MR. WALLACE: No, FCC regulations clearly states no franchise can be in excess of fifteen years. A layman's language, no you cannot give them a fifteen year contract. That's another change that would be unnecessary. And how are you gonna control these two-way systems after the.....you're gonna close the gate after the horse gets out of the barn, I guess you.....It seems to me the way G.E. wants this, in a briefing a staff member said that he watched the cable system and it's on tape, if you taped it, and you saw some of those others, he said it was so good in Peoria, Illinois. If you asked what system you're gonna be, if I'm not mistaking, Peoria, Illinois was one. However, I do know that we're in very much trouble in losing their franchise at Peoria, Illinois. They may have gotten it through, I don't know. I didn't check. I can't be making so many long distance calls. So, what is this Council gonna do? There are many ways to insure community participation. The first, which I sort of laughed at the first time, is one of the first things you should do starting now is the appointment of a citizen's committee on cable. Now, there are two community organizations that have been in here from the beginning or since they made their thing known that they would go with the system and that's the BBC and the Traffic and Cable Coalition and we service the community--the grass root people. This committee should be given the power to make recommendations to this Council on whether or not the rates are too high or low, whether the programs are right,

whether they conform and this sort of thing, whether there is community participation, whether the community is getting what they want and you could get a good cross section of the community. The more affluent and those are the worst off to do this thing and do it right. This committee from.....could get one thing from this Council and that is a council of it.....a legal council of its own so that we could bring you a legal and a good and binding contract. Now G.E. has wasted five years, almost six doing nothing. Now they said that they were trying to get the thing off the ground, but the cost to the company, the people that I met say they are trying to sell the system. The only reason they were unsuccessful, they wanted all the money they had put into (inaudible) selling price. They know I'm not lying, you know, they know I'm not lying.

I've like to read this one little thing here. You know the reason I'm appearing here from PCDC, this is where I work and I'm the consumer coordinator at that corporation. In this I have a copy of the City Code and yesterday while I was sitting there I was reading about franchise and I come upon Section 130 - limitation on franchises - and according to the rules governing this Council and all the Councils since the present to the Charter have been adopted you can in no way extend the time.....let's read, if you.....what I like about it is in layman's language and I'll read it and hopefully that you'll understand it, maybe I can't put it in bigger words but my vocabulary isn't that good because it sort of looks to me like it's right in the cheese stack, you know. No exclusive franchises or privileges shall ever be granted nor a franchise nor a privilege to commence at anytime after six months, subsequent to the taken effect of the ordinance granting the same. No franchise or privilege shall be extended - and in some words I hear a little earlier - either directly or indirectly an application for renewal of a franchise or the granting of a new one may be considered and acted upon prior to the expiration date of the current franchise so that the new franchise may take effect upon the expiration date of the other provided, however, that the procedures prescribed herein for the original granting of such franchises is followed in all particulars and that means letting it out for bids, so what you're doing you're operating illegally and as I close I'd like to say one thing. I've heard alot of things of alot of contracts that's been left since '72 but you haven't heard of no contract that has been left that has been opposed since '72 like this one's going to be if there ain't some changes made. The community is not protected, the City is getting taken, you handled this.....I am going to be here for five years because you got me, I made a mistake. Then you gonna let me come back to correct your mistake. I agree that it's a tough recapture clause and probably should be renegotiated, but not something for nothing, you know. Renegotiate at about \$5 million or \$10 million but this is what you're gonna lose and that's legal right now. It might not be in '77 but you can renegotiate for maybe \$10 million and seeing that the community is taken care of and that the community gets a piece of the action.

What about employment? Now they have said we've got this clause. I haven't seen no black people up here from G.E., nor no Mexican-Americans, nor the mention of them and as long as they've been here, which is pretty close to a year, I don't see none hired. In all of your franchises that you let over the City what type of employment protection do you insist in giving? Just the clause or do you think that there should be a certain percentage of black, brown up and down that ladder just as like it is white. Do they.....what are their working conditions look at your present franchises to the food handlers, the people who work and don't get overtime and all this kind of stuff. This Council, I understand is presently, has been in office a short time and I think you should be commended for the job that you've done, but your work is far from complete because all of these citizens that you represent and it's up to you, you're the father of the City, you know. You're sort of like the second father to me. When somebody messes with me I say I'm gonna come down here and lay it in your lap and I'd soon as not mess with them. I'm laying it in your lap and I think it's up to you.....time to take the ball and run but don't you believe all that crap about we can't do this, and we can't do that and you notice when you hit him.....he says.....back here like that, you know you asked

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some stinging questions, but you don't get the answers to them, not no good ones. You have some good ones, Mr. Padilla, San Martin, Mr. Morton, everybody that I ask that's a good question but see they pay alot of money to get some slick talkers to come down here and talk to these country folk but see the thing that what hurt them is that I was in service for ten years and I traveled around the world and I learned a few things when I went, you know. I picked up some bad habits about exposing people, you know and their traits. So this is what I'm saying to you is that look before you leap. That the contract you have is not bad even - if you pass it we can stop you and will, so why not bring them back to the barganing table if they don't like the contract - they ought put it out for bid and start the ball game all over. I'm not in such a big hurry to get cable this year or next year that I can't wait one more year and get the right thing. This is what I'm saying and I hope that something I said sunk in up there today because you're gonna need it. They know I can stop you, I can stop them so all I have to say is consider all the facts the things that we brought out. I would like to give you some more but I've taken a little bit too much time and for this I want to thank you for taking this time. Thank you.

MAYOR BECKER: Thank you Bill. I think it would be in order, Bill, if you don't mind. You made some very important observations. Why don't you ask the General Electric people exactly two or three of the most important questions that you had, observations that you made. Because I would be interested in the answers also and I am sure the other councilmen would be and the members of the audience there. Now, is there a distinction as you say, between the top fifty stations and the ones on down?

MR. WALLACE: Right. Read that book, it gonna tell you.

MAYOR BECKER: Well, alright, but let me ask, let's ask Mr. Dodge. What is the name of the gentleman from Washington?

MR. DODGE: Mr. Coll.

MAYOR BECKER: Mr. Coll. Are you familiar with this reference about the top fifty stations and one down below the top fifty stations and that sort of thing?

MR. COLL: I am not sure exactly which distinction Mr. Wallace was referring to. I mean there are such distinctions.....

