

**Fourth 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**

**January 24, 2012**

# State Video Franchise Holder Employment Report

## Executive Summary

This is the Fourth annual State Video Franchise Holder Employment Report. The data in this report are for the year ending December 31, 2010. The Report is based on data submitted to the California Public Utilities Commission by the six state-issued Video Franchise Holders that employ at least 750 people.

The six State-issued video franchise holders reported that they employed a total of 43,887 people in California on December 31, 2010. This is a 9.2% decrease from 48,305 on December 31, 2009 and a 22.7% decrease from 56,748 employees on December 31, 2007.

## Background

In 2006, the Legislature adopted the Digital Infrastructure and Video Competition Act (DIVCA)<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.

DIVCA requires the Public Utilities Commission to collect employment information from state-issued video franchises employing more than 750 employees. The CPUC is required to 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 annually. With this report, the Commission fulfills that charge.

## Employment Reporting Required Under DIVCA

DIVCA requires each state video franchise holder employing more than 750 employees in California 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 six 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

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<sup>1</sup> Cal. Pub. Util. Code s §440-444 and §5800 *et seq.* (Public Utilities Code – PU Code).

A total of 39 companies held state video franchises on December 31, 2010.<sup>2</sup> During 2010, four new organizations obtained state franchises. Of the 39 state-issued video franchise holders, the following six had more than 750 employees and were therefore required to report employment data for 2010:

- AT&T California
- Verizon California
- Comcast
- Charter Communications, for eight franchisees
- Cox Communications
- Time Warner<sup>3</sup>

### **Types of Employees Included in the Numbers in This Report**

The employees of state video franchisees that are described in this report may be involved in wireline telephone, video, and / 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. Below is a listing of business units of AT&T and Verizon, whose employees are described in this report:

- Verizon California's employment submission **includes** their wireline telephone, DSL and FiOS data and video operations. 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** their landline telephone, U-verse video, and DSL operations, but **excludes** AT&T's wireless operations.

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<sup>2</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>.

Maps of the holders' current franchise areas will be available as part of the 2010 DIVCA Report to be published in early 2012.

<sup>3</sup> Time Warner has three separate legal entities that are video franchisees in California that each have more than 750 employees. For this employment report, to make the corporate comparisons clearer, for several of the tables and charts, we aggregated Time Warner's separate franchises' employment data 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 (combined data); and Time Warner Entertainment-Advance/Newhouse Partnership (TWEAN).

## 1. Number of Workers Employed by the Six Largest State-Issued Video Franchisees

Table 1 below and the bar chart on the opposite page show that the six state-issued video franchisees employing more than 750 employees, reported a total of 43,887 employees in California, as of December 31, 2010, down from 56,748 on December 31, 2007. The total number employees fell by 22.7% (-12,861 employees) for the three years between December 31, 2007 and December 31 2010. For the one year between December 31, 2009 and December 31, 2010, the total number of employees fell by 9.2% (-4,418 employees), according to the data reported to the CPUC by the video franchisees.

Table 2 below helps put the numbers of employees contained in this report into statewide perspective. According to the U.S. Bureau of Labor Statistics,<sup>4</sup> during the three years between December 2007 and December 2010, the percentage of total Californians employed fell by 6.4% (to 15.9 million), while the total number employees of the video franchisees fell by 22.7% (to 43,887), during the same three year period.

The 43,887 employees reported by the state video franchise holders represents 0.27% of California's employed in December 2010.

**Table 1 – Total Number of California Employees of Six Largest Video Franchise Holders**

Video Franchisee	2007	2008	2009	2010	Change 2009-2010	Change 2007-2010	% Employees Living in CA
AT&T	29,509	25,881	24,751	21,447	(-13.4 %)	(-27.3%)	99.9%
Verizon	8,110	7,070	6,242	5,804	(-7.0 %)	(-28.4%)	98.9%
Time Warner	7,321 <sup>5</sup>	7,900	6,409	6,038	(-5.8 %)	(-17.5%)	N/A
Comcast	7,167	7,290	6,608	6,221	(-5.9 %)	(-13.2%)	99.9%
Cox	3,243	3,321	3,121	3,065	(-1.8 %)	(-5.5%)	99.8%
Charter	1,398	1,341	1,240	1,312	5.8%	(-6.2%)	98.8%
<b>Total</b>	<b>56,748</b>	<b>52,803</b>	<b>48,305</b>	<b>43,887</b>	<b>(-9.2%)</b>	<b>(-22.7%)</b>	

