

Cable Television Advisory Board Meeting Agenda
R E G U L A R M E E T I N G
April 14, 2004 Wednesday, 7:00 P.M.
Stanley E. Remelmeyer Telecommunications Center Meeting Room
3350 Civic Center Drive Torrance

Board Information

The Board advises and makes recommendations to the Cable TV Foundation and City Council in the area of policies and procedures in public access interests, scheduling public access programming, facilities and equipment for the community and public access channels, and disbursement of Foundation funds.

Agenda Review

Complete Board agendas are available for review at the Office of Cable Communications. The agenda cover and minutes are available on the City of Torrance home page – www.tornet.com

Meetings

All Board meetings are open to the public. Those who wish to speak on any matter on the agenda are asked to provide their name and address for the record.

Direct other questions or concerns to the City Council (310-618-2880), City Manager (310-618-5880), and Cable & Community Relations Manager (310-618-5762). In Compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Office of Cable Communications (310-618-5762). Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. [28CFR35. 102-35. 104 ADA Title II].

A G E N D A

- 1. CALL MEETING TO ORDER**
- 2. ROLL CALL**
- 3. FLAG SALUTE**
- 4. MOTION TO ACCEPT AND FILE REPORT ON POSTING OF AGENDA**
- 5. APPROVAL OF MINUTES - March 10, 2004**
- 6. SCHEDULED BUSINESS**
 - A. Community Matters – NONE
 - B. Committee Reports
 - 1) Producer Incentive
 - C. Report of Community Television Center – March, 2004
 - D. Report of Legislative and Cable Related Activities – March, 2004
 - E. Old Business - NONE
 - F. New Business
 - 1) Recommendation of the Cable & Community Relations Manager that the Cable Television Advisory Board accept and file the proposed rate increase and channel change by Time Warner Communications effective April 1, 2004. – Information Only
 - 2) Recommendation of the Cable & Community Relations Manager that the Cable Television Advisory Board authorize their attendance at the States of California and Nevada Chapter of National Association of Telecommunications Officers and Advisors Inc. "Eight Annual Spring Conference", May 20th at the Fairmont Miramar in Santa Monica, California
 - G. Addendum Matters
- 7. ORAL COMMUNICATIONS**
- 8. ADJOURNMENT**

Prepared by:

Michael D. Smith
Cable & Community Relations Manager

Roll Call: Carlson Craft Haussmann Korman Taniguchi Tsao Perkins

MEETINGS

The Cable Television Advisory Board meets the second Wednesday of each month at 7:00 p.m.

AGENDA REVIEW

Complete agendas are available for review at the Office of Cable Communications. The Agenda covers are available on the Boards Homepage. www.tornet.com

City of Torrance
OFFICE OF CABLE COMMUNICATIONS
3350 Civic Center Drive
Torrance, California 90503

AFFIDAVIT OF AGENDA POSTING

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) as
CITY OF TORRANCE)

I, _____, in compliance with government Code 54954. 2(a), DO HEREBY AFFIRM that a copy of the **CABLE TELEVISION ADVISORY BOARD AGENDA** for the meeting of Wednesday, April 14, 2004, at 7:00 p.m., was conspicuously posted on the City Clerk's bulletin board, 3031 Torrance Boulevard, Torrance, California at the time and date indicated below.

POSTED:

Time:_____ Date:_____

By:_____

(Signature)

March 10, 2004

MINUTES OF A REGULAR MEETING OF THE TORRANCE CABLE TELEVISION ADVISORY BOARD.

1. CALL MEETING TO ORDER:

The Torrance Cable Television Advisory Board convened in a regular meeting on Wednesday, March 10, 2004, at 7:17 p.m. in the Torrance Community Television Studio located in the Stanley E. Remelmeyer Telecommunications Center.

2. ROLL CALL:

Present: Commissioners: Carlson, Craft, Korman, Taniguchi, Tsao, and Perkins

Also Present: Cindy Hibbard, Clerk Typist
Mark J. Doddy, TCTV Coordinator
Michael D. Smith, Cable & Community Relations Manager

Excused: Commissioner Haussmann

3. FLAG SALUTE:

Commissioner Craft led the salute to the flag.

4. MOTION TO ACCEPT AND FILE REPORT ON POSTING OF AGENDA:

MOTION: *Commissioner Carlson moved to accept and file the report of the City Clerk on posting of the agenda for this meeting. This motion, seconded by Commissioner Craft, carried with an aye vote.*

5. APPROVAL OF MINUTES:

a) February 11, 2004

MOTION: *Commissioner Craft moved to approve the minutes for the February 11, 2004, meeting. This motion seconded by Commissioner Tsao, carried with an aye vote.*

6. SCHEDULED BUSINESS:

a) Community Matters – NONE

b) Committee Reports

Producer Incentive

Commissioner's Craft and Tsao provided the following report.

The Committee briefly discussed February 6th session reviewing the winners from the 12th annual TCTV Awards ceremony. The Committee believed that if more of the non-winners would have attended, it would have been more beneficial. An alternative format for this session might be to review productions with good elements, and see sample of programs with poor production values. This might help improve the quality of productions.

The Committee conducted the March meeting featuring "Copyright Law", presented by Irving Keschner, Attorney at Law. About sixteen participants showed up and learned a lot about what they can do legally, and what they should not do in their community based television productions. The presentation was taped and will be cablecast on TCTV Channel 28 in April for those producers that were not able to attend.

The next session is set for April 2nd and features "PSA in a Day". This session is expected to be as successful this year was it was last year.

Discussion followed.