MAYOR BECKER: Bill, what were you referring to? Would you mind sharing the microphone, please, with Mr. Coll there?

MR. WALLACE: I'm referring to the laws governing-the separate laws that govern the top fifty states. And those that govern the bottom fifty-second of the one hundred-and there are some distinctive differences. Now, if you want to delete the job distinctions, and there are some distinctions here, there's another one sitting back there that can tell you a whole lot better than I can. But I can tell you they do have to do with the number of stations that you can have as a minimum, maximum and where this station is located and all this type of thing. There is a distinction.

MR. COLL: That's right. In the top fifty markets you're permitted to import and they define this by a thirty-five mile radius around each market. You're entitled to import as many as three independent stations. And the importation of those stations are subject to the most restrictive as opposed to the second fifty markets. Limitations on the programming that can be carried. Now those are in the second fifty markets. You are only allowed to bring in two, at most, independent stations. Both instances depends on what you already have. In other words, if you're allowed to bring in two. But if you have none you can bring in three. Whereas, if you're in the fifty-one to one hundred the most you can ever bring in is two. Even if you have none. And in the second

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fifty, the limitations on programming that can be carried, are less restrictive than in the top fifty. Upon limitation on programming I mean this. Mr. Wallace referred to some of those programs. Let's take Flying Nun. Flying Nun is being carried by Dallas, Fort Worth stations let's say and we want to carry it here but one of the local stations owns exclusive rights to the Flying Nun, we can't carry it. Whereas in the market fifty-one to one-hundred they probably could carry it particularly if they scheduled it between 6 and 10 P.M.. Those are the basic distinctions as I view them between the top fifty and fifty-one to one-hundred. The requirements for excess channels and channel capacity are the same from.....it's one to one-hundred but there are distinctions in terms. Signal stations that can be carried and the programming that can be carried on those stations.

MR. WALLACE: My understanding is that the capacity is different. Coll is a legal person, you can ask him. Again the reference to the stations carrying the Flying Nun, remember G.E. said we didn't start to build because we couldn't bring in this type of .....based on the ability and the economic feasibility of bringing in this type of programming. Now, I read that to you to show you that that's false because you have that type of programming and there's no body in a hurry to pay \$6.00 a month or \$5.00, or \$3.00 or \$2.00 a month to see the Flying Nun. This is.....in that type of.....no.....has been programs is what I'm saying and if this is what they were gonna build the system on then, they didn't have much in mind to begin with.

MAYOR BECKER: Bill, I don't know whether you can remember the early days of television in San Antonio. We were the first.....my company was the first local company to regularly carry a thirty minute T.V. program full time on WOAI T.V..

MR. WALLACE: Right.

MAYOR BECKER: They use to get people down there playing combs and sweet potatoe whistles and everything else trying to fill up the time. Now how on earth would they ever fill up thirty channels of this stuff, is something I couldn't understand unless they just have pictures of everything in creation going on, you know. It's only recently and really the television we see today is mainly reruns, movies, and stuff like that. Lord, Dick Van Dyke show that dates back eight years and I Love Lucy and alot of that old jazz and every now and then you see Groucho Marx and the Duck that comes down out of the ceiling. So you know, I don't know that we're talking about anything really very different as far as.....Now educational programming I don't know, we had channel 9 here for educational and there is some educational things on it, but alot of it isn't you know. It's.....

MR. WALLACE: Let me explain to you how, since you don't know.

MAYOR BECKER: Okay. That's the reason I'm asking the question.

MR. WALLACE: In answer to the first question, yes, I remember, see, because my school played the first local football game on.....you know there ain't no more school that was Wheatley you know, it was on a Wednesday night and we played the first football game on local high school's telecast, so I do remember what you're saying. The secret and the key to the programming, is local origination. Things that happened in and about our community that affects our community, that can help our community and a quality programming, you see so that you don't have nobody whipping no coins, doing the old ham bone slapping the lips and all this kind of stuff you know, this is what we don't want, you see. You know what cable T.V. is? Cable T.V., all it is is an expensive and expensive antenna system and nothing more. Where it use to have to get the real high antenna to put on your house to sneak the games from Austin you don't have to do it, you just whip it right on on that T.V. and it's clear. You don't need all of those outside antennas, cause antennas coming straight to you. See, this is the difference. You want to .....if I'm gonna have to buy that T.V., I

want to be sure that I don't have to watch no Howdy-Dowdy and Godzilla the Gorilla, and Mighty Mouse and all that stuff what I get for free and you should insure the citizens of this City that they are going to get the best type of programming, educationally, culturely, news of whatever. This is your job to see that this done.

MAYOR BECKER: Can you tell me how we could possibly put that into a contract?

MR. WALLACE: Yes, get that committee and give us about a month and we'll have it to you.

REV. BLACK: Let me ask this question, I think in terms of what has been said as well, indicated in any change in the present contract, then that we have now entered into a new contract and a new contract would then come under the rule involving the seven and one half percent.

MR. WALLACE: There would be no room for them to talk.

REV. BLACK: We've talked about this and this is not a real conversation once you try to renegotiate this contract, but you going to come under that rule.

MR. WALLACE: Amen.

REV. BLACK: I'd like some response on that and does that or does the FCC look for this kind of change as a new contract? Is it your opinion that they would look upon it as a new contract?

MR. WALLACE: Let me give you one more thing before he answers. If we don't object, there is about this much chance that it will go through, you know. There is an outside chance you might be able to slip through. But when we put it in writing up there at FCC where they can see it, bye-bye seven and one half.

MR. COLL: I of course, I rely upon the Commission's decision in the valid cablevision case. The state of Connecticut amended it's franchises in substantial respects after March 31, 1972 it had granted originally much earlier than that. Then amended it in very substantial respects after March 31, 1972, but it declined in reconsidering the franchise to reduce the franchise fee from the eight and one half percent which they originally specified. The Commission's approval of those certificates was challenged by two television stations in that area who specifically argued that changes like this made the new contract and that the very least the Commission ought to require the franchising authority that was going to re.....look at the franchise anyway to change this offensive franchises the Commission said no. The Commission said and I quote, "We stated that the terms substantial compliance will be given literal construction since we are attempting to end the freeze on cable development and in any event there must be total compliance by March 31, 1977. Now all I can do is infer from that decision because it's the only one I can find. I will only say that the Commission doesn't always treat everybody in the same way but I think that..... I think that we have... It's probably the Commission will hold this as a substantial fall in Connecticut.....

