

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMUNICATIONS DIVISION

Agenda ID # 23492  
RESOLUTION T-17877  
June 12, 2025

**R E S O L U T I O N**

Resolution T-17877 Adopting Annual Fee to Implement the Digital Infrastructure and Video Competition Act (DIVCA) for Fiscal Year 2024-2025.

PROPOSED OUTCOME:

- Approves the annual fee for FY 2024-2025 consistent with the DIVCA Decision.

SAFETY CONSIDERATIONS:

- Video franchise holders play an important role in public safety by disseminating emergency information to viewers by participating in the Emergency Alert Program, by providing Internet Protocol-based services that will accommodate enhanced 911 services, by supporting tele-health capabilities during emergencies, and by providing diverse facilities to improve survivability of the State's communications capability during and after a catastrophic or other emergency event.

ESTIMATED COST:

- This year's annual fee amounts to 0.0345611% of each provider's gross video revenues for California, or 0.035 cents per dollar of gross video revenue received by each franchise holder from California subscribers.

**SUMMARY**

This Resolution sets the Digital Infrastructure and Video Competition Act for Fiscal Year 2024-2025 budget of approximately \$2 million dollars and the annual fee of 0.0345611% to be paid by each video franchise holder.

**BACKGROUND**

The Digital Infrastructure and Video Competition Act of 2006 (DIVCA) was signed into law on September 29, 2006, creating for the first time a process for the issuance of state video franchises in California.<sup>1</sup> On March 1, 2007, the California Public Utilities

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<sup>1</sup> *California Public Utilities (Cal. Pub. Util.) Code, Division 2.5, The Digital Infrastructure and Video Competition Act of 2006 (See [Cal. Pub. Util. Code §§ 5800 et seq.](#)).*

Commission (Commission) issued Decision (D.) 07-03-014 (DIVCA Decision),<sup>2</sup> implementing DIVCA, and began accepting video franchise applications immediately thereafter. As of April 28, 2025, the Commission has cumulatively issued a total of 69 video franchises and 346 amendments.<sup>3</sup> There are currently 23 video franchise holders<sup>4</sup> in California.

DIVCA requires the Commission to collect annual fees from all state video franchise holders.<sup>5</sup> The total amount of fees collected must equal the amount authorized in the Commission's budget for DIVCA implementation in D.07-03-014. Although the budget for DIVCA implementation has been an estimated \$1.6 million for the past two fiscal years, for Fiscal Year 2024-2025, an estimated \$2 million (rounded down from \$2,084,500) is authorized to implement the state video franchise program.

The DIVCA Decision provides that the annual fee for each state video franchise holder is to be calculated based on the percentage of all state video franchise holders' gross video revenue that is attributable to an individual franchisee.<sup>6</sup> The fee is to be calculated based on the revenue reported for the prior calendar year. Accordingly, the annual fees for Fiscal Year 2024-2025 established by this Resolution are based on the gross video revenue reported by each franchise holder for calendar year 2023.

## DISCUSSION

This Resolution sets the annual fee for FY 2024-2025 consistent with the DIVCA Decision. To generate the \$2 million authorized for the Commission's FY 2024-2025 DIVCA-related budget, the amount due from each franchise holder is based on a pro-rata share of gross video revenue from all state-issued franchisees. Consistent with Pub. Util. Code § 441, the DIVCA budget of an estimated \$2 million continues to: 1) incorporate the Commission's budget authority to implement Senate Bill 28<sup>7</sup>, 2) include a budget for operating expenses and equipment, and 3) account for salaries and benefits.

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<sup>2</sup> *Decision Adopting a General Order and Procedures to Implement the Digital Infrastructure and Video Competition Act of 2006 [D. 07- 03-014]* (2007).

<sup>3</sup> Amendments to existing video franchises "reflect changes to the franchise service area."  
(See *CPUC General Order 169 Section VII.C.*)

<sup>4</sup> See [Video Franchises Issued by the CPUC \(ca.gov\)](https://www.cpuc.ca.gov/info/Video-Franchises-Issued-by-the-CPUC) (Last visited on April 28, 2025).