MOTION: *Commissioner Korman moved to accept the Producer Incentive Committee Report for February 2004. This motion, seconded by Commissioner Taniguchi, motion carried with aye vote.*

c) Report of Community Television Center

Coordinator Doddy discussed statistics for the month. He highlighted 6 new programs were completed compared to 13 in 2002 and 13 in 2001. He also noted studio usage was up at 51% while field camera continues to remain low at 10%. Post-production was at 31% this year compared to the same 31% last year. Three people attended the monthly New Users Orientation Session, one certified. One received the Its Your TV Brochure, none were certified. Five Users enrolled in Field and Post-production Workshop, with four graduating to Producer.

Brief discussion followed.

MOTION: *Commissioner Craft moved to accept the Torrance Community Television Center Report for February 2004. This motion, seconded by Commissioner Carlson, motion carried with aye vote.*

d) Report of Legislative and Cable Related Activities – February, 2004

Manager Smith gave a brief summary of the report.

Time Warner Inc. is seeking federal approval to scramble off-air digital signals over its cable systems to protect the content of local TV stations from rampant Internet piracy.

Time Warner Cable chairman and CEO Glenn Britt is tentatively scheduled to testify before the Senate Commerce Committee on voice-over-Internet-protocol issues.

EchoStar Communications dropped the feeds for all of Viacom's cable networks and the company's 16 CBS stations at midnight.

The Federal Communications Commission began writing new rules today that officials and industry experts said would profoundly alter both the way the Internet is delivered and used in homes and businesses.

California regulators agreed Wednesday to investigate whether companies using Internet technology to handle phone calls should be regulated — and, if so, with how heavy a hand.

Brief discussion followed.

MOTION: *Commissioner Korman moved to accept the Legislative and Cable Related Activities Report for February 2004. This motion, seconded by Commissioner Craft, carried with an aye vote.*

e) **Old Business - NONE**

f) **New Business**

1. **A recommendation from the Cable & Community Relations Manager that the Chairperson appoint new member to Producer Incentive Committee and appoint a new and chairperson.**

APPOINTMENT: *Chairwoman Perkins appointed Commissioner Craft as Chairperson and Commissioner Taniguchi as member of the Producer Incentive Committee.*

MOTION: *Commissioner Carlson moved to accept the appointments. This motion, seconded by Commissioner Craft, carried with an aye vote.*

2. **A recommendation from the Cable & Community Relations Manager that the Chairperson appoint new member to Cable Television Franchise Renewal Committee and appoint a new and chairperson.**

APPOINTMENT: *Chairwoman Perkins appointed Commissioner Craft as Chairperson of the Cable Television Franchise Renewal Committee.*

MOTION: *Commissioner Korman moved to accept the appointment. This motion, seconded by Commissioner Tsao, carried with an aye vote.*

3. **A recommendation from the Cable & Community Relations Manager that the Chairperson appoint new member to Operating Policies and Procedures Committee and appoint a new and chairperson.**

APPOINTMENT: *Chairwoman Perkins appointed Commissioner Haussmann as Chairperson and Commissioner Carlson as member of the Operating Policies and Procedures Committee.*

MOTION: *Commissioner Craft moved to accept the appointments. This motion, seconded by Commissioner Taniguchi, carried with an aye vote.*

4. A recommendation from the Cable & Community Relations Manager that the Chairperson appoint new member to Future of Access Committee.

APPOINTMENT: *Chairwoman Perkins appointed Commissioner Taniguchi as member of the Future of Access Committee.*

MOTION: *Commissioner Carlson moved to accept the appointment. This motion, seconded by Commissioner Tsao, carried with an aye vote.*

7. ADDENDUM MATTERS – NONE

8. ORAL COMMUNICATIONS:

- a) Secretary Hibbard wished everyone a safe and happy St. Patrick's Day.
- b) Coordinator Doddy said he was looking forward to assisting the Committee in planning the Producer Get-Together's for 2004/05.
- c) Manager Smith invited everyone to attend the Ribbon Cuttings for the Animal Control Office and Stage Two Theatre this month.
- d) Manager Smith wished his family's Soft Coated Wheaten Terrier, Ginger Lee (Champion Gallagher's Go Go Girl) a happy 2nd birthday.
- e) Commissioner Carlson mentioned he saw "Passion of the Christ" with his church group and was moved by the film.
- f) Commissioner Carlson wished everyone a happy Easter.
- g) Commissioner Craft also wished everyone a happy Easter and Good Friday.
- h) Commissioner Korman invited everyone to the March 20th Torrance Symphony concert. She mentioned that the concert will feature Handel: Water Music; Mendelssohn: Piano Concerto #1, Grace Han, soloists Tchaikovsky: Violin Concerto, Carrie Kennedy, soloist.
- i) Commissioner Korman also invited everyone to the Norris Theatre where she and her husband will perform with the Prime Time Players in the "Good News Musical", April 16, 17, 18, 23, 24, and 25th.
- j) Commissioner Tsao expressed appreciation that the Producer Get-Together's are remaining a successful program offered by the Commission.
- k) Commissioner Tsao said the Commission would do a better job at getting sponsors for the 13th Annual TCTV Awards.
- l) Commissioner Tsao suggested that TCTV conduct an Open House.
- m) Chairwoman Perkins expressed pleasure returning to the Commission meetings following her surgery.
- n) Chairwoman Perkins wished everyone a happy St. Patrick's Day and Easter.

8. ADJOURNMENT:

Commissioner Tsao adjourned the meeting to reconvene on Wednesday, April 14, 2004 at 7:00 p.m.