MR. WALLACE: Would you be running the risk then you're saying actually we would have to bring this matter before the attention of FCC and actually what we're talking about the bear fact that we made the change would introduce the element of change in the percentage.

MR. COLL: If you mean it would give someone the opportunity to argue that it should be revised? Yes, sir, it would.

MR. PADILLA: Let me ask you a couple of questions that Mr. Wallace raised. First of all, very specifically, can G.E. under the terms of the proposed amended contract as, if we pass it as the formal routine thing, can G.E. sell the franchise?

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MR. COLL: Can G.E. sell the franchise?

MR. PADILLA: Yes, do you have that right.

MR. COLL: I think maybe Mr. Troilo will answer that, Mr. Padilla.

MR. PADILLA: Alright, my other question is because you can decide who is going to answer it, can we extend the franchise in terms of time? You asked me for an additional five years from this point on. In view of the stipulations of the City Charter, Mr. Wallace pointed out.

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MR. TROILO: The first question, Mr. Padilla, G.E. cannot sell the franchise or assign it without City Council consent. That is a Charter provision. A franchise cannot be extended beyond its term without through the procedures that you go through for the granting of an original franchise.

MR. PADILLA: But do you agree that the Charter states what Mr. Wallace....I thought he was quoting directly....he seemed to say that. Have there been any....do you have any .....

MR. WALLACE: All particulars, this is one key (inaudible) I don't know you have....but all particulars means in every way they went through to get it the first time. That means bids. That means bids. And it definitely states that you cannot extend, directly or indirectly. This is not legal language - this is layman's language, beyond the term originally fixed by the ordinance granting the same.

MR. PADILLA: Mr. Walker we seem to have a difference of opinion. Would you care to state your opinion.

MR. WALKER: Well, this matter was originally debated this question and of course, this question came up. In fact I'm the one that raised it. We discussed to some great extent with the attorneys representing the franchiser and franchisee and arrived at this interpretation of the Charter since the Charter itself is not self interpreting. A franchise is a contract and only that. A contract is an agreement between two or more parties to do a certain thing. Now, all contracts mutually entered into can be mutually terminated or mutually amended. In fact, you couldn't have a law contract without that. Now this contract was mutually executed. If what is being done at the present time constitutes a new contract it has been done in full compliance with the Charter. Now we tried to establish that point because we didn't know what the FCC and nobody knew what the FCC would eventually rule as to whether or not this was a pure amendment or whether or not it constituted a new contract and so in order to guarantee that the franchise if executed could not be thrown out on that technicality. I was the one that insisted that we go through all of the requirements of the franchise Charter provisions in effecting this thing. But I believe that the interpretation would be that this is permitted under the Charter because we did it in accordance with the Charter. I don't know what FCC would do about it, I don't know.

MR. PADILLA: Let me ask you one additional question. Since we did not in effect ask for new bids or in discussing amendments and so forth, how do you resolve that? How is that consistent with something else, Mr. Wallace quoted from in all particulars that were phrased in the Charter?

MR. WALKER: I think I understand what the gentlemen had in mind. All particulars means the particulars of legal requirements and it was not necessary in the original instance that this be a bid proposition. You don't have to bid a franchise. It's not required that you bid any franchise. It just happened to be that in this case they wanted the different expertise that the various companies could bring into the City with reference to what....we didn't know what we wanted even. There wasn't anybody in the City that knew what it wanted when this thing first came in. I'm not sure that you even know now. But there isn't anybody that knew what it wanted and so they asked for bids really for the purpose of obtaining a prospective. I don't know any other way to say it. And that was the reason for the bid procedure but it wasn't necessary that you go the bid procedure. It isn't necessary now that

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you want to give it to the BBC if you want to give them a franchise you don't have to bid it.

MR. PADILLA: Thank you.

MR. WALLACE: Let me say one other thing. I hate to keep belaboring the point. Maybe you didn't have to go out for bids but you did and that makes it a particular. There were other bids received. When the contract changes and the recapture clause is changed and your 7½% is changed that doesn't mean that you no longer have the best bid. Now one of the conditions of the bid was not that they give you 7½% that the City requested nor that they give you \$50,000 a year, you know. The best way for a businessman to put something over you is to make him think he's giving you something for nothing. Now they have put somewhere between...depending on the way I read the Charter their proposal either \$300,000 or \$350,000. The way I think it said that they give them an original 100,000 and then 50,000 and that would make it \$350,000.

MAYOR BECKER: That serves as a standby.

MR. WALLACE: Right. That would make it that much. Now it's nobody fault, not the City, not the citizens, not the FCC, that is not wire going on those poles right now. Like they say we're not even going to put a nail in the ground unless you change this recapture clause. In other words they're holding a stick over your heads, see. They are intimidating you. They're saying, they're saying if you don't change the clause we ain't going to invest the money, now he said it.

MAYOR BECKER: No one's intimidating.....

MR. WALLACE: It's a type of intimidation. You're not gonna get this big fat sandwich, you see, unless you give me the whole hog over here. You've got this type of situation. You got a contract that's legal. If you want to build a system let them show their good faith and build it on what they got it on. It comes down to that. Let them build it. Now any change in there that is necessary to comply with any rule that FCC put out then it should be mutually agreed on but let them go on and get busy and they build it but the feasibility of why they don't want to built it is because under the present contract the system will just be built when they come into the option years.

MAYOR BECKER: You know, I'm going to be very candid about something. I don't know why this thing has stirred up the amount of interest it has in the first place. I'm just going to be very honest with you on the subject. It would seem to me that things with the more basic fundamentals on the substance of human life in the City of San Antonio light, water and gas and things like that; street, sewers, and all that sort of thing, if they had enjoyed the same amount of scouting and attention that this has received chances are everything in the City would be perfect by now. You know, I find an inordinate amount of interest in something that...if we had the poverty levels that we know we have in this City this thing is out the reach of what percentage of the people already .....

MR. WALLACE: A good 20%.

MAYOR BECKER: Alright. So, I really am at a loss at to understand what this all, this fuss and feathers is about on this cable television thing.

MR. WALLACE: Can I answer that?

