

ORDINANCE NO. 143

AN ORDINANCE OF THE TOWNSHIP OF MILFORD, BUCKS COUNTY, PENNSYLVANIA, GRANTING TO VERIZON PENNSYLVANIA INC., A NON-EXCLUSIVE FRANCHISE TO ERECT, INSTALL, MAINTAIN AND OPERATE CABLE SERVICE IN, UNDER, OVER, ALONG, ACROSS AND UPON THE STREETS, SIDEWALKS, ALLEYS, BRIDGES, ROADS, HIGHWAYS AND OTHER PUBLIC PLACES IN THE TOWNSHIP OF MILFORD AND SUBSEQUENT ANNEXATIONS THERETO INCLUDING IN CONNECTION THEREWITH THE RIGHT AND PERMISSION TO ERECT, INSTALL, AND MAINTAIN POLES AND TO INSTALL, ATTACH AND MAINTAIN WIRES, CABLES, APPLIANCES AND OTHER FACILITIES TO SUCH POLES AND TO EXISTING UTILITY POLES FOR THE PURPOSE OF TRANSMISSION AND DISTRIBUTION OF CABLE SERVICE; TO PROVIDE RECEPTION SERVICE FOR THE SAME TO THE MEMBERS OF THE PUBLIC DESIRING SUCH SERVICE IN THE TOWNSHIP OF MILFORD, AND FOR OTHER PURPOSES FOR A PERIOD OF YEARS, SETTING FORTH CONDITIONS ACCOMPANYING THE GRANT OF THE SAID FRANCHISE; PROVIDING FOR TOWNSHIP REGULATION AND USE OF THE SYSTEM AND PROVIDING PENALTIES FOR VIOLATIONS.

B A C K G R O U N D :

WHEREAS the Township of Milford, Bucks County, Pennsylvania, has considered the adoption of a cable television franchise agreement;

WHEREAS the Township of Milford is a duly organized Township in the Commonwealth of Pennsylvania; and,

WHEREAS the Township of Milford is authorized to grant one or more nonexclusive, revocable, franchises to construct, operate, and maintain within the Township a system for providing "Cable Service."

NOW THEREFORE BE IT ORDAINED, the Township Board of Supervisors of Milford Township hereby enacts into ordinance this Cable Television Franchise Agreement between Milford Township and Verizon Pennsylvania, Inc. as herein provided.

CABLE FRANCHISE AGREEMENT

BETWEEN

**MILFORD TOWNSHIP a member of the
Bucks County Consortium**

AND

VERIZON PENNSYLVANIA INC.

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THIS CABLE FRANCHISE AGREEMENT (the “Franchise” or “Agreement”) is entered into by and between the TOWNSHIP OF MILFORD, Bucks County, Pennsylvania, a political subdivision of the Commonwealth of Pennsylvania (the “Local Franchising Authority” or “LFA”) and VERIZON PENNSYLVANIA INC., a corporation duly organized under the applicable laws of the Commonwealth of Pennsylvania (the “Franchisee”).

WHEREAS, Franchisee is upgrading its existing telecommunications system under Title II of the Communications Act (*see* 47 U.S.C. § 201 *et seq.*) and is applying for a non-exclusive cable franchise Agreement from LFA to operate a Cable System under 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 System in the LFA as designated in this Franchise;

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

WHEREAS, Franchisee is in the process of installing a Fiber to the Premise Telecommunications Network (“FTTP Network”) in the LFA pursuant to authority granted by the Commonwealth of Pennsylvania;

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

WHEREAS, LFA has considered the financial, technical, and legal qualifications of Franchisee, and has determined that Franchisee’s plans for its Cable System are adequate;

WHEREAS, 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, obtain public, educational and governmental channels, establish certain reporting requirements, and provide for the future cable-related needs of its residents;

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

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

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

NOW, THEREFORE, in consideration of LFA’s grant of a franchise to Franchisee, Franchisee’s promise to provide Cable Service to residents of the Franchise/Service Area of LFA pursuant to and consistent with the Communications Act (as hereinafter defined), pursuant to the

terms and conditions set forth herein, the promises and undertakings herein, and other good and valuable consideration, the receipt and the adequacy of which are hereby acknowledged,

THE SIGNATORIES DO HEREBY AGREE AS FOLLOWS:

1. **DEFINITIONS**

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

1.1. *Access Channel*: A video Channel that Franchisee shall make available to LFA without charge for public, 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 added pursuant to Section 3.1.3 of this Agreement.

