UTILITY COMMITTEE

A G E N D A

December 10, 2007 - 5:00 P.M. - Council Chambers - City Hall - City of Dover

Public comments are welcomed on any item and will be permitted at appropriate times. When possible, please notify the City Clerk (736-7008 or e-mail at Tmcdowell@dover.de.us) should you wish to be recognized.

AGENDA ADDITIONS/DELETIONS

1. Draft Verizon Contract

2. Adjournment by 6:00 P.M.

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THE AGENDA ITEMS AS LISTED MAY NOT BE CONSIDERED IN SEQUENCE. THIS AGENDA IS SUBJECT TO CHANGE TO INCLUDE THE ADDITION OR THE DELETION OF ITEMS, INCLUDING EXECUTIVE SESSIONS.

ACTION FORM

PROCEEDING: Utility Committee	**AGENDA ITEM NO.: 12/10/07-01**
DEPARTMENT OF ORIGIN: Finance	**DATE SUBMITTED**: 12/7/07
PREPARED BY: Donna Mitchell, Treasurer/Finance Director	
SUBJECT: Franchise Agreement – Verizon Delaware LLC	
REFERENCE: N/A	
RELATED PROJECT: N/A	
APPROVALS: Council	
EXHIBITS: Executive Summary – Mr. Dan Cohen, Attorney; Draft Franchise Agreement	
EXPENDITURE REQUIRED: N/A **FUNDING SOURCE (Dept./Page in CIP & Budget)**:	**AMOUNT BUDGETED**: N/A
TIMETABLE:	
RECOMMENDED ACTION: Staff recommends a Public Hearing be scheduled for the Utility Committee on January 2, 2008 and this item to be placed on the Council agenda for January 14, 2008.	

BACKGROUND AND ANALYSIS

In January 2007 we received a request for a cable franchise from Verizon in order to offer FiOS TV services to the residents of Dover. The City obtained the services of Mr. Dan Cohen, of Cohen Law Group, to assist the City in negotiations with Verizon for the cable franchise. After several negotiation sessions and draft agreements, we are presenting to the Committee what we believe to be an agreement that is fair and equitable to both the City and Verizon as well as provide our citizens with an alternative provider.

See the Executive Summary for further details.

VERIZON CONFIDENTIAL AND PROPRIETARY INFORMATION
DRAFT - FOR DISCUSSION PURPOSES ONLY
DECEMBER 6, 2007 VERIZON

CABLE FRANCHISE AGREEMENT[1]

BETWEEN

CITY OF DOVER, DELAWARE

AND

VERIZON DELAWARE LLC

[1] This draft cable franchise agreement is not a "public record" pursuant to Delaware's Freedom of Information Act, 29 Del. Code §§ 10001-10005, and should not be disclosed to any party without Verizon's express prior written permission.

TABLE OF CONTENTS

Page

1. DEFINITIONS 2
2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS 6
3. PROVISION OF CABLE SERVICE 8
4. SYSTEM OPERATION 9
5. SYSTEM FACILITIES 10
6. EG SERVICES 10
7. FRANCHISE FEES 11
8. CUSTOMER SERVICE 12
9. REPORTS AND RECORDS 12
10. INSURANCE AND INDEMNIFICATION 13
11. TRANSFER OF FRANCHISE 15
12. RENEWAL OF FRANCHISE 15
13. ENFORCEMENT AND TERMINATION OF FRANCHISE 15
14. MISCELLANEOUS PROVISIONS 17

EXHIBIT A – PUBLIC BUILDINGS TO BE PROVIDED FREE CABLE SERVICE 21

EXHIBIT B – SERVICE AREA 22

EXHIBIT C – CUSTOMER SERVICE STANDARDS 24

THIS CABLE FRANCHISE AGREEMENT (the "Franchise" or "Agreement") is entered into on this ____ day of _____, 2008 (the "Effective Date") by and between the CITY OF DOVER, Kent County, Delaware, a validly organized and existing political subdivision of the State of Delaware (the "Local Franchising Authority" or "LFA"), and VERIZON DELAWARE LLC, a corporation duly organized under the applicable laws of the State of Delaware (the "Franchisee").

WHEREAS, Franchisee is in the process of installing a Fiber to the Premise Telecommunications Network ("FTTP Network") in the City for the transmission of Non-Cable Services pursuant to authority granted by the State of Delaware (*see* 26 Del. Code, § 902);

WHEREAS, Franchisee intends to construct, install, maintain, and extend the FTTP Network pursuant to Title II of the Communications Act (*see* 47 U.S.C. § 201 *et seq.*), and has requested a cable franchise from the City to operate a Cable System over, under, and along the Public Rights-of-Way within the LFA's jurisdiction, in accordance with Title VI of the Communications Act (*see* 47 U.S.C. § 521 *et seq.*);

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

WHEREAS, Franchisee is a "cable operator" and the LFA is a "Local Franchising Authority" in accordance with Title VI of the Communications Act (*see* 47 U.S.C. § 522(5)(10)) and the LFA is authorized to grant one or more nonexclusive cable franchises pursuant to applicable state law;

WHEREAS, the FTTP Network will occupy the Public Rights-of-Way within the City, and Franchisee desires to use portions of the FTTP Network once installed to provide Cable Services in the City;

WHEREAS, LFA has identified the future cable related needs and interests of the City and its residents, 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 all residents the opportunity to be heard;

WHEREAS, the LFA desires to protect and manage the Public Rights-of-Way, require high standards of customer service, receive financial compensation for Franchisee's use of the Public Rights-of-Way as provided by federal law, obtain complimentary services for its public buildings, reserve the right to obtain educational and governmental channels, establish certain reporting and record access requirements, and provide for the future cable-related needs of its residents;

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 City pursuant to and consistent with the Communications Act (as hereinafter defined), Subchapter VI of Chapter I of Title 26 of the Delaware Code and 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 (as hereinafter defined) are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1 *Access Channel*: A video Channel that Franchisee shall make available to LFA without charge for educational or governmental use for the transmission of video programming as directed by LFA.

1.2 *Additional Service Area:* Shall mean any such portion of the Service Area other than the Initial Service Area added pursuant to Section 3.3 of this Agreement.

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

1.4 *Basic Service:* Any service tier that includes the retransmission of local television broadcast signals as well as the EG Channel required by this Franchise.

1.5 *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), which currently states, "the one-way transmission to subscribers of video programming or other programming service, and subscriber interaction, if any, which is required for the selection or use of such video programming or other programming service."

1.6 *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), which currently states, "a 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 a community, but such term does not include (A) a facility that serves only to retransmit the television signals of one or more television broadcast stations; (B) a facility that serves subscribers without using any public rights-of-way; (C) a facility of a common carrier which is subject, in whole or in part, to the provisions of Title II of this Act, except that such facility shall be considered a cable system

(other than for purposes of Section 621(c)) to the extent such facility is used in the transmission of video programming directly to Subscribers, unless the extent of such use is solely to provide interactive on-demand services; (D) an open video system that complies with Section 653 of this title; or (E) any facilities of any electric utility used solely for operating its electric utility systems." Franchisee's 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 City 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 Service provider.