Respectfully submitted,

Michael D. Smith
Cable & Community Relations Manager

Roll Call: Carlson Craft Haussmann Korman Taniguchi Tsao Perkins

Members of the Cable Television
Advisory Board
3350 Civic Center Drive
Torrance, California

Members of the Advisory Board:

COMMITTEE MEMBERS: *Taniguchi, Tsao and Craft*

SUBJECT: Producer Incentive Committee Report – March, 2004

The April 2nd meeting, PSA in a Day was coordinated by Commissioner Craft. This event was well attended. The participants were able to create public service announcements.

The May 7th meeting will feature "Lighting Techniques" coordinated by Commissioner Craft. The presentation will be made by Mic Ocoboc and Milan Janicin.

The Committee met April 8th and developed the Producer Get-Together schedule for 2004/05. The schedule is attached for your review.

Respectfully Submitted,



Chet Craft, Chair
Producer Incentive Committee

NOTED:

Michael D. Smith
Cable & Community Relations Manager

6B1

Roll Call: Carlson Craft Haussmann Korman Taniguchi Tsao Perkins

CABLE TELEVISION ADVISORY BOARD
 PRODUCER INCENTIVE COMMITTEE
M O N T H L Y P R O D U C E R G E T - T O G E T H E R S
 2 0 0 3 - 0 4

The Cable Television Advisory Board Producer Incentive Committee invites you to attend and participate in the **“MONTHLY PRODUCER GET-TOGETHERS.”** The GET-TOGETHERS are held the first Friday of every month with the exception of January and July.

Here’s your chance to meet, greet, and exchange ideas and skills with your fellow Producers.

Call TCTV and reserve your spot today.

DATE	TOPIC	SPEAKER/FACILITATOR	LOCATION	COORDINATOR
August 01	B.B.Q. Potluck	TCTV Coordinator and Staff	TCTV Studio	Commissioners Nick Mikulicich, Jr.
September 05	P.C. Editing Techniques 101	Brian Anderson	TCTV Studio	Commissioner Chet Craft
October 03	P.C. Editing Techniques 201	Brian Anderson	TCTV Studio	Commissioner Nick Mikulicich, Jr.
November 07	Holiday P.S.A.'s	TCTV Coordinator and Staff	TCTV Studio	Commissioner Nick Mikulicich, Jr.
December 05	Advanced Sound Techniques II	Don Fefie	TCTV Studio	Commissioner Nick Mikulicich, Jr.
January 30	12 th Annual TCTV Video Programming Awards Ceremony		Cultural Arts Center Meeting Room	Staff
February 06	12 th Annual Video Awards Winners Review	TCTV Coordinator and Staff	TCTV Classroom	Commissioner Richard Tsao
March 05	Copyright Law	Irving Keschner, Esq.	TCTV Studio	Commissioner Richard Tsao
April 02	P.S.A. in a Day	TCTV Coordinator and Staff	TCTV Studio	Commissioner Chet Craft
May 07	Lighting Techniques	Mic Ocoboc and Milan Janicin	TCTV Classroom	Commissioner Chet Craft
June 04	Post Production Techniques	TCTV Coordinator and Staff	TCTV Edit Suites	Commissioner Richard Tsao
July 02	Storytelling Tips and Strategies Or Music Licensing Rights Desktop Editing	Staff	TCTV Classroom	Commissioner Chet Craft

CABLE TELEVISION ADVISORY BOARD
 PRODUCER INCENTIVE COMMITTEE
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The Cable Television Advisory Board Producer Incentive Committee invites you to attend and participate in the “**MONTHLY PRODUCER GET-TOGETHERS.**” The GET-TOGETHERS are held the first Friday of every month with the exception of January and July.

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DATE	TOPIC	SPEAKER/FACILITATOR	LOCATION	COORDINATOR
**July 09	Desktop Editing	TCTV Coordinator and Staff	TCTV Classroom	Commissioner Chet Craft
August 06	B.B.Q. Potluck	TCTV Coordinator and Staff	TCTV Studio	Commissioner Richard Tsao
September 03	Producing for Television	TBA	TCTV Studio	Commissioner Richard Tsao
October 01	Preparing for the Stanley's	TCTV Coordinator and Staff	TCTV Studio	Commissioner Hazel Taniguchi
November 05	Holiday PSA's	TCTV Coordinator and Staff	TCTV Studio	Commissioner Hazel Taniguchi
December 03	Proper Camera Techniques	CitiCABLE Staff	TCTV Studio	Commissioner Richard Tsao
January 28	13 th Annual TCTV Video Programming Awards Ceremony	TCTV Coordinator and Staff	Cultural Arts Center Meeting Room	Staff
February 04	Post Production Review	TCTV Coordinator and Staff	TCTV Classroom	Commissioner
March 04	Copyright Law	Irving Keschner, Esq.	TCTV Studio	Commissioner Richard Tsao
April 01	P.S.A. in a Day	TCTV Coordinator and Staff	TCTV Studio	Commissioner Chet Craft
May 06	Desktop Editing	TCTV Coordinator and Staff	TCTV Classroom	Commissioner Chet Craft
June 03	Advanced Sound Techniques	Don Fefie	TCTV Edit Suites	Commissioner Hazel Taniguchi
**July 08	On Camera Talent	TBA	TCTV Classroom	Commissioner Chet Craft

***Moved to the second Friday due to the holiday*

Honorable Chairperson and Members
of the Cable Television Advisory Board
3350 Civic Center Drive
Torrance, California

Members of the Board:

SUBJECT: Recommendation to accept and file report of the Community Television Activities and Facility Usage Report for March, 2004

Expenditure: \$0.00

RECOMMENDATION

The Cable & Community Relations Manager recommends that the Board accept and file the Community Television Activities and Facility Usage Report for March 2004.

BACKGROUND/ANALYSIS

The report is separated into three groups: Facilities, Programming, and Miscellaneous Activities.

