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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Joint Application of Cox California Telcom, LLC (U5684C) and Cox Communications California, LLC for Transfer of Control of Cox California Telcom, LLC from CoxCom, LLC to Cox Communications of California, LLC Through An Internal Corporate Reorganization.

Application 11-09-009  
(Filed September 14, 2011)

**SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER**

**1. Summary**

Pursuant to Rule 7.3 of the Commission's Rules of Practice and Procedure (Rules),<sup>1</sup> this Scoping Memo and Ruling sets forth the procedural schedule, addresses the scope of this proceeding, as well as other procedural matters.

**2. The Parties**

Cox California Telcom, LLC (U5684C) (Cox) is a Delaware limited liability company. Cox provides local exchange and interexchange services in California.<sup>2</sup> Cox's principal business office is located at 3732 Mt. Diablo Boulevard, Lafayette, CA 94549. Cox Communications California, LLC (Cox CA) is a Delaware limited liability with its principal business office located at 5651 Copley Drive, San Diego, CA 92111. Cox CA does not provide

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<sup>1</sup> All references to Rules are to the Commission's Rules of Practice and Procedure.

<sup>2</sup> Decision (D.) 06-09-074 granted a CPCN to COX for local exchange services and D.97-06-027 granted authority to COX to offer inter and intraLATA services.

telecommunications services in or outside of the state and is not regulated by the Commission.<sup>3</sup> Upon completion of the reorganization, Cox CA will provide cable television and high speed internet services in California.<sup>4</sup> CoxCom LLC (formerly, CoxCom, Inc.) is a Delaware limited liability company. Its principal place of business is 1400 Lake Hearn Dr., Atlanta GA 30319.<sup>5</sup> CoxCom, LLC is the current parent of Cox and currently provides cable television and high speed internet in California and other states.<sup>6</sup>

### **3. Factual and Procedural Background**

The Application was filed on September 14, 2011. Under the proposed transaction, Cox will be transferred from CoxCom, LLC to Cox CA pursuant to an internal corporate reorganization within the Cox network of companies. Cox CA will receive CoxCom LLC's assets and will commence providing the cable television and high speed internet in California that CoxCom, LLC currently provides. Cox CA will provide services in California only.<sup>7</sup>

The Applicants represent that the corporate reorganization, set forth in the proposed transaction, is intended to align Cox's various lines of business with a single corporate entity operating only in California.<sup>8</sup> Cox California Telecom

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<sup>3</sup> Application (A.) 11-09-009 at 2.

<sup>4</sup> *Id.*

<sup>5</sup> Cox's Supplemental Information, dated January 26, 2012.

<sup>6</sup> Cox California Telecom, LLC, Cox Communications California, LLC and Cox Com LLC jointly referred to as the Applicants.

<sup>7</sup> Cox's Supplemental Information, dated December 14, 2011.

<sup>8</sup> *Id.*

only operates in California. The proposed corporate reorganization will duplicate that telecommunications structure with respect to cable television and high speed internet in California. The Applicants assert that the proposed structure will streamline the administrative filings that CoxCom, LLC is currently required to make and that Cox CA will be required to file on a going forward basis.<sup>9</sup> Applicants believe that streamlined filings and a corresponding reduction in paper work will reduce operational burdens, benefiting their customers and shareholders.

On October 20, 2011, the Greenlining Institute (Greenlining) filed a protest to the Application. In its protest Greenlining states that it has insufficient information to form an opinion on the Applicants' assertion that the reorganization will not result in adverse consequences. Greenlining does assert that the proposed reorganization misses the opportunity for greater positive outcomes by failing to address the impact of the transfer on the Applicants' supplier diversity efforts and reporting structure in conformance with the Commission's General Order (GO) 156.<sup>10</sup> Greenlining recommends that the Commission withhold approval of the transaction unless the Applicants' more directly comport with GO 156.<sup>11</sup>

Greenlining admits that as a provider of cable, broadband and wireless service in California, the Applicants are not subject to the reporting requirements

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<sup>9</sup> *Id.* at 2.

<sup>10</sup> Greenlining Protest at 1.

<sup>11</sup> *Id.*

of GO 156.<sup>12</sup> Greenlining argues that that the California Legislature encourages cable and satellite providers to voluntarily adopt supplier diversity plans.<sup>13</sup> Greenlining acknowledges that Applicants have a supplier diversity program through their parent company, Cox Communications, and that they are “on the right track and...committed to supplier diversity.”<sup>14</sup> However, Greenlining asserts, the Applicants’ differ from the GO 156 standards in a few critical ways largely centered on measurement and reporting.<sup>15</sup>

On October 31, 2011, Applicants filed a reply to the Greenlining protest. Applicants argue that there is no legal basis for the Greenlining protest because, as Greenlining admits, GO 156 does not apply to the unregulated Cox entities.<sup>16</sup> The Applicants argue that, after the reorganization, they will remain subsidiaries of CoxCom, LLC and Cox Communications, Inc. Applicants point out that the proposed transaction will not cause any change in their officers or operations; in their legal ownership or actual control nor in the Commission’s regulatory oversight.<sup>17</sup> The only change that will result from the reorganization is that Cox CA will become a direct parent of Cox.<sup>18</sup>

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<sup>12</sup> *Id.* at 2.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> Reply to Protest at 1.