**Table 2 – Total Number of Californians Employed in the State (in millions)**

	Dec. 2007	Dec. 2008	Dec. 2009	Dec. 2010	Change 2009-2010	Change 2007-2010	
<b>Number of Californians Employed (in millions)</b>	17.0	16.6	15.9	15.9	<b>0%</b>	<b>(-6.4%)</b>	

<sup>4</sup> U.S. Bureau of Labor Statistics <http://www.bls.gov/eag/eag.ca.htm>

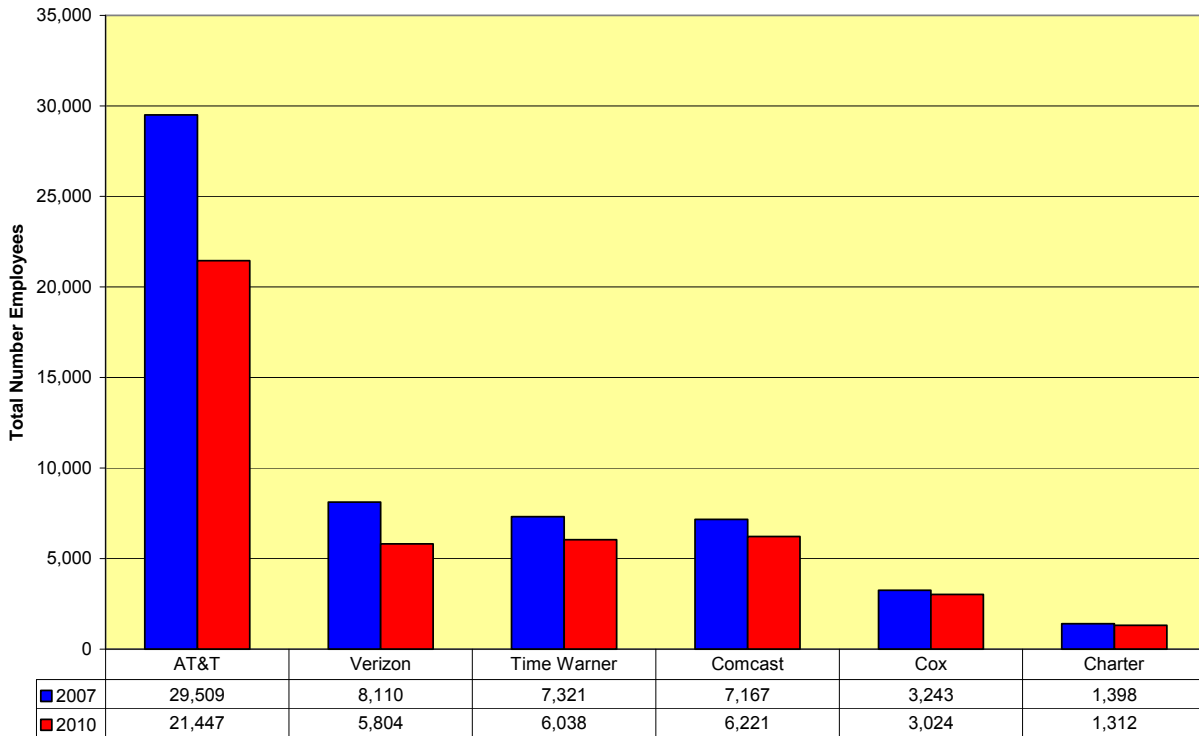
<sup>5</sup> Time Warner amended upward the number of employees they had in 2007 to 7,321. That is 1.055 higher than the combined number of employees that Time Warner originally reported for 2007 (6,266) for the first State Video Franchise Holder Employment Report.

The graph and list below illustrates the decline in employment between December 31, 2007 and December 31, 2010 by franchisee. The total decline in employment during this period was - 12,861 employees.

- AT&T - 8,021 fewer employees
- Verizon - 2,306 fewer employees
- Time Warner - 1,283 fewer employees
- Comcast - 946 fewer employees
- Cox - 219 fewer employees
- Charter - 86 fewer employees

**Chart 1**

**Total Number of Employees in 2007 and 2010 by Company in California**



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## 2. Total Employees Categorized by Occupational Classification

Table 2 below and the two bar charts on the next two pages, categorize the 43,877 employees, who work for the six state-issued Video Franchisees, into eight different occupational classifications.

**Table 2 - Number of Employees by Occupational Classification on December 31, 2010**

	Verizon*	AT&T Calif.	Comcast	Time Warner Total **	Cox	Charter	Total
Executives / Senior Managers	8	4	15	10	N/A	6	43
First/ Mid Level Managers	54	975	683	738	432	169	3,051
Professionals	403	1,067	173	316	289	61	2,309
Technicians <sup>6</sup>	N/A	1,063	689	826	359	180	3,117
Sales	92	711	511	403	513	114	2,344
Admin. Support Office / Clerical	N/A	8,551	2,179	1,770	523	235	13,258
Skilled Craft Workers <sup>7</sup>	5,247	9,076	1,718	1,593	889	320	18,843
Operatives / Laborers / Service workers	N/A	N/A	253	382	60	227	922
<b>Total</b>	<b>5,804</b>	<b>21,447</b>	<b>6,221</b>	<b>6,038</b>	<b>3,065</b>	<b>1,312</b>	<b>43,887</b>
<p>*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.</p> <p>** Time Warner Total is a roll up of metrics for Time Warner New York, and C-Native is C-Native Exchange I, Time Warner Cable; and Time Warner Entertainment-Advance/Newhouse Partnership</p>							

<sup>6</sup> For definition of *Technicians*, see page eight.

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

Chart 2 below is based on aggregated data provided by the six state-issued video franchisees with more than 750 employees. It graphically illustrates the decline in employment for six of the eight occupational classifications during the three years between December 31, 2007 and December 31, 2010.

The only two occupational classifications that increased between 2007 and 2010 were Executives / Senior Managers and professionals. However, the combined category of “Managers and Professionals” declined by 40% (from 7,459 to 5,360) during that same three year period. Bar chart 3 below shows that decline.

During the same three year 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%.

One reason that the aggregated number of professionals increased by 509 employees between 2007 and 2010, while the aggregated number of managers decreased by 2,605 employees, is that during 2008 and 2010 AT&T reclassified some of their “managers” as “professionals.” From a labor perspective, both of those classifications are within the management group. To illustrate the impact of that reclassification, we created a subtotal category of “managers and professionals” bar chart on the next page.