1.3. *Affiliate*: Shall mean a Person with (i) a direct or indirect ownership interest in the subject entity of five percent (5%) or more or controls such interest, including all forms of ownership such as general, limited, or other partnership interests, direct ownership interests, limited liability companies and other forms of business organizations and entities but, not including corporations, or (ii) a stock interest in the subject entity where the subject entity is a corporation and such stockholder or its nominee is an officer or director of Franchisee or who directly or indirectly owns or controls five percent (5%) of more of the outstanding stock, whether voting or non-voting; and any Person that, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with such Person.

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

1.5. *RESERVED*.

1.6. *Cable Operator*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. 522 (6) as now or hereafter amended.

1.7. *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.”

1.8. *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 and its Affiliates’ 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 LFA and shall not include the tangible network facilities of a common carrier subject in whole or in part to Title II of the Communications Act or of an Information Services provider.

1.9. *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).”

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

1.11. *Complaint*: Shall mean any written communication by a Subscriber expressing dissatisfaction about any aspect of Franchisee’s operation of the Cable System or Franchisee’s cable operations in the LFA.

1.12. *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.

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

1.14. *Effective Date*: Shall mean _____, 2006, the date this Agreement becomes effective.

1.15. *Extended Service Area*: Any such portion of the Service Area as described in Section 3.1.2 of this Agreement and as shown in Exhibit B.

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

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, severe or unusual weather conditions, labor strikes, 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 Commonwealth of Pennsylvania, actions

or inactions of any government instrumentality or public utility other than Franchisee including condemnation to the extent such actions are unforeseeable, accidents for which Franchisee is not 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 the 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.

1.17 *Franchise*: Shall mean the initial authorization, or renewal thereof, issued by LFA, whether such authorization is designated as a franchise, permit, license, resolution, contract, certificate, ordinance or otherwise, which authorizes construction and operation of the Cable System for the purpose of offering Cable Service to Subscribers in the Franchise Area.

1.18 *Franchise Area*. The incorporated municipal boundaries (entire territorial limits) of LFA and such additional areas as may be included in the corporate (territorial) limits of LFA during the term of this Franchise.

1.19 *Franchisee*: Verizon Pennsylvania Inc., and its lawful and permitted successors, assigns and transferees.

1.20 *FTTP Network or Fiber to the Premise Network*: Franchisee's Telecommunications Facilities in the Franchise Area as upgraded with fiber optic technology and other improvements pursuant to Pennsylvania law.

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

1.22 *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is received by Franchisee and its Affiliates from the operation of the Cable System to provide Cable Service in the LFA, including:

- (1) fees charged for Basic Service;
- (2) fees charged to Subscribers for any service tier other than Basic Service;
- (3) fees charged for premium services, e.g. HBO, Cinemax, or Showtime;
- (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 customer equipment, including converters and remote control devices;
- (11) fees for digital video recorders;
- (12) advertising revenues as set forth herein;

- (13) revenue from the sale or rental of Subscriber lists;
- (14) revenues or commissions received from the carriage of home shopping channels subject to Section 1.22.5 below;
- (15) fees for any and all music services that are deemed to be a Cable Service over a Cable System;
- (16) revenue from the sales of program guides;
- (17) late payment fees;
- (18) NSF check charges;
- (19) Franchise fees for the provision of Cable Service over the Cable System in the LFA;
- (20) Fees for video on demand, and any revenues received by Franchisee for carrying infomercials over its Cable System; and
- (21) Forgone revenue that Franchisee chooses not to receive in exchange for trades, barter, services, or other items of value.

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, *e.g.*, Franchisee sells two ads: Ad "A" is broadcast nationwide; Ad "B" is broadcast only within Pennsylvania. Franchisee has 100 Subscribers in LFA, 500 subscribers in Pennsylvania, and 1000 subscribers nationwide. Gross Revenue as to LFA from Ad "A" is 10% of Franchisee's revenue therefrom. Gross Revenue as to LFA from Ad "B" is 20% of Franchisee's revenue.

