

Third State Video Franchise Holder Employment Report

**As Required by The Digital Infrastructure and
Video Competition Act of 2006 (DIVCA)**

**California Public Utilities Commission
Communications Division**

April 8, 2011

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State Video Franchise Holder Employment Report

Executive Summary

This is the third State Video Franchise Holder Employment Report. The data in this report are for the year ending December 31, 2009. The Report is based on data submitted to the California Public Utilities Commission by the six state issued Video Franchise Holders with at least 750 employees. These data include all California-based employees of each organization.

The six State-issued video franchise holders reported that on December 31, 2009 they employed a total of 48,338 employees in California. This is a 6.4% decrease from 51,667 on December 31, 2008 and a 14.8% decrease from 56,748 on December 31, 2007.

Background

In 2006, the Legislature adopted the Digital Infrastructure and Video Competition Act (DIVCA or the Act)¹ in order to spur broadband deployment and increase competition in the video and broadband marketplace in California. The new law created a state franchising system for cable companies and other video providers, to replace a system of locally-issued franchises.

Since the Public Utilities Commission began issuing state video franchises in March 2007, almost 5 million households have gained access to video from two new entrants to the video market, AT&T California and Verizon California. This is a 39.4% increase from 3.2 million households having access to video from AT&T and Verizon at the end of 2008.

As of December 31, 2009, over 6.3 million households (49.9% of the households in the state) subscribed to video services provided by state-issued video franchisees and their affiliates with local franchises.²

DIVCA requires the Public Utilities Commission to collect employment information from companies with state-issued video franchises employees, post the information on its website and report it to The Assembly Committee on Utilities and Commerce and the Senate Committee on Energy, Utilities and Communications. With this report, the Commission fulfills that charge.

Employment Reporting Required Under DIVCA

DIVCA requires each state video franchise holder with more than 750 California employees to submit the following information every year on April 1 for the preceding year. This report has been divided into the following five sections:

1. Number of California residents employed by the eight largest holders of video franchises and percentage of the their California workforce who live in California
2. Number of jobs categorized by occupational classification
3. Average pay and benefits categorized by occupational classifications
4. Number of out-of-state residents employed by independent contractors
5. Forecast of number of net new positions expected to be created during 2010

¹ Cal. Pub. Util. Code §440-444 and §5800 *et seq.*

² Based on state video franchise holder annual report data submitted to the CPUC on April 1, 2010 and published in the DIVCA Report in October 2010.

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A total of 35 companies held state video franchises on December 31, 2009.³ During 2009, five new organizations obtained state franchises. Of the 35 state-issued video franchise holders, the following six had more than 750 employees and were therefore required to report employment data for 2009.

- AT&T California
- Verizon California
- Comcast
- Charter Communications, for eight franchisees
- Cox Communications
- Time Warner⁴

The employees of state video franchisees may be involved in voice, video, or data services. DIVCA does not require franchise holders to break out their employees by the type of technology they work on. So that data is not available to include in this report. Video programming operations may include existing local franchises as well as state-issued franchises. For example:

- Verizon California's employment submission **includes** its telephone, DSL and FiOS data and video operations. However, Verizon's employment submission **excludes** Verizon's wireless operations and **excludes** the following Verizon affiliates: Verizon West Coast (small ILEC), Corporate (legal, regulatory), Verizon Business or non-affiliates such as Idearc (formerly Verizon Directories).
- AT&T California's employment submission **includes** its telephone, U-verse video and DSL operations, but **excludes** AT&T's wireless operations.

³ Maps of the geographical territories served by each of these video franchise holders are included in the 2009 DIVCA report which is available in the Video Franchising section of the CPUC website at: <http://www.cpuc.ca.gov/PUC/Telco/Information+for+providing+service/videofranchising.htm>

⁴ Time Warner has three separate legal entities that are video franchisees in California. Each has more than 750 employees. For this employment report, to make the corporate comparisons clearer, for several of the tables and charts, Time Warner's separate franchises' employment data have been aggregated into one Time Warner category. The names of the separate Time Warner franchisees with more than 750 employees are: Time Warner New York (TWNKY), C-Native, and CAC Exchange I; and Time Warner Entertainment-Advance/Newhouse Partnership (TWEAN).