Facility Usage

Field Equipment Reservations for March 2004 had a usage rate of 28%, compared to 49% in 2003 compared to 44% in 2002.

Edit Room Reservations for March 2004 had a usage rate of 46%, compared to 30% in 2003, compared to 38% in 2002..

Studio Reservations for March 2004 had a usage rate of 43%, compared to 60% in 2003, compared to 42% in 2002.

Electronic Field Productions for March 2004 had 1 scheduled shoot, compared to 2 in 2003, and compared to 2 in 2002.

Programming

- A total of 12 original TCTV programs were completed during March 2004, compared to 10 in 2003, compared to 6 in 2002.
- Torrance residents bicycled a total of 25 programs in March 2004, compared to 13 in 2003, compared to 18 in 2002.

Miscellaneous Activities

- Dub Room "B" had 28 hours of usage during March 2004, compared to 26 in 2003, compared to 26 in 2002.
- 8 "It's Your TV" brochures were mailed, 2 new Users were certified through the brochure.
- 10 potential Users attended, 8 were certified through the New Users Orientation Session.
- Staff provided tour for 26 members of Girl Scout Troop 1026.
- Staff provided tour for 12 members of Boy Scout Troop 728.

Respectfully Submitted,

Mark J. Doddy
TCTV Coordinator

NOTED:

Michael D. Smith
Cable & Community Relations Manager

Roll Call: Carlson Craft Haussmann Korman Taniguchi Tsao Perkins

Honorable Chairperson and Members
of the Cable Television Advisory Board
3350 Civic Center Drive
Torrance, California

Members of the Board:

**SUBJECT: Recommendation to accept and file report of the Legislative and Cable
Related Activities Report – March, 2004**

Expenditure: \$0.00

Ninth Circuit Grants Cable-Modem Stay

The cable industry, supported by the Federal Communications Commission and the Department of Justice, has won a stay from the U.S. Court of Appeals for the Ninth Circuit in the case that could lead to open-access regulation of cable's high-speed-data service.

A National Cable & Telecommunications Association spokesman said the trade group received oral confirmation of the stay from the Ninth Circuit Friday afternoon.

With the stay, the NCTA can go forward with plans to appeal the ruling to the U.S. Supreme Court knowing that open-access rules are not an immediate threat. The trade group has until June 29 to file with the high court.

"We are pleased with the Ninth Circuit's decision to stay the mandate of its earlier decision. We will now turn our attention to developing our formal appeal to the U.S. Supreme Court, and we look forward to having this case decided on its merits," NCTA senior vice president of law and regulatory policy Dan Brenner said.

The Ninth Circuit's order said the stay would remain in effect until "final disposition" by the Supreme Court of cable's pending appeal.

The DOJ and the FCC also filed a stay request.

It was unclear Friday whether the DOJ will support cable's appeal, mainly because the DOJ and the FCC have an ongoing dispute over the correct legal classification of broadband data. The DOJ believes the Ninth Circuit decision bolsters its ability to track criminals and terrorists who use the Internet to plot their crimes. *Multichannel News, 4/9/2004*

The price of technology

Charter Communications raising rates to pay for improved cable service

IRWINDALE -- Technology doesn't always come cheap - particularly when you're a cable TV provider trying to stay ahead of the curve.

That's why Charter Communications is raising its expanded-service rate for Whittier and cities throughout the San Gabriel Valley.

"We think it's imperative that we develop technology that will give us a competitive advantage," company spokesman Craig Watson said.

The increased fees will help Charter continue to be at the forefront of new technology, Watson said, including high-definition television service, digital-video recording services and video-on-demand programming.

Customers in the San Gabriel Valley who subscribe to Charter's Expanded Basic service will pay \$2 more per month beginning May 1. Whittier residents will see a monthly hike of \$1.40 as of June 1.

Rates vary slightly from city to city. The monthly Expanded Basic rate in Pasadena, for example, will increase to \$29.95 compared with the current \$27.95-per-month rate. Limited Basic service will remain at \$16 per month.

In Duarte, the Expanded Basic rate will be \$31.48 per month, up from \$29.48. Limited Basic will hold steady at \$14.47 per month.

Whittier operates on a system previously owned by another company but later taken over by Charter, Watson said.

"There are some upgrades we haven't done there yet," he said.

Whittier customers with expanded service will see their monthly rate increase to \$30.45 from the current \$29.05-per-month cost. The Limited Basic rate in Whittier - which is currently lower than in other area cities - will jump to \$13.50 from \$12.90 per month.

"The Limited Basic is the only level of service that is regulated by an FCC formula," Watson said. "Because the Whittier system was acquired at a different time, it started out at a different historic rate structure."

With competition building, cable companies have been "ramping up" over the past 10 years to provide expanded services and offerings, said Nancy Sidhu, a senior economist with the Los Angeles County Economic Development Corp.

"They've gone from offering ESPN to ESPN 2, ESPN 3 and sports channels that are on all of the time, all week long," she said. "They've had to spend a fair amount of money converting from copper cable to fiber optics to get the room to do this, and that required digging up the old cable and laying down the new one."

Watson said Charter continues to remain at the forefront of the industry with such offerings as video-on-demand. The company's services also allow viewers to access local events, such as a mayor's state of the city address or a community football game.

"The focus is that it's interactive," Watson said. "We also offer high-speed Internet service throughout the San Gabriel Valley and Whittier that blows the competition away."

Beginning May 5, Charter will also be adding some new channels to its lineup, including SoapNet, FUEL and KVMD.