Gross Revenue shall not include:

1.22.1 Revenues received from Franchisee by any Affiliate or Person other than Franchisee in exchange for supplying goods or services used by Franchisee to provide Cable Service over the Cable System in the LFA.

1.22.2 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;

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

1.22.4 Any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law including, without limitation, revenue received from Telecommunications Services; revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services; charges made to the public for commercial or cable television that is used for two-way communications that are not Cable Services; and any other revenues attributed to Non-Cable Services in accordance with applicable federal and state laws or regulations;

1.22.5 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;

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

1.22.7 The imputed value of the provision of Cable Services to customers on a complimentary basis, including, without limitation, the provision of Cable Services to public institutions as required or permitted herein;

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

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

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

1.22.11 Program launch fees;

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

1.22.13 Amounts paid as the PEG Grant Designated Amount.

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

1.24 *Initial Service Area*: Any such portion of the Service Area as described in Section 3.1.1 of this Agreement and as shown in Exhibit B.

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

1.26 *Local Cable Services Ordinance*: Shall be defined herein as any LFA Ordinance enacted by the governing body of the LFA related to the provision of cable service.

1.27 *Local Franchise Authority or LFA*: The Township of Milford or the lawful successor, transferee, or assignee thereof, including the incorporated area (entire existing territorial limits) of LFA and such additional areas as may be included in the corporate (territorial) limits of LFA during the term of this Franchise.

1.28 *Non-Cable Services*: Any service that is not a Cable Service over the Cable System as defined herein.

1.29 *Normal Business Hours*: Those hours during which most similar businesses in the community are open to serve customers. In all cases, “normal business hours” must include some evening hours at least one night per week and/or some weekend hours. *See* C.F.R. § 76.309(c)(4)(i).

1.30 *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 upgrade of the Cable System. *See* 47 C.F.R. § 76.309(c)(4)(ii).

1.31 *PEG*: Public, educational and governmental.

1.32 *Person*: An individual, partnership, association, joint stock company, trust, corporation, limited liability company, governmental entity or other entity recognized under Pennsylvania law as a legal person.

1.33 *Public Access Channel*: An Access Channel available for use by residents in the LFA.

1.34 *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.

1.35 *Service Area*: All portions of the LFA where Cable Service is being offered, including the Initial Service Area and any additional service areas.

1.36 *Service Date*: The date that Franchisee first provides Cable Service on a commercial basis directly to multiple Subscribers in the Franchise Area. Franchisee shall

memorialize the Service Date by notifying LFA in writing of the same, which notification shall become a part of this Franchise.

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

1.38 *Subscriber*: A Person who lawfully receives Cable Service distributed by the Cable System with Franchisee's express permission.

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

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

1.41 *Title II*: Title II of the Communications Act, Common Carriers, as amended.

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

1.43 *Transfer of the Franchise*:

1.43.1 Any transaction in which:

1.43.1.1 the right, title, control or other interest in Franchisee or the Cable System is transferred, directly or indirectly, from one Person or group of Persons to another Person or group of Persons, so that management or control of Franchisee is transferred; or

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

1.43.1.3 However, notwithstanding subsection 1.43.1.1, a *Transfer of the Franchise* shall not include transfer of an ownership or other interest in Franchisee to the parent of Franchisee or to another Affiliate of Franchisee; transfer of an interest in the Franchise or the rights held by Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of Franchisee; any action that is the result of a merger of the parent of Franchisee; or any action that is the result of a merger of another Affiliate of Franchisee.

1.44 *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 LFA, in order to provide Cable Service. No privilege or power of eminent domain is bestowed or waived by this grant or by this Agreement. This Franchise does not confer any rights other than as expressly provided herein.

1.16. *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 LFA over such Telecommunications Facilities is also governed by federal and state law, and LFA does not and will 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, 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 whatever existing regulatory authority LFA may have under federal and state law with respect to the FTTP Network facilities, including the lawful regulatory authority of LFA over the Public Rights-of-Way.

1.17. *Term:* This Franchise shall become effective on the Effective Date. The term of this Franchise shall be twelve (12) years from the Effective Date unless the Franchise is earlier revoked as provided herein.