1. Number of California Residents Employed by the Six State-Issued Video Franchisees with more than 750 Employees in 2007 and 2009

Table 1 below and the bar chart on the opposite page show that the six state-issued video franchisees with more than 750 employees, together reported a total of 48,338 employees in California, as of December 31, 2009. The total number of employees fell by 14.8% between December 31, 2007 and December 31, 2009, according to the data reported to the CPUC.

To put the numbers of employees into statewide perspective, California’s total civilian labor force was 18,101,557 in December 2009.⁵ The 48,338 employees reported by the state video franchise holders represents 0.27% of California’s total civilian labor force.

The last column in table 1 below shows that all state video franchisees that reported employment metrics, stated that over 98.8% of their employees were California residents.

Table 1 – Number of California Residents Employed by Video Franchise Holders

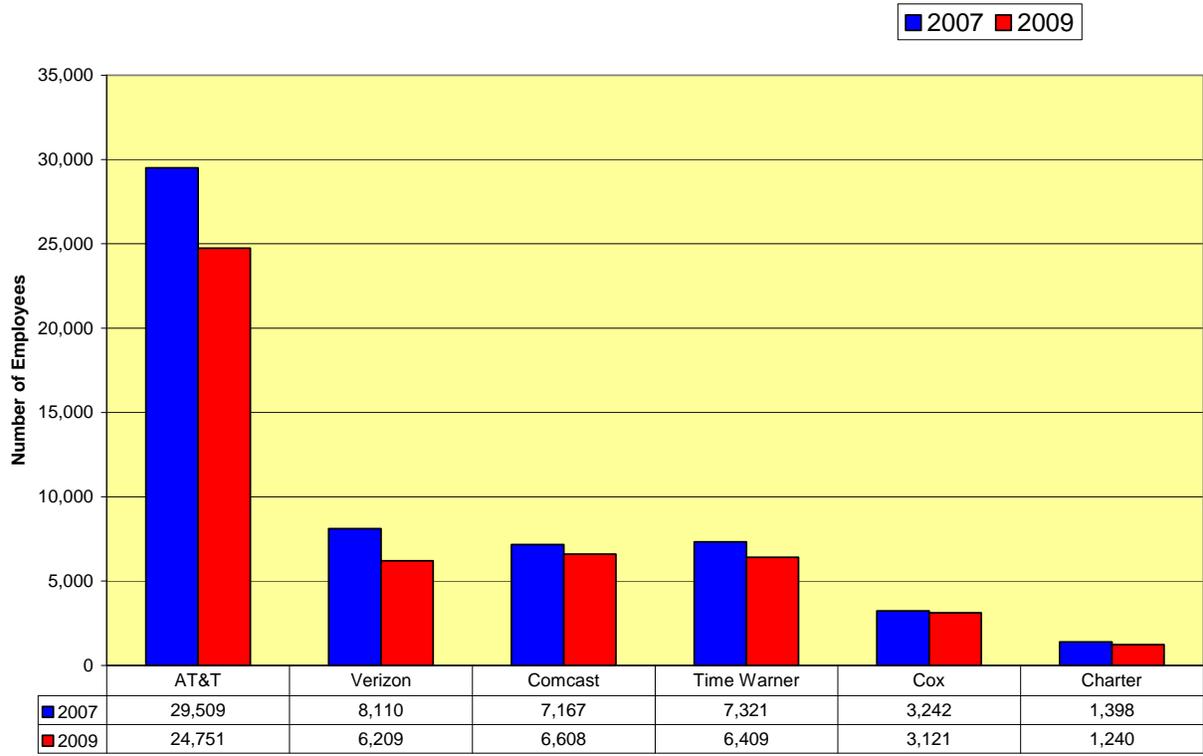
Video Franchise Holder	Video Franchisee Employees Working in California on 12/31/2007	Video Franchisee Employees Working in California on 12/31/2009	% Change 2007 to 2009	Increase or Decrease in Number of Employees Between 2007 and 2009	Percentage of California Employees Who Live in California
AT&T California	29,509	24,751	(-16.1%)	(-4,758)	99.9%
Verizon California	8,110	6,209	(-23.4%)	(-1,901)	98.9%
Comcast	7,167	6,608	(-7.8%)	(-559)	99.9%
Time Warner	7,321 ⁶	6,409	(-12.5%)	(-912)	N/A
Cox Communications	3,243	3,121	(-3.8%)	(-122)	99.8%
Charter Communications West Division	1,398	1,240	(-11.3%)	(-158)	98.8%
Total	56,748	48,338	(-14.8%)	(-8,410)	

⁵ U.S. Bureau of Labor Statistics <http://www.bls.gov/eag/eag.ca.htm>

⁶ In April 2010, Time Warner amended upward the number of employees it had reported for 2007 from 6,266 to 7,321.

Chart 1

Total Number of Employees in 2007 and 2009 by Company



2. Total Employees Categorized by Occupational Classification

Table 2 below and the two bar charts on the next page, categorize the 48,338 employees, who work for the six state-issued Video Franchisees, into eight different occupational classifications.

Table 2 below shows the number of employees that were employed on December 31, 2009. On the opposite page, Charts 2 and 3 illustrate how the number of employees decreased in six of the eight occupational classifications between December 31, 2007 and December 31, 2009.

**Table 2 – 2009
Number of Employees by Occupational Classification on December 31, 2009**

	Time Warner							Cox	Charter	Total
	Verizon*	AT&T Calif.	Comcast	TWNY + C-Native** + CAC Exchange I	Time Warner Cable**	Time Warner EAN**				
Executives / Senior Managers	14	4	17	0	1	1	N/A	5	42	
First/ Mid Level Managers	79	1,262	713	498	78	170	420	148	3,368	
Professionals	581	951	226	165	12	20	216	53	2,224	
Technicians ⁷	N/A	1,400	2,536	363	59	311	407	184	5,260	
Sales	59	812	461	423	248	143	433	83	2,662	
Admin. Support Office / Clerical	N/A	9552	2,508	1162	186	357	610	212	14,587	
Craft Workers ⁸	5,509	10,770	0	1377	237	321	981	310	19,472	
Operatives / Laborers / Service workers	N/A	N/A	147	193	18	66	54	245	723	
Total	6,209	24,751	6,608	4,181	839	1,389	3,121	1,240	48,338	
*Verizon used the following six occupational categories: Senior Leaders, Directors, Managers, Supervisors/Specialists, Associates, and other Non-exempt. The 6,143 Associates are classified as craft workers, since those number of workers and salaries corresponded with those at other franchisees that reported employment data. The 74 Other Non-exempt employees Verizon reported were classified as sales. This seems appropriate, since that corresponds with similar number of salespeople with similar salaries in the sales classification at other franchisees.										
** TWNY is Time Warner New York and C-Native is C-Native Exchange I; TWC is Time Warner Cable; and TWEAN is Time Warner Entertainment-Advance/Newhouse Partnership										

Chart 2 on the opposite page shows that the only two occupational classifications that increased between 2007 and 2009 were Executives / Senior Managers and professionals. Meanwhile, during the same period, the number of Craft Workers decreased by 8.8%, technicians decreased by 14.8%, managers decreased by 40.4%, sales employees stayed almost the same decreasing by 0.6%, operatives, laborers and service workers decreased by 28.8%, and clerical / administrative support staff decreased by 14.0%.

⁷ For definition of *Technicians*, see page eight.

⁸ For definition of *Craft workers*, see page eight.

Chart 2

Change in Number of Employees by Occupational Classification 2007 to 2009

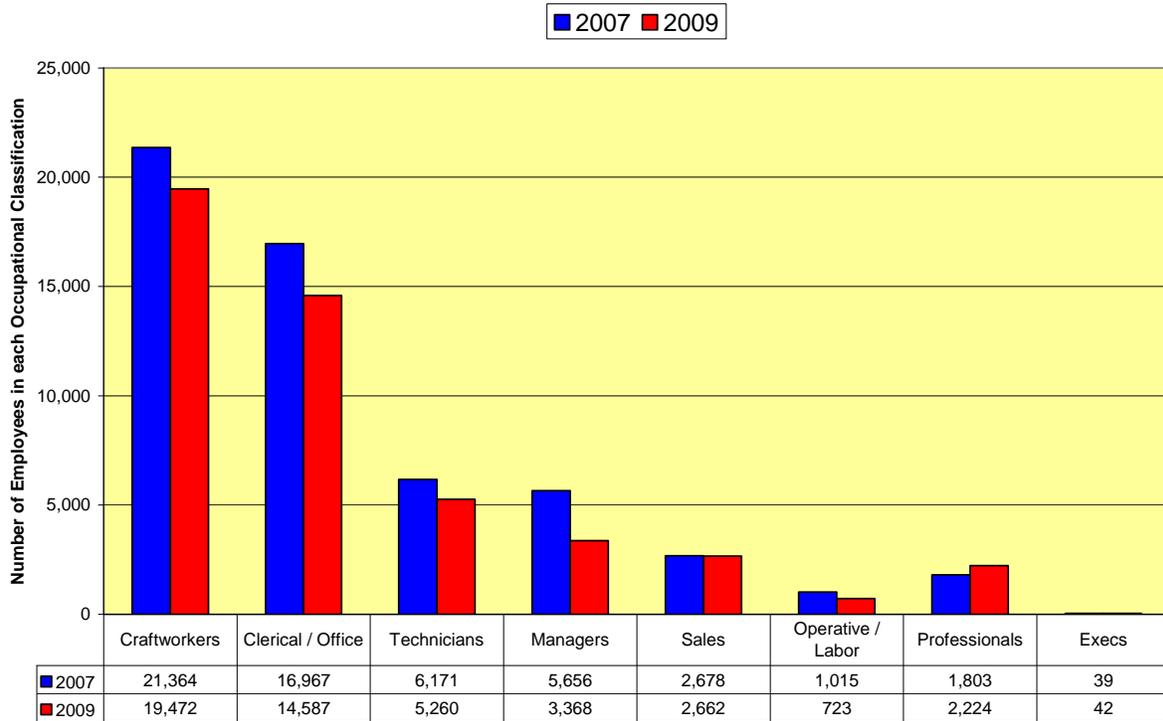
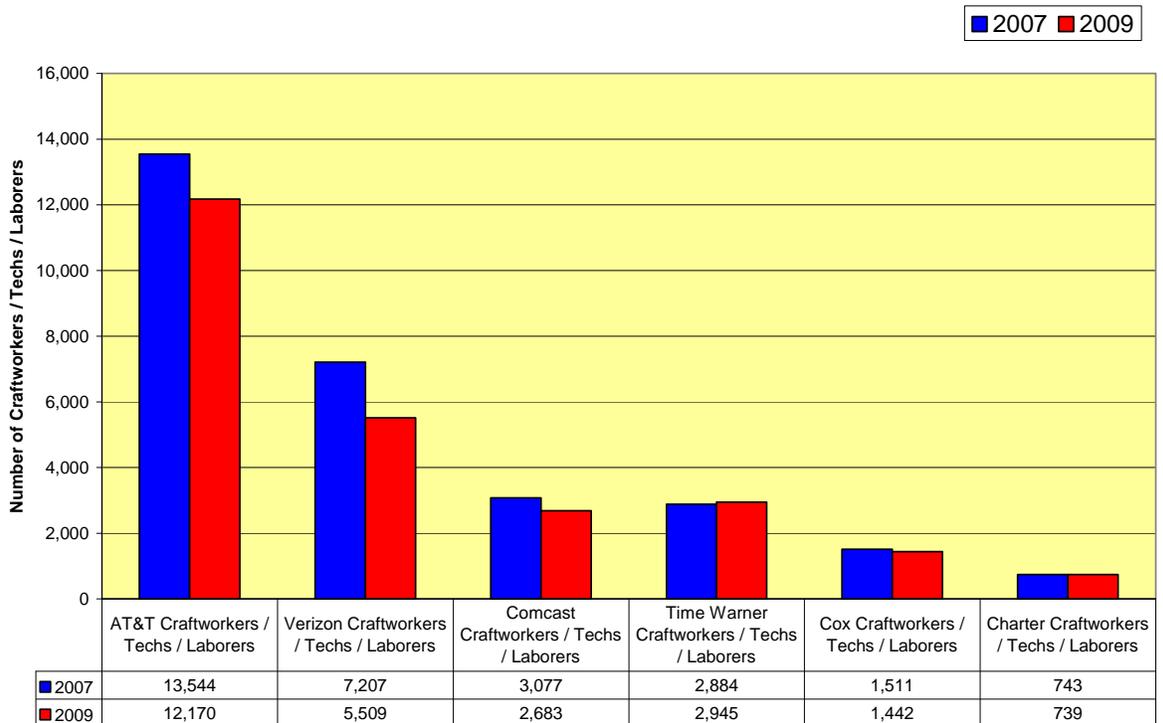