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MAYOR BECKER: Yes, I would appreciate it Bill.

MR. WALLACE: Why never before - first question first. Nobody come in to the CPSB because you didn't notify people like you do today. Everything over there you know....you argue....the Council wasn't notified.

MAYOR BECKER: Right.

MR. WALLACE: How could we be notified when you're not notified?

MAYOR BECKER: That's correct.

MR. WALLACE: That's number one. Number two, since 1964, since the war on poverty that's why they want to do away with it, see. It's been too many sleeping tigers been woke up in this neighborhoods. They have found out through the war probably that I am an American citizen with the same rights of anybody regardless of how little money I've got and they have found out that if you rise up and go after it you can get it. And for this reason you have more people finding more interest in things like cable television. Now why, since they can't afford it? Poor people, these poor people they can't go to country clubs. A family of 15, a man and his wife making \$50.00 or less a week can't afford to go down to the Majestic and see a movie. You know that's all over \$25.00 if you go at night. He can't take off and go in the day and even the drive-inn charge a dollar and a quarter a head now so he can't even afford to load up his car and go the the drive-in. So, the only form of entertainment... and it's been proven through research....the only form of entertainment these poor people have is that idiot box sitting in the livingroom or wherever it's sitting and this thing here can bring educational advancement, other types of opportunities. It can open up jobs if we're going to use the people it can bring some of these people to come up and be TV announcers and things. If the proper program is built into the system some of these people can be trained to act.

MAYOR BECKER: Alright now, let me ask you something, Bill. Now, we are just talking here.

MR. WALLACE: Right, right.

MAYOR BECKER: I find what you have to say interesting, always. You are one of the people, I think, that tries to really make a genuine constructive contribution down here at these meetings. Now, you mentioned a citizen's, what now, ..... committee for television, cable television .....

MR. WALLACE: To monitor it. Make a suggestion on things to the Council. We are not taking any of your powers .....

MAYOR BECKER: No, no. I am not .....

MR. WALLACE: What I mean, this is what I want to show the concept of it.

MAYOR BECKER: All I am wondering about, is what you will be able to accomplish with it, if we appoint one, you see, because there is only so many programs flying around. They've only produced so much stuff, and all these channels and all this business, as you pointed out by reading this thing right here, it is already loaded with a bunch of garbage. Let's just face it. It's true. I don't watch television half as much as I did, even two or three years ago.

MR. WALLACE: Right.

MAYOR BECKER: I've seen most of it. Now, how do you propose with the committee, citizen's committee, to improve upon the situation?

MR. WALLACE: The first thing, we are going to get to the truth. If you appoint this and nothing else comes out but the truth, it has been, the committee has done its job. Now, the second thing, the committee. Okay, you take for instance, the three organizations that I signed up for today, numberless number of people. We can get our information from the community itself. All these people belonging to all these organizations you can get a good idea of what the community wants, and how to go about bringing about training them. Number one thing that you need in this town is training. Let me give you a real good example. We don't have a Black radio station here, but we have a radio station that hires just about Blacks exclusively and it plays the kind of music that we like to hear and stuff. But not one of those disc-jockeys is from San Antonio. Why? Because there is no way to train one to get on the station, and you know nobody wants to do it on their own. Alright, why should any young Black in this city, if he wants to go into communication, he has to leave town to get it. He can get it right here because the committee is going to see that whoever G. E., or whoever has it, has training programs that can train some of these minority disadvantaged people in this city. We don't have nothing, you know, and I know people--I know disc-jockeys--Black, that are all around the country from here. Why do they have to leave home? I don't want to go to New York. I don't want to live in California, and I don't want to live in Chicago. I want to make home better so that I can stay here. So that my kinds can be raised with an equal chance and their kids and their kids' kids and so on until the world ends. This is what's wrong with the town--there is no opportunity for

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those who are oppressed. Very little. It is more than it was, but it's a long way from getting past the door. And these are the things that cable can bring you. Look at the two-way capability, the technical knowledge and know how that is going to be needed. What are we going to do? Import them all from New York, Chicago, California?

One thing it says who none of the other big cities have cables. It was not meant for big cities in the beginning. Houston and Dallas and Fort Worth has had public hearings in the last six months on cables. New York and California is generally and, and Atlanta are the areas where the big cities that have cables, and what is happened? In California it forced a merger. There was a whole lot of things wrong, but apparently the city got to them. There was a merger between APC and all the black and brown organizations there and they gave them channels for a dollar a year. And they provided the equipment and the money needed to run those things until they can do it themselves. I think that should be done right here. Not charge me \$15.00 an hour, which I cannot afford or my organization or my people cannot afford. This is the difference. That's just one example. There are other examples where the community have been given the piece of the action. So that they can become a what? They are not going to lose any money. They are going to make money and you're gonna help these people out here who are not doing anything and has no knowledge whatsoever of TV. Thirty stations? Sure, the need is here, but if we don't have something built in, what are we going to have? We're going to have more people brought down to do what people here can do. And these people are going to keep doing what--dying of starvation. This what I see. Why cable? Because cable is the money makingest new invention in the United States. I can bring you literature that I'll drop off here tomorrow so that you can read it yourself to prove that it ain't gonna take no ten years to get back that money. And if the Council really want to get an expert--one that I know of that's been recommended to me by all the people that I called all over the United States--a guy named Ted Ledbetter. And he'll give you the money making formulas. He'll give you the formula of how to get it back, where the money comes from and everything else. And those people know it. I'm not lying to you. And this is why I say if I can find it out on my pitiful salary, I know this City can find it out with a Staff.

MAYOR BECKER: Okay. Well, thank you, Bill. Does anybody have any other questions of Bill? All right. Thank you very much. Now the next person signed up is Mr. W. S. McMillan.

MR. W. S. MC MILLAN: Mr. Mayor and Council, I'm W. S. McMillan. I'm associated with and represent Burt L. Joiner. We're a commercial developer--builders and managers--and I'm here speaking for Mr. Joiner and myself as being very highly in favor of G. E. coming in with their proposed 30 channels. Of particular importance, we think, is the plan to make so many channels free to the educational system in the City. And we think that's extremely important. Also, we think it's important the amount of money that will come into the City over the next 15 years of this franchise--so I've heard, some hundred million dollars. And that's, we feel, would be something the City certainly couldn't overlook and should take advantage of. I've nothing further to say. I'm just speaking in favor of the franchise. It would be okay.