1.7 *Channel:* Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(4), which currently states "a portion of the electromagnetic frequency spectrum which is used in a cable system and which is capable of delivering a television channel (as television channel is defined by the FCC by regulation)."

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

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

1.10 *Complaint:* Any written communication, including electronic mail, by a Subscriber expressing dissatisfaction with any aspect of Franchisee's Cable System or cable operations.

1.11 *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.

1.12 *Customer Service Standards:* The standards for customer service as set forth in Exhibit C.

1.13 *Educational Access Channel*: An Access Channel available for the use of the local schools in the City.

1.14 *EG*: Educational or Governmental.

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

1.16 *Fiber to the Premise Telecommunications Network ("FTTP Network")*: The Franchisee's network that transmits Non-Cable Services pursuant to the authority granted under the laws of the State of Delaware and under Title II of the Communications Act (which Non-Cable Services are not subject to Title VI of the Communications Act), and that supports the Cable System as of the Service Date.

1.17 *Force Majeure*: An event or events reasonably beyond the ability of Franchisee to anticipate and control. This includes but is not limited to the following: severe or unusual weather conditions, labor strikes, slowdowns, stoppages, and lockouts, war or act of war (whether an actual declaration of war is made or not), insurrection, riots, act of public enemy, including terrorist attacks, orders of the government of the United States or the State of Delaware, actions or inactions of any government instrumentality or public utility including condemnation to the extent not foreseeable, 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 to the extent that such unavailability of materials and/or qualified labor was reasonably beyond the ability of Franchisee to foresee or control.

1.18 *Franchisee:* Verizon Delaware LLC, and its lawful and permitted successors, assigns, and transferees.

1.19 *Government Access Channel*: An Access Channel available for the use of LFA for governmental purposes.

1.20 *Gross Revenue:* All revenue as determined in accordance with generally accepted accounting principles, which is derived by Franchisee or its Affiliates from the operation of the Cable System to provide Cable Service in the City, including, but not limited to:

(1) Basic Service fees;
(2) fees charged to Subscribers for any service tier other than Basic Service;
(3) fees charged for premium services;
(4) fees charged to Subscribers for any optional, per-channel or per-program services;
(5) revenue from the provision of any other Cable Services;
(6) charges for installation, additional outlets, relocation, disconnection, reconnection and change-in-service fees for video programming;
(7) fees for downgrading any level of Cable Service programming;
(8) fees for service calls;
(9) fees for leasing of channels;
(10) rental of any and all equipment, including converters and remote control devices;
(11) fees for digital video recorders;
(12) any and all advertising revenues;
(13) revenue from the sale or rental of Subscriber lists;
(14) revenues or commissions from home shopping channels, subject to Section 1.18.5;
(15) fees for any and all music services unless they are deemed to be a Non-Cable Service;
(16) fees for video-on-demand;
(17) revenue from the sales of program guides;

(18) late payment fees;
(19) NSF check charges;
(20) Franchise fees; and
(21) Foregone revenue that Franchisee chooses not to receive in exchange for trades, barters, services, or other items of value consistent with Subsection 1.18.8.

Advertising commissions paid to independent third parties shall not be deducted from advertising revenue included in Gross Revenue. Advertising revenue is based upon the ratio of the number of Subscribers as of the last day of the period for which Gross Revenue is being calculated to the number of Franchisee's subscribers within all areas covered by the particular advertising source as of the last day of such period. By way of illustrative example, Franchisee sells two ads: Ad "A" is broadcast nationwide; Ad "B" is broadcast only within Pennsylvania. Franchisee has 100 Subscribers in the LFA, 500 subscribers in Delaware, and 1000 subscribers nationwide. Gross Revenue as to the LFA from Ad "A" is 10% of Franchisee's revenue therefrom. Gross Revenue as to the LFA from Ad "B" is 20% of Franchisee's revenue therefrom.

Gross Revenue shall not include:

1.18.1 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;

1.18.2 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;

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

1.18.4 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, Internet-derived 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 that are classified as Non-Cable Services; and any other revenues classified as Non-Cable Services in accordance with applicable federal and state laws and FCC or state public utility regulatory commission rules, regulations, standards, or orders;

1.18.5 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;

1.18.6 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;

1.18.7 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 revenue);

1.18.8 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 forgone revenue that Franchisee chooses not to receive in exchange for trades, barters, services, or other items of value shall be included in Gross Revenue;

1.18.9 Sales of capital assets or sales of surplus equipment that are not deemed to be a Cable Service;

1.18.10 Program launch fees; and

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

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

1.22 *Initial Service Area*: The portion of the City referenced in Section 3.1 and as outlined in Exhibit B.

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

1.24 *Local Franchise Authority (LFA)*: The City of Dover or the lawful successor, transferee, or assignee thereof.

1.25 *Non-Cable Services*: Any service that is not a Cable Service as defined herein, including, but not limited to, Information Services and Telecommunications Services.

1.26 *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 some weekend hours. *See* C.F.R. § 76.309(c)(4)(i).

1.27 *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 ordinarily 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).

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

1.29 *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.

1.30 *Service Area*: All portions of the City where Cable Service is being offered, including the Initial Service Area and any Additional Service Area as outlined in Exhibit B.

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

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

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

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

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

1.36 *Title II*: Title II of the Communications Act, Common Carriers, as amended, which governs the provision of Telecommunications Services.

1.37 *Title VI*: Title VI of the Communications Act, Cable Communications, as amended, which governs the provision of Cable Services by Franchisee.

1.38 *Transfer of the Franchise*:

1.38.1 Any transaction in which:

1.38.1.1 the ownership, control 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

1.38.1.2 at least thirty percent (30%) of the equitable ownership of the Franchisee is transferred or assigned to another Person or group of Persons; or

1.38.1.3 the rights held by Franchisee pursuant to this Agreement are transferred or assigned to another Person or group of Persons.

1.38.2 However, notwithstanding subsections 1.37.1.1, 1.37.1.2 and 1.37.1.3, a Transfer of the Franchise shall not include transfer of an ownership or other interest in Franchisee to the parent of the Franchisee or to another Affiliate of the Franchisee; transfer of an interest in the Franchise or the rights held by Franchisee under the Franchise to the parent of the 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.

1.39 *Video Programming:* Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(20), which currently states, "programming provided by, or generally considered comparable to programming provided by a television broadcast station."

