

**California Public Utilities Commission  
Communications Division**

**State Video Franchise Holder Employment Report  
as Required by The Digital Infrastructure and  
Video Competition Act of 2006 (DIVCA)**

**December 30, 2009**

# Digital Infrastructure and Video Competition Act of 2006

## State Video Franchise Holder Employment Report

### Executive Summary

Six parent companies of State video franchise holders with more than 750 employees submitted data describing their workforces as of December 31, 2008 to the Public Utilities Commission. State video franchise holders reported that they employed a total of 51,667 employees in California. This is 0.28% of California's total civilian labor force.

### Background

This is the second State Video Franchise Holder Employment Report. The data in this report are for the period January 1, 2008 through December 31, 2008. The Report is based on data submitted by the parent companies of State Franchised Video service providers with at least 750 employees.

In 2006, the Legislature adopted the Digital Infrastructure and Video Competition Act (DIVCA or the Act)<sup>1</sup> 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, more than 3.2 million households have gained access to video from two new entrants to the video market, AT&T California and Verizon California. As of April 1, over 7 million households (55.6% of the households in the state) subscribed to video services provided by state-issued video franchisees and their affiliates with local franchises.<sup>2</sup>

DIVCA requires the Public Utilities Commission to collect employment information from companies with state video franchises, 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.

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<sup>1</sup> Cal. Pub. Util. Code s §440-444 and §5800 *et seq.*

<sup>2</sup> Based on state video franchise holder annual report data submitted to the CPUC on April 1, 2009 and published in the DIVCA Report in August, 2009.

## 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 six sections:

1. Number of California residents employed
2. Percentage of the holder's domestic workforce
3. Number of jobs by occupational classification held by California residents
4. Average pay and benefits of those jobs
5. Number of out-of-state residents employed by independent contractors
6. Number of net new positions forecasted to be created during 2008, by occupational classifications

A total of 28 companies held state video franchises on April 1, 2009, the date the companies' annual reports were due to the CPUC.<sup>3</sup> During 2008, nine new organizations obtained state franchises and Time Warner consolidated three of their existing franchise holders into Time Warner New York. This represents a net increase of six state franchisees up from 22 a year earlier. Of the 28 franchise holders, 17 had more than 750 employees and were therefore required to report employment data. The following six parent companies submitted data for those 17 franchise holders in 2008.<sup>4</sup>

- Verizon California
- AT&T California
- Charter Communications, for eight franchisees
- Cox Communications
- Comcast
- Time Warner Cable, for five franchisees (combined into three groups)<sup>5</sup>

The employees of state video franchisees may be involved in voice, video, or data services. The video programming operations may include existing local franchises as well as state-issued franchises. For example:

- Verizon California's employment submission **includes** their 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).

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<sup>3</sup> 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>

<sup>4</sup> See Appendix A for maps of these six parent companies' combined state video franchise territories in California.

<sup>5</sup> Time Warner New York (TWNY), C-Native, and CAC Exchange I (combined data); Time Warner Cable (TWC), and Time Warner Entertainment-Advance/Newhouse Partnership (TWEAN). On March 23, 2009, Time Warner merged CAC Exchange I & II and C-Native into Time Warner New York. However they still submitted separate data on April 1, 2009, so in this report, we will reflect the data as it was submitted.

- AT&T California’s employment submission **includes** their telephone and their U-verse video and DSL operations, but **excludes** AT&T’s wireless operations.

## 1. Number of California Residents Employed & Where They Live

Table 1 below shows that the six parent companies together reported a total of 51,667 employees in California, as of December 31, 2008.

To put this number of employees into statewide perspective, California’s total civilian labor force was 18,383,100 in September 2009.<sup>6</sup> The 51,667 employees reported by the state video franchise holders represents 0.28% of California’s total civilian labor force.

Seven out of the eight state video franchisees reported that over 99.5% of their employees were California residents, as shown in table 1 below.

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

<b>Video Franchise Holder</b>	<b>Employees Working in California on 12/31/08</b>	<b>Percentage of California Employees Who Live in California</b>
Verizon California	7,070	99.5%
AT&T California	25,881	99.9%
Comcast	7,290	99.9%
TWNY*, C-Native, CAC Exchange I (Time Warner)	4,534	100%
Time Warner Cable	853	100%
TWEAN** (Time Warner Newhouse)	1,377	100%
Cox Communications	3,321	99.9%
Charter Communications West Division	1,341	98.1%
<b>Total</b>	<b>51,667</b>	
* TWNY is Time Warner New York; C-Native is C-Native Exchange I		
**TWEAN is Time Warner Entertainment-Advance/Newhouse Partnership		

<sup>6</sup> U.S. Bureau of Labor Statistics <http://www.bls.gov/eag/eag.ca.htm>

## 2. Breakdown of Total Employees by Occupational Classification

The pie chart below and table 1 on the next page divide the 51,667 employees, who work for the eight Video Franchisees with greater than 750 employees, into eight different occupational classifications.