Based in St. Louis, Charter operates its Los Angeles Metro Markets facility in Irwindale. *Pasadena Star-News April 08, 2004*

Time Warner phone service growing past Triangle

Time Warner Cable is rolling out its new phone service faster than anticipated as demand exceeds the company's expectations.

The cable-television company has experienced few glitches since it began selling packages of unlimited local and long-distance calling with features such as caller ID early this year, said Patrick Hourigan, vice president of engineering for the Raleigh region. It offers the service in Cary, Durham and most of Raleigh and signs on about 125 customers a day.

Time Warner wants to expand the offering to most of the Raleigh division, which stretches from the Virginia line to South Carolina's border, west to Orange County and east to Goldsboro, by August.

Time Warner and other cable companies nationwide are trying to erode the market share of telephone giants such as BellSouth, Verizon and Sprint by selling a complete bundle of services: video, data and voice. They say consumers want all their communication services on one bill.

To enter the telephone business, Time Warner uses Voice over Internet Protocol. That technology costs less than traditional phone gear and treats calls like e-mail or other Web data, breaking them into packets of information that scatter across a network. They're reassembled on the other end.

"With any new technology like this, we always are suspect of making sure it's really ready for prime time," Hourigan said. "Not knowing led us to some rather conservative" estimates. Initially, the company said it would take the entire year to offer the service across the region. The company is ahead on the timing and slightly exceeding its expectations for customer sign-ups, he said.

Today Time Warner, which can serve 890,000 homes in the Raleigh division, will begin marketing the service in Fayetteville. Within two weeks, it will be sold in Wake Forest. By August the service should be available in most of the region, including Goldsboro and Wilson.

Currently, customers must subscribe to another Time Warner product to get phone service. For those who buy television and high-speed data service, the price for calling is \$39.95 per month. Those who buy either cable TV service or Web access pay \$44.95 per month.

Soon, though, Time Warner will broaden its reach. In June it expects to sell voice service as a stand-alone product, at \$49.95 a month.

Dominant Triangle phone companies such as BellSouth and Sprint say they're not worried. They also have strengthened their offerings with satellite-TV offers to attract customers who want bundled services. *News Observer April 9, 2004*

Foes of '96 Telecom Law Feel Encouraged

Critics say they have their best chance in years to revamp the act. New technologies help fuel the drive for change.

WASHINGTON — Consumer advocates and corporate lobbyists are pushing from opposite sides for Congress to overhaul the law that reshaped the communications industry, saying the Telecommunications Act of 1996 has failed to promote true competition among telephone and cable companies.

And for the first time in years, Congress appears to be listening.

Consumer groups complain that although phone bills have fallen for most customers, prices for cable programming and high-speed Internet access, or broadband, have risen steadily since 1996. They also point out that most communities are still served by just one cable company and one phone company.

For their part, SBC Communications Inc. and other local phone carriers say they need more freedom from government regulation to reduce prices and roll out broadband and other services across the country.

Buoyed by the views of the new congressional leaders overseeing the telecom industry, critics of the act say they have their best chance in years to revamp it. In fact, a series of court rulings have rejected key aspects of the law's implementation — including the requirement that local phone service providers share their networks with rivals.

The Telecom Act was aimed at lowering prices by freeing phone and cable companies to compete against one another in the delivery of phone, video and high-speed Internet service. But House and Senate leaders said they were impatient with the pace of the opening of traditional monopolies to new competitors.

Rep. Joe Barton (R-Texas), elected chairman of the House Energy and Commerce Committee this year, and Sen. Ted Stevens (R-Alaska), who is expected to become chairman of the Senate Commerce Committee in January, both have said they wanted to change the law. The two committees oversee the Federal Communications Commission, the agency charged with implementing the rules.

Also fueling the drive for change are new technologies such as Internet telephony and wireless networking that barely existed when the act was passed.

"Clearly, technology has advanced to a point in the last eight years that it merits revisiting the statutes and, possibly, revising them," Barton said.

In a recent speech at the Quello Center for Telecommunication Management & Law in Washington, Stevens was more emphatic: "We will undertake, as soon as possible, a major revision of the Telecommunications Act."

Sen. John E. Sununu (R-N.H.) and Rep. Charles W. "Chip" Pickering (R-Miss.) introduced a bill this week that would exempt Internet telephony from state taxes and regulation and treat the technology as an information service. The two said they would push the bill even though FCC Chairman Michael K. Powell has already called for Internet telephony to be exempt from state regulations.

Lawmakers' sudden interest in the issues has been triggered in part by a migration of consumers and businesses to unregulated new, low-cost communications technologies like Internet telephony. That shift has put growing financial pressure on the existing public phone system, which is required by law to serve virtually every home and office in the country.

Meanwhile, local phone companies, which collect about \$25 billion a year in payments from long-distance companies to deliver toll calls to homes and businesses, are agitating for change out of fear that Internet telephony — which circumvents their systems — will decimate revenue.

"We think the 1996 act is completely antiquated," said Walter B. McCormick Jr., president of the United States Telecom Assn., a Washington trade group that represents local phone companies. "I think you are seeing a broad consensus that the telecom act needs to be dramatically reformed."

Chris Murray, legislative director for Consumers Union in Washington, said reform was needed not "because the law didn't contemplate new technology; it needs to be rewritten to provide consumers more choice in the cable and telecom services."

Though there may be a groundswell for reform, executing it won't be easy.

"There is strong consensus that telecommunications law is totally screwed up," said Scott C. Cleland, a technology analyst at the Precursor Group, a research firm in Washington, "but there is little consensus on how to fix it." *L.A. Times April 9, 2004*

California becomes VoIP regulatory battleground

Small Net phone service providers were united but alone back in October, when they began fighting California utility regulators who wanted them to follow traditional phone rules.