In calendar year 2023, there were 26 video franchise holders, and the fees will be charged to all 26 franchisees.

<sup>5</sup> *Cal. Pub. Util. Code § 441* reads, in part, as follows:

"§441. The commission shall annually determine a fee to be paid by an applicant or holder of a state franchise pursuant to Division 2.5 (commencing with Section 5800). The annual fee shall be established to produce a total amount equal to that amount established in the authorized commission budget for the same year to carry out the provisions of Division 2.5 (commencing with Section 5800)."

<sup>6</sup> *Decision 07-03-014, mimeo*, pp. 122-123.

<sup>7</sup> The CPUC received budgetary authority to implement Senate Bill 28 in the amounts of \$888,000 for FY 2022-2023 and \$864,000 for the two fiscal years thereafter. See Budget Request, 8660-092-BCP-2022-GB, at [https://esd.dof.ca.gov/Documents/bcp/2223/FY2223\\_ORG8660\\_BCP5300.pdf](https://esd.dof.ca.gov/Documents/bcp/2223/FY2223_ORG8660_BCP5300.pdf) (Last visited on April 28, 2025). See also [Bill Text - SB-28 Digital Infrastructure and Video Competition Act of 2006: deployment data. \(ca.gov\)](https://www.ca.gov/bills/28/Digital-Infrastructure-and-Video-Competition-Act-of-2006-deployment-data) (Last visited on April 28, 2025).

For calendar year 2023, the time-period used to apportion fees, total reported gross video revenue in California was about \$5.79 billion (\$5,786,859,922), which is approximately 8.20% (\$517 million) lower than in 2022, when the gross revenue amount was about \$6.30 billion (\$6,303,894,456).<sup>8</sup> Historically, the gross video revenues fluctuated throughout the years. However, the largest noticeable decrease occurred in 2023. The second largest percentage decrease happened in 2022, when gross video revenue dropped approximately 2.75%.

### DATA REQUESTS

To determine the appropriate annual user fee and better understand the notable decrease in the total reported gross video revenue, Communications Division (CD) staff issued a data request to the 26 franchise holders on March 20, 2025 (March 2025 DR), regarding the accounting and financial records for calendar year 2023. 20 out of the 26 franchise holders responded.<sup>9</sup> On April 21, 2025, CD staff sent a follow-up data request (April 2025 DR) to the top seven franchise holders by gross video revenue to better understand the decreases in gross video revenues.<sup>10</sup>

The April 2025 DR asked the franchise holders to provide more detailed information regarding the reported gross video revenues and primary factors driving any decrease in revenue.<sup>11</sup>

### SUMMARY OF RESPONSES TO DATA REQUESTS

Both the March and April 2025 DRs allowed CD to more closely examine franchise holders' self-reported information. The responses to the April 2025 DR provided specific information about sources of revenues contributing to the decrease for calendar year 2023. The data received from six franchise holders showed a decrease in revenues for

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<sup>8</sup> In 2014, gross video revenue in California was \$6.2 billion. It peaked in 2015 at \$6.5 billion and remained at that level until it decreased in 2019 to \$6.45 billion and decreased again in 2020 to \$6.32 billion. In 2021 it increased to \$6.48 billion, and it continues to fluctuate over the years.

<sup>9</sup> The six franchise holders that did not respond to the data request are: Astound Broadband, Mediacom Communications, Volcano Visions, Inc., Yondoo Catalina, Route 66, and Inyo Network. Frontier California Inc. (Frontier) responded but provided inaccurate data.

<sup>10</sup> The top seven franchise holders account for over 99% of the total gross revenue submitted by all video franchise holders in 2023. One franchise holder, Astound, did not respond to the April 2025 DR.