2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

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

2.2 *LFA's Regulatory Authority*: 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 for the provision of Non-Cable Services. The jurisdiction of the LFA over such Telecommunications Facilities is also governed by federal and state law, and the LFA shall not assert jurisdiction over Franchisee's FTTP Network in contravention of those laws. Therefore, as provided in Section 621 of the Communications Act, 47 U.S.C. § 541, the 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. This Agreement shall not be construed to limit the regulatory authority the LFA has under federal and state law with respect to the FTTP Network facilities.

2.3 *Term:* This Franchise shall become effective on _____, 2008 (the "Effective Date"). The term of this Franchise shall be ten (10) 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 and State Law:* Notwithstanding any provision to the contrary herein, this Franchise is subject to and shall be governed by all applicable provisions of federal and state laws and regulations to the extent not in conflict with federal law.

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, the Communications Act, or any other applicable state or federal 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 federal or state law have the lawful effect of materially altering the terms and conditions of this Agreement, making it commercially impracticable for Franchisee to continue the provision of Cable Services in the City 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 and signed by both parties. If the parties cannot reach

agreement on the above-referenced modification to the Franchise, then Franchisee may terminate this Agreement without further obligation to the LFA or, at either party'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. If the LFA exercises its reasonable, necessary, and lawful police power rights and such exercise results in a material alteration of the terms and conditions of this Agreement that makes it commercially impracticable for Franchisee to continue the provision of Cable Services in the City, then the parties shall modify this Agreement to the mutual satisfaction of both parties to ameliorate the negative effects of the LFA's exercise of its police power rights on Franchisee. Any modification to this Agreement shall be in writing and signed by both parties. If the parties cannot reach agreement on the above-referenced modification to the Agreement, then Franchisee may terminate this Agreement without further obligation to the LFA or, at either party's initiative, 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 *Initial Service Area*: Franchisee shall offer Cable Service to a significant number of Subscribers in residential areas of the Initial Service Area and may make Cable Service available to businesses in the Initial Service Area, within twenty-four (24) months of the Effective Date of this Franchise. Franchisee shall offer Cable Service to all residential areas in the Initial Service Area within five (5) years of the Effective Date of the Franchise, except: (A) for periods of Force Majeure; (B) for periods of unreasonable delay caused by the LFA; (C) for periods of unreasonable delay that result 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 areas, developments or buildings where Franchisee cannot access under reasonable terms and conditions after good faith negotiation; 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 *Service Availability Meeting:* Franchisee agrees that, upon the LFA's request and with no less than thirty (30) days written notice, but no more than twice per calendar year, a representative of the Franchisee will meet with representatives of the LFA at a Service Availability Meeting to provide additional information, subject to Section 8.2, on the status of the deployment of Cable Services in the Franchise Area. The Service

Availability Meeting may be attended only by representatives of the LFA and the Franchisee, and will not be open to the public.

3.1.1.2 *Non-Discrimination:* Franchisee shall not unreasonably discriminate between or among any individuals in the availability of Cable Service. Franchisee shall not deny access to any group of potential residential Subscribers because of the income of the residents of the local area in which the group resides.

3.2 *Density Requirement:* Franchisee shall make Cable Services available to residential dwelling units in all areas of the City where the minimum density is twenty-five (25) 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 City meet such density requirements after the time stated for providing Cable Service as set forth in subsections 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.

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

3.4 *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, other than a standard installation charge, all residential dwelling units that are within two hundred (200) 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 two hundred (200) feet and actual costs incurred to connect any non-residential dwelling unit Subscriber.

3.5 *Cable Service to Municipal Buildings*: Subject to Section 3.1, Franchisee shall provide, without charge within the Service Area, one (1) service outlet activated for Basic Service to each municipal building, fire station, public library, and each public school, and each non-public K-12 school that (a) receives funding pursuant to Title I of the Elementary and Secondary Education Act of 1965, 20 U.S.C. § 6301 et seq. and (b) is considered a non-public, non-licensed school located in the LFA as designated in Exhibit A; provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than two hundred (200) 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 two hundred (200) feet, or of releasing Franchisee from the obligation to provide service to such public building.

Furthermore, Franchisee shall be permitted to recover, from any 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 two hundred (200) feet of drop cable; provided, however, that Franchisee shall charge for the provision of Basic Service to the additional service outlets once installed. Cable Service may not be resold or otherwise used in contravention of Franchisee's rights with third parties respecting programming provided that the Franchisee has made the LFA aware of such rights with respect to third parties. Equipment provided by Franchisee, if any, shall be replaced at retail rates if lost, stolen, or damaged.

3.5.1 In addition to the locations designated in Exhibit A, Franchisee shall provide without charge within the Service Area up to one (1) service outlet activated for Basic Service to a maximum of four (4) additional municipal buildings during the Term of the Agreement at locations as mutually agreed upon by the parties, subject to all conditions set forth in this Section 3.5.

3.5.2 Notwithstanding the foregoing, Franchisee shall not be required to provide Cable Service to any building set forth in Exhibit A until six (6) months after Franchisee serves the applicable portion of the Franchise Area with its Title II FTTP Network, and the applicable wire center serving such building is video enabled.

4. SYSTEM FACILITIES

4.1 *Technical Requirement:* Franchisee shall operate, maintain, construct and extend the Cable System so as to provide high quality signals and reliable delivery of one-way and two-way Cable Services for all cable programming services throughout the LFA. The Cable System shall meet or exceed any and all technical performance standards of the FCC, the National Electrical Safety Code, the National Electrical Code and any other applicable federal law and the laws of the State of Delaware, to the extent not in conflict with federal law and regulations, as determined by a final order of a court of competent jurisdiction.

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

4.2.1 The System shall be designed, constructed and maintained with an initial analog and digital carrier passband between 50 and 860 MHz. The maximum bandwidth shall not be less than 860 MHz.

4.2.2 The System shall be designed, constructed, and maintained to be an active two-way system that allocates sufficient portion of said bandwidth to deliver reliable two-way Cable Services.

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

4.4 *Emergency Alert System*: Franchisee shall comply with the Emergency Alert System ("EAS") requirements of the FCC in order that emergency messages may be distributed over the System. Such emergency messages may be federal, state, or local provided that they comply with the State of Delaware EAS plan.

5. EG SERVICES

5.1 *EG Set Aside:*

5.1.1 In order to ensure universal availability of Educational and Government Access programming, Franchisee shall provide use of capacity on its Basic Service Tier for one (1) dedicated Channel for Government Access, and shall reserve on its Basic Service Tier for LFA's future use one (1) additional dedicated Channel for Educational/Government Access (collectively, "EG Channels"). The parties agree that Franchisee shall retain the right to utilize all such Access Channel capacity, in its sole discretion, during the term of this Franchise until such time that Franchisee activates LFA's Access Channel(s) pursuant to Section 5.1.2 and/or if LFA ceases to use the Access Channels during the Term of this Agreement. LFA shall comply with applicable law regarding the use of EG Channels.