But six months later, Vonage, 8x8 and others have been joined by some powerhouse telephone companies--which shows just how important the battle in California has become to determining whether states should regulate Internet phone service providers.

Verizon, SBC, cable provider Cox Communications, Sprint, Level 3 Communications, AT&T and Nextel Communications are among the companies now recommending that the California Public Utilities Commission (CPUC) take, at best, an extremely light regulatory approach to most Net phone service providers, according to comments the companies made to the CPUC. The comments were made public this week.

"Do not develop detailed policy at this time," Verizon stated in its comments.

"There is no current looming threat" from voice over Internet Protocol (VoIP), so no regulation is necessary, Cox told the commission.

The opinions aren't necessarily surprising, given that all the companies stand to gain by selling Net phone services and avoiding taxes, fees and the expense of hiring regulatory compliance officers. Still, the number of high-profile telephone companies taking part shows the urgency the industry has placed on reversing the commission's February decision to assume jurisdiction over VoIP providers.

Some companies, such as Cox Communication, have immediate concerns. Cox already offers its Digital Phone service in San Diego and Orange County, and the company told the commission it plans to expand into two other California counties: Santa Barbara and Humboldt. Regulations would make it more expensive and could ultimately strain any rollout.

Domino effect

But there are broader concerns about the impact California's VoIP rules will have on other states,

such as New York, that are now in the process of trying to regulate the young industry. Should California's efforts go forward, any of the two dozen other states now at various stages of creating VoIP regulations may feel emboldened to continue with their own VoIP policy making. That would create a patchwork of different regulations that could stifle growth of the industry, opponents of state regulation say. Rather, a federal policy, which is in the process of being drafted, will do the trick, according to those who oppose state regulation of VoIP services.

Still, states say they need some sort of regulation of VoIP, because they stand to lose tens of millions of dollars that come from fees and subsidies provided by telephone companies operating in their jurisdiction, if more calls flow away from traditional phone networks and onto the unregulated Internet. This has raised concerns for groups such as the Multistate Tax Commission, which fear that Internet-style services could jeopardize billions of dollars in state funding for programs, including universal telephone service, 911 emergency services and the E-Rate school technology fund.

"Functionally equivalent services must be subject to similar regulatory treatment, regardless of the technology used to provide them," states a representative for 14 wireline phone companies in rural California, in comments urging the CPUC to continue regulating VoIP providers.

Still, states are facing a stiff battle from the federal lawmaker and utility regulators, which believe VoIP's use of the Internet makes it fall within federal jurisdiction only.

While the majority of the opinions filed with the CPUC this week called for light regulatory approach, Sprint and about a dozen rural California providers argue that VoIP providers should be regulated by the state. Sprint said it favors "limited flexible regulation of VoIP providers," depending on whether they can reach traditional phone networks. Rural landline providers say VoIP providers should face the full strength of all current California telephone regulations.

The United States isn't alone in grappling with the issue. Canadian utility regulators this week made a tentative decision this week that their existing telephone rules apply to most providers of VoIP services. *April 8, 2004 CNET News.com*

Foes of '96 Telecom Law Feel Encouraged

Critics say they have their best chance in years to revamp the act. New technologies help fuel the drive for change.

WASHINGTON — Consumer advocates and corporate lobbyists are pushing from opposite sides for Congress to overhaul the law that reshaped the communications industry, saying the Telecommunications Act of 1996 has failed to promote true competition among telephone and cable companies.

And for the first time in years, Congress appears to be listening.

Consumer groups complain that although phone bills have fallen for most customers, prices for cable programming and high-speed Internet access, or broadband, have risen steadily since 1996. They also point out that most communities are still served by just one cable company and one phone company.

For their part, SBC Communications Inc. and other local phone carriers say they need more freedom from government regulation to reduce prices and roll out broadband and other services across the country.

Buoyed by the views of the new congressional leaders overseeing the telecom industry, critics of the act say they have their best chance in years to revamp it. In fact, a series of court rulings have rejected key aspects of the law's implementation — including the requirement that local phone service providers share their networks with rivals.

The Telecom Act was aimed at lowering prices by freeing phone and cable companies to compete against one another in the delivery of phone, video and high-speed Internet service. But House and Senate leaders said they were impatient with the pace of the opening of traditional monopolies to new competitors.

Rep. Joe Barton (R-Texas), elected chairman of the House Energy and Commerce Committee this year, and Sen. Ted Stevens (R-Alaska), who is expected to become chairman of the Senate Commerce Committee in January, both have said they wanted to change the law. The two committees oversee the Federal Communications Commission, the agency charged with implementing the rules.

Also fueling the drive for change are new technologies such as Internet telephony and wireless networking that barely existed when the act was passed.

"Clearly, technology has advanced to a point in the last eight years that it merits revisiting the statutes and, possibly, revising them," Barton said.

In a recent speech at the Quello Center for Telecommunication Management & Law in Washington, Stevens was more emphatic: "We will undertake, as soon as possible, a major revision of the Telecommunications Act."

Sen. John E. Sununu (R-N.H.) and Rep. Charles W. "Chip" Pickering (R-Miss.) introduced a bill this week that would exempt Internet telephony from state taxes and regulation and treat the technology as an information service. The two said they would push the bill even though FCC Chairman Michael K. Powell has already called for Internet telephony to be exempt from state regulations.

Lawmakers' sudden interest in the issues has been triggered in part by a migration of consumers and businesses to unregulated new, low-cost communications technologies like Internet telephony. That shift has put growing financial pressure on the existing public phone system, which is required by law to serve virtually every home and office in the country.

