

ORDINANCE 06-05
CABLE FRANCHISE AGREEMENT
GRANTING A CABLE FRANCHISE TO VERIZON DELAWARE INC.

WHEREAS, the Mayor and Council of the Town of Townsend, Delaware, pursuant to 29 Del. C. § 10004(e) and the Townsend Town Charter §§ 201.2.34 and 401, at a regularly scheduled meeting pursuant to a full and public hearing at which the Mayor and Council gave consideration to a proposal presented concerning a cable franchise agreement with Verizon Delaware Inc., and at which the testimony of all interested parties was taken and fully considered, hereby state their approval of the legal character, financial, technical, and other qualifications of Verizon Delaware Inc., and on the basis thereof:

NOW, THEREFORE, BE IT ORDAINED AS FOLLOWED:

1. The Town of Townsend adopts the cable franchise agreement between the Town of Townsend and Verizon Delaware Inc. (“Franchise Agreement”)
2. The Town of Townsend accepts the terms and conditions of the Franchise Agreement.
3. The Franchise Agreement is Attached hereto.

First & Second Reading: April 5th, 2006
Public Hearing: April 5th, 2006
Third & Final Reading: May 10th, 2006
Signed by Mayor, David B. Raughley

CABLE FRANCHISE AGREEMENT
BETWEEN
TOWN OF TOWNSEND, DELAWARE
AND
VERIZON DELAWARE INC.

TABLE OF CONTENTS

	<u>Page</u>
1. DEFINITIONS	2
2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS	6
3. PROVISION OF CABLE SERVICE.....	8
4. SYSTEM OPERATION	9
5. SYSTEM FACILITIES	9
6. FRANCHISE FEES.....	10
7. CUSTOMER SERVICE	10
8. REPORTS AND RECORDS	10
9. INSURANCE AND INDEMNIFICATION.....	11
10. TRANSFER OF FRANCHISE.....	13
11. RENEWAL OF FRANCHISE.....	13
12. ENFORCEMENT AND TERMINATION OF FRANCHISE	13
13. MISCELLANEOUS PROVISIONS	15

EXHIBIT A - MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

EXHIBIT B - SERVICE AREA

EXHIBIT C - CUSTOMER SERVICE STANDARDS

THIS CABLE FRANCHISE AGREEMENT (the “Franchise” or “Agreement”) is entered into by and between the **TOWN OF TOWNSEND**, a validly organized and existing political subdivision of the State of Delaware (the “Local Franchising Authority” or “LFA”) and **VERIZON DELAWARE INC.**, a corporation duly organized under the applicable laws of the State of Delaware (the “Franchisee”).

WHEREAS, LFA wishes to grant Franchisee a nonexclusive franchise to construct, install, maintain, extend, and operate a cable communications system in the Franchise Area as designated in this Franchise;

WHEREAS, LFA is a “franchising authority” in accordance with Title VI of the Communications Act (see 47 U.S.C. § 522(10)) and is authorized to grant one or more nonexclusive cable franchises pursuant to applicable state law;

WHEREAS, Franchisee is in the process of installing a Fiber to the Premise Telecommunications Network (“FTTP Network”) in the Franchise Area for the transmission of Non-Cable Services pursuant to authority granted by the State of Delaware;

WHEREAS, the FTTP Network will occupy the Public Rights-of-Way within the Franchise Area, and Franchisee desires to use portions of the FTTP Network once installed to provide Cable Services (as hereinafter defined) in the Franchise Area;

WHEREAS, LFA has identified the future cable-related needs and interests of LFA and its citizens, has considered the financial, technical, and legal qualifications of Franchisee, and has determined that Franchisee’s plans for its Cable System are adequate, in a full public proceeding affording due process to all parties;

WHEREAS, LFA has found Franchisee to be financially, technically, and legally qualified to operate the Cable System;

WHEREAS, LFA has determined that the grant of a nonexclusive franchise to Franchisee is consistent with the public interest; and

WHEREAS, LFA and Franchisee have reached agreement on the terms and conditions set forth herein, and the parties have agreed to be bound by those terms and conditions.

NOW, THEREFORE, in consideration of LFA’s grant of a franchise to Franchisee, Franchisee’s promise to provide Cable Service to residents of the Franchise/Service Area of LFA pursuant to and consistent with the Communications Act (as hereinafter defined), pursuant to the terms and conditions set forth herein, the promises and undertakings herein, and other good and valuable consideration, the receipt and the adequacy of which are hereby acknowledged,

THE SIGNATORIES DO HEREBY AGREE AS FOLLOWS:

1. **DEFINITIONS**

Except as otherwise provided herein, the definitions and word usages set forth in the Communications Act are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1 *Additional Service Area*: Shall mean any such portion of the Service Area added pursuant to Section 3.1.2 of this Agreement.

1.2 *Affiliate*: Any Person who, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with, Franchisee.

1.3 *Basic Service*: Any service tier that includes the retransmission of local television broadcast signals required by this Franchise.

1.4 *Cable Service* or *Cable Services*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(6).

1.5 *Cable System* or *System*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7), meaning Franchisee's facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide Cable Service which includes video programming and which is provided to multiple Subscribers within the Service Area. The Cable System shall be limited to the optical spectrum wavelength(s), bandwidth, or future technological capacity that is used for the transmission of Cable Services directly to Subscribers within the Franchise/Service Area and shall not include the tangible network facilities of a common carrier subject in whole or in part to Title II of the Communications Act or of an Information Services provider.

1.6 *Channel*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(4).

1.7 *Communications Act*: The Communications Act of 1934, as amended.

1.8 *Control*: The ability to exercise *de facto* or *de jure* control over day-to-day policies and operations or the management of Franchisee's affairs.

1.9 *FCC*: The United States Federal Communications Commission, or successor governmental entity thereto.

1.10 *Force Majeure*: An event or events reasonably beyond the ability of Franchisee to anticipate and control. This includes, but is not limited to, severe or unusual weather conditions, strikes, labor disturbances, lockouts, war or act of war (whether an actual declaration of war is made or not), insurrection, riots, act of public enemy, actions or inactions of any government instrumentality or public utility including condemnation, accidents for which Franchisee is not primarily responsible, fire, flood, or other acts of God, or work delays caused by waiting for utility providers to

service or monitor utility poles to which Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary.

1.11 *Franchise Area:* The incorporated area (entire existing territorial limits) of LFA and such additional areas as may be included in the corporate (territorial) limits of LFA during the term of this Franchise.

1.12 *Franchisee:* Verizon Delaware Inc., and its lawful and permitted successors, assigns, and transferees.