Chart 1 – Occupational Classifications- 2008

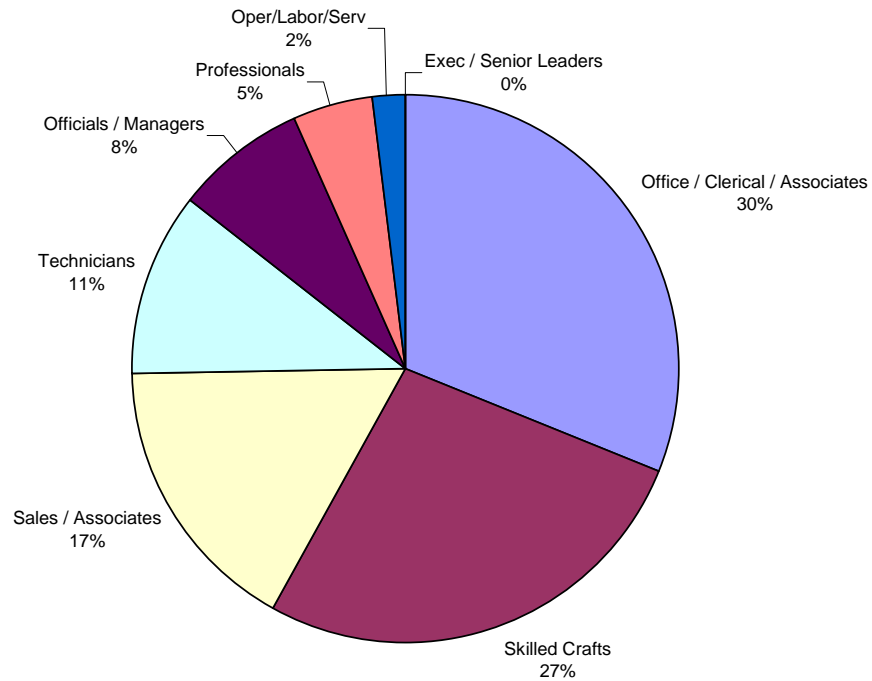


Table 2 – Breakdown of Total Employees by Occupational Classification

	Time Warner								
	Verizon*	AT&T Calif.	Comcast	TWNY + C-Native** + CAC Exchange I	Time Warner Cable**	Time Warner EAN**	Cox	Charter	Total
Exec / Senior	16	0	4	2	4	1	N/A	5	32
Off / Managers	98	1,549	782	589	117	180	447	181	3,943
Professionals	665	931	299	202	25	16	255	44	2,437
Technicians <sup>7</sup>	N/A	1,563	2,606	458	42	296	412	204	5,655
Sales	74	913	423	313	99	173	411	85	8,634
Office / Clerical	N/A	10,354	2,808	1,365	297	322	691	240	16,077
Craft Workers <sup>8</sup>	6,143	10,571	1	1,412	256	331	1,042	287	13,899
Oper /Labor /Serv	N/A	N/A	367	193	13	58	63	295	990
Total	7,070	25,881	7,290	4,534	853	1,377	3,321	1,341	51,667
<p>*Verizon used the following six occupational categories: Senior Leaders, Directors, Managers, Supervisors/Specialists, Associates, 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.</p>									
<p>** 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</p>									

<sup>7</sup> For definition of *Technicians*, see page eight.