MAYOR BECKER: Thank you, sir. Patricia Constram.

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PATRICIA CONSTRAM: I'm Patricia Constram and I represent the Committee on Cable Television for the San Antonio National Organization for Women. I'm consolidating the time of three of our members who are here .....

MAYOR BECKER: Bless you.

PATRICIA CONSTRAM: who signed up to speak.

MAYOR BECKER: Antoinette De Oronzio and I don't know, are there others signed up here?

PATRICIA CONSTRAM: Yes. The next page.

MAYOR BECKER: Well, I see. Well, I was going to ask--515 Ogden Street? Yes, all right. And who else, please? Okay. Thank you.

PATRICIA CONSTRAM: Our organization is particularly interested in cable television because of the citizen's access feature. The question has come, "Why are so many citizens interested in this"? Cable technology makes it possible for citizens, for the first time, inexpensively, to have access to the television medium. Furthermore, our right to use that--the television medium--over cable is guaranteed by FCC regulations about certain kinds of access channels. I, too, am not interested in what's going to be imported, what kind of garbage is going to be imported from other cities. What I'm interested in is that at least six channels of locally originated programming from here in San Antonio. Right now in an average week we have about 48 hours of locally originated programming on existing stations including new public interest programs and so on. Cablevision's proposal will at least triple that number of hours of locally originated programming, which will include things like the City Council Hearings, School Board Meetings, all kinds of public events--political hot seats. All kinds of things can be locally originated in addition to local talent like playing combs or whatever. We want to see much of this programming that is done--that is locally originated--done by citizens groups in the community.

As a civil rights organization for women, we are particularly interested in seeing widespread use of cable by minorities and by women. People would not have the opportunity on commercial broadcast television to present themselves as they feel they should be presented. The point has been made that the speakers on behalf of G. E. Cablevision are neither Black nor Brown. Neither have they been women. Women do not make policy about what goes on television.

To safeguard our interests in this medium, we have several issues and recommendations which we wish to report to the Council to consider in the process of amending cablevision franchise. We have a summary of those which we would like to give each Council member to follow as I go over it. The first of these has to do with Section 25 of this proposed ordinance--a Review of System Performance. Ten years is specified under the proposed amendment. Ten years is too long to wait to determine if the system is offering programming and services comparable to those in other cities. Cable television, cable technology is developing rapidly. Citizens access is still in an experimental

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stage. A great deal can be changed in a decade. Even the FCC has said that in regard to citizens access certain features of cable will have to be experimented with before regulations can be laid down. Therefore, the San Antonio cable system should be reviewed every three years as is required for broadcast television stations. During these periodic reviews a public hearing should be required to determine the satisfaction of the community with programming and services. It's not sufficient for City officials to judge the adequacy of the cable system. The public must have a regular statutory means of expressing their desires about the kind of television they want. So, we are asking you to safeguard the potential of cable television for programming geared to the needs and interest of the people of San Antonio and not packaged for somebody in New York or Los Angeles. Amendments to the franchise, if required, could then be made after the hearing.

The second recommendation we are making reflect one that has already been made. That in order to safeguard citizens' interest beyond the access channels, a community cable television board or committee, and we would like to tell you what we think the board should do and how it might be established. We and other citizens' groups, as you have heard, believe that the franchise of the cable television should be amended to provide for an independent community cable television board widely representative of the economic and ethnic composition of the franchise area to serve these purposes. The question arose as to what the board would do. First, would work with the company to insure fair and non-discriminatory access to all the access channels. The access channels as defined by the FCC includes the public access channel on which people can have five minutes of free time. The local government channel on which your Council Meetings can be sent out, the six education channels and leaf channels which a variety of organizations in the community may need to send out information to specialized audiences. As leaf channels, the two community cable channels which you are considering in Section 23 of the ordinance under consideration, may be legally included in this category. Sooner or later, disputes are sure to arise about the eligibility of certain groups to lease time on these two community cable channels. Who is going to decide whether a particular group is a "responsible, organized, bonafide non-profit organization" short of a lawsuit in some cases? What's going to happen if some person wants to speak on the public access channel everyday, not many other people want to? Is he going to be able to? The board could serve, the communicable television board, could establish criteria and make decisions about equitable access. It could see that training and equipment is made available to citizens as promised backed by the company. The board could serve as part of a local regulatory program which the FCC may require the City to prove that it has, since you were receiving a larger franchise fee than the three percent which they recommend.

A second purpose that could be served is to encourage wide use of these access channels by community organizations to show people how these channels could be used and to explore ways to make the cable system more responsive to the needs of the community, and of various neighborhood ethnic groups and so on. The Company is a profit making organization. It is clear that the City is interested in the franchise fees. The board could be motivated solely by the public

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interest. A percentage of the franchise fees collected by the City should be given to the board for its administrative expenses and for use in making grants to community organizations including local government agencies to assist with program production cost. A third function of the board would be to mediate disputes between the company and City or between the company and subscribers. A community cable television board could absorb many complaints about programming and services otherwise they are going to land at City Hall. The board should be elected in a manner specified by Council, so as to be widely representative of the various interests in the community.

A third recommendation, again, has to do with local origination because that is provided for in the contract, but it will not happen if there is not money for programming. Video production, even with the economies offered by cable technology, costs money, approximately, a dollar a minute minimum. It is unrealistic to expect community organizations to raise enough money by selling advertising as cablevision personnel suggest be done to produce regular programs on a community cable channel. The specialized audiences are too small to appear to advertisers or controversial issues being discussed might make it impossible to get advertising sponsorship. Therefore, we are recommending that a large percentage of the franchise fee, at least that four and one-half percent which is in excess of the FCC recommendation, should be used for production grants to community groups administered by the community cable television board. Since the franchise fee is in a sense a tax on subscribers, it should be used to serve their interest rather than going into a general revenue.

The Council should also consider that if the potentials of local government channels which is being made available to you and other local government agencies is to be realized, you are going to have to set aside some funds for staffing and creative programs. If these access channels public, government and education channels are not used by their designees, the FCC says the cable operator is allowed to lease the free time on these channels to other users. So, without financial support and encouragement, it could be that there would be very little locally originated programs, programming on the access channels of San Antonio.

The final matter we want to bring up are some questions about the legal status of a document called "Cable Television for San Antonio", which is G. E. Cablevision's original proposal written in 1967 and accepted as Exhibit B of Ordinance 36004, which granted the original franchise. There are discrepancies between that document-- "Cable Television for San Antonio"-- and this document called Exhibit C, Programming Services, which cablevision is distributing in San Antonio and I want to know the legal status of this--whether cablevision will be legally required to do what's in here or will they be legally required to do what's in "Cablevision for San Antonio"? The 1967 proposal. For example, the matter has been brought up of channels. There is no amendment in "Cablevision for San Antonio" saying there will be 30 channels instead of 20. There are certain things in the statement of services available that are not completely in accord with the present FCC regulations nor in accord with this.

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There is a construction schedule set forth in "Cablevision for San Antonio" which indicates July, 1973 as the completion date for the system, and yet I have heard here that there is, the only other construction schedule you have received, is in a letter from the President of Cablevision. I would like to know is that a legal binding document? Also, the technical specification set forth in that proposal, "Cablevision for San Antonio", may well be outdated since it was written six years ago. While it is in the process of amending, I am wondering if they have been reviewed by the City. So, I want to make sure that Cablevision is legally bound to the promises that it is making the City at this point. I sought to get this information from the City Attorney's office, but I was unsuccessful and I was told to ask you.

Finally, in regards to the assertion that G. E. Cablevision is offering San Antonio an innovative showcase system, I would like to point out that most of what the company is proposing, at least what's in this proposal, is required by Federal Communications Commission's regulations for the top 100 markets. The Cablevision has no choice but to provide this service if its to be--if it is to operate. However, cablevision should be credited for three features which the FCC does not require. Four extra education channels, one extra local origination channel in Spanish, and two community cable channels. It is our hope to see all those channels loaded with programs produced by and featuring citizens of San Antonio. We are asking you to safeguard our citizen's rights to a voice on that cable.

REV. BLACK: Mr. Mayor, there are certain questions raised by this speaker, and it seems to me that if they are not a part of this document that possibly what you need to do is to put those questions in writing and see to it that we have them so that we can try to supply some answers.

PATRICIA CONSTRAM: They are in the document except for the details about the discrepancies under Number 4. The details about discrepancies between Cable Television for San Antonio, that original proposal which was made a part of the original ordinance. Now certain things just aren't going to be true about that. And is the company legally bound to those things, because it wasn't made a part of that original ordinance, if it is not amended in some way. Are you asking me to specify more exactly those things?

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REV. BLACK: That's right and pin point those questions and issues and then you indicated that you had addressed the City Attorney's office and had not got answers.

PATRICIA CONSTRAM: Yes.

REV. BLACK: We simply wanted to try then to show you whatever answers we had for the questions that you raised.

MR. PADILLA: Would the City Attorney care to comment on this?

MR. WALKER: I sure would. Did you contact me?

PATRICIA CONSTRAM: I tried to and I was told you had to go to a meeting so one of the other staff members - two of the other staff members talked to me.

MR. WALKER: And they refused to talk to you?

PATRICIA CONSTRAM: No, they didn't refuse to talk to me, they said we do not know the answer.

MR. WALKER: Well, I know the answer. I'll give it to you.

PATRICIA CONSTRAM: Okay. Good. I wanted to talk to you but they wouldn't let me.

MR. WALKER: The G.E. will be bound. I don't know what they are putting up and I don't know what you have there and I don't care.

PATRICIA CONSTRAM: It is called Exhibit C.

MR. WALKER: I am not interested in it.

PATRICIA CONSTRAM: That doesn't.....

MR. WALKER: G.E. will be bound to the letter of the franchise itself, either the original as now written, and in existence or the amendment if adopted by the City Council. Now what they are putting out in this, I don't know, I haven't seen it, but whatever it is, they'll be bound by what the franchise calls for.

PATRICIA CONSTRAM: But the franchise you see calls for things that - that are now, I mean like it calls for only twenty channels.

MR. WALKER: Whatever the franchise calls for, that is what they will be bound to and nothing else.

PATRICIA CONSTRAM: I am saying that the City Council should look into this to make sure they are bound to the new things that they are proposing.

MR. WALKER: The new things that they are proposing will be in the new amendment.

PATRICIA CONSTRAM: They are not out in the things that are being considered here.

MR. WALKER: I don't know.

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PATRICIA CONSTRAM: Okay.

MR. DODGE: Well, she is referring, I think to the program (inaudible)

CITY ATTORNEY WALKER: They will be bound by what is in the franchise, yes mam.

PATRICIA CONSTRAM: And, for example, there may be some higher educational institutional represenatives here. One of the things that is in the franchise is that the two channels designated for use by higher education at the University of Texas. Nothing is said about the other colleges and universities.

CITY ATTORNEY WALKER: Mr. Mayor, I do not want to raise a technical question here but we do not have a quorum and we are not in legal session without one.

MAYOR BECKER: There is a certain limit to the human anatomy.

CITY ATTORNEY WALKER: I am as well acquanited with that problem as anybody.

REV. BLACK: Now, Mr. Mayor, I would like to make this observation. I think as we listed to the citizens, we are impressed with the idea of the tremendous impact that cable television is going to have on the citizenry. I suppose there is no area of massive entrance into the mind - I mean all of these channels being opened into the community. This is a tremendous release of all kinds of information into the life of our community and it seems to me that it has the potential for great good and it has great potential for other side of the coin, depending upon how it is now handeled. It seems to me that we are required in a very significant way to continue to listen and to try to get as much counsel. I want to commend those citizens that I have heard, Bill Wallace, and others for the tremendous effort they have put in to locate for themselves without great finances or resources the kind of information that I think that has been helpful.

MAYOR BECKER: Well, I will quite agree with what has been said here today, to have more - I like Bugs Bunny, but just to bring more Bugs Bunny to the City is hardly worth the effort and to think we would have sat here all day long and listened to this as we have in the past and then wind up with more Bugs Bunny is even insult upon injury. And my posterior has been duly impressed today with the importance of cable T.V.. I'll tell you that right now.

Now, here is what I would like to propose to all of you out there. I hope this doesn't come as a total disappointment to some of you. We have been polling the council members here about the inclusion of the citizens committee or board to study this cable T.V. thing and how it would function as a committee or board or whatever you care to call it. If it would meet with your approval, we would like to recess this meeting and instruct the staff, Tom Edwards and whoever else is involved in that end of the business, and get with certain of these people. They can do it either by volunteering to Mr. Edwards. There are some of the names here that are familiar with the lady that just spoke, for instance Patricia Constram, and Bill Wallace has been involved in this thing any number of times, Victor Soto here.

VICTOR SOTO: Mayor Becker, we want to indulge upon you. We have our attorney with us and we are asking you to grant us five minutes to

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hear the highlights of our arguments.

MAYOR BECKER: Well, alright, you know I don't like to be a so and so but it is twenty minutes to six, but let me finish what I was going to say, please. Mr. Soto and Ruben Sandoval, I have seen his name registered here before on these meetings and so forth. Any - any of the rest of you that would like to volunteer on this situation. And after we have heard the counsel, what is his name please, sir? Mr. Gibson. Then we will recess this hearing, is this a hearing? I have forgotten what we are doing here. It is a hearing.

CITY ATTORNEY WALKER: It is a hearing. Actually, Mr. Mayor, this is part of this council meeting. I don't think, I don't believe you ever adjourned your council meeting I don't think.

MAYOR BECKER: You couldn't prove it by me.

CITY ATTORNEY WALKER: I don't believe that was done. Perhaps what you will have to do is just have to set this up at a different time and just have, not a continuance, but a new meeting on this thing.

MAYOR BECKER: After the interested parties have met with Mr. Edwards and tried to formulate some type of a citizens committee and what their responsibilities would be and what their duties would be so that we can get some input into this thing. Since there is this amount of interest. It never occurred to me frankly that there was much interest in this situation. Then we will announce it and post it and everything else that is required and then we will reconvene or whatever and have the rest of it later. So there is more good news than the following. Now, sir.

CITY MANAGER Granata: Mr. Mayor do you wish this done in recess after this speaker or do wish it to be a meeting with these people and the staff to report at a later date?

MAYOR BECKER: Yes, yes.

MR. PADILLA: Mr. Mayor, did you say, the staff including Mr. Edwards will more or less frame out what this committee will do, what their responsibilities are, and how they are expected to report, etc. And after we get this, then the Council will either name a committee or will consider naming a citizens committee. Did you suggest we name a committee?

MAYOR BECKER: Well, let's just find out first of all what the duties would be, what input they could have, what function they would serve and then we will have another meeting.

MR. PADILLA: Presumably, after they report, we would have the continuation or another public hearing.

MAYOR BECKER: Right.

MR. PADILLA: Before action.

MAYOR BECKER: Right.

MR. EDWARDS: May I ask a question? This is to be a committee for advisory purposes or is this a committee for regulation?

DR. SAN MARTIN: It is advisory.

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MR. SOTO: Councilmen, before Mr. Gibson speaks, I would like to make a couple of points and that is that the BBC is not opposed to G.E., per se, or to a cable system. We do want the best services to the community at the lowest cost. In light with that, I want to make it perfectly clear that the BBC is not interested in a franchise nor or do we have any affiliations with anybody that does, or does have any interest in them in the franchise. Thank you.

MR. GIBSON: Gentlemen, I return again too, I think, the hardest working City Council in the state of Texas. The last time I made a presentation .....

MAYOR BECKER: I call it the United States of America.

MR. GIBSON: Well, I haven't made that extensive survey, Mr. Mayor, and would not be able to go so far, but I think you are probably right. I made a presentation last time, like I say, and I did believe that a copy thereof was distributed.

I don't think you care to go over that again unless the Council would like to ask about specific points. I would like to comment primarily on some of the presentations made today, some of the new ground that was broken. We are going back I think to some of the same issues but new ordinances may then appear. As to the franchise fee of 7½% which is very vital to the City. I think that we have covered two possible reasons why it will not be allowed. One is there is a real question of the regulations whether the cable system is operative and therefore it comes in the grandfather clause. Secondly, it has raised a question if it is a new contract. A new contract being now in 1973 is past the date of the grandfather clause.

I would also like to point out that the case described by Mr. Coll, counsel for G.E., involves the state of Connecticut there is a very different situation. Without boring you with legal details the State of Connecticut is a franchiser in that they divided the state into several parts. They have two mouths to feed in effect. The state gets a portion and the local countries and cities do too. Therefore, if they permit 8½% in the State of Connecticut there is no reason to expect such a high thing in the City of San Antonio alone. So I'm not sure that this Connecticut case would control.

Second, I think Mr. Wallace made a good point. If you have opposition and serious opposition, you can be sure it did have in Connecticut or it would not have gone as far as it did. The attitude of the FCC is a little bit questionable.

Mr. Wallace also made the point as to how much is it worth to the City since, during the same period you have a grandfather rider you also are tearing up. I would hesitate to say that we should hang alot on the possibility of the City getting extra funds by approving the franchise. Instead I was hoping to rewrite the franchise. I think the suggestion made by Councilman Padilla that if you don't need the money then you can pay it to the City Council the difference in 7.5% why don't you instead pay it back to the subscribers at a later date was well taken.

We heard two opinions today by two lawyers that the City has the right to set, that is, to lower subscribers rates once they are set. We hope that that's true. We wish meerly that you clarify that so that it be certain that the City has the right to lower the rate on good cause shown. We also feel like good cause should be tied to the rate of return provision that we discussed last time and I think Councilman

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Morton was particularly concerned with. We feel like one of the good causes for lowering the rates would be that the rate of return would be considered excessive in the utility field. Whatever that is. If we could come to an 8% definition or some other definition I would urge that if you can't in the (inaudible) rate of return pass it at least give it some legal meaning in public utility law so that we would ask that the City clarify its right to lower the rate and more to lower the rate if it should show that the rate of return under G.E. is excessive.

I think the Mayor's question about standard accounting procedures is well taken. A good accountant can show a loss in any year practically. So that your rate of return is tied to that concept. There are some (inaudible) in public utility accounting but I think they can be tightened up in this particular case. So we ask that this whole area to be given focus by your able Council to determine some definite criteria that you can sink your teeth into.