1.13 *Gross Revenue:* All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee from the operation of the Cable System to provide Cable Service in the Service Area, provided, however, that Gross Revenue shall not include:

1.13.1 Revenues received by any Affiliate or other Person in exchange for supplying goods or services used by Franchisee to provide Cable Service over the Cable System;

1.13.2 Bad debts written off by Franchisee in the normal course of its business, provided, however, that bad debt recoveries shall be included in Gross Revenue during the period collected;

1.13.3 Refunds, rebates, or discounts made to Subscribers or other third parties;

1.13.4 Any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law including, without limitation, revenue received from Telecommunications Services; revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services; charges made to the public for commercial or cable television that is used for two-way communication; and any other revenues attributed by Franchisee to Non-Cable Services in accordance with FCC or state public utility regulatory commission rules, regulations, standards, or orders;

1.13.5 Any revenue of Franchisee or any other Person that is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, notwithstanding that portion of such revenue which represents or can be attributed to a Subscriber fee or a payment for the use of the Cable System for the sale of such merchandise, which portion shall be included in Gross Revenue;

1.13.6 The sale of Cable Services on the Cable System for resale in which the purchaser is required to collect cable franchise fees from purchaser's customer;

1.13.7 The sale of Cable Services to customers, which are exempt, as required or allowed by LFA including, without limitation, the provision of Cable Services to public institutions as required or permitted herein;

1.13.8 Any tax of general applicability imposed upon Franchisee or upon Subscribers by a city, state, federal, or any other governmental entity and required to be collected by Franchisee and remitted to the taxing entity (including, but not limited to, sales/use tax, gross receipts tax, excise tax, utility users tax, public service tax, communication taxes, and non-cable franchise fees);

1.13.9 Any forgone revenue that Franchisee chooses not to receive in exchange for its provision of free or reduced cost cable or other communications services to any Person, including without limitation, employees of Franchisee and public institutions or other institutions designated in the Franchise; provided, however, that such foregone revenue that Franchisee chooses not to receive in exchange for trades, barter, services, or other items of value shall be included in Gross Revenue;

1.13.10 Sales of capital assets or sales of surplus equipment;

1.13.11 Program launch fees;

1.13.12 Directory or Internet advertising revenue including, but not limited to, yellow page, white page, banner advertisement, and electronic publishing; and

1.14 *Information Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. §153(20).

1.15 *Service Area*: All portions of the Franchise Area where Cable Service is being offered, including any additional service areas.

1.16 *Internet Access*: Dial-up or broadband access service that enables Subscribers to access the Internet.

1.17 *Local Franchise Authority (LFA)*: The Town of Townsend, Delaware, or the lawful successor, transferee, or assignee thereof.

1.18 *Non-Cable Services*: Any service that does not constitute the provision of Video Programming directly to multiple Subscribers in the Franchise Area including, but not limited to, Information Services and Telecommunications Services.

1.19 *Normal Business Hours*: Those hours during which most similar businesses in the community are open to serve customers. In all cases, "normal business hours" must include some evening hours at least one night per week and/or some weekend hours.

1.20 *Normal Operating Conditions*: Those service conditions that are within the control of Franchisee. Those conditions that are not within the control of Franchisee include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages, and severe or unusual weather conditions. Those conditions that are within the control of Franchisee include, but are not limited to, special promotions, pay-per-view events, rate increases, regular peak or seasonal

demand periods, and maintenance or rebuild of the Cable System. See 47 C.F.R. § 76.309(c)(4)(ii).

1.21 *Person*: An individual, partnership, association, joint stock company, trust, corporation, or governmental entity.

1.22 *Public Rights-of-Way*: The surface and the area across, in, over, along, upon, and below the surface of the public streets, roads, bridges, sidewalks, lanes, courts, ways, alleys, and boulevards, including public utility easements and public lands and waterways used as Public Rights-of-Way, as the same now or may thereafter exist, which are under the jurisdiction or control of LFA. Public Rights-of-Way do not include the airwaves above a right-of-way with regard to cellular or other nonwire communications or broadcast services.

1.23 *Service Area*: All portions of the Franchise Area where Cable Service is being offered, including any additional service areas.

1.24 *Service Date*: The date that Franchisee first provides Cable Service on a commercial basis directly to multiple Subscribers in the Franchise Area. Franchisee shall memorialize the Service Date by notifying LFA in writing of the same, which notification shall become a part of this Franchise.

1.25 *Service Interruption*: The loss of picture or sound on one or more cable channels.

1.26 *Subscriber*: A Person who lawfully receives Cable Service of the Cable System with Franchisee's express permission.

1.27 *Telecommunications Facilities*: Franchisee's existing Telecommunications Services and Information Services facilities and its FTTP Network facilities.

1.28 *Telecommunication Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. § 153(46).

1.29 *Title II*: Title II of the Communications Act.

1.30 *Title VI*: Title VI of the Communications Act.

1.31 *Transfer of the Franchise*:

1.31.1 Any transaction in which:

1.31.1.1 an ownership or other interest in Franchisee is transferred, directly or indirectly, from one Person or group of Persons to another Person or group of Persons, so that control of Franchisee is transferred; or

1.31.1.2 the rights held by Franchisee under the Franchise are transferred or assigned to another Person or group of Persons.

1.31.2 However, notwithstanding Subsection 1.31.1, a *Transfer of the Franchise* shall not include transfer of an ownership or other interest in Franchisee to the parent of Franchisee or to another Affiliate of Franchisee; transfer of an interest in the Franchise or the rights held by Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of Franchisee; any action that is the result of a merger of the parent of Franchisee; or any action that is the result of a merger of another Affiliate of Franchisee.

1.32 *Video Programming*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(20).

2. **GRANT OF AUTHORITY; LIMITS AND RESERVATIONS**

2.1 *Grant of Authority*: Subject to the terms and conditions of this Agreement and the Communications Act, LFA hereby grants Franchisee the right to own, construct, operate, and maintain a Cable System along the Public Rights-of-Way within the Franchise Area, in order to provide Cable Service. No privilege or power of eminent domain is bestowed by this grant; nor is such a privilege or power bestowed by this Agreement.

2.2 *LFA Does Not Regulate Telecommunications*: LFA's regulatory authority under Title VI of the Communications Act is not applicable to the construction, installation, maintenance, or operation of Franchisee's FTTP Network to the extent the FTTP Network is constructed, installed, maintained, or operated for the purpose of upgrading and/or extending Verizon's existing Telecommunications Facilities for the provision of Non-Cable Services.

2.3 *Term*: This Franchise shall become effective on May 10, 2006 (the "Effective Date"). The term of this Franchise shall be fifteen (15) years from the Effective Date unless the Franchise is earlier revoked as provided herein.

2.4 *Grant Not Exclusive*: The Franchise and the rights granted herein to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and LFA reserves the right to grant other franchises for similar uses or for other uses of the Public Rights-of-Way, or any portions thereof, to any Person, or to make any such use themselves, at any time during the term of this Franchise. Any such rights that are granted shall not adversely impact the authority as granted under this Franchise and shall not interfere with existing facilities of the Cable System or Franchisee's FTTP Network.

2.5 *Franchise Subject to Federal Law*: Notwithstanding any provision to the contrary herein, this Franchise is subject to and shall be governed by all applicable provisions of federal law as it may be amended, including but not limited to the Communications Act.

2.6 *No Waiver*:

2.6.1 The failure of LFA on one or more occasions to exercise a right or to require compliance or performance under this Franchise or any other

applicable law shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance by LFA, nor to excuse Franchisee from complying or performing, unless such right or such compliance or performance has been specifically waived in writing.

2.6.2 The failure of Franchisee on one or more occasions to exercise a right under this Franchise or applicable law, or to require performance under this Franchise, shall not be deemed to constitute a waiver of such right or of performance of this Agreement, nor shall it excuse LFA from performance, unless such right or performance has been specifically waived in writing.

2.7 *Construction of Agreement:*

2.7.1 The provisions of this Franchise shall be liberally construed to effectuate their objectives.

2.7.2 Nothing herein shall be construed to limit the scope or applicability of Section 625 Communications Act, 47 U.S.C. § 545.