<sup>11</sup> The data request questions relate to the franchise holders' gross video revenue data for the calendar years 2021 through 2024, primary factors driving any decrease in revenue is derived from [Cal. Pub. Util. Code § 5860\(d\)\(1\)-\(4\)](#): revenues from programming, revenues from equipment rentals, revenues from late fees, revenues from insufficient fund fees, revenues from imposed franchise fees, revenues from installation charges, revenues from non-recurring fees, revenues for compensation from promotion or exhibition such as home shopping or similar channel, and revenues from advertisement sales. Franchise holders were also asked to provide the amount of any affiliate(s) revenue, if applicable and the percentage of video services revenue from a bundled package, if applicable.

three categories.<sup>12</sup> Specifically, these six franchise holders all reported the revenue decreases are from the loss of cable and video subscribers. Some franchise holders asserted and forecasted decreases in subscribership as a factor in continued decreases in gross video revenues.

STAFF RECOMMENDED BUDGET AND ANNUAL FEE

The total DIVCA-related budget of \$2 million amounts to 0.0345611% of the total gross video revenue<sup>13</sup> or about 0.035 cents per dollar.<sup>14</sup>

The Commission will send all video franchise holders a confidential fee statement after adoption of this Resolution.<sup>15</sup> Video franchise holders with franchises issued any time on or prior to June 30, 2025, are required to pay the annual fee for the full Fiscal Year 2024-2025. Video franchise holders with franchises issued on or before the date of this Resolution must pay their annual fees for Fiscal Year 2024-2025 by June 30, 2025. Holders of video franchises granted after the date of the Resolution shall pay the fee amount to the Commission within 60 days after the issuance of their franchise.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Any comments are due within 20 days of the date of its mailing and publication on the Commission's website and in accordance with any instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

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<sup>12</sup> The three impacted categories are: programming fees paid by content providers, installation fees, and equipment rental fees, paid by subscribers.

<sup>13</sup> The computation supporting this is:  $\$0.000345611 \times \$5,786,859,922.60 = \$2,000,002.44$ .

<sup>14</sup> By way of comparison, for the previous fiscal year, the DIVCA-related budget required a surcharge equal to 0.0253885 cents per dollar. The year before that it was 0.0246915 cents per dollar. See [Resolution T-17799](#).

<sup>15</sup> [Cal. Pub. Util. Code § 583](#).

## FINDINGS AND CONCLUSIONS

1. The Digital Infrastructure and Video Competition Act requires the Commission to calculate, and video franchise holders to pay an annual fee.
2. The annual fee for Fiscal Year 2024-2025 is to be calculated based on state video franchise holder's pro-rata share of total gross video revenue for the calendar year 2023 in accordance with D.07-03-014.
3. Data requests were sent to video franchise holders to determine the appropriate annual user fee and to better understand the notable decrease in the total reported gross video revenue.
4. Some video franchise holders asserted and forecasted decreases in subscribership as a factor in continued decreases in gross video revenues.
5. Total gross video revenue in California was about \$5.79 billion (\$5,786,859,922), which is 8.20% (\$517 million) lower than in 2022, when it was about \$6.30 billion (\$6,302,078,134).
6. The Commission's authorized DIVCA-related budget for Fiscal Year 2024-2025 is approximately \$2 million.
7. Budget Request, 8660-092-BCP-2022-GB, authorized the Commission funding to implement Senate Bill 28.
8. Fees in the aggregate are to equal the Commission's authorized budget for implementation of DIVCA requirements.
9. This year's annual fee amounts to 0.0345611% of each provider's gross video revenue for California, or 0.035 cents per dollar of gross video revenue received by each video franchise holder from California subscribers.
10. The Commission will send confidential fee statements to the relevant video franchise holders, upon approval of this Resolution.
11. All state video franchise holders and other interested parties were provided with notice of this Resolution in accordance with Cal. Pub. Util. Code 311(g).

**THEREFORE, IT IS ORDERED THAT:**

1. Holders of video franchises granted on or before the date of this Resolution shall remit to the California Public Utilities Commission the amount indicated in their fee statements by June 30, 2025.
2. Holders of video franchises granted after the date of this Resolution shall remit their fee payment to the California Public Utilities Commission within 60 days after the issuance of its franchise.

This Resolution is effective today.

The foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on June 12, 2025; the following Commissioners voting favorably thereon:

Dated June 12, 2025, at Sacramento, California