5.1.2 Upon the signing of this Agreement, the LFA hereby notifies Franchisee of its intent to provide programming to be carried on the Government Access Channel; such notification shall constitute authorization to the Franchisee to transmit such programming within and outside of the City. The LFA may activate the reserved Educational/Government Access Channel during the Term by providing the Franchisee with written notice at least one hundred eighty (180) days prior to the date it intends to activate the reserved E/G Channel. Such written notice shall authorize the Franchisee to transmit the reserved EG Channel within and outside of the City. The Franchisee shall assign the Access Channel numbers on the Basic Service Tier to the extent such channel number assignments do not interfere with the Franchisee's existing or planned channel number line-up and contractual obligations, provided it is understood that the Franchisee specifically reserves the right to make or change channel assignments in its sole discretion. The Access Channels shall be used for community programming related to Educational and/or Governmental activities. The LFA shall have complete control over the content, scheduling, and administration of the Access Channels and may delegate such functions, or a portion of such functions, to an appropriate designee upon written notice from the LFA. The Franchisee shall not exercise any editorial control over Access Channel programming. If an Access Channel activated under this Article is not being utilized by the LFA, the Franchisee may utilize such Access Channel, in its sole discretion after receiving written approval from the LFA, until such time as the LFA elects to utilize the Access Channel, at which time the LFA shall provide the Franchisee with ninety (90) days' prior written notice of such request.

5.1.3. Subject to Subsection 5.1.3.1, within one hundred eighty (180) days after the Effective Date of this Agreement Franchisee shall provide a direct video link, without charge to the LFA, to one (1) location within the LFA where EG Access programming is

originated, specifically, for the Government Access Channel: Dover City Hall, 15 E. Lockerman Street, Dover, DE 19901, for the purpose of cablecasting EG Access programming; provided, however, that the LFA must provide the signal for the EG Channels at the designated point of origination at no cost to the Franchisee other than the cost of providing video links for direct connection, and the Franchisee shall not be obligated to provide LFA with either cablecast equipment and facilities or personnel responsible for maintaining and operating such equipment and facilities or generating any such EG Access programming. Subject to Subsection 5.1.3.1, Franchisee shall provide a direct video link to the video origination point of the reserved EG Channel within one hundred eighty (180) days of receiving written notice from the LFA that it wishes to activate the reserved EG Channel.

5.1.3.1. With respect to the Franchisee's obligations pursuant to this Section 5.1.4, the LFA is responsible for providing Franchisee with access to each EG facility and access to the EG equipment within those facilities. Franchisee, upon receipt of a video signal from the locations set forth in Sections 5.1.4, shall provide, install, and maintain in good working order the equipment and the fiber necessary for transmitting the signal to the channel aggregation site for further processing for distribution to Subscribers.
FINALIZATION PENDING SITE SURVEY

5.2 *EG Grant*

5.2.1. Franchisee shall provide a grant to the City, or its designee (as evidenced by appropriate resolution), to be used in support of the production of local EG programming.

5.2.2. The EG grant provided by Franchisee hereunder shall include the initial sum of fifty thousand dollars ($50,000) payable to the City within sixty (60) days of the Effective Date (the "Initial EG Grant"). Payment of this Initial EG Grant shall be contingent upon the approval of the Agreement by the Dover City Council on or before January 15, 2008. The Franchisee shall also make a three subsequent lump-sum payments to the City in the amount of fifty-thousand dollars ($50,000) each to support the production of local EG programming (collectively, the "Additional EG Grants"). Payment of each of the three Additional EG Grants shall be made no later than two, five, and eight years from the Effective Date, respectively, and shall be contingent upon the continued provision by the LFA of an EG video signal as set forth in Subsection 5.1.3 through the date on which each such payment is due. To the extent permitted by federal law, Franchisee shall be allowed to recover the Initial EG Grant and the Additional EG Grants from Subscribers and may line-item or otherwise pass-through such grants to Subscribers.

5.3 *Responsibility for EG*: LFA shall require all local producers and content suppliers of any of the EG facilities or Channels to agree in writing to authorize Franchisee to transmit programming consistent with this Agreement. The LFA shall further require all local producers and content suppliers of any of the EG facilities or Channels other than the LFA and the School Board to defend and hold harmless Franchisee and LFA from and against any and all liability or other injury, including the reasonable cost of defending claims or litigation, arising from or in connection with claims for failure to comply with applicable federal laws, rules,

regulations, or other requirements of local, state, or federal authorities; for claims of libel, slander, invasion of privacy, or the infringement of common law or statutory copyright; for unauthorized use of any trademark, trade name, or service mark; for breach of contractual or other obligations owing to third parties by the producer or user; and for any other injury or damage in law or equity, which results from the use of an EG Channel facility or Channel. Notwithstanding the foregoing, local producers and content suppliers shall not indemnify Franchisee for any damages, liability, or claims (a) resulting from acts of willful misconduct or negligence of the Franchisee, its officers, employees, or agents, or (b) arising out of claims regarding the technical signal quality of the Access Channels to the extent such quality is within the control of the Franchisee

5.4 Recovery of Costs: To the extent permitted by federal law, Franchisee shall be allowed to recover the costs arising from the provision of EG services as set forth in 47 U.S.C. § 622 and shall be allowed to recover the costs arising from the provision of EG services from Subscribers and to include such costs as a separately billed line item on each Subscriber's bill.

6. FRANCHISE FEES

6.1 *Payment to LFA:* Franchisee shall pay to LFA a Franchise fee of five percent (5%) 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. Specifically, payments shall be due and payable on or before May 15 (for the first quarter), August 15 (for the second quarter), November 15 (for the third quarter), and February 15 (for the fourth quarter). In the event that any franchise fee payment is not made on or before the applicable dates, then interest shall be added at the rate of six percent (6%) per year of the amount of franchise fee revenue due to the LFA. No acceptance of any payment shall be construed as an accord that the amount paid is the correct amount. 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 ninety (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 that provides line items of revenue sources and is verified by a financial manager 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 four (4) years from the date on which payment by the Franchisee is due.

6.4 *Audits*:

6.4.1 LFA may audit or conduct a franchise fee review of Franchisee's books and records no more than once every three (3) years during the Term. All records reasonably necessary for any such audit or franchise fee review shall be made available by Franchisee to LFA. Franchisee shall provide copies of such records to LFA upon written request.

6.4.2 Each party shall bear its own costs of an audit or franchise fee review; provided, however, that if the results of any audit or franchise free review indicate that Franchisee underpaid the franchise fees by five percent (5%) or more, then Franchisee shall pay the reasonable, documented, out-of-pocket costs of the audit or franchise fee review up to five thousand dollars ($5,000).

6.4.3 If the results of an audit or franchise free review indicate an overpayment or underpayment of franchise fees, the parties agree that such overpayment or underpayment shall be returned to the proper party within forty-five (45) days; provided, however, that Franchisee shall be required to remit underpayments to LFA together with interest at five percent (5%) of the amount correctly due from the date such underpayment would have been due.