2.7.3 Should any change to state law have the lawful effect of materially altering the terms and conditions of this Franchise, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on Franchisee of the material alteration. Any modification to this Franchise shall be in writing. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then Franchisee may terminate this Agreement without further obligation to LFA or, at Franchisee's option, the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

2.8 *Police Powers:* Nothing in this Franchise shall be construed to prohibit the reasonable, necessary, and lawful exercise of the police powers of LFA. However, if the reasonable, necessary, and lawful exercise of the police power results in any material alteration of the terms and conditions of this Franchise, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on Franchisee of the material alteration. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then Franchisee may terminate this Agreement without further obligation to LFA or, at Franchisee's option, the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

3. **PROVISION OF CABLE SERVICE**

3.1 *Service Area:*

3.1.1 *Service Area:* Franchisee shall offer Cable Service to significant numbers of Subscribers in residential areas of the Service Area and may make Cable Service available to businesses in the Service Area, within twenty-four (24) months of the Service Date of this Franchise, and shall offer Cable Service to all residential areas in the Service Area within five (5) years of the Service Date of the Franchise, except: (A) for periods of Force Majeure; (B) for periods of delay caused by LFA; (C) for periods of delay resulting from Franchisee's inability to obtain authority to access rights-of-way in the Service Area; (D) in areas where developments or buildings are subject to claimed exclusive arrangements with other providers; (E) in developments or buildings that Franchisee cannot access under reasonable terms and conditions after good faith negotiation, as determined by Franchisee; and (F) in areas, developments or buildings where Franchisee is unable to provide Cable Service for technical reasons or which require non-standard facilities which are not available on a commercially reasonable basis; and (G) in areas where the occupied residential household density does not meet the density requirements set forth in Subsection 3.1.1.1.

3.1.1.1 *Density Requirement:* Franchisee shall make Cable Services available to residential dwelling units in all areas of the Service Area where the average density is equal to or greater than 30 occupied residential dwelling units per mile as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line. Should, through new construction, an area within the Service Area meet the density requirements after the time stated for providing Cable Service as set forth in Subsection 3.1.1, Franchisee shall provide Cable Service to such area within six (6) months of receiving notice from LFA that the density requirements have been met.

3.1.2 *Additional Service Areas:* Except for the Service Area, Franchisee shall not be required to extend its Cable System or to provide Cable Services to any other areas within the Franchise Area during the term of this Franchise or any Renewals thereof. If Franchisee desires to add Additional Service Areas within the Franchise Area, Franchisee shall notify LFA in writing of such Additional Service Area at least ten (10) days prior to providing Cable Services in such areas.

3.2 *Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units and may make Cable Service available to businesses within the Service Area in conformance with Section 3.1, and Franchisee shall not discriminate between or among any individuals in the availability of Cable Service. In the areas in which Franchisee shall provide Cable Service, Franchisee shall be required to connect, at Franchisee's expense, all residential dwelling units that are within one hundred twenty five (125) feet of trunk or feeder lines not otherwise already served by Franchisee's FTTP Network. Franchisee shall be allowed to recover, from a Subscriber that requests such connection, the actual costs incurred for residential

dwelling unit connections that exceed one hundred twenty five (125) feet and actual costs incurred to connect any non-residential dwelling unit Subscriber.

3.3 *Cable Service to Public Buildings:* Subject to Section 3.1, Franchisee shall provide, without charge within the Service Area, one service outlet activated for Basic Service to each fire station, public school, police station, and public library as may be designated by LFA in Exhibit A; provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than one hundred twenty five (125) feet solely to provide service to any such school or public building, LFA shall have the option either of paying Franchisee's direct costs for such extension in excess of one hundred twenty five (125) feet, or of releasing Franchisee from the obligation to provide service to such school or other public building. Furthermore, Franchisee shall be permitted to recover, from any school or other public building owner entitled to free service, the direct cost of installing, when requested to do so, more than one outlet, or concealed inside wiring, or a service outlet requiring more than one hundred twenty five (125) feet of drop cable; provided, however, that Franchisee shall not charge for the provision of Basic Service to the additional service outlets once installed.

4. **SYSTEM OPERATION**

The parties recognize that Franchisee's FTTP Network is being constructed and will be operated and maintained as an upgrade to and/or extension of its existing Telecommunications Facilities. The jurisdiction of LFA over such Telecommunications Facilities is restricted by federal and state law, and LFA does not and will not assert jurisdiction over Franchisee's FTTP Network in contravention of those limitations.

5. **SYSTEM FACILITIES**

5.1 *System Characteristics:* Franchisee's Cable System shall meet or exceed the following requirements:

5.1.1 The System shall be designed with an initial analog and digital passband between 50 and 860 MHz.

5.1.2 The System shall be designed to be an active two-way plant for subscriber interaction, if any, required for the selection or use of Cable Service.

5.2 *Interconnection:* Franchisee shall design its Cable System so that it may be interconnected with other cable systems in the Franchise Area. Interconnection of systems may be made by direct cable connection, microwave link, satellite, or other appropriate methods.

5.3 *Emergency Alert System:*

5.3.1 Franchisee shall comply with the Emergency Alert System ("EAS") requirements of the FCC in order that emergency messages may be distributed over the System.

6. **FRANCHISE FEES**

6.1 *Payment to LFA:* Franchisee shall pay to LFA a Franchise fee of three percent (3%) of annual Gross Revenue. In accordance with Title VI of the Communications Act, the twelve (12) month period applicable under the Franchise for the computation of the Franchise fee shall be a calendar year. Such payments shall be made no later than forty-five (45) days following the end of each calendar quarter. Franchisee shall be allowed to submit or correct any payments that were incorrectly omitted, and shall be refunded any payments that were incorrectly submitted, in connection with the quarterly Franchise fee remittances within 90 days following the close of the calendar year for which such payments were applicable.

6.2 *Supporting Information:* Each Franchise fee payment shall be accompanied by a brief report prepared by a representative of Franchisee showing the basis for the computation.

6.3 *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise fee payable hereunder shall be three (3) years from the date on which payment by Franchisee is due.

6.4 *Bundled Services:* If Cable Services subject to the Franchise fee required under this Article 6 are provided to Subscribers in conjunction with Non-Cable Services, the Franchise fee shall be applied only to the value of the Cable Services, as reflected on the books and records of Franchisee in accordance with FCC or state public utility regulatory commission rules, regulations, standards, or orders.

7. **CUSTOMER SERVICE**

Customer Service Requirements are set forth in Exhibit C, which shall be binding unless amended by written consent of the parties.

8. **REPORTS AND RECORDS**

8.1 *Open Books and Records:* Upon reasonable written notice to Franchisee and with no less than thirty (30) business days' written notice to Franchisee, LFA shall have the right to inspect Franchisee's books and records pertaining to Franchisee's provision of Cable Service in the Franchise Area at any time during Normal Business Hours and on a nondisruptive basis, as are reasonably necessary to ensure compliance with the terms of this Franchise. Such notice shall specifically reference the section or subsection of the Franchise that is under review, so that Franchisee may organize the necessary books and records for appropriate access by LFA. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than three (3) years. Notwithstanding anything to the contrary set forth herein, Franchisee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature, nor disclose any of its or an Affiliate's books and records not relating to the provision of Cable Service in the Service Area. LFA shall treat any information disclosed by Franchisee as confidential and shall only disclose it to employees, representatives, and agents thereof that have a need to know, or in order to enforce the provisions hereof.

Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. § 551.

8.2 *Records Required:* Franchisee shall at all times maintain:

8.2.1 Records of all written complaints for a period of three (3) years after receipt by Franchisee. The term “complaint” as used herein refers to complaints about any aspect of the Cable System or Franchisee’s cable operations, including, without limitation, complaints about employee courtesy. Complaints recorded will not be limited to complaints requiring an employee service call;

8.2.2 Records of outages for a period of three (3) years after occurrence, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

8.2.3 Records of service calls for repair and maintenance for a period of three (3) years after resolution by Franchisee, indicating the date and time service was required, the date of acknowledgment and date and time service was scheduled (if it was scheduled), and the date and time service was provided, and (if different) the date and time the problem was resolved;

8.2.4 Records of installation/reconnection and requests for service extension for a period of three (3) years after the request was fulfilled by Franchisee, indicating the date of request, date of acknowledgment, and the date and time service was extended; and

8.2.5 A map showing the area of coverage for the provisioning of Cable Services and estimated timetable to commence providing Cable Service.

9. **INSURANCE AND INDEMNIFICATION**

9.1 *Insurance:*

9.1.1 Franchisee shall maintain in full force and effect, at its own cost and expense, during the Franchise Term, the following insurance coverage:

9.1.1.1 Commercial General Liability Insurance in the amount of one million dollars (\$1,000,000) combined single limit for property damage and bodily injury. Such insurance shall cover the construction, operation, and maintenance of the Cable System, and the conduct of Franchisee’s Cable Service business in the Franchise Area.

9.1.1.2 Automobile Liability Insurance in the amount of one million dollars (\$1,000,000) combined single limit for bodily injury and property damage coverage.

9.1.1.3 Workers’ Compensation Insurance meeting all legal requirements of the State of Delaware.

9.1.1.4 Employers' Liability Insurance in the following amounts: (A) Bodily Injury by Accident: \$100,000; and (B) Bodily Injury by Disease: \$100,000 employee limit; \$500,000 policy limit.

9.1.2 LFA shall be designated as an additional insured under each of the insurance policies required in this Article 9 except Worker's Compensation and Employer's Liability Insurance.

9.1.3 Franchisee shall not cancel any required insurance policy without submitting documentation to LFA verifying that Franchisee has obtained alternative insurance in conformance with this Agreement.

9.1.4 Each of the required insurance policies shall be with sureties qualified to do business in the State of Delaware, with an A- or better rating for financial condition and financial performance by Best's Key Rating Guide, Property/Casualty Edition.

9.1.5 Upon written request, Franchisee shall deliver to LFA Certificates of Insurance showing evidence of the required coverage.

9.2 *Indemnification:*

9.2.1 Franchisee agrees to indemnify, save and hold harmless, and defend LFA, its officers, agents, boards, and employees, from and against any liability for damages or claims resulting from tangible property damage or bodily injury (including accidental death), to the extent proximately caused by Franchisee's negligent construction, operation, or maintenance of its Cable System, provided that LFA shall give Franchisee written notice of LFA's request for indemnification within ten (10) days of receipt of a claim or action pursuant to this Subsection. Notwithstanding the foregoing, Franchisee shall not indemnify LFA for any damages, liability, or claims resulting from the willful misconduct or negligence of LFA, its officers, agents, employees, attorneys, consultants, independent contractors, or third parties or for any activity or function conducted by any Person other than Franchisee in connection with EAS or the distribution of any Cable Service over the Cable System.

9.2.2 With respect to Franchisee's indemnity obligations set forth in Subsection 9.2.1, Franchisee shall provide the defense of any claims brought against LFA by selecting counsel of Franchisee's choice to defend the claim, subject to the consent of LFA, which shall not unreasonably be withheld. Nothing herein shall be deemed to prevent LFA from cooperating with Franchisee and participating in the defense of any litigation by its own counsel at its own cost and expense, provided however, that after consultation with LFA, Franchisee shall have the right to defend, settle, or compromise any claim or action arising hereunder, and Franchisee shall have the authority to decide the appropriateness and the amount of any such settlement. In the event that the terms of any such settlement do not include the release of LFA, and LFA does not consent to the terms of any such settlement or compromise, Franchisee shall not settle the claim or action but its obligation to indemnify LFA shall in no event exceed the amount of such settlement.

9.2.3 LFA shall hold harmless and defend Franchisee from and against, and shall be responsible for damages, liability, or claims resulting from or arising out of, the willful misconduct or negligence of LFA.

9.2.4 LFA shall be responsible for its own acts of willful misconduct or negligence, or breach of obligation, subject to any and all defenses and limitations of liability provided by law. Franchisee shall not be required to indemnify LFA for acts of LFA that constitute willful misconduct or negligence on the part of LFA, its officers, employees, agents, attorneys, consultants, independent contractors, or third parties.

10. **TRANSFER OF FRANCHISE**

10.1 *Transfer*: Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, no Transfer of the Franchise shall occur without the prior consent of LFA, provided that such consent shall not be unreasonably withheld, delayed, or conditioned. No such consent shall be required, however, for a transfer in trust, by mortgage, by other hypothecation, by assignment of any rights, title, or interest of Franchisee in the Franchise or Cable System in order to secure indebtedness, or for transactions otherwise excluded under Section 1.31 above.

11. **RENEWAL OF FRANCHISE**

11.1 *Governing Law*: LFA and Franchisee agree that any proceedings undertaken by LFA that relate to the renewal of this Franchise shall be governed by and comply with the provisions of Section 626 of the Communications Act, 47 U.S.C. § 546.

11.2 *Needs Assessments*: In addition to the procedures set forth in said Section 626 of the Communications Act, LFA shall notify Franchisee of all of its assessments regarding the identity of future cable-related community needs and interests, as well as the past performance of Franchisee under the then current Franchise term. Such assessments shall be provided to Franchisee by LFA promptly so that Franchisee has adequate time to submit a proposal under Section 626 and complete renewal of the Franchise prior to expiration of its term.

11.3 *Informal Negotiations*: Notwithstanding anything to the contrary set forth herein, Franchisee and LFA agree that at any time during the term of the then-current Franchise, while affording the public appropriate notice and opportunity to comment, LFA and Franchisee may agree to undertake and finalize informal negotiations regarding renewal of the then current Franchise, and LFA may grant a renewal thereof.

11.4 *Consistent Terms*: Franchisee and LFA consider the terms set forth in this Article 12 to be consistent with the express provisions of Section 626.

12. **ENFORCEMENT AND TERMINATION OF FRANCHISE**

12.1 *Notice of Violation:* If at any time LFA believes that Franchisee has not complied with the terms of the Franchise, LFA shall informally discuss the matter with Franchisee. If these discussions do not lead to resolution of the problem in a reasonable time, LFA shall then notify Franchisee in writing of the exact nature of the alleged noncompliance in a reasonable time (for purposes of this Article, the “Noncompliance Notice”).

12.2 *Franchisee’s Right to Cure or Respond:* Franchisee shall have thirty (30) days from receipt of the Noncompliance Notice to: (i) respond to LFA, if Franchisee contests (in whole or in part) the assertion of noncompliance; (ii) cure such noncompliance; or (iii) in the event that, by its nature, such noncompliance cannot be cured within such thirty (30) day period, initiate reasonable steps to remedy such noncompliance and notify LFA of the steps being taken and the date by which they are projected to be completed. Upon cure of any noncompliance, LFA shall provide written confirmation that such cure has been effected.