You asked last time that I make this survey about comparative subscriber rates. I was able to make some survey based on information primarily from last year. The new material is slowly emerging but is not totally complete. Very shortly - shortly they will be complete and the new material is very pertinent because now the big cities like say, San Antonio are able to wire for long distance signals and that may effect the rate. I did find that the rates that the City was provided by G.E. or, what I would consider the comparable and still not exhaustive, they certainly, I think, are illustrative of the problem. I was hearing early that as you did note that the converter is almost an essential item to this system because without the converter you might as well just have television off the air. If the converter is added you have a 5.75 rate which is the point we were emphasizing last time and that puts you in about the top three stations that have it - the three cities that have cable. That makes it hard. BBC is particularly concerned with the rate you are on now. I think your honor asked why are they concerned? I think Mr. Wallace estimated 20% of the City cannot afford cable at this time. That's why we're concerned. We'd like to see the rates low enough that more people can participate. Mr. Wallace's point is well taken that for the poor this may be the only entertainment you've got.

Also, perhaps, the point made by the woman today that it would be made I think by several other people speaking later concerned about the ability of programming to get more San Antonio faces on the air. The product that you can get out of New York and L.A. leaves something to be desired for a multi-ethnic city like San Antonio. These things come under the heading of service. We would like to have as low rates as we possibly could. We particularly ask that you consider wiring up the City as, I think, Dr. San Martin mentioned earlier that simply to give your educational unit in the City adequate opportunity to use the cable channel. I feel like every educational, every education unit, every school district and every university in this City could use one now and that four would not be adequate. It may mean you'd have to lay 60 channels and not the 81 in the previously talking about in our ordinance. But certainly make some greater effort to accommodate education needs in the City of San Antonio. It would be helpful particularly with your bilingual education problems in the City.

I was wrestling with, time and time again, with the question, "What does the City owe G.E. for its \$300,000?" The related question

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is, perhaps, why do they want to change the recapture provision. At the "B" session last time, G.E. said in '68 they were willing to accept the recapture provision because there was only \$11 million investment involved and that seemed like a reasonable gamble or reasonable risk to take if they had that recaptured. Now this \$24 million loss seems to be too high. I scratched my poor old country boy head and said that doesn't make sense to me. But today G.E. came in and admitted that it never intended to build a system with that provision. That all it wanted for its \$50,000 was an option to come back when it got serious about this thing and talk with the City. Now, that's an option, gentlemen. And I think it's understood among all the people here it's elemental that once the option money is paid it's gone. And that you don't really owe anybody for having paid option money to sit down and talk to you later. I feel like this City Council owes its greatest duty to the people of the City, to the City itself, as a corporation and also to the school districts here. I urge, therefore, that it sit down and write a franchise like it wants it and then if it feels that G.E. needs to be given some preferential treatment for its option that it had and let it expire, that it give G.E. the opportunity to bid on it first. And if it doesn't like it then put it out for public bid. It's true that G.E. said that we would never get a taker then I guess you'll have to go back and form another offer. But I submit I think we'll get a taker. Though I've never talked to anyone in the cable business about San Antonio and I'm not carrying the bag for any particular cable system. I merely know that cable systems are extremely bullish on the industry. And, as big as San Antonio is I assume you would have a bidder.

I feel like, too, that the idea of the Commission perhaps to help you and you've seen it's a complicated, and it goes on, might be helpful to consolidate the various parties in interest and let them see if they can talk something out before you with a franchise. Now, this may not be acceptable and of course, the Council reserves the right to rewrite the proposal. But I would hope that their information they would have for you would help you determine what is best for the City of San Antonio. And then ask G.E. if they want it. I'll be happy to answer any questions .....

DR. SAN MARTIN: Mr. Mayor I have one question here. Most of your comments to Mr. Victor Soto in your letter of May twenty-second have been fully explained except one. Now, at the bottom of the page, first page, you said, "arbitrary full use charges which amount to an indirect franchise fee". Now, the full use charges would be paid to the City Public Service Board and not the City of San Antonio. So, how can you consider that an indirect franchise fee when the utility is a separate entity from the City?'

MR. GIBSON: Well, I may be legally incorrect there, if this is a separate entity. I assumed, and perhaps incorrectly, that the City owned a portion thereof if not all of it.

MR. PADILLA: We own it all.

MR. GIBSON: Overflow of money into the treasury of the City.

DR. SAN MARTIN: Just a certain fixed percentage by indenture comes to the City from the City Public Service Board .....

MR. GIBSON: Then, gentlemen, I would say that this is probably an incorrect statement. It does depend on the legal identity of the - the owners of the poles and the City. I thought that there was a flow over directly into the City Coffers.

MR. PADILLA: We do get a percentage of the gross. If that affects the opinion you rendered.

MR. GIBSON: If it's a percentage of gross then it's awfully indirect and the FCC says it is so minimal as to not be important because you have got two indirects - one is how much the pole really costs. The difference would be an indirect subsidy. It goes to another party and they turn over only a portion to you so the FCC would consider it not to be important. If it were paid directly to you, I assume it would amount to about \$2.00 per pole direct subsidy. I think G.E. pointed out that's a lot of money for poles - I mean a lot of money in pole rent per year.

MAYOR BECKER: Any other questions?

MR. MORTON: I think you did a very good job briefing us at the "B" session. I have no questions.

MR. GIBSON: Thank you, gentlemen. I realize it's complicated and I appreciate your patience.

MAYOR BECKER: Thank you for waiting until the tail end of the program Mr. Gibson. We always seem to get you on last. Now, we are going to recess. Those interested parties will contact Mr. Tom Edwards and I would recommend that you do that tomorrow. You will be in the City tomorrow won't you, Tom?

MR. EDWARDS: Yes, sir.

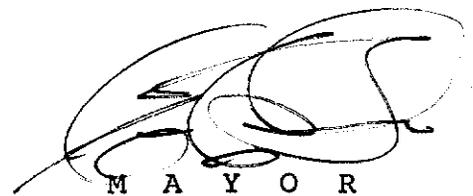
MAYOR BECKER: All right. Start formulating some action as rapidly as possible. Thank you very much ladies and gentlemen for abiding with us today.

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The public hearing on amendments to the G.E. Cablevision Franchise was recessed.

There being no further business to come before the Council, the meeting adjourned at 6:00 P.M.

A P P R O V E D



M A Y O R

Charles L. Becker

ATTEST:   
C i t y C l e r k

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