**Chart 2**

**Change in Number of Employees Among all Six Largest Video Franchisees  
By Occupational Classification 2007 to 2010**

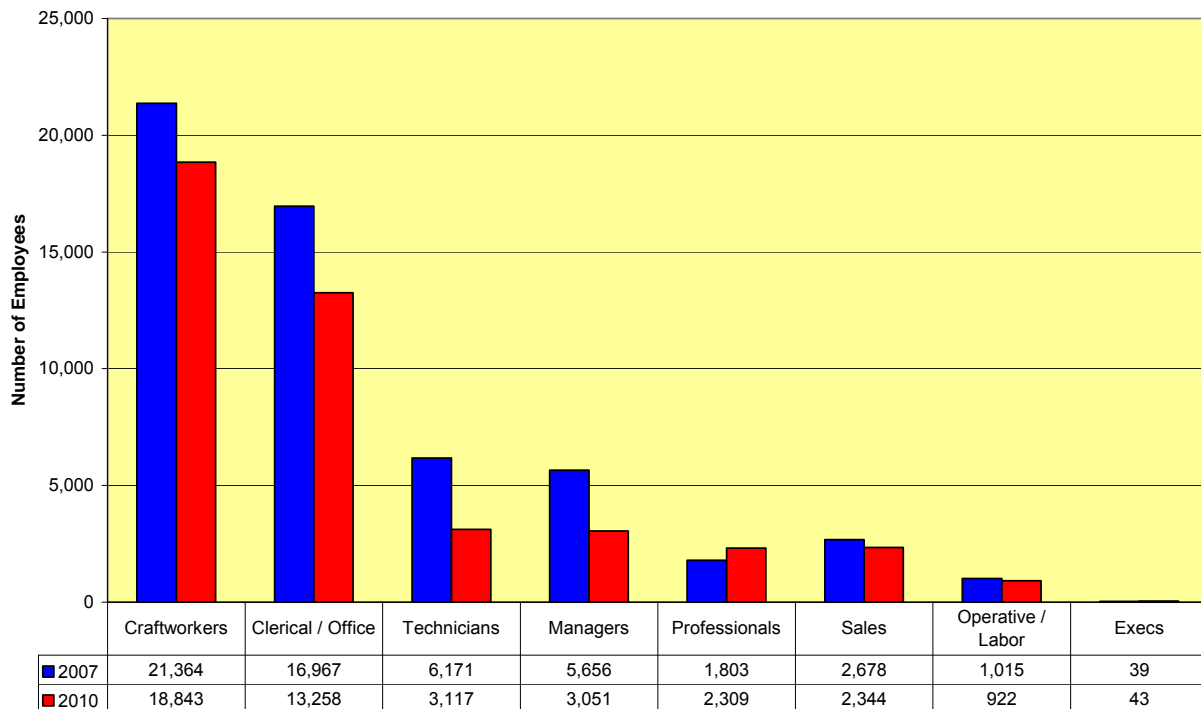
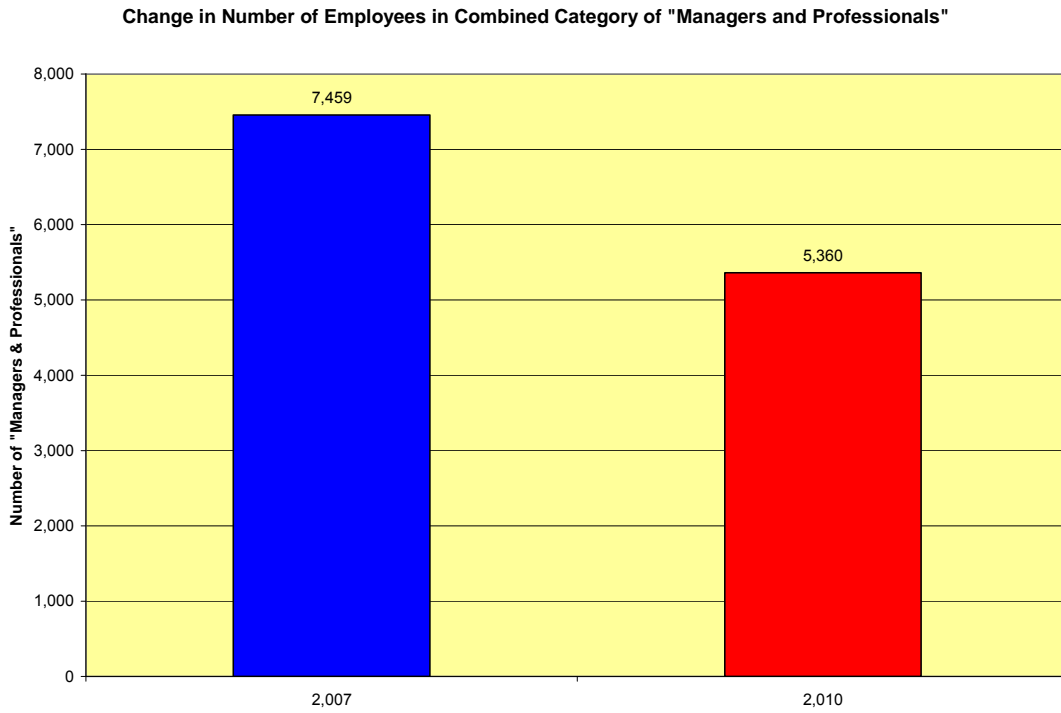




Chart 3 below illustrates the 40% decline in the combined category of managers and professionals between the three year period between December 30, 2007 and December 30, 2010. This combined category declined by 2,099 employees during this three year period.

**Chart 3**

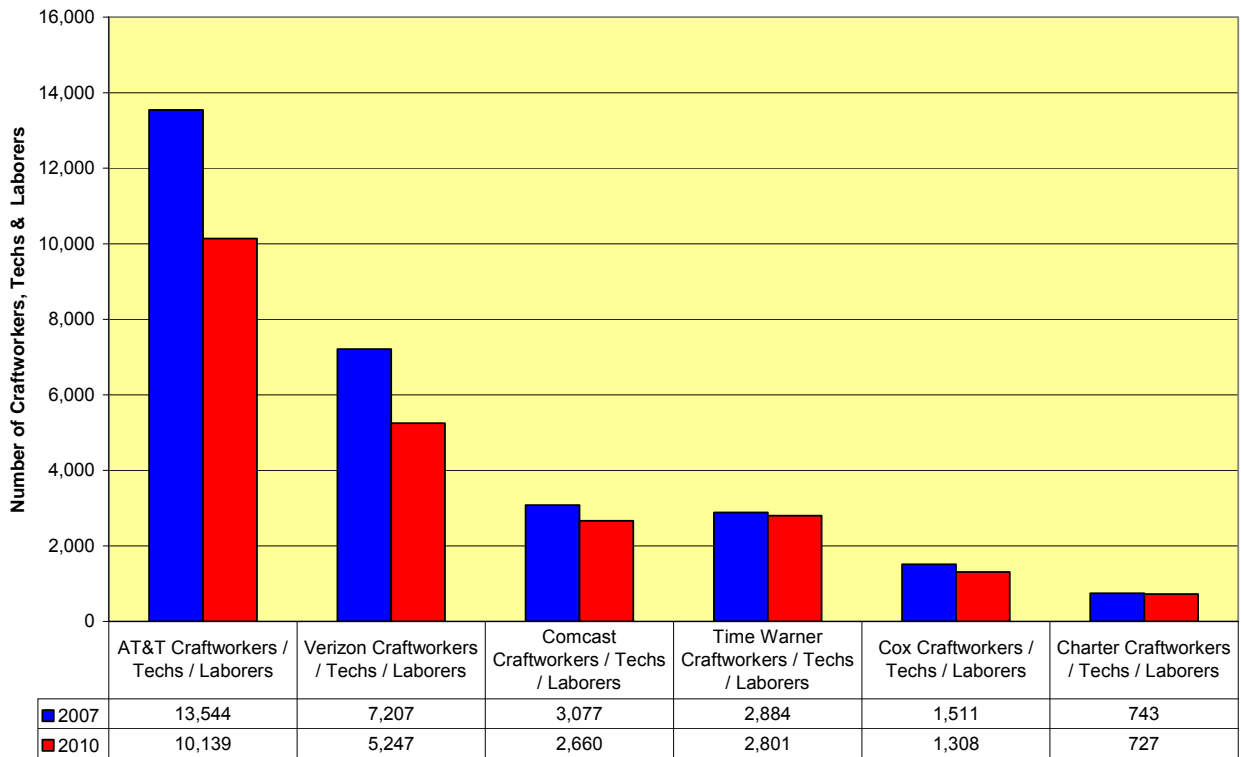


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Chart 4 below graphically illustrates the decline of employment for a combined category of craft workers, technicians and laborers for each of the six state-issued video franchisees with more than 750 employees between December 31, 2007 and December 31, 2010.