12.3 *Public Hearing:* In the event that Franchisee fails to respond to the Noncompliance Notice pursuant to the procedures required by this Article, or in the event that the alleged noncompliance is not remedied within thirty (30) days or the date projected pursuant to Section 12.2(iii) above, if LFA seeks to continue its investigation into the alleged noncompliance, then LFA shall schedule a public hearing. LFA shall provide Franchisee at least thirty (30) business days’ prior written notice of such public hearing, which will specify the time, place, and purpose of such public hearing, and provide Franchisee the opportunity to be heard.

12.4 *Enforcement:* Subject to applicable federal and state law, in the event LFA, after the public hearing set forth in Section 12.3, determines that Franchisee is in default of any provision of this Franchise, LFA may:

12.4.1 Seek specific performance of any provision, which reasonably lends itself to such remedy, as an alternative to damages; or

12.4.2 Commence an action at law for monetary damages or seek other equitable relief; or

12.4.3 In the case of a substantial noncompliance with a material provision of this Franchise, seek to revoke the Franchise in accordance with Section 12.5.

12.5 *Revocation:* Should LFA seek to revoke this Franchise after following the procedures set forth above in this Article, including the public hearing described in Section 12.3, LFA shall give written notice to Franchisee of such intent. The notice shall set forth the specific nature of the noncompliance. Franchisee shall have ninety (90) days from receipt of such notice to object in writing and to state its reasons for such objection. In the event LFA has not received a satisfactory response from Franchisee, it may then seek termination of the Franchise at a second public hearing. LFA shall cause to be served upon Franchisee, at least thirty (30) business days prior

to such public hearing, a written notice specifying the time and place of such hearing and stating its intent to revoke the Franchise.

12.5.1 At the designated public hearing, Franchisee shall be provided a fair opportunity for full participation, including the rights to be represented by legal counsel, to introduce relevant evidence, to require the production of evidence, to compel the relevant testimony of the officials, agents, employees, or consultants of LFA, to compel the testimony of other persons as permitted by law, and to question and/or cross examine witnesses. A complete verbatim record and transcript shall be made of such hearing.

12.5.2 Following the second public hearing, Franchisee shall be provided up to thirty (30) days to submit its proposed findings and conclusions to LFA in writing, and thereafter LFA shall determine (i) whether an event of default has occurred under this Franchise; (ii) whether such event of default is excusable; and (iii) whether such event of default has been cured or will be cured by Franchisee. LFA shall also determine whether it will revoke the Franchise based on the information presented or, where applicable, grant additional time to Franchisee to effect any cure. If LFA determines that it will revoke the Franchise, LFA shall promptly provide Franchisee with a written determination setting forth LFA's reasoning for such revocation. Franchisee may appeal such written determination of LFA to an appropriate court, which shall have the power to review the decision of LFA *de novo*. Franchisee shall be entitled to such relief as the court finds appropriate. Such appeal must be taken within sixty (60) days of Franchisee's receipt of the written determination of LFA.

12.5.3 LFA may, at its sole discretion, take any lawful action that it deems appropriate to enforce LFA's rights under the Franchise in lieu of revocation of the Franchise.

12.6 *Franchisee Termination:* Franchisee shall have the right to terminate this Franchise and all obligations hereunder within ninety (90) days after the end of three (3) years from the Service Date of this Franchise, if at the end of such three (3) year period Franchisee does not then in good faith believe it has achieved a commercially reasonable level of Subscriber penetration on its Cable System. Franchisee may consider Subscriber penetration levels outside the Franchise Area in this determination. Notice to terminate under this Section 12.6 shall be given to LFA in writing, with such termination to take effect no sooner than one hundred and twenty (120) days after giving such notice. Franchisee shall also be required to give its then current Subscribers not less than ninety (90) days' prior written notice of its intent to cease Cable Service operations.

13. **MISCELLANEOUS PROVISIONS**

13.1 *Actions of Parties:* In any action by LFA or Franchisee that is mandated or permitted under the terms hereof, such party shall act in a reasonable, expeditious, and timely manner. Furthermore, in any instance where approval or consent is required under the terms hereof, such approval or consent shall not be unreasonably withheld, delayed, or conditioned.

13.2 *Binding Acceptance:* This Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors, and assigns, and the promises and obligations herein shall survive the expiration date hereof.

13.3 *Preemption:* In the event that federal or state law, rules, or regulations preempt a provision or limit the enforceability of a provision of this Agreement, the provision shall be read to be preempted to the extent, and for the time, but only to the extent and for the time, required by law. In the event such federal or state law, rule, or regulation is subsequently repealed, rescinded, amended, or otherwise changed so that the provision hereof that had been preempted is no longer preempted, such provision shall thereupon return to full force and effect, and shall thereafter be binding on the parties hereto, without the requirement of further action on the part of LFA.

13.4 *Force Majeure:* Franchisee shall not be held in default under, or in noncompliance with, the provisions of the Franchise, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by a Force Majeure.

13.4.1 Furthermore, the parties hereby agree that it is not LFA's intention to subject Franchisee to penalties, fines, forfeitures, or revocation of the Franchise for violations of the Franchise where the violation was a good faith error that resulted in no or minimal negative impact on Subscribers, or where strict performance would result in practical difficulties and hardship being placed upon Franchisee that outweigh the benefit to be derived by LFA and/or Subscribers.

13.5 *Notices:* Unless otherwise expressly stated herein, notices required under the Franchise shall be mailed first class, postage prepaid, to the addressees below. Each party may change its designee by providing written notice to the other party.

13.5.1 Notices to Franchisee shall be mailed to:

William Allan, President
Verizon Delaware Inc.
901 Tatnall Street, 2nd Floor
Wilmington, DE 19801

13.5.2 with a copy to:

Jack White
Senior Vice President and General Counsel
Verizon Telecom
One Verizon Way
Room VC43E010
Basking Ridge, NJ 07920-1097

13.5.3 Notices to LFA shall be mailed to:

Mayor
Town of Townsend
P.O. Box 223
661 South Street
Townsend, DE 19734

13.5.4 with a copy to:

Town Clerk
Town of Townsend
P.O. Box 223
661 South Street
Townsend, DE 19734

13.6 *Entire Agreement:* This Franchise and the Exhibits hereto constitute the entire agreement between Franchisee and LFA and supersedes all prior or contemporaneous agreements, representations, or understanding (written or oral) of the parties regarding the subject matter hereof. Any ordinances or parts of ordinances that conflict with the provisions of this Agreement are superseded by this Agreement.

13.7 *Amendments:* Amendments to this Franchise shall be mutually agreed to in writing by the parties.

13.8 *Captions:* The captions and headings of articles and sections throughout this Agreement are intended solely to facilitate reading and reference to the sections and provisions of this Agreement. Such captions shall not affect the meaning or interpretation of this Agreement.

13.9 *Severability:* If any section, subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by any court of competent jurisdiction or by any state or federal regulatory authority having jurisdiction thereof, such determination shall have no effect on the validity of any other section, subsection, sentence, paragraph, term, or provision hereof, all of which will remain in full force and effect for the term of the Franchise.

13.10 *Recitals:* The recitals set forth in this Agreement are incorporated into the body of this Agreement as if they had been originally set forth herein.

13.11 *Modification:* This Franchise shall not be modified except by written instrument executed by both parties.

13.12 *FTTP Network Transfer Prohibition:* Under no circumstance including, without limitation, upon expiration, revocation, termination, denial of renewal of the Franchise, or any other action to forbid or disallow Franchisee from providing Cable Services, shall Franchisee or its assignees be required to sell any right, title, interest, use, or control of any portion of Franchisee's FTTP Network including, without limitation, the Cable System and any capacity used for Cable Service or

otherwise, to LFA or any third party. Franchisee shall not be required to remove the FTTP Network or to relocate the FTTP Network or any portion thereof as a result of revocation, expiration, termination, denial of renewal, or any other action to forbid or disallow Franchisee from providing Cable Services. This provision is not intended to contravene leased access requirements under Title VI set out in this Agreement.

13.13 *Certain Exceptions.* LFA and Franchisee each acknowledge that they have received independent legal advice in entering into this Agreement. In the event that a dispute arises over the meaning or application of any term(s) of this Agreement, such term(s) shall not be construed by the reference to any doctrine calling for ambiguities to be construed against the drafter of the Agreement.

AGREED TO THIS ____ DAY OF _____, 2006.

TOWN OF TOWNSEND, DELAWARE

Signed By: David B. Raughley, Mayor

VERIZON DELAWARE INC.

Signed By: William Allan, President, Verizon Delaware Inc.

EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: Customer Service Standards

EXHIBIT A

MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

Town Hall
Town of Townsend
P.O. Box 223
661 South Street
Townsend, DE 19734

EXHIBIT B

SERVICE AREA

The Service Area is shown in the map set forth below. This map may change as a result of annexation during the Agreement's term.

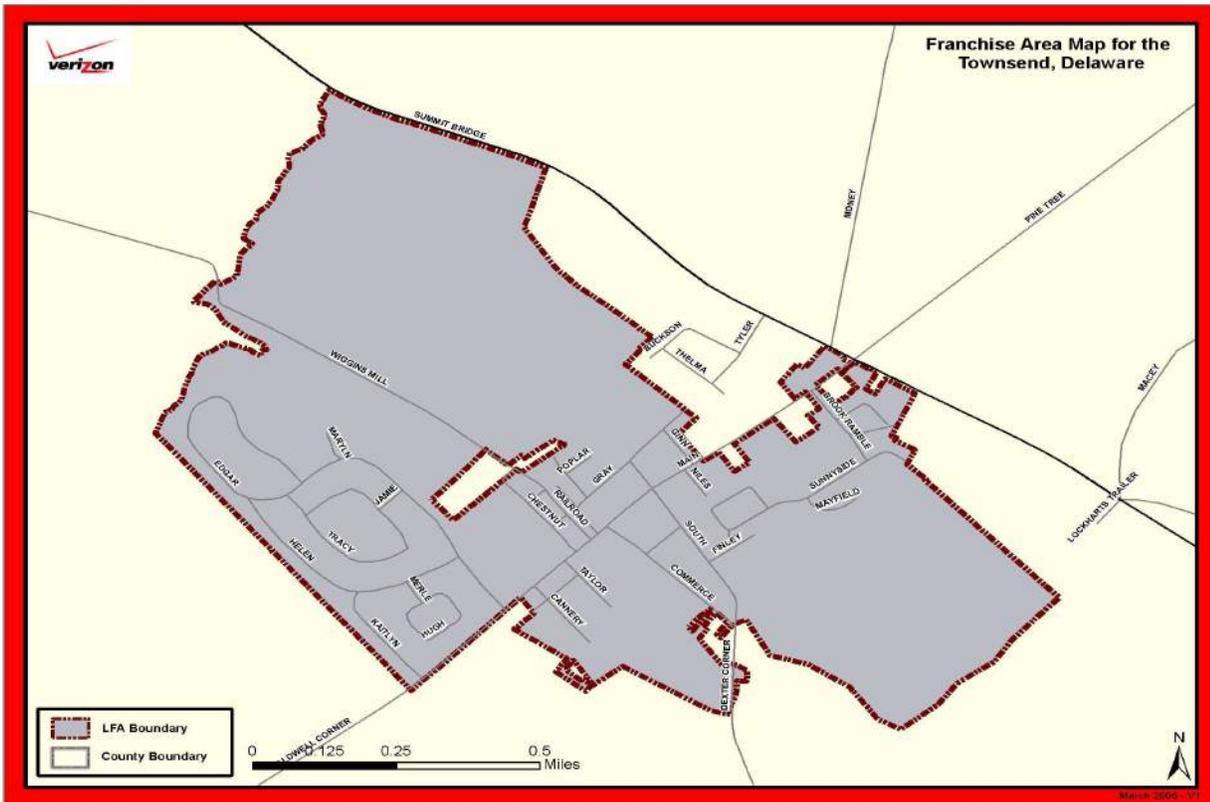


EXHIBIT C

CUSTOMER SERVICE STANDARDS

These standards shall, starting six months after the Service Date, apply to Franchisee to the extent it is providing Cable Services over the Cable System in the Franchise area.

SECTION 1: DEFINITIONS

A. Respond: Franchisee's investigation of a Service Interruption by receiving a Subscriber call and opening a trouble ticket, if required.

B. Significant Outage: A significant outage of the Cable Service shall mean any Service Interruption lasting at least four (4) continuous hours that affects at least ten percent (10%) of the Subscribers in the Service Area.

C. Service Call: The action taken by Franchisee to correct a Service Interruption the effect of which is limited to an individual Subscriber.

D. Standard Installation: Installations where the subscriber is within one hundred twenty five (125) feet of trunk or feeder lines.

SECTION 2: TELEPHONE AVAILABILITY

A. Franchisee shall maintain a toll-free number to receive all calls and inquiries from Subscribers in the Franchise Area and/or residents regarding Cable Service. Franchisee representatives trained and qualified to answer questions related to Cable Service in the Service Area must be available to receive reports of Service Interruptions twenty-four (24) hours a day, seven (7) days a week, and other inquiries at least forty-five (45) hours per week. Franchisee representatives shall identify themselves by name when answering this number.

B. Franchisee's telephone numbers shall be listed, with appropriate description (e.g. administration, customer service, billing, repair, etc.), in the directory published by the local telephone company or companies serving the Service Area, beginning with the next publication cycle after acceptance of this Franchise by Franchisee.

C. Franchisee may use an Automated Response Unit ("ARU") or a Voice Response Unit ("VRU") to distribute calls. If a foreign language routing option is provided, and the Subscriber does not enter an option, the menu will default to the first tier menu of English options.

After the first tier menu (not including a foreign language rollout) has run through three times, if customers do not select any option, the ARU or VRU will forward the call to a queue for a live representative. Franchisee may reasonably substitute this requirement with another method of handling calls from customers who do not have touch-tone telephones.

D. Under Normal Operating Conditions, calls received by Franchisee shall be answered within thirty (30) seconds. Franchisee shall meet this standard for ninety percent (90%) of the calls it receives at all call centers receiving calls from Subscribers, as measured on a cumulative quarterly calendar basis. Measurement of this standard shall include all calls received by Franchisee at all call centers receiving calls from Subscribers, whether they are answered by a live representative, by an automated attendant, or abandoned after 30 seconds of call waiting.

E. Under Normal Operating Conditions, callers to Franchisee shall receive a busy signal no more than three (3%) percent of the time during any calendar quarter.

At Franchisee's option, the measurements above may be changed from calendar quarters to billing or accounting quarters. Franchisee shall notify LFA of such a change at least thirty (30) days in advance of any implementation.

SECTION 3: INSTALLATIONS AND SERVICE APPOINTMENTS

A. All installations will be in accordance with FCC rules, including but not limited to, appropriate grounding, connection of equipment to ensure reception of Cable Service, and the provision of required consumer information and literature to adequately inform the Subscriber in the utilization of Franchisee-supplied equipment and Cable Service.