Chart 3

Technicians, Craftworkers & Laborers Combined in 2007 & 2009 by Company



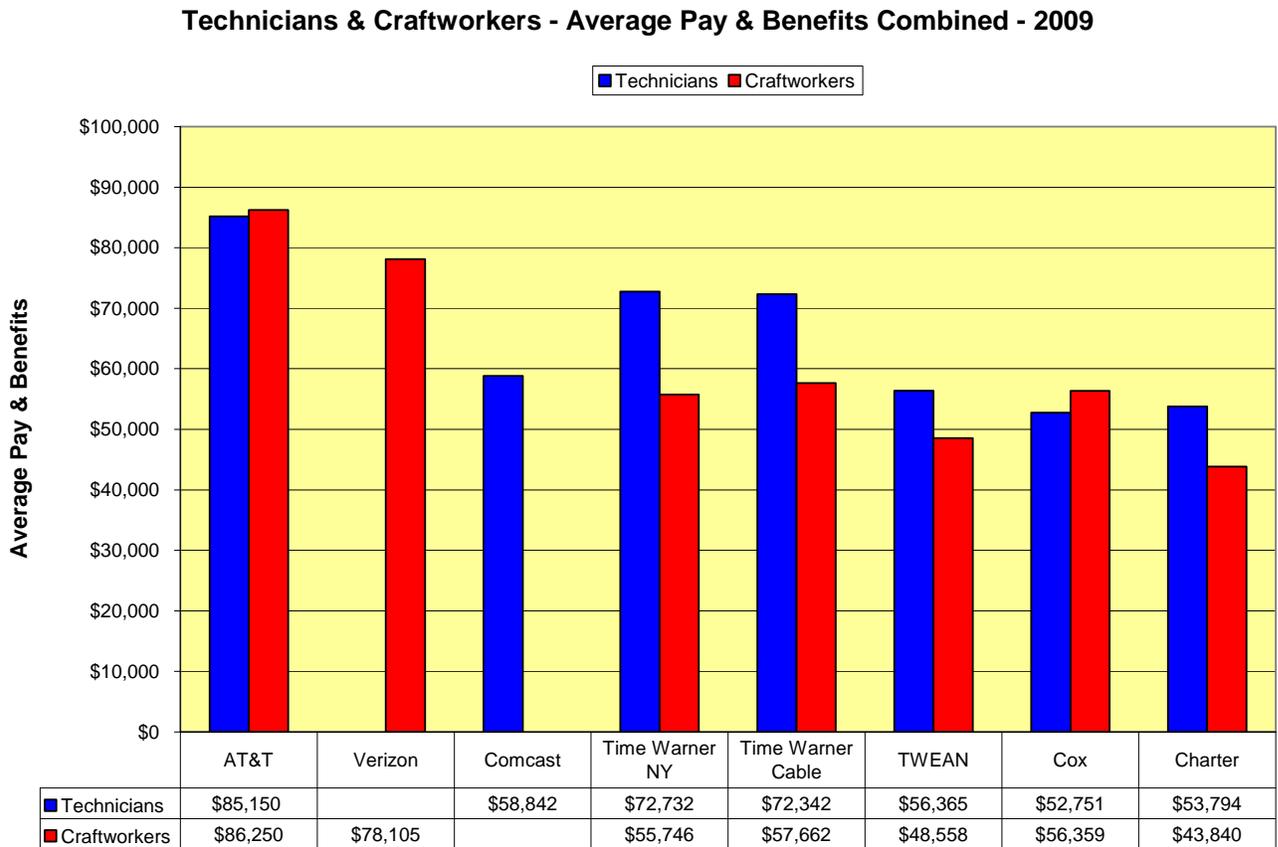
3. Average Pay and Benefits Categorized by Occupational Classifications

DIVCA provides reporting companies broad latitude in how they classify / categorize their employees. As a result, not all franchise holders used the same exact names for their occupational classifications, so for comparison purposes, we grouped them into the appropriate common categories.

To illustrate graphically an example of the relative differences in combined pay and benefits between the different video franchise holders, chart 4 below shows the combined pay and benefits of two of the eight different occupational categories. The categories included in this example are: Technicians and Craft workers, for each franchise holder.⁹ On December 31, 2009, there were 5,260 technicians and 19,472 craft workers. That is a total of 24,732 or 51% of the total of 48,228 employees of these eight video franchisees.