<sup>17</sup> *Id.* at 3.

<sup>18</sup> *Id.*

On December 13, 2011, Cox and Cox CA filed a motion, at the request of the assigned Administrative Law Judge (ALJ), to update the caption of the instant proceeding, noted above. The Motion does not modify the request set forth in the Application in any manner, but rather, adds text to the caption which more clearly describes the proposed transfer. Applicants request that the caption of the instant proceeding be updated as follows:

Joint Application of Cox California Telcom, LLC (U5684C) and Cox Communications California, LLC for Transfer of Control of Cox California Telcom, LLC from CoxCom, LLC to Cox Communications of California, LLC Through An Internal Corporate Reorganization.

#### **4. Scope of the Proceeding**

The issue to be addressed in this proceeding is: Should the Commission approve the transfer of control of Cox from CoxCom, LLC to Cox CA pursuant to an internal corporate reorganization within the Cox network of companies?

#### **5. Schedule**

The schedule for this proceeding is as follows:

#### **SCHEDULE**

<b>Event</b>	<b>Date</b>
Proposed Decision, Issued	By April 6, 2012

Consistent with Pub. Util. Code § 1701.5, it is anticipated that this proceeding will be completed by August 1, 2013, within 18 months of the issuance of this scoping ruling.

#### **6. Filings and Service of Documents**

All documents required to be filed in the proceeding shall be filed with the Commission's Docket Office in accordance with Commission Rules of Practice

and Procedure (Rules). Article 1 of the Rules contains all of the Commission's filing requirements. Parties are encouraged to file and serve electronically, whenever possible, as it speeds processing of the filings and allows them to be posted on the Commission's website. More information about electronic filing is available at <http://www.cpuc.ca.gov/puc/efiling>. E-mail communication about this case should include, at a minimum, the following information on the subject line of the e-mail: A.11-09-009 Joint Application of Cox California Telecom, LLC (U5684C) and Cox Communications California, LLC. In addition, the party sending the e-mail should briefly describe the nature of the attached communication; for example, Comments. The official service list for this proceeding is available on the Commission's web page. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission's Process Office, the service list, and the ALJ. Prior to serving any document, each party must ensure that it is using the most up-to-date service list. The service list on the Commission's website meets that definition. Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or who has questions about the electronic filing procedures should contact the Commission's Public Advisor at (866) 849-8390 or (415) 703-2074, or (866) 836-7825 (TTY-toll free), or send an e-mail to [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov).

## **7. Exhibits**

The parties must comply with Rule 13.7 regarding exhibits.

## **8. Proceeding Category and Need for Hearing**

In Resolution ALJ 176-3281, dated September 22, 2011, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. A protest was filed by Greenlining

on October 20, 2011. The Greenlining protest neither contains, nor states, any disputed issues of material fact, nor questions of law related to this application, and is thus outside of the scope of this proceeding. Given the posture of the protest a public hearing is not necessary and is not set in the schedule. The designation of ratesetting remains.

### **9. Alternative Dispute Resolution**

The parties are encouraged to avail themselves of the Commission's Alternative Dispute Resolution Program (ADR). ADR should shorten, not prolong, the proceedings, but even if a negotiated settlement takes longer, the result may be more beneficial to both parties. The ADR processes require confidentiality so that the parties' fundamental interests can be explored. Parties may jointly request ADR by email or any party may file (and serve on the other party) a written request for ADR. This should also be served on ALJ Jean Vieth (ADR Coordinator). The parties may call ALJ Vieth (415-703-2194) or send her an e-mail at [xjv@cpuc.ca.gov](mailto:xjv@cpuc.ca.gov). Please include your name, telephone number, e-mail address, the proceeding number and a brief description of the dispute.

### **10. Ex Parte Rules**

*Ex parte* communications are prohibited in ratesetting proceedings, except as allowed by Public Utilities Code Section 1701.3(c) and Rules 8.2(c), 8.3 and 8.5.

### **11. Presiding Officer**

Pursuant to Rule 13.2(b), ALJ W. Anthony Colbert, is designated as the Presiding Officer.

**IT IS RULED** that:

1. The scope, issues, and schedule are set forth in the body of this ruling unless amended by a subsequent ruling or order of the Presiding Officer.

2. The protest of the Greenlining Institute is outside of the scope of this proceeding and is denied.

3. The Applicants' Motion to modify the caption of this proceeding is granted.

4. Pursuant to Rule 13.2(a) of the Commissions Rules of Practice and Procedure (Rules), Administrative Law Judge W. Anthony Colbert is the Presiding Officer.

5. *Ex Parte* communications are prohibited in ratesetting proceedings, except as allowed by Public Utilities Code Section 1701.3(c) and Rules 8.2(c), 8.3, and 8.5.

6. This is a ratesetting proceeding, there is no need for evidentiary hearings. This ruling, as to category (only) is appealable pursuant to Rule 7.6.

Dated February 21, 2012, at San Francisco, California.

/s/ CATHERINE J.K. SANDOVAL  
Catherine J.K. Sandoval  
Assigned Commissioner