B. The Standard Installation shall be performed within seven (7) business days after the placement of the Optical Network Terminal ("ONT") on the customer's premises or within seven (7) business days after an order is placed if the ONT is already installed on the customer's premises.

Franchisee shall meet this standard for ninety-five percent (95%) of the Standard Installations it performs, as measured on a calendar quarter basis, excluding customer requests for connection later than seven (7) days after ONT placement or later than seven (7) days after an order is placed if the ONT is already installed on the customer's premises.

C. Franchisee will offer Subscribers "appointment window" alternatives for arrival to perform installations, Service Calls, and other activities of a maximum four (4) hours scheduled time block during appropriate daylight available hours, usually beginning at 8:00 AM unless it is deemed appropriate to begin earlier by location exception. At Franchisee's discretion, Franchisee may offer Subscribers appointment arrival times other than these four (4) hour time blocks, if agreeable to the Subscriber. These hour restrictions do not apply to weekends.

At Franchisee's option, the measurements above may be changed from calendar quarters to billing or accounting quarters. Franchisee shall notify LFA of such a change not less than thirty (30) days in advance.

SECTION 4: SERVICE INTERRUPTIONS AND OUTAGES

A. Franchisee shall promptly notify LFA of any Significant Outage of the Cable Service.

B. Franchisee shall exercise commercially reasonable efforts to limit any Significant Outage for the purpose of maintaining, repairing, or constructing the Cable System. Except in an emergency or other situation necessitating a more expedited or alternative notification procedure, Franchisee may schedule a Significant Outage for a period of more than four (4) hours during any twenty-four (24) hour period only after LFA and each affected Subscriber in the Service Area have been given fifteen (15) days' prior notice of the proposed Significant Outage.

C. Franchisee representatives who are capable of responding to Service Interruptions must be available to Respond twenty-four (24) hours a day, seven (7) days a week.

D. Under Normal Operating Conditions, Franchisee must Respond to a call from a Subscriber regarding a Service Interruption or other service problems within the following time frames:

(1) Within twenty-four (24) hours, including weekends, of receiving subscriber calls respecting Service Interruptions in the Service Area.

(2) Franchisee must begin actions to correct all other Cable Service problems the next business day after notification by the Subscriber or LFA of a Cable Service problem.

E. Under Normal Operating Conditions, Franchisee shall complete Service Calls within seventy-two (72) hours of the time Franchisee commences to Respond to the Service Interruption, not including weekends and situations where the Subscriber is not reasonably available for a Service Call to correct the Service Interruption within the seventy-two (72) hour period.

F. Franchisee shall meet the standard in Subsection E of this Section for ninety percent (90%) of the Service Calls it completes, as measured on a quarterly basis.

G. Under Normal Operating Conditions, Franchisee shall provide a credit upon Subscriber request when all Channels received by that Subscriber are out of service for a period of four (4) consecutive hours or more. The credit shall equal, at a minimum, a proportionate amount of the affected Subscriber(s) current monthly bill. In order to qualify for the credit, the Subscriber must promptly report the problem and allow Franchisee to verify the problem if requested by Franchisee. If Subscriber availability is required for repair, a credit will not be provided for such time, if any, that the Subscriber is not reasonably available.

At Franchisee's option, the measurements above may be changed from calendar quarters to billing or accounting quarters. Franchisee shall notify LFA of such a change not less than thirty (30) days in advance.

H. Under Normal Operating Conditions, if a Significant Outage affects all Video Programming Cable Services for more than twenty-four (24) consecutive hours, Franchisee shall issue an automatic credit to the affected Subscribers in the amount equal to their monthly recurring charges for the proportionate time the Cable Service was out, or a credit to the affected subscribers in the amount equal to the charge for the basic plus enhanced basic level of service for the proportionate time the Cable Service was out, whichever is technically feasible or, if both are technically feasible, as determined by Franchisee provided such determination is non-discriminatory. Such credit shall be reflected on Subscriber billing statements within the next available billing cycle following the outage.

I. With respect to service issues concerning cable services provided to LFA facilities, Franchisee shall Respond to all inquiries from LFA within four (4) hours and shall commence necessary repairs within twenty-four (24) hours under Normal Operating Conditions. If such repairs cannot be completed within twenty-four (24) hours, Franchisee shall notify LFA in writing as to the reason(s) for the delay and provide an estimated time of repair.

SECTION 5: CUSTOMER COMPLAINTS

Under Normal Operating Conditions, Franchisee shall investigate Subscriber complaints referred by LFA within seventy-two (72) hours. Franchisee shall notify LFA of those matters that necessitate an excess of seventy-two (72) hours to resolve, but those matters must be resolved within fifteen (15) days of the initial complaint. LFA may require reasonable documentation to be provided by Franchisee to substantiate the request for additional time to resolve the problem. For purposes of this Section, "resolve" means that Franchisee shall perform those actions which, in the normal course of business, are necessary to investigate the Customer's complaint and advise the Customer of the results of that investigation.

SECTION 6: BILLING

A. Subscriber bills must be itemized to describe Cable Services purchased by Subscribers and related equipment charges. Bills shall clearly delineate activity during the billing period, including optional charges, rebates, credits, and aggregate late charges. Franchisee shall, without limitation as to additional line items, be allowed to itemize as separate line items, Franchise fees, taxes, and/or other governmentally imposed fees. Franchisee shall maintain records of the date and place of mailing of bills.

B. Every Subscriber with a current account balance sending payment directly to Franchisee shall be given at least twenty (20) days from the date statements are mailed to the Subscriber until the payment due date.

C. A specific due date shall be listed on the bill of every Subscriber whose account is current. Delinquent accounts may receive a bill that lists the due date as upon receipt; however, the current portion of that bill shall not be considered past due except in accordance with Subsection 6.B. above.

D. Any Subscriber who, in good faith, disputes all or part of any bill shall have the option of withholding the disputed amount without disconnect or late fee being assessed until the dispute is resolved provided that:

(1) The Subscriber pays all undisputed charges;

(2) The Subscriber provides notification of the dispute to Franchisee within five (5) days prior to the due date; and

(3) The Subscriber cooperates in determining the accuracy and/or appropriateness of the charges in dispute.

(4) It shall be within Franchisee's sole discretion to determine when the dispute has been resolved.

E. Under Normal Operating Conditions, Franchisee shall initiate investigation and resolution of all billing complaints received from Subscribers within five (5) business days of receipt of the complaint. Final resolution shall not be unreasonably delayed.

F. Franchisee shall provide a telephone number and address on the bill for Subscribers to contact Franchisee.

G. Franchisee shall forward a copy of any Cable Service related billing inserts or other mailing sent to Subscribers to LFA upon request.

H. Franchisee shall provide all Subscribers with the option of paying for Cable Service by check or an automatic payment option where the amount of the bill is automatically deducted from a checking account designated by the Subscriber. Franchisee may in the future, at its discretion, permit payment by using a major credit card on a preauthorized basis. Based on credit history, at the option of Franchisee, the payment alternative may be limited.

