

RESOLUTION NO. 212297

DEC 26 1974

WHEREAS, AMERICAN TELEVISION AND COMMUNICATIONS CORPORATION, acting on behalf of its wholly owned subsidiary, Rancho Bernardo Antenna Systems, Inc., has requested authority to increase the rates for cable television service on an interim basis; and

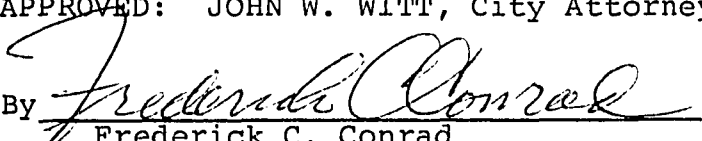
WHEREAS, the Transportation and Land Use Committee has conducted a public hearing and prepared a proposed report concluding that the request should be granted, and the City Clerk has served copies upon all parties to the proceeding; and

WHEREAS, such exceptions and replies to exceptions as received have been fully considered by the Council; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, as follows:

That this Council adopts the proposed report of the Transportation and Land Use Committee attached hereto as Exhibit A and adopts the same by reference as if fully set forth herein; and finds and concludes that the proposed interim rate of \$4.10 per month is just and reasonable for the future on and after January 1, 1975.

APPROVED: JOHN W. WITT, City Attorney

By 
Frederick C. Conrad
Chief Deputy City Attorney

CITY of SAN DIEGO
MEMORANDUM

FILE NO.:

DATE : December 19, 1974

TO : Members of the City Council, City Clerk, City Manager and all
Department Heads

FROM : Transportation and Land Use Committee

SUBJECT: Committee Report on Rancho Bernardo CATV Interim Rate Request

On September 6, 1974 Rancho Bernardo Antenna Systems, Inc., a wholly-owned subsidiary of the American Television and Communications Corporation of Denver, Colorado, submitted a written request to the City Council for an interim increase of \$1.75 per month in the rate being charged residents of Rancho Bernardo for cable television service (requested interim increase from \$3.10 to \$4.85 per month).

On September 19, 1974 Mr. John J. McDonough, representing Rancho Bernardo Antenna Systems, Inc., verbally communicated the same request to Council. This matter was referred to the Transportation and Land Use Committee. That Committee thereafter initiated Council resolutions establishing "Rules and Procedures Governing Community Antenna Television Systems Rate Applications" and directing the Transportation and Land Use Committee to hold a noticed public hearing on the matter of the proposed interim CATV rate increase for Rancho Bernardo. The Council adopted both resolutions on October 8, 1974.

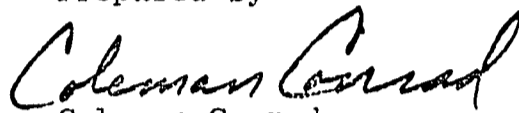
The Transportation and Land Use Committee held a noticed public hearing on the matter of the proposed interim rate increase on October 29, 1974. Public testimony was taken on that date and the hearing was continued to November 1, 1974. On November 1, 1974 further public testimony was taken, the hearing was then closed and the Committee began deliberations. No decision was reached by the Committee on that date and the item was continued to December 10, 1974.

On December 10, 1974 the Transportation and Land Use Committee voted to recommend to Council an interim increase in the monthly rate being charged residents of Rancho Bernardo for cable television service of \$1.00 (increase from \$3.10 to \$4.10 per month). Districts 1, 5 and 8 voted yea. Districts 3 and 7 voted nay. The Committee also voted 5-0 to adopt the 14 "findings of fact" attached to this report.

EXHIBIT A

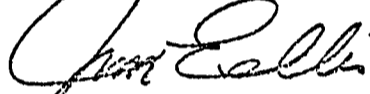
The application for a rate increase, 26 exhibits introduced at the Transportation and Land Use Committee hearings, and a rate calculation table prepared by the City's Rate Consultant has been distributed to each Council member and is contained in the black notebook entitled "Rancho Bernardo CATV Rate Hearing".

Prepared by



Coleman Conrad
Acting Consultant,
Transportation and Land Use Committee

Approved by



Jim Ellis
Chairman,
Transportation and Land Use Committee

FINDINGS OF FACT MADE BY THE TRANSPORTATION AND LAND USE COMMITTEE

1. Rancho Bernardo Antenna Systems, Inc. is a wholly-owned subsidiary of American Television and Communications Corporation and provides cable television service within an area in the northern part of San Diego City known as Rancho Bernardo.
2. Rancho Bernardo Antenna Systems, Inc., holds a City of San Diego non-exclusive franchise, granted by Ordinance No. 8926 dated November 14, 1963, authorizing it to construct, maintain and operate a CATV system in a portion of Rancho Bernardo in the northern part of the City of San Diego.
3. One requirement in the franchise under Ordinance No. 8926 is that the City Council has the right and power to require grantee to conform to reasonable rates and rules. The present rate of \$3.10 monthly was established by the Council on October 19, 1967 by Resolution No. 191875.
4. American Television and Communications Corporation submitted a letter request on September 6, 1974 to the City Council for a rate increase from \$3.10 to \$4.85 per month in Rancho Bernardo.
5. The Transportation and Land Use Committee finds that the Rancho Bernardo system differs from others in the City since the homeowner has provided the house wiring and service drop, no outside antennas are allowed, and saturation is considerably higher than average. It has therefore been determined that the rates for CATV service in Rancho Bernardo be considered separately from those to be established for any other franchise.
6. As of December 31, 1973 Rancho Bernardo Antenna Systems, Inc., had an investment of \$759,737 and has accumulated a depreciation reserve of \$240,279 in plant facilities to serve residents and subscribers.
7. The test period used by the Committee for determining whether or not applicant's proposed interim CATV rate of \$4.85 monthly in Rancho Bernardo will yield an excessive return is for the 12 months ended December 31, 1974.
8. Reasonable operating expenses including depreciation and taxes, but excluding interest, for the test period are \$231,408.
9. Operating revenues of \$234,696 would be produced by the \$4.10 monthly rate during the test period.
10. The rate base consisting of original cost of plant less depreciation reserve, averaged for beginning and end of test period, plus working capital is \$555,000.
11. The rate of return produced by dividing the net revenue of \$3,288 before income tax during the test period by the rate base figure is 0.6%.
12. A reasonable maximum rate of return for determining the equity of interim CATV rates is 9.0%.
13. The proposed interim rate of \$4.10 does not produce a return in excess of 9.0% and therefore is justified; and the present \$3.10 rate is inadequate for the future.
14. The rates and charges authorized herein are just and reasonable.

Passed and adopted by the Council of The City of San Diego on DEC 26 1974,
 by the following vote:

| Councilmen | Yeas | Nays | Excused | Absent |
|---------------------|-------------------------------------|-------------------------------------|--------------------------|--------------------------|
| Gil Johnson | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Maureen F. O'Connor | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Lee Hubbard | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Leon L. Williams | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Floyd L. Morrow | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Bob Martinet | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Jim Ellis | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Jim Bates | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Mayor Pete Wilson | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

AUTHENTICATED BY:

PETE WILSON
 Mayor of The City of San Diego, California.

EDWARD NIELSEN
 City Clerk of The City of San Diego, California.

By Kathleen Martinec, Deputy.

1974 DEC 20 PM 3:05

Office of the City Clerk, San Diego, California

Resolution Number 212297 Adopted DEC 26 1974
E.L.