6.4.4 Any entity employed by LFA that performs the audit or Franchise fee review shall be a qualified, professional firm with recognized expertise in auditing franchise fees and shall not be permitted to be compensated on a success based formula, *e.g.*, payment based on an underpayment of fees, if any.

6.5 *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 generally accepted accounting principles and applicable laws and regulations.

7. CUSTOMER SERVICE

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

8. REPORTS AND RECORDS

8.1 *Open Books and Records*: Upon thirty (30) days' written notice to Franchisee, LFA shall have the right to inspect Franchisee's books and records pertaining to this Agreement or Franchisee's provision of Cable Service in the City at any time during Normal Business Hours, at a mutually convenient time, as 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. The books and records to be made available for inspection by LFA shall be made available at a location within the City that is mutually agreed upon by the parties. Franchisee shall not be required to maintain any books and records

for Franchise compliance purposes longer than four (4) 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 City. If the Franchisee claims any information to be proprietary or confidential, it shall provide an explanation as to the reason it is claimed to be confidential or proprietary. Specifically, Franchisee agrees to provide to the LFA: (i) specific identification of the information; (2) a statement attesting to the reason(s) Franchisee believes the information is privileged or confidential; and (iii) a statement that the documents are available for inspection by the LFA. LFA shall treat any information disclosed by Franchisee as confidential so long as it is permitted to do so under applicable law 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 *Public Information*: If, in the course of enforcing this Franchise or for any other reason, the LFA believes it must disclose any Franchisee confidential information pursuant to the Delaware Freedom of Information Act ("FOIA"), 29 Del. Code §§ 10001-10005, the LFA shall provide reasonable advance notice of such disclosure so that Franchisee can take appropriate steps to protect its interests.

8.3 *Records Required*: Franchisee shall at all times maintain the following, which may be inspected pursuant to Section 8.1 above:

8.3.1 Records of all Complaints for a period of four (4) years after receipt by Franchisee. Complaints will not be limited to Complaints requiring an employee service call;

8.3.2 Records of outages for a period of four (4) years after occurrence, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

8.3.3 Records of service calls for repair and maintenance for a period of four (4) 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;

8.3.4 Records of installation/reconnection and requests for service extension for a period of four (4) 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

8.3.5 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 three million dollars ($3,000,000) 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 LFA.

9.1.1.2 Excess Liability Insurance in the amount of five million dollars ($5,000,000) in umbrella form.

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

9.1.1.4 Workers' Compensation Insurance meeting all legal requirements of the State of Delaware.

9.1.1.5 Employers' Liability Insurance in the following amounts: (A) Bodily Injury by Accident: one hundred thousand dollars ($100,000); and (B) Bodily Injury by Disease: one hundred thousand dollars ($100,000) employee limit; five hundred thousand dollars ($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 the LFA verifying that the 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 elected and appointed officials, officers, agents, boards, and employees, from and against any and all claims for injury, loss, liability, cost or expense, arising in whole or in part from, incident to, or connected with any act or omission of Franchisee, its officers, agents,

or employees, including the acts or omissions of any contractor or subcontractor of Franchisee, arising out of, but not limited to, the construction, operation, upgrade, maintenance of its Cable System. The obligation to indemnify, save, hold harmless and defend the LFA shall include, but not be limited to, the obligation to pay judgments, injuries, liabilities, damages, penalties, expert fees, court costs, and Franchisee's own attorneys' fees. LFA shall give Franchisee timely written notice of LFA's request for indemnification; and in any event, the LFA shall provide Franchisee with such written notice within a period of time that allows Franchisee to take action to avoid entry of a default judgment and does not prejudice Franchisee's ability to defend the claim or action. Notwithstanding the foregoing, Franchisee shall not indemnify LFA for any damages, liability, or claims resulting from, and the LFA shall be responsible for, the willful misconduct or negligence of LFA, its officers, agents, and employees.

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 proposed settlement includes the release of the LFA, and the LFA does not consent to the terms of any such settlement or compromise, the Franchisee shall not settle the claim or action, but its obligation to indemnify the LFA shall in no event exceed the amount of such settlement.

10. TRANSFER OF FRANCHISE

10.1 *Transfer:* Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, and applicable regulations, no Transfer of the Franchise shall occur without the prior consent of LFA. 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 the Franchisee in the Franchise or Cable System in order to secure indebtedness, or for transactions otherwise excluded under Section 1.37 above. Franchisee shall make written application to the LFA of any Transfer and shall provide information required by FCC Form 394 and any other applicable federal and state statutes and regulations regarding transfer or assignment. The LFA shall have one hundred twenty (120) days from the receipt of FCC Form 394 to take action on the Transfer application. Any consent by the LFA for any Transfer shall not be effective until the proposed transferee or assignee shall have executed a letter stating that it shall be bound by all the terms and conditions contained in this Agreement.

11. RENEWAL OF FRANCHISE

11.1 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.

12. ENFORCEMENT AND TERMINATION OF FRANCHISE

12.1 *Notice of Non-Compliance*: If at any time LFA believes that Franchisee has violated the terms of this Agreement, LFA shall informally discuss the matter with Franchisee. If these discussions do not lead to resolution of the problem, 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"). If LFA does not notify Franchisee of any alleged noncompliance, it shall not operate as a waiver of any rights of LFA hereunder or pursuant to applicable law. Notwithstanding the foregoing, Franchisee shall not be prohibited from raising any applicable defenses under the law.

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 cure is projected to be completed, provided that Franchisee shall have promptly commenced to cure and is diligently pursuing its efforts to cure in the reasonable judgment of LFA. 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 Franchisee may request a public hearing. If such a hearing is scheduled, LFA shall provide Franchisee at least thirty (30) 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 *Liquidated Damages:*

After the time period set forth in Sections 12.1-12.3 above, in the event that LFA finds that an alleged noncompliance continues to exist and that Franchisee has not corrected the same in a satisfactory manner or has not diligently pursued correction of such violation, Franchisee agrees that LFA may recover liquidated damages from Franchisee in the amounts set forth below following the notice and opportunity to cure provisions set forth in Sections 12.1-12.3 above; provided, however, that if Franchisee disputes the assessment of any liquidated damages hereunder, Franchisee may request and LFA agrees to schedule a public hearing with

regard to such dispute. Following the notice and opportunity to cure periods in Sections 12.1-12.3 above, LFA shall provide Franchisee with written notice that it intends to elect the liquidated damage remedies set forth herein. If LFA elects to recover liquidated damages for any item set forth in this Section 12.4 (including customer service violations), LFA agrees that such recovery shall be its exclusive remedy for the time period in which liquidated damages are assessed; provided, however, once LFA has ceased to assess its liquidated damages remedy as set forth in Section 12.4.2, it may pursue other available remedies.

12.4.1. Pursuant to Section 12.4, the following monetary damages shall apply:

For failure to provide Cable Service as set forth in Sections 3.1-3.3	$100 per day for each day the violation continues;
For failure to maintain the FCC technical standards as set forth in Section 4	$100 per day for each day the violation continues;
For failure to provide EG Services to the community specified in Section 5.1	$100/day for each day the violation continues;
For failure to permit a franchise fee audit within forty-five (45) days of a request as set forth in Section 6.4	$100/day for each day the violation continues;
For failure to provide LFA with any reports or records required by the Agreement within the time period required	$100/day for each day the violation continues;
For failure to meet customer service requirements with regard to Sections 2, 3, and 4 of the Customer Service Standards set forth in Exhibit C	$300 for each quarter in which such standards were not met;
For failure to carry the insurance specified in Section 9.1.1	$100/day for each day the violation continues;

For a Transfer specified in Section 10 without required approval.....$100/day for each day the violation continues; and

For failure to obtain or maintain a Performance Bond specified in Section 12.5.....$100/day for each day the violation continues.

12.4.2. The amount of all liquidated damages per annum shall not exceed twelve thousand dollars ($12,000) in the aggregate. With respect to the damages assessed pursuant to 12.4.1, all similar violations or failures from the same factual events affecting multiple subscribers shall be assessed as a single violation, and a violation or a failure may only be assessed under any one of the above-referenced categories. Violations or failures shall not be deemed to have occurred or commenced until they are not cured as provided in Section 12.

12.5 *Performance Bond*:

12.5.1. Prior to the Service Date, Franchisee shall provide to LFA security for the performance of its obligations under this agreement in the amount of Twenty-five Thousand Dollars ($25,000). The form of this security may, at Franchisee's option, be a performance bond, letter of credit, cash deposit, cashier's check, or any other security acceptable to LFA.

12.5.2. If Franchisee posts a performance bond, it shall be substantially in the form of Exhibit D.

12.5.3. In the event that a performance bond provided pursuant to the Agreement is not renewed or is cancelled, Franchisee shall provide new security pursuant to this Article with thirty (30) days of such cancellation or failure to renew.

12.5.4. Cancellation, termination, refusal by surety to extend the bond, or inability of Principal to file a replacement bond or replacement security for its obligations, shall constitute a Non-Compliance pursuant to Section 12.4.1 above, but shall not constitute a loss to LFA recoverable under the bond.

12.6 *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, and LFA chooses not to impose liquidated damages or ceases to impose liquidated damages after Franchisee has failed to cure subject to the terms and conditions of this Agreement, LFA shall give written notice to Franchisee of such intent. The notice shall set forth the specific nature of the noncompliance. Franchisee shall have sixty (60) days from receipt of such notice to object in writing and to state its reasons for such objection. In the event that 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) days prior to

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

12.6.1 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 request the relevant testimony of the officials, agents, or employees 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.

12.6.2 Following the 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; (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 to revoke the Franchise based on the information presented or, where applicable, grant additional time to Franchisee to effect any cure. If LFA determines that the Franchise shall be revoked, LFA shall promptly provide Franchisee with a written decision setting forth its reasoning. Franchisee may appeal such determination of LFA to an appropriate court . Franchisee shall be entitled to such relief as the court finds appropriate. Such appeal must be taken within the time frame permitted by law.

12.6.3 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.

12.7 *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 making it commercially impracticable for Franchisee to continue the provision of Cable Service in the City. Franchisee may consider Subscriber penetration levels outside the Franchise Area in this determination. Notice to terminate under this Section 12.7 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.

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. This Agreement is authorized by Resolution No. _____ dated _____, 2008 of the Dover City Council.

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 the 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 the LFA, 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:

President
Verizon Delaware LLC
901 Tatnall Street, 2nd Floor
Wilmington, DE 19807

13.5.2 with a copy to:

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

13.5.3 Notices to LFA shall be mailed to:

City of Dover
Attention: City Manager
P.O. Box 475
Dover, DE 19903

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 (whether written or oral) of the parties regarding the subject matter hereof. Any ordinances or parts of ordinances related to the provision of Cable Services over the Cable System that conflict with the provisions of this Agreement are superseded by this Agreement.

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

13.8 *No Third Party Beneficiaries*: Except as expressly provided in this Agreement, this Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement.

13.9 *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.

13.10 *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 this Agreement.

13.11 *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.

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

13.13 *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 or EG requirements set out in this Agreement.

13.14 *Parental Control:* Franchisee shall provide to any Subscriber who requests a parental control or lock out device enabling Subscriber to lock out the audio and/or the video portion of any channel provided by the Franchisee over the Cable System. Franchisee shall make such device available, at its option, either by lease or purchase to its Subscribers.

AGREED TO THIS _____ DAY OF _____, 2008.

CITY OF DOVER

By: _____

Print: _____

Title: _____

VERIZON DELAWARE LLC

By: _____
William Allan
President, Verizon Delaware LLC

Date: _____

EXHIBITS

Exhibit A: Public Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: Customer Service Standards

Exhibit D: Sample Performance Bond

EXHIBIT A

PUBLIC BUILDINGS TO BE PROVIDED FREE CABLE SERVICE [CITY TO CONFIRM FINAL LIST W/ ADDRESSES]

City Hall
15 E. Loockerman Street
Dover, DE 19901

City of Dover Park & Recreation
White Oak Road
Dover, DE 19901

Weyandt Hall
5 E. Reed Street
Dover, DE 19901

City of Dover Public Library
45 S. State Street
Dover, DE 19901

City of Dover Warehouse
710 William Street
Dover, DE 19901

City of Dover Construction Building
125 Electric Avenue
Dover, DE 19901

City of Dover Electric Administration
860 Buttner Place
Dover, DE 19904

City of Dover Electric Power Plant
880 Buttner Place
Dover, DE 19904

City of Dover Facilities Management
127 Electric Avenue
Dover, DE 19904

City of Dover Grounds Department
Legislative Avenue
Dover, DE 19904

City of Dover Water Treatment Plant
802 Longpoint Road
Dover, DE 19901

City of Dover Police
400 S. Queen Street
Dover, DE 19904

Robbins Hose Fire Department
Station #1
103 South Governors Avenue
Dover, DE 19904

Robbins Hose Fire Department
Station #2
911 Dover-Kenton Road
Dover, DE 19904

City of Dover John Pitts Recreation Center
Electric Avenue
Dover, DE 19904

Academy of Dover
104 Saulsbury Road
Dover, DE 19904-9904

Campus Community Cntr
21 North Bradford Street
Dover, DE 19904-9904

East Dover Elementary School
852 South Little Creek Road
Dover, DE 19908

Calvary Christian Academy
1143 East Lebanon Road
Dover, DE 19908

Capitol Baptist School
401 Kesselring Avenue
Dover, DE 19908

Central Christian School
220 West Denney's Road
Dover, DE 19908

Central Delaware Christian Academy
4698 South DuPont Highway
Dover, DE 19908

Dover Montessori Country Day School
85 Carpenter Street
Dover, DE 19908

Early Childhood Laboratory School
Delaware State University
1200 North DuPont Highway
Dover, DE 19908

Faith Elementary School
90 Salisbury Road
Dover, DE 19908

The Greenbridge School
303 Main Street, Leipsic
Dover, DE

Holy Cross Elementary School
631 South State Street
Dover, DE 19908

Kent Christian Academy
3282 North DuPont Highway
Dover, DE 19908

The Little School, Inc.
308 North Queen Street
Dover, DE 19908

Small Wonders Montessori LLC
872 Forest Street
Dover, DE

St. John's - Dover
1156 Walker Road
Dover, DE 19904

Wesley Preschool
209 South State Street
Dover, DE 19908

1 North Bradford Street
Dover, DE 19904

Booker T. Washington Elementary School
901 Forest Street
Dover. DE 19908

Capital Intensive Learning Center
1075 South Governors Ave
Dover, DE 19908

Central Middle School
211 Delaware Avenue
Dover, DE 19908

Dover High School
One Pat Lynn Drive
Dover, DE 19908

Fairview Elementary School
Elementary School
700 Walker Road
Dover, DE 19908

Hartly Elementary School
PO Box 25
2617 Arthursville Road
Hartly, DE 19908

Kent County Community School
Carver Road
Dover, DE 19908

Kent County Secondary Intensive Learning Center
1075 South Governors Avenue
Dover, DE 19908

North Dover Elementary School
855 College Road
Dover, DE 19908

South Dover Elementary School
955 South State Street
Dover, DE 19908

Towne Point Elementary School
629 Buckson Drive
Dover, DE 19908

William Henry Middle School
Carver Road
Dover, DE 19908

EXHIBIT B
SERVICE AREA

The service area is shown in the map set forth below.

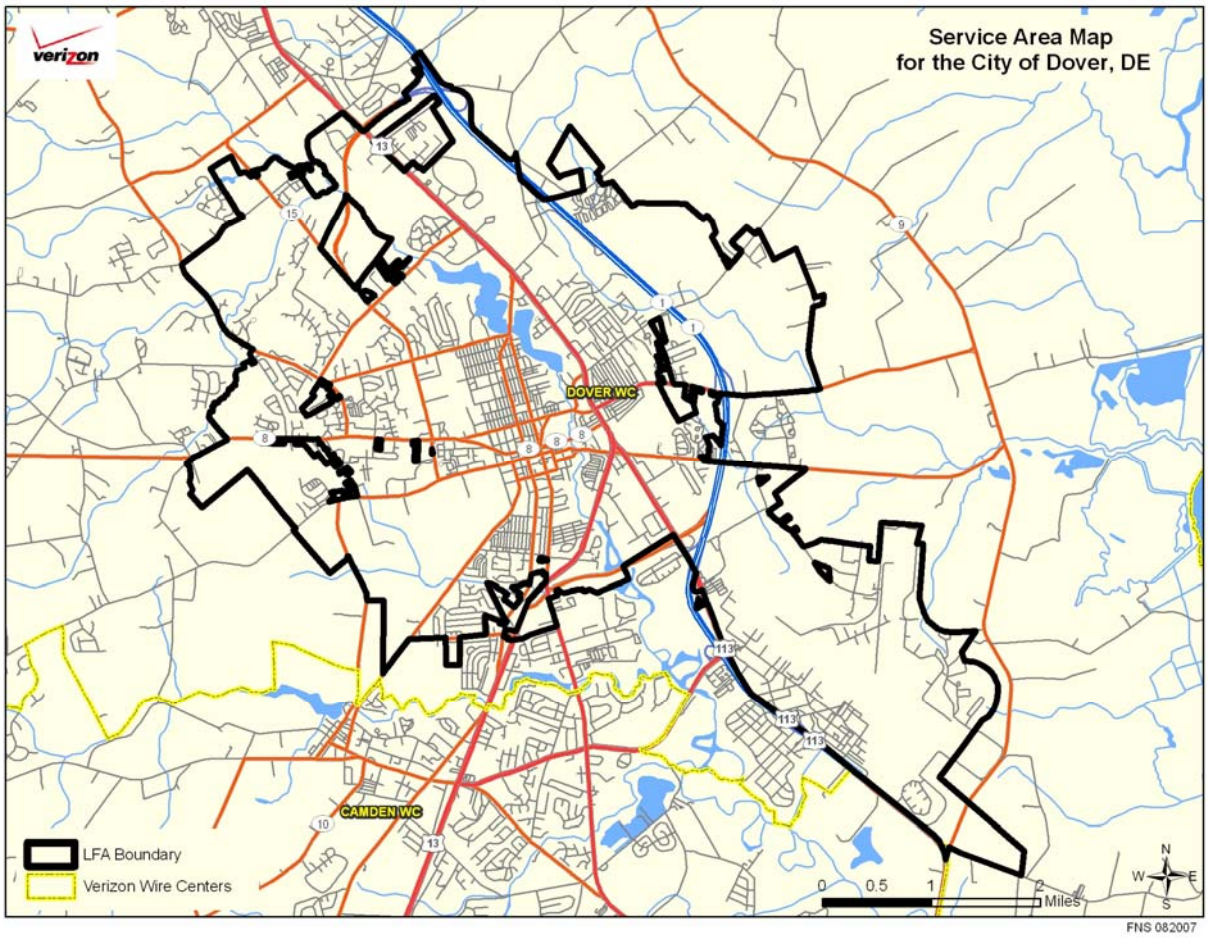


EXHIBIT C

CUSTOMER SERVICE STANDARDS

These standards shall start six (6) months after the Service Date and apply to Franchisee to the extent it is providing Cable Services over the Cable System in the City.

SECTION 1: DEFINITIONS

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

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 two hundred (200) 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 City and/or residents regarding Cable Service twenty-four (24) hours a day, seven (7) days a week. Franchisee representatives trained and qualified to answer questions related to Cable Service in the Service Area must respond to customer telephone inquiries during Normal Business Hours. Such representatives must be available to respond to Service Interruptions twenty-four (24) hours a day, seven (7) days a 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 thirty (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.

F. The Franchisee shall not be required to acquire equipment or perform surveys to measure compliance with the telephone answering standards above unless a historical record of Complaints indicates a clear failure to comply. Upon request from the LFA, but in no event more than once a quarter, thirty (30) days following the end of each quarter, the Franchisee shall report to the LFA the following for the applicable call center for the City receiving calls from Subscribers except for temporary telephone numbers set up for national promotions:

(1) Percentage of calls answered within thirty (30) seconds as set forth in Subsection 2.D.

(2) Percentage of time customers received busy signal when calling the Verizon service center as set forth in Subsection 2.E.

Subject to consumer privacy requirements, underlying activity will be made available to the LFA for review upon reasonable request.

G. 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 the rules of the FCC, the National Electric Code, and the National Electrical Safety Code, 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. The Franchisee shall provide the LFA with a report upon request from the LFA, but in no event more than once a quarter, noting the percentage of Standard Installations completed within the seven (7) day period, excluding those requested outside of the seven (7) day period by the Subscriber. Subject to consumer privacy requirements, underlying activity will be made available to the LFA for review upon reasonable request.

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.

D. 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 Normal Business Hours. The Franchisee may not cancel an appointment with a Subscriber after the close of business on the business day prior to the scheduled appointment. If a technician is running late for an appointment with a Subscriber and will not be able to keep the appointment as scheduled, the Subscriber will be contacted. The appointment will be rescheduled, as necessary, at a time which is convenient for the Subscriber.

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. Notwithstanding the foregoing, Franchisee may perform modifications, repairs, and upgrades to the System between 12.00 a.m. and 6:00 a.m. which may interrupt service, and this Section's notice obligations respecting such possible interruptions will be satisfied by notice provided to Subscribers upon installation and in the annual Subscriber notice.

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 and shall diligently pursue to completion.

(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 and shall diligently pursue to completion.

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.

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. The Franchisee shall provide the LFA with a report upon request from the LFA, but in no event more than once a quarter, thirty (30) days following the end of each quarter, noting the percentage of Service Calls completed within the seventy two (72) hour period not including Service Calls where the Subscriber was reasonably unavailable for a Service Call within the seventy two (72) hour period as set forth in this Section. Subject to consumer privacy requirements, underlying activity will be made available to the LFA for review upon reasonable request. At Franchisee's option, the above measurements 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.

H. 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.

I. 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. Such credit shall be reflected on Subscriber billing statements within the next available billing cycle following the outage.

SECTION 5: CUSTOMER COMPLAINTS

A. Under Normal Operating Conditions, Franchisee shall investigate Subscriber Complaints referred by the LFA within seventy-two (72) hours. Franchisee shall notify the 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 Subscriber's Complaint and advise the Subscriber of the results of that investigation.

B. Upon request, the Franchisee shall submit to the City a report showing the number of Complaints, as defined above, originating from the City within the past year, the dates they were received, summary descriptions of the Complaints, the dates the Complaints were resolved, and summary descriptions of the resolutions.

SECTION 6: BILLING

A. Subscriber bills shall be clear, concise, and understandable. Bill must be fully itemized to include all applicable service tiers and, if applicable, all related equipment charges. Bills shall clearly delineate activity during the billing period, including optional charges, rebates, credits, and any late charges. Franchisee shall maintain records of the date and place of mailing of bills.

B. 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.

C. 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 the Franchisee's sole discretion to determine when the dispute has been resolved.

D. 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.

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

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

G. LFA hereby requests that Franchisee omit LFA's name, address, and telephone number from Subscriber bills as permitted by 47 C.F.R. § 76.952.

SECTION 7: RATES, FEES, AND CHARGES

A. Franchisee shall not, except to the extent 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.

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

SECTION 8: 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.

SECTION 9: 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. 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.

D. 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 and LFA 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.

E. 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 9.D., 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;

(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.

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

G. 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.

H. 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.

SECTION 10: PRIVACY

The Franchisee shall protect and abide by the rights of privacy of every Subscriber and shall at all times comply with the privacy provisions of Section 631 of the Cable Act and all other applicable federal and state privacy laws and regulations.

EXHIBIT D

SAMPLE PERFORMANCE BOND

"Draft Sample- Definite Term" Franchise Bond
Bond No. _____

KNOW ALL MEN BY THESE PRESENTS: *That (name & address) (hereinafter called the Principal), and (name and address) (hereinafter called the Surety), a corporation duly organized under the laws of the State of (state), are held and firmly bound unto (name & address) (hereinafter called the Obligee), in the full and just sum of _____ Dollars ($_____), the payment of which sum, well and truly to be made, the said Principal and Surety bind themselves, their heirs, administrators, executors, and assigns, jointly and severally, firmly by these presents.*

WHEREAS, the Principal and Obligee have entered into a Franchise Agreement dated_____ which is hereby referred to and made a part hereof.

WHEREAS, said Principal is required to perform certain obligations under said Agreement.

WHEREAS, the Obligee has agreed to accept this bond as security against default by Principal of performance of its obligations under said Agreement during the time period this bond is in effect.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH that if the Principal shall perform its obligations under said Agreement, then this obligation shall be void, otherwise to remain in full force and effect, unless otherwise terminated, cancelled or expired as hereinafter provided.

PROVIDED HOWEVER, that this bond is executed subject to the following express provisions and conditions:

1. In the event of default by the Principal, Obligee shall deliver to Surety a written statement of the details of such default within 30 days after the Obligee shall learn of the same, such notice to be delivered by certified mail to address of said Surety as stated herein.

2. This Bond shall be effective _____, 20___, and shall remain in full force and effect thereafter for a period of one year and will automatically extend for additional one year periods from the expiry date hereof, or any future expiration date, unless the Surety provides to the

Obligee not less than sixty (60) days advance written notice of its intent not to renew this Bond or unless the Bond is earlier canceled pursuant to the following. This Bond may be canceled at any time upon sixty (60) days advance written notice from the Surety to the Obligee.

3. Neither cancellation, termination nor refusal by Surety to extend this bond, nor inability of Principal to file a replacement bond or replacement security for its obligations under said Agreement, shall constitute a loss to the Obligee recoverable under this bond.

Bond No. _____

4. No claim, action, suit or proceeding shall be instituted against this bond unless same be brought or instituted and process served within one year after termination or cancellation of this bond.

5. No right of action shall accrue on this bond for the use of any person, corporation or entity other than the Obligee named herein or the heirs, executors, administrators or successors of the Obligee.

6. The aggregate liability of the surety is limited to the penal sum stated herein regardless of the number of years this bond remains in force or the amount or number of claims brought against this bond.

7. This bond is and shall be construed to be strictly one of suretyship only. If any conflict or inconsistency exists between the Surety's obligations as described in this bond and as may be described in any underlying agreement, permit, document or contract to which this bond is related, then the terms of this bond shall supersede and prevail in all respects.

This bond shall not bind the Surety unless it is accepted by the Obligee by signing below.

IN WITNESS WHEREOF, the above bounded Principal and Surety have hereunto signed and sealed this bond effective this _____ day of _____, 2007.

Principal **Surety**

By: _____ By: _____
, Attorney-in-Fact

Accepted by Obligee: _____
(Signature & date above - Print Name, Title below)