Table 3 on page 8 shows the combined pay and benefits levels for all eight occupational categories for each of the franchise holders with more than 750 employees.

Chart 4 - Average Combined Pay and Benefits of Technicians and Craft Workers Job Classifications by Franchisee for 2009¹⁰



⁹ See page 8 for definitions.

¹⁰ Note: TWNY is Time Warner New York, C-Native is C-Native Exchange I; TWC is Time Warner Cable; and TWEAN is Time Warner Entertainment-Advance/Newhouse Partnership.

Table 3 – Average Pay and Benefits Combined by Occupational Classification - 2009

Occupational Classification	Verizon*	AT&T	Comcast	Time Warner			Cox	Charter
				** TWNY + C-Native + CAC Exchange I	TWC**	TWEAN**		
Executives / Senior Managers	\$189,187	\$274,024	\$287,012	N/A	\$515,872	\$379,500	None rep	\$197,727
First / Mid Level Managers	\$134,578	\$126,957	92,767	99,923	98,870	95,664	\$99,478	\$76,478
Professionals	\$106,158	\$113,985	73,093	80,043	77,052	79,166	75,761	71,417
Technicians	None rep	\$85,150	58,842	72,732	72,342	56,365	52,751	53,794
Sales	\$83,857	\$81,948	36,214	56,499	46,092	48,507	46,803	43,758
Admin. Support Office / Clerical	N/A	\$83,845	40,348	43,463	44,374	42,463	41,772	37,880
Craft Workers	\$78,105	\$86,250	N/A	55,746	57,662	48,558	56,359	43,840
Operatives / Laborers	N/A None rep	None rep	43,934	42,374	43,244	42,565	\$42,155	36,429
*Verizon used the following occupational categories: Senior Leaders and Directors, Managers, Supervisors/Specialists, Other Non-exempt, Associates. These categories were grouped with the corresponding pay categories of the other franchise holders.								
** TWNY is Time Warner New York and C-Native is C-Native Exchange I; TWC is Time Warner Cable; and TWEAN is Time Warner Entertainment-Advance/Newhouse Partnership								

The occupational classification titles that several companies used in their submission match the titles used in their EEO-1 reports to the U.S. Equal Employment Opportunity Commission (EEOC). The EEOC definitions for two of the occupational classifications, *Technicians* and *Craft Workers*, are presented below:

Technicians are defined as jobs that require applied scientific skills usually obtained by post secondary education, such as drafters, emergency medical technicians, chemical technicians, and broadcast and sound engineering technicians.

Craft Workers are defined as higher skilled occupations in construction and natural resource extraction, such as electricians; occupations related to the installation, maintenance and part replacement of equipment, machines and tools, such as auto mechanics, aircraft mechanics, electric and electronic equipment repairers, and others. ¹¹

¹¹Definitions for these and other occupational classifications may be found in EEOC Standard From 100, Rev. Jan 2006, Employer Information Report EEO-1 Instruction Booklet, <http://www.eeoc.gov/eo1survey/2007instruct.html>

4. Number of Out-of-State Residents Employed by Independent Contractors Personally Providing Services

All six companies reported that information on the number of non-resident independent contractors was not available.

5. Forecast of 2010 Job Creation by Parent Companies of State Video Franchise Holders Segmented by Occupational Classifications

None of the state-issued franchisees that submitted data for this report anticipated adding any net new positions in 2010. Below are the quotes from each annual report:

“Given the current economic climate, **AT&T California** is unable to forecast net new positions for 2010 at this time.”

“**Verizon** does not anticipate any net new positions will be created in 2010.”

“**Comcast** does not anticipate that any new positions will be created by the Comcast state video franchise holder entities in the upcoming year.”

“**Charter** Communications does not plan to add any new positions in 2010.”

Cox projects adding zero net new positions in 2010.

Time Warner did not make any statements regarding net new positions.

Appendices

Appendix A: Confidentiality of The Employment Data Provided by Video Franchise Holders

Appendix B: General Order 169 Employment Reporting Requirements

Appendix A:

Confidentiality of the Employment Data Provided by Video Franchise Holders

Note on Confidentiality

Some franchise holders requested confidentiality for this information; however, the employment data submitted is not afforded confidentiality protection under DIVCA.¹² While the Public Utilities Commission has a general policy of confidentiality for any data submitted under DIVCA,¹³ the Commission has a special policy for the annual employment reports. The Commission has determined that the employment data submitted under DIVCA is not protected by the general policy of confidentiality. The Commission's Phase I Decision states:

Despite AT&T's and Verizon's requests, we do not afford confidential treatment to the employment data. To do so would violate the express language of DIVCA. Public Utilities Code §5920(b) requires the Commission to make "the information required to be reported by holders of state franchises . . . available to the public on its Internet Web site." Unlike annual broadband and video reports produced pursuant to Public Utilities Code §5960, DIVCA does not direct that our employment reports aggregate information provided by state video franchise holders; instead, these reports are supposed to convey "information . . . reported by holders" without any further stipulation. The Legislature could have imposed an aggregation requirement, but it chose not to here. Thus, we find it is most consistent with the statute to make individual reports submitted pursuant to Public Utilities Code §5920 available to the public. . . .¹⁴

Given this determination, the Commission will make these data provided by individual video franchise holders available to the public in this Report to the legislative committees of reference. The information in the report has been aggregated to the extent necessary so as not to disclose pay and benefits information at the level where an individual employee could be identified.

¹² Public Utilities Code §5920(b) The commission shall annually report the information required to be reported by holders of state franchises pursuant to subdivision (a), to the Assembly Committee on Utilities and Commerce and the Senate Committee on Energy, Utilities and Communications, or their successor committees, and within a reasonable time thereafter, shall make the information available to the public on its Internet Web site.

¹³ Order Instituting Rulemaking to Consider the Adoption of a General Order and Procedures to Implement the Digital Infrastructure and Video Competition Act of 2006, Decision 08-07-007, Decision Amending General Order 169, Cal. Public Utilities Code, July 10, 2008, page 22.

¹⁴ Phase I Decision, March 1, 2007, Order Instituting Rulemaking to Consider the Adoption of a General Order and Procedures to Implement the Digital Infrastructure and Video Competition Act of 2006, 07-03-014, adopting a General Order and Procedures to Implement the Digital Infrastructure and Video Competition Act of 2006.

Note on FTE Counts

Some franchise holders reported employee headcounts, rather than full-time equivalent (FTE) counts as required. After obtaining additional information from the franchise holders, staff converted headcounts to FTE counts for the tables and graphs within the narrative.

Appendix B:

General Order 169 Employment Reporting Requirements, as amended

VII. Reporting Requirements

B. Annual Employment Reports

1. Reporting Obligations Imposed on State Video Franchise Holders with More than 750 California Employees

A State Video Franchise Holder employing more than 750 total employees in California shall report to the Commission annual employment information, as of January 1 of the year in which it first was issued a State Video Franchise and each year thereafter. These reports shall include the following information:

- (1) The number of California residents employed by the State Video Franchise Holder, calculated on a full-time or full-time equivalent basis.
- (2) The percentage of the State Video Franchise Holder's total domestic workforce that resides in California, calculated on a full-time or full-time equivalent basis.
- (3) The types and numbers of jobs by occupational classification held by residents of California employed by State Video Franchise Holders and the average pay and benefits of those jobs and, separately, the number of out-of-state residents employed by independent contractors, companies, and consultants hired by the State Video Franchise Holder, calculated on a full-time or full-time equivalent basis, when the State Video Franchise Holder is not contractually prohibited from disclosing the information to the public. This paragraph applies only to those employees of an independent contractor, company, or consultant that are personally providing services to the State Video Franchise Holder, and does not apply to employees of an independent contractor, company, or consultant not personally performing services for the State Video Franchise Holder.
- (4) The number of net new positions proposed to be created directly by the State Video Franchise Holder during the upcoming year by occupational classifications and by category of full-time, part-time, temporary, and contract employees.

These reports shall be filed with the Commission no later than April 1 for each annual reporting period.

2. Commission Reports to Legislative Committees

The Commission shall annually report the information required to be reported by State Video Franchise Holders pursuant to Rule VII.B.1 to the Assembly Committee on Utilities and Commerce and the Senate Committee on Energy, Utilities and Communications, or their successor committees, and within a reasonable time thereafter, shall make the information available to the public on its Internet website.