Meanwhile, local phone companies, which collect about \$25 billion a year in payments from long-distance companies to deliver toll calls to homes and businesses, are agitating for change out of fear that Internet telephony — which circumvents their systems — will decimate revenue.

"We think the 1996 act is completely antiquated," said Walter B. McCormick Jr., president of the United States Telecom Assn., a Washington trade group that represents local phone companies. "I think you are seeing a broad consensus that the telecom act needs to be dramatically reformed."

Chris Murray, legislative director for Consumers Union in Washington, said reform was needed not "because the law didn't contemplate new technology; it needs to be rewritten to provide consumers more choice in the cable and telecom services."

Though there may be a groundswell for reform, executing it won't be easy.

"There is strong consensus that telecommunications law is totally screwed up," said Scott C. Cleland, a technology analyst at the Precursor Group, a research firm in Washington, "but there is little consensus on how to fix it." *Los Angeles Times April 9, 2004*

Time Warner Cable Offering HD DVRs

Time Warner Cable has quietly started offering HDTV digital-video recorders to subscribers in about 12 divisions, including some systems servicing customers in upstate New York, the Carolinas and Texas.

After a one-month beta-test, Time Warner's San Antonio system began offering the Scientific-Atlanta Inc. "8000HD" DVR to subscribers in February.

The system is charging \$9.95 per month to lease the set-top -- the same fee it charges subscribers for the S-A standard-definition DVR, division vice president of marketing and product development Jeff Henry said.

Time Warner didn't disclose how many high-definition DVRs have been installed, but Henry said the San Antonio system counts about 15,000 HDTV customers.

Sales of HDTV-programming packages continue to increase, and San Antonio is adding about 100 new HDTV customers daily, or about 3,000 per month.

"It's the single-fastest-growing product we have," Henry said.

Time Warner has displays featuring the HD DVRs at four local malls, and the equipment is also being offered through 10 of the system's service centers in the San Antonio area, Henry said.

S-A's 8000HD set-top contains 160 gigabytes of memory, allowing subscribers to record 16-18 hours of high-definition content or about 80 hours of standard-definition programming.

The set-top vendor is also pitching MSOs a version of the set-top that contains 250 GB of memory, capable of recording up to 28 hours of HDTV programs. *Multichannel News, 4/9/2004*

Comcast, Sacramento at the Wire

Comcast has one more week to negotiate a settlement with the city and county of Sacramento, Calif., over disputed license fees, or a third-party hearing officer will resolve the matter.

At issue: about \$350,000 in fees identified by county auditors that regulators assert were underpaid by Comcast, based on its gross revenues dating back to 1999.

The auditors actually found the system owed \$790,322 in back license fees and interest for the period.

However, Comcast agreed with some of the auditor's assertions and has paid \$412,000 according to regulators. (Sacramento does not have a traditional franchise scheme, but instead licenses operators and collects a license fee.)

Irregularities found included failure to pay revenues for several suburbs and subs at McClellan Air Force Base, failure to include national ad revenue in gross revenue computations, and the omission of home-shopping revenues.

Regulators and the company remain divided on the issue of the amount owed for national advertising. Sacramento Metropolitan Cable Commission executive director Richard Esposito said the total disparity represented about 4% of the revenues earned by the Sacramento system during the audit period.

That's not much to the cable operator, but for a cash-strapped local government, the underpayment is huge, he said.

At the April 1 meeting, Esposito recommended the commission declare Comcast in breach of its contract. But the commission directed the sides back to the negotiating table. *Multichannel News*, 4/8/2004

Respectfully Submitted,

Michael D. Smith
Cable & Community Relations Manager

Roll Call: Carlson Craft Haussmann Korman Taniguchi Tsao Perkins

Honorable Chairman and Members
of the Cable Television Advisory Board
3350 Civic Center Drive
Torrance, California

Members of the Board:

SUBJECT: Report on Time Warner's Basic Rate

Expenditure:\$0.00

RECOMMENDATION

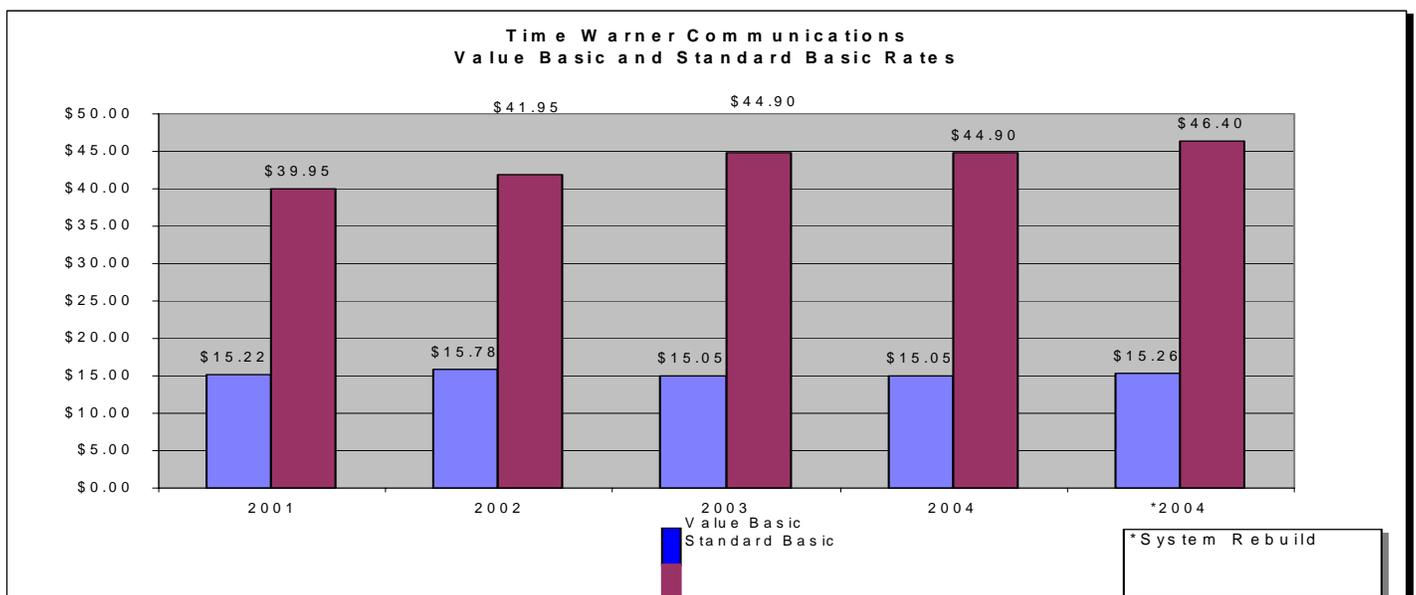
Recommendation of the Cable & Community Relations Manager that the Cable Television Advisory Board accept and file the proposed rate increase and channel change by Time Warner Communications effective April 1, 2004.