**Chart 4**

**Craftworkers, Technicians, & Laborers Combined in 2007 and 2010 by Company**



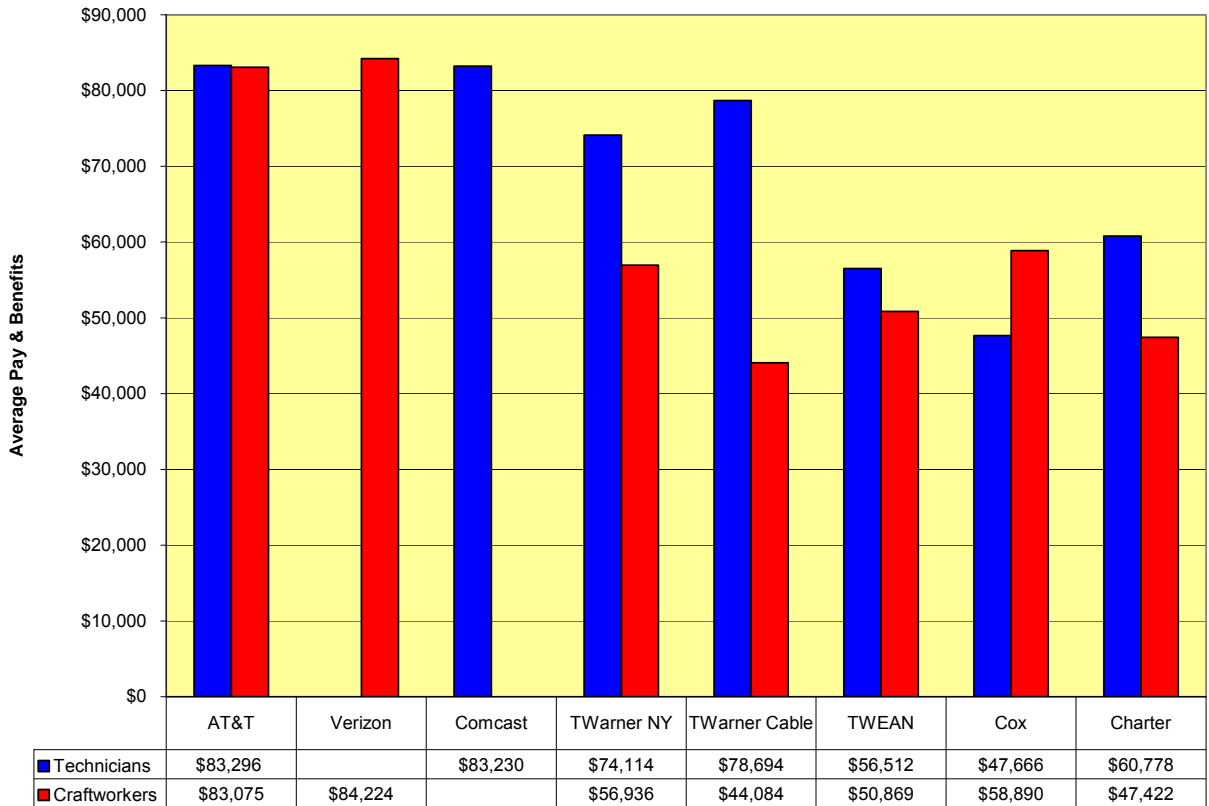
### 3. Average pay and benefits categorized by occupational classifications

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.<sup>8</sup> On December 31, 2010, there were 3,117 technicians, down from 5,260 technicians in 2009, and 6,171 in 2007, and 18,843 craftworkers, down from 19,472 craft workers in 2009, and 21,364 in 2007. That is a total of 21,960 (down from 24,732 in 2009) or 50% of the total of 43,887 employees of these video franchisees.

Table 3 on the opposite page 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 2010<sup>9</sup>**



<sup>8</sup> See page 12 for definitions.

<sup>9</sup> 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 - 2010**

Occupational Classification	Verizon*	AT&T	Comcast	Time Warner			Cox	Charter
				** TWNY + C-Native + CAC Exchange I	TWE**	TWEAN**		
Executives / Senior Managers	\$194,892	\$265,065	\$284,867	N/A	\$386,372	N/A	None rep	\$243,505
First / Mid Level Managers	\$139,103	\$122,869	103,068	99,646	121,331	97,615	\$104,043	\$88,714
Professionals	\$111,772	\$109,398	87,053	90,497	84,364	67,870	78,681	79,256
Technicians	None rep	\$83,296	83,230	74,114	78,694	56,512	47,666	60,778
Sales	\$89,020	\$79,037	103,810	41,310	62,612	33,218	38,712	37,330
Admin. Support Office / Clerical	N/A	\$79,403	99,477	44,701	57,140	44,680	44,990	38,897
Craft Workers	\$84,224	\$83,075	N/A	56,936	44,084	50,869	58,890	47,422
Operatives / Laborers	N/A None rep	None rep	51,231	41,101	43,922	44,881	\$38,240	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. <sup>10</sup>

<sup>10</sup>Definitions 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**

One of the state-issued franchisees that submitted data for this report anticipated one and one half net new positions in 2011. The rest did not forecast net new positions for 2011. Below are the quotes from each annual report:

**Cox** projects adding one new full time sales position and one part time sales position in 2011.

“Given the current economic climate, **AT&T California** is unable to forecast net new positions for 2011 at this time.”

“**Verizon** does not anticipate any net new positions will be created in 2011.”

“**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 2011.”

**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.<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> 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.

<sup>12</sup> 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. P.U.C. July 10, 2008) at P. 22 , 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, 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.

## **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.