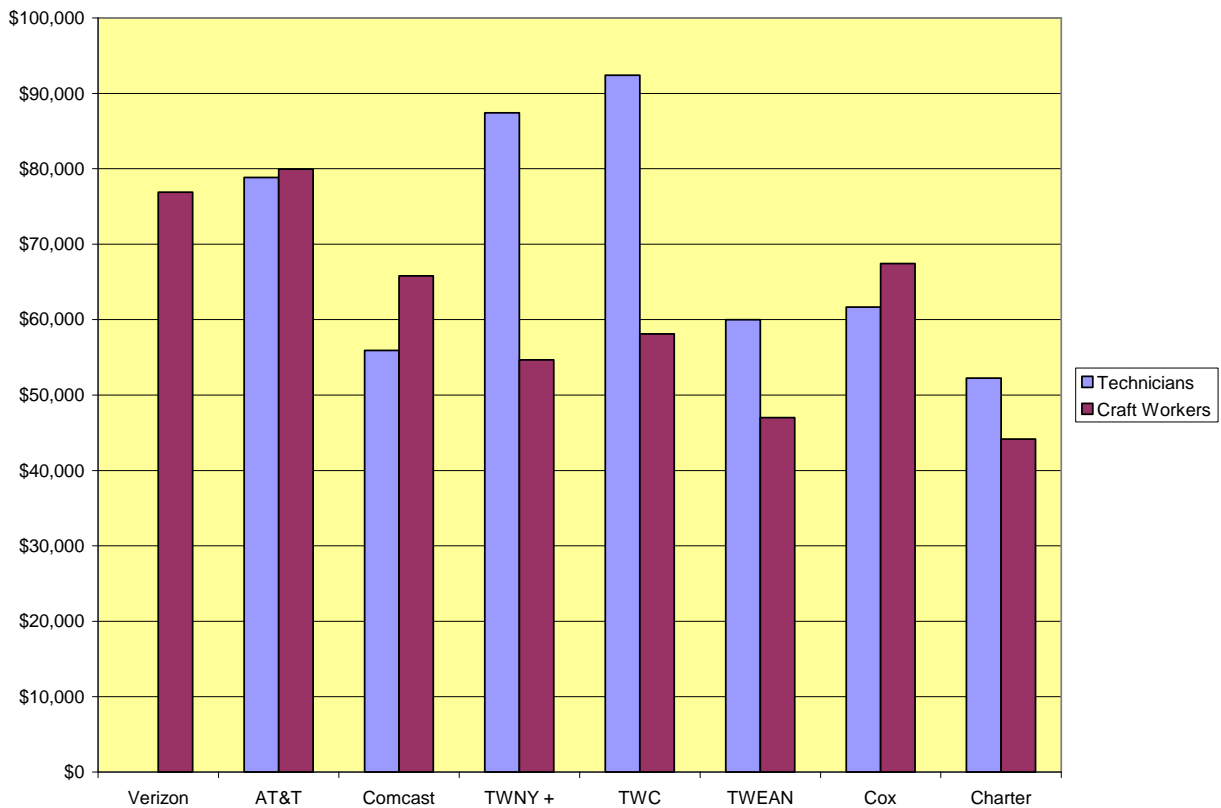
<sup>8</sup> For definition of *Craft workers*, see page eight.

#### 4. Average pay and benefits of those jobs

DIVCA provides reporting companies broad latitude in how they report the required employment information. 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, the graph 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.<sup>9</sup> Table 3 on page 8 shows the combined pay and benefits levels for all eight occupational categories for each of the franchise holders.

Graph 1 - Average Combined Pay and Benefits of Technicians and Craft Workers Job Classifications



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

<sup>9</sup> See page 8 for definitions.

Table 3 – Average Pay and Benefits Combined by Occupational Classification

Occupational Classification	Verizon*	AT&T***	Comcast	Time Warner			Cox	Charter
				** TWNY + C-Native + CAC Exchange I	TWC**	TWEAN**		
Exec / Senior	\$200,861	None rep	\$296,009	\$308,414	\$778,630	\$271,030	None rep	\$198,971
Off / Managers	\$131,562	\$118,212	\$92,839	\$110,737	\$117,377	\$105,536	\$123,817	\$77,215
Professionals	\$103,253	\$101,611	\$72,236	\$74,497	\$74,433	\$75,177	\$95,524	\$70,530
Technicians	None rep	\$78,837	\$55,909	\$87,435	\$92,414	\$59,972	\$61,679	\$52,247
Sales	\$80,020	\$73,722	\$39,688	\$95,489	\$51,877	\$63,007	\$48,800	\$46,575
Office / Clerical	None rep	\$72,496	\$40,212	\$44,047	\$49,594	\$42,277	\$47,574	\$38,721
Craft Workers	\$76,886	\$79,947	\$65,790	\$54,647	\$58,089	\$47,012	\$67,431	\$44,142
Oper/Labor/Serv	None rep	None rep	\$51,885	\$42,440	\$53,570	\$44,978	\$42,155	\$36,494
*** AT&T Did not submit benefit metrics in the data they submitted. To fairly compare AT&T with the other Franchise Holders, we estimated AT&T's benefits to be 30% of pay. (Verizon's are more than 30% and Comcast's are less.) We added 30% to the pay metrics AT&T submitted to create the metric average pay and benefits for AT&T.								
*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* means 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* means 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.<sup>10</sup>

## 5. 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.

<sup>10</sup>Definitions for these and other occupational classifications may be found in EEOC Standard Form 100, Rev. Jan 2006, Employer Information Report EEO-1 Instruction Booklet, <http://www.eeoc.gov/eo1survey/2007instruct.html>



## **6. Forecast of 2008 Job Creation by Parent Companies of State Video Franchise Holders Segmented by Occupational Classifications**

Most of the Franchise Holders reported that due to economic uncertainty, they could not forecast new jobs that they might create during 2009.

Given the economic uncertainties and lack of submitted data, it does not seem feasible to report accurate forecasts of job creation for 2009.

## **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.<sup>11</sup> While the Public Utilities Commission has a general policy of confidentiality for any data submitted under DIVCA,<sup>12</sup> 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. . . .<sup>13</sup>

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.

#### 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.

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<sup>11</sup> DIVCA §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.

<sup>12</sup> Phase III Decision, July 14, 2008, 5.2 Discussion...we note that §5960(d) of the California Public Utilities Code extends the protections of §583 to all data provided to the Commission annually in the reporting requirements imposed by DIVCA.

<sup>13</sup> Phase I Decision, March 1, 2007.

## **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.