SECTION 7: DEPOSITS, REFUNDS, AND CREDITS

A. Franchisee may require refundable deposits from Subscribers 1) with a poor credit or poor payment history, 2) who refuse to provide credit history information to Franchisee, or 3) who rent Subscriber equipment from Franchisee, so long as such deposits are applied on a non-discriminatory basis. The deposit Franchisee may charge Subscribers with poor credit or poor payment history or who refuse to provide credit information may not exceed an amount equal to an average Subscriber's monthly charge multiplied by six (6). The maximum deposit Franchisee may charge for Subscriber equipment is the cost of the equipment that Franchisee would need to purchase to replace the equipment rented to the Subscriber.

B. Franchisee shall refund or credit the Subscriber for the amount of the deposit collected for equipment, which is unrelated to poor credit or poor payment history, after one year and provided the Subscriber has demonstrated good payment history during this period. Franchisee shall pay interest on other deposits if required by law.

C. Under Normal Operating Conditions, refund checks will be issued within the next available billing cycle following the resolution of the event giving rise to the refund (*e.g.*, equipment return and final bill payment).

D. Credits for Cable Service will be issued no later than the Subscriber's next available billing cycle, following the determination that a credit is warranted, and the credit is approved and processed. Such approval and processing shall not be unreasonably delayed.

E. Bills shall be considered paid when appropriate payment is received by Franchisee or its authorized agent. Appropriate time considerations shall be included in Franchisee's collection procedures to assure that payments due have been received before late notices or termination notices are sent.

SECTION 8: RATES, FEES, AND CHARGES

A. Franchisee shall not, except to the extent expressly permitted by law, impose any fee or charge for Service Calls to a Subscriber's premises to perform any repair or maintenance work related to Franchisee equipment necessary to receive Cable Service, except where such problem is caused by a negligent or wrongful act of the Subscriber (including, but not limited to a situation in which the Subscriber reconnects Franchisee equipment incorrectly) or by the failure of the Subscriber to take reasonable precautions to protect Franchisee's equipment (for example, a dog chew).

B. Franchisee shall provide reasonable notice to Subscribers of the possible assessment of a late fee on bills or by separate notice.

SECTION 9: DISCONNECTION /DENIAL OF SERVICE

A. Franchisee shall not terminate Cable Service for nonpayment of a delinquent account unless Franchisee mails a notice of the delinquency and impending termination prior to the proposed final termination. The notice shall be mailed to the Subscriber to whom the Cable Service is billed. The notice of delinquency and impending termination may be part of a billing statement.

B. Cable Service terminated in error must be restored without charge within twenty-four (24) hours of notice. If a Subscriber was billed for the period during which Cable Service was terminated in error, a credit shall be issued to the Subscriber if the Service Interruption was reported by the Subscriber.

C. Nothing in these standards shall limit the right of Franchisee to deny Cable Service for non-payment of previously provided Cable Services, refusal to pay any required deposit, theft of Cable Service, damage to Franchisee's equipment, abusive

and/or threatening behavior toward Franchisee's employees or representatives, or refusal to provide credit history information or refusal to allow Franchisee to validate the identity, credit history, and credit worthiness via an external credit agency.

D. Charges for cable service will be discontinued at the time of the requested termination of service by the subscriber, except equipment charges may be applied until equipment has been returned. No period of notice prior to requested termination of service can be required of Subscribers by Franchisee. No charge shall be imposed upon the Subscriber for or related to total disconnection of Cable Service or for any Cable Service delivered after the effective date of the disconnect request, unless there is a delay in returning Franchisee equipment or early termination charges apply pursuant to the Subscriber's service contract. If the Subscriber fails to specify an effective date for disconnection, the Subscriber shall not be responsible for Cable Services received after the day following the date the disconnect request is received by Franchisee. For purposes of this Subsection, the term "disconnect" shall include Subscribers who elect to cease receiving Cable Service from Franchisee and to receive Cable Service or other multi-channel video service from another Person or entity.

SECTION 10: COMMUNICATIONS WITH SUBSCRIBERS

A. All Franchisee personnel, contractors, and subcontractors contacting Subscribers or potential Subscribers outside the office of Franchisee shall wear a clearly visible identification card bearing their name and photograph. Franchisee shall make reasonable effort to account for all identification cards at all times. In addition, all Franchisee representatives shall wear appropriate clothing while working at a Subscriber's premises. Every service vehicle of Franchisee and its contractors or subcontractors shall be clearly identified as such to the public. Specifically, Franchisee vehicles shall have Franchisee's logo plainly visible. The vehicles of those contractors and subcontractors working for Franchisee shall have the contractor's/subcontractor's name plus markings (such as a magnetic door sign) indicating they are under contract to Franchisee.

B. All contact with a Subscriber or potential Subscriber by a Person representing Franchisee shall be conducted in a courteous manner.

C. Franchisee shall send annual notices to all Subscribers informing them that any complaints or inquiries not satisfactorily handled by Franchisee may be referred to LFA.

D. All notices identified in this Section shall be by either:

(1) A separate document included with a billing statement or included on the portion of the monthly bill that is to be retained by the Subscriber; or

(2) A separate electronic notification.

E. Franchisee shall provide reasonable notice to Subscribers of any pricing changes or additional changes (excluding sales discounts, new products, or offers) and, subject to the foregoing, any changes in Cable Services, including channel line-ups.

Such notice must be given to Subscribers a minimum of thirty (30) days in advance of such changes if within the control of Franchisee, and Franchisee shall provide a copy of the notice to LFA including how and where the notice was given to Subscribers.

F. Franchisee shall provide information to all Subscribers about each of the following items at the time of installation of Cable Services, annually to all Subscribers, at any time upon request, and, subject to Subsection 10.E., at least thirty (30) days prior to making significant changes in the information required by this Section if within the control of Franchisee:

- (1) Products and Cable Service offered;
- (2) Prices and options for Cable Services and condition of subscription to Cable Services. Prices shall include those for Cable Service options, equipment rentals, program guides, installation, downgrades, late fees, and other fees charged by Franchisee related to Cable Service;
- (3) Installation and maintenance policies including, when applicable, information regarding the Subscriber's in-home wiring rights during the period Cable Service is being provided;
- (4) Channel positions of Cable Services offered on the Cable System;
- (5) Complaint procedures, including the name, address, and telephone number of LFA, but with a notice advising the Subscriber to initially contact Franchisee about all complaints and questions;
- (6) Procedures for requesting Cable Service credit;
- (7) The availability of a parental control device;
- (8) Franchisee practices and procedures for protecting against invasion of privacy; and
- (9) The address and telephone number of Franchisee's office to which complaints may be reported.

A copy of notices required in this Subsection 10.F. will be given to LFA at least fifteen (15) days prior to distribution to subscribers if the reason for notice is due to a change that is within the control of Franchisee and as soon as possible if not within the control of Franchisee.

G. Notices of changes in rates shall indicate the Cable Service new rates and old rates, if applicable.

H. Notices of changes of Cable Services and/or Channel locations shall include a description of the new Cable Service, the specific channel location, and the hours of operation of the Cable Service if the Cable Service is only offered on a part-time basis. In addition, should the channel location, hours of operation, or existence of

other Cable Services be affected by the introduction of a new Cable Service, such information must be included in the notice.

I. Every notice of termination of Cable Service shall include the following information:

(1) The name and address of the Subscriber whose account is delinquent;

(2) The amount of the delinquency for all services billed;

(3) The date by which payment is required in order to avoid termination of Cable Service; and

(4) The telephone number for Franchisee where the Subscriber can receive additional information about their account and discuss the pending termination.

J. LFA hereby requests that Franchisee omit publishing information specified in 47 C.F.R. § 76.952 from Subscriber bills.