BACKGROUND/ANALYSIS

Effective April 1, 2004, Time Warner Communications rate increase and channel changes will go into effect. March 1, 2004, the City received notice of the pending changes in accordance with FCC rules and the Torrance franchise agreement.

The average subscriber will have a 3% increase, for a total of 8% this year.

TWC increased the Value Basic rate from \$15.05 to \$15.26, representing a \$0.21 or 1% increase. The Standard Basic rate will increase from \$29.85 to \$31.14, representing a \$1.29 or 4% increase. The net result of the two modifications for Value and Standard Basic will represent an increase from \$44.90 to \$46.40, \$1.50 or 3% increase.



Channels Offered

The number of channels continues to increase. The current total is 554.

The changes for this period are

- KFTR moves from 29 to 46;
- ABC Family moves from 46 to 29;
- SiTV is added to 242;
- SiTV is added to 519;
- Ovation is deleted

	Value Basic	% Chg	Standard Basic	% Chg	Premium/ A La Carte/ Digital	% Chg	PPV Analog/ Digital	% Chg	VOD	% Chg	HDTV	% Chg	Total	% Chg
1996	44	n/a	13	n/a	11	n/a	5	n/a	0	n/a	0	n/a	73	
1997	45	2%	16	23%	10	-9%	3	-40%	0	n/a	0	n/a	74	1%
1998	45	0%	19	19%	8	-20%	3	0%	0	n/a	0	n/a	75	1%
1999	29	-36%	40	111%	9	13%	4	33%	0	n/a	0	n/a	82	9%
*1999	31	7%	38	-5%	9	0%	4	0%	0	n/a	0	n/a	82	0%
2000	31	0%	38	0%	52	478%	39	875%	0	n/a	0	n/a	160	95%
2001	29	-6%	41	8%	8	-85%	170	336%	0	n/a	0	n/a	248	55%
2002	31	7%	51	24%	205	2463%	97	-43%	27	n/a	7	n/a	418	69%
2003	31	0%	51	0%	207	1%	97	0%	27	0%	7	0%	420	0%
2004	30	-3%	53	4%	79	-62%	333	243%	46	70%	12	71%	554	32%

*Rebuild

Time Warner has added a significant number of channels to the system due to digital technology. These changes are listed on attachment A.

IMPACT TO CITY

Based on the previous year, we are not anticipating a significant number of calls with respect to these modifications.

I will keep you informed of the status of the review and any other modifications to the channel line-up. I am available if you have any questions or concerns.

Respectfully Submitted,

Michael D. Smith
Cable & Community Relations Manager

ATTACHMENTS

- A. Channel Changes
- B. Letter to City

Honorable Chairman and Members
of the Cable Television Advisory Board
3350 Civic Center Drive
Torrance, California

Members of the Board:

SUBJECT: EIGHT ANNUAL SCAN NATOA SPRING CONFERENCE

RECOMMENDATION:

Recommendation of the Cable & Community Relations Manager that the Cable Television Advisory Board authorize their attendance at the States of California and Nevada Chapter of National Association of Telecommunications Officers and Advisors Inc. "Eight Annual Spring Conference", May 20th at the Fairmont Miramar in Santa Monica, California.

BACKGROUND/ANALYSIS:

The National Association of Telecommunications Officers and Advisors (NATOA) is a non-profit professional organization serving local governments and regional authorities in the development, regulation, and administration of cable franchises and other telecommunications systems.

The States of California & Nevada Chapter of NATOA Inc. (SCAN NATOA Inc.) builds on the services provided by the national office by offering training, networking, and information on telecommunication issues "closer to home."

This year's conference entitled "Hawaiian Style Telecommunications" *Just Hang Loose...*, is being held in Santa Monica. The one-day conference has been designed and created for telecommunication, cable, telephony, professionals and those that provide legislative direction for these functions.

The Plenary Session features "Renewals In Today's Marketplace", with speakers representing three major cable companies and expert legal authorities. The four concurrent tracks include: "Election Coverage, Wireless Siting, New Technologies, Legislative Update, Channel Line-ups, Show Openings and Graphic Design, Mobile Production Vans, Talk Shows and Talent Development, Value of your Access Channel, Ask the Experts, Outside Programming, and National Association of Broadcaster Round-up – Field Gear." The highlight of the conference is the STAR Awards Luncheon.

Respectfully submitted,

Michael D. Smith
Cable & Community Relations Manager

Roll Call: Carlson Craft Haussmann Korman Taniguchi Tsao Perkins