1.18. *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 Franchisee's Cable System.

1.19. *Franchise Subject to Federal and State Law:* Notwithstanding any provision to the contrary herein, this Agreement is subject to and shall be governed by all applicable provisions of federal and state law to the extent not in conflict with federal law.

1.20. *No Waiver:*

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

1.20.2. 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.

1.21. *Construction of Agreement:*

1.21.1. The parties agree that this Agreement contains all terms and conditions applicable to this Agreement. In the event of a conflict between the Local Cable Services Ordinance and this Agreement, this Agreement shall prevail. Local Cable Services Ordinance provisions not addressed by this Agreement do not apply to this Agreement.

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

1.21.3. Should any change to 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 LFA 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 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 LFA or, at Franchisee's option, the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association (or other competent arbitration organization that is nationally recognized as such).

1.22. *Police Powers:* Nothing in this Agreement shall be construed to prohibit the reasonable, necessary, and lawful exercise of the police powers of LFA. If LFA exercises its reasonable, necessary, and lawful police powers 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 LFA, then the parties shall modify this Agreement to the mutual satisfaction of both parties to ameliorate the negative effects of LFA's exercise of its police powers on Franchisee. Any modification to this Agreement shall be in writing and signed by both parties. If the parties cannot reach agreement on how to ameliorate the negative effects of LFA's exercise of its police powers, then Franchisee may terminate this Agreement without further obligation to LFA or, at Franchisee's option, the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association (or other competent arbitration organization that is nationally recognized as such) before the parties seek any other remedy.

2. **PROVISION OF CABLE SERVICE**

2.1. *Initial Service Area:*

2.1.1. *Initial Service Area:* Franchisee shall offer Cable Service to significant numbers of Subscribers in residential areas of the Initial Service Area and may make Cable Service available to businesses in the Initial Service Area, within thirty-six (36) months of the Effective Date of this Franchise. Franchisee shall offer Cable Service in the Initial Service Area to all residential areas in the LFA within six (6) years of the Effective Date of the Franchise, except: (A) for periods of Force Majeure; (B) for periods of unreasonable delay caused by LFA; (C) for periods of delay resulting from Franchisee's inability to obtain authority to access private rights-of-way in the Service Area; (D) in areas where developments or buildings are subject to claimed exclusive arrangements with other providers; (E) in developments or buildings that Franchisee cannot access under reasonable terms and conditions after good faith negotiation; 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.

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

2.1.2. *Extended Service Area:* Franchisee shall offer Cable Service to significant numbers of Subscribers in residential areas of the Extended Service Area and may make Cable Service available to businesses in the Extended Service Area, within sixty (60) months of the Effective Date of this Franchise, and shall offer Cable Service to all residential areas in the Extended Service Area within ten (10) years of the Effective Date of the Franchise, subject to the conditions of subsection 3.1.1 above and the other terms set forth herein; provided, however, that the Extended Service Area may be modified in whole or in part by Franchisee on thirty (30) days' notice to LFA.

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

2.2. *Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units and may make Cable Service available to businesses within the Service Area in conformance with Section 3.1 and Franchisee shall not discriminate between or among any individuals in the availability of Cable Service. In the areas in which Franchisee shall provide Cable Service, Franchisee shall be required to

connect, at Franchisee's expense, all residential dwelling units that are within 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, no more than 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.

1.18. *Cable Service to Public Buildings:* Subject to Section 3.1, Franchisee shall provide, without charge within the Service Area, one service outlet activated for Basic Service to the following:

1.18.1. Each current municipal building, fire station, and public library as may be designated by LFA in Exhibit A; provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than two hundred (200) feet solely to provide service to any such 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 not charge for the provision of Basic Service to the additional service outlets once installed.

1.18.2. Each public K-12 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 Schools under the Pennsylvania Private Academic Schools Act, 24 P.S. §§ 6702-6721, located in the LFA, as may be designated by LFA in Exhibit A; provided, however, that Franchisee shall not be obligated to provide any service outlets activated for Basic Service to home schools; also 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 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 school building. Furthermore, Franchisee shall be permitted to recover, from any school 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 not charge for the provision of Basic Service to the additional service outlets once installed.

1.18.3. In addition to the locations designated in Exhibit A, Franchisee shall provide, without charge, within the Township/Borough, up to one (1) service outlet activated for Basic Service to one (1) additional new municipal building per year at a location as mutually agreed upon by the parties subject to all conditions set forth in this Section 3.3.

1.18.4. Notwithstanding the foregoing, Franchisee shall not be required to provide Cable Service to any building set forth in Exhibit A until the date that is 180 days after the date on which 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.

2. **SYSTEM FACILITIES**

2.1. *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 LFA. The Cable System shall meet or exceed any and all technical performance standards of: the FCC, the National Electrical Safety Code, the National Electric Code and any other applicable federal laws and the laws of the Commonwealth of Pennsylvania, to the extent not in conflict with federal law and regulations, as determined by a Court of competent jurisdiction.

4.1.1 In addition, to the extent permitted by then current FCC regulation, LFA may request technical tests of the Cable System. Franchisee shall furnish a copy of all technical tests performed on the Cable System by it or on its behalf to LFA at no cost or expense to LFA. In addition, LFA may perform technical tests of the Cable System during reasonable times and in a manner which does not unreasonably interfere with the normal business operations of the Franchisee or the Cable System. The rights of LFA under this Section shall at all times be subject to applicable law and FCC regulation.

2.2. *System Characteristics:* Franchisee's Cable System, which utilizes portions of the FTTP Network, shall meet or exceed the following requirements:

2.2.1. The System shall be designed, constructed, and maintained with an initial analog and digital passband of between 50 and 860 MHz.

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

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

2.4. *Emergency Alert System:*

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

4.4.2 In the event of a state or local civil emergency, the EAS shall be activated by equipment or other acceptable means as set forth in the Pennsylvania EAS Plan

for the Philadelphia Extended Area. The LFA shall allow only appropriately trained and authorized Persons to remotely override the audio and video on all channels on the Cable System, so long as it is consistent with Franchisee's contractual commitments, without the assistance of the Franchisee through the EAS Local Primary Stations (LP1 or LP2). The LFA shall take reasonable precautions or prevent any use of the Cable System in any manner that results in inappropriate use thereof, or any loss or damage to the Cable System.

2.5. *System Design:* At the national or regional level, two “super” headends (“SHE”) shall serve as the points of national content aggregation. Initially all content will be encoded into MPEG2 streams and transported optically to a Video Hub Office (“VHO”). The VHO serves as the metro or local point of aggregation and will be located within Philadelphia and serving Southeastern Pennsylvania including Bucks County. It is here that off-air and EG channels are combined with the broadcast video coming from the SHE. Those optical signals aggregated at the VHO are then transported to Video Serving Offices (“VSO”) for final transport to the customer location. The VSO is a location within the central office containing FTTP equipment. The key function of the VSO is to combine Broadcast Cable television into the Voice and High Speed Data FTTP Network. At the customer location, the optical video signal is de-multiplexed and converted to an electrical signal, which meets video industry standards for cable services. Standard home wiring practices, using coax cables, as well as alternative media, shall distribute the signal to cable ready TVs and/or set top boxes.

4.7 *Jurisdiction Change:* Franchisee and LFA acknowledge and agree that this Franchise is not a contract between a public utility and LFA for purposes of regulation by the public utility commission. If at any time during this Agreement the public utility commission or any successor does not exercise its jurisdiction over Franchisee’s provision of Telecommunications Services, the following provisions shall apply.

4.7.1 All construction and installation related to the Cable System shall be performed in a workmanlike manner, using materials of good and durable quality with due regard to the preservation and protection of existing structures. All work to be performed in, on, or about the dwelling or structure of a Subscriber or potential Subscriber shall be performed under the reasonable direction or with the consent of such Subscriber or potential Subscriber.

4.7.2 Franchisee will inspect all facilities to insure that they meet the manufacturer’s and governmental technical specifications. Franchisee shall designate an employee to act as a Franchisee representative by responding to public service complaints on a daily basis during any construction related to the Cable System and provide the LFA with the person’s name and telephone number. Construction shall be overseen by an employee or agent of the Franchisee.

4.8 *Channel Packaging:* Franchisee shall make available programming to Subscribers, in broad categories which shall, at a minimum, include categories such as the following:

1. News and Public Affairs

2. Local and Regional News
3. Sports
4. Weather
5. Music
6. Entertainment
7. Family Programming
8. Children's Programming
9. Exercise, Health and Physical Fitness
10. Satellite Delivered Special Events

2. **PEG SERVICES**

2.1. *PEG Set Aside; Interconnection:*

2.1.1. In order to ensure universal availability of public, educational and government programming, Franchisee shall provide capacity on its Basic Service Tier dedicated Channels for Public Access, Educational Access, and Government Access (collectively, "PEG Channels").

2.1.2. LFA shall have the right to reserve from Franchisee one (1) Educational Access Channel which the LFA may use for educational purposes, and (1) Government Access Channel for exclusive use of the LFA. LFA will provide Franchisee 60 days' prior written notice, in the case of any channel then existing on the incumbent Cable Operator's system, and 120 days' prior written notice, in the case of any channel that has been previously reserved by the LFA but never activated on Franchisee's system. Such notification shall constitute authorization to Franchisee to transmit such programming within and without LFA. Franchisee shall assign the PEG Channel numbers to the extent such channel number assignments do not interfere with Franchisee's existing or planned channel number line-up and contractual obligations, provided it is understood that Franchisee specifically reserves the right to make such assignments in its sole discretion. The PEG Channels shall be used for community programming related to public, educational and/or governmental activities. LFA shall have complete control over the content, scheduling, and administration of the PEG Channels and may delegate such functions, or a portion of such functions, to an appropriate designee. Franchisee shall not exercise any editorial control over PEG Channel programming. If a PEG Channel provided under this Article is not being utilized by LFA, Franchisee may utilize such PEG Channel, in its sole discretion, after receiving written approval by LFA until such time as LFA elects to utilize the PEG Channel for its intended purpose. In the event that LFA decides to exercise its right to use PEG

capacity, LFA shall provide Franchisee with ninety (90) days' prior written notice of such request.

2.1.3. LFA shall comply with the law regarding the non-commercial use of PEG Channels.

2.1.4. Franchisee shall use reasonable efforts to interconnect its Cable System with the existing cable operator(s). Prior to the Service Date, Franchisee shall initiate interconnection negotiations with the existing cable operator(s) to cablecast, on a live basis, any public, educational and governmental access programming consistent with this Agreement. Interconnection may be accomplished by direct cable, microwave link, satellite or other reasonable method of connection. Franchisee shall negotiate in good faith with existing cable operator(s) respecting reasonable, mutually convenient, cost-effective, and technically viable interconnection points, methods, terms and conditions. LFA shall support and encourage good faith negotiations between Franchisee and existing cable operator(s) for interconnection of the existing cable operator(s)' cable system(s) with the Cable System on reasonable terms and conditions. Franchisee and the existing cable operator(s) shall negotiate the precise terms and conditions of an interconnection agreement.

2.1.5. If the procedures of Section 5.1.4 do not result in interconnection of Franchisee's Cable System with the existing cable operator(s)' for purposes of providing PEG Channels, no earlier than twelve (12) months after the Service Date of this Agreement, LFA may require Franchisee to provide one or more video links (which number of video links shall not be greater than that provided by the incumbent Cable Operator), without charge to LFA, from locations within LFA where PEG Access programming is originated for the purpose of cablecasting PEG programming to Franchisee's facilities; provided, however, that 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 PEG programming. For purposes of this Section, the term "video link" means a physical or virtual path established to connect the origination point of a PEG channel to the Verizon hub office for distribution.

5.2 *Indemnity for PEG:* LFA shall require all local producers and users of any of the PEG facilities or Channels to agree in writing to authorize Franchisee to transmit programming consistent with this Agreement and 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 regarding an PEG programming facility, not including the actual FTTP Network, or Channel or PEG Channel programming, including 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. LFA shall establish rules and regulations for use of PEG facilities, consistent with, and as required by, 47 U.S.C. § 531. Notwithstanding the foregoing, LFA

shall not indemnify Franchisee for any damages, liability, or claims resulting from acts of willful misconduct or negligence of the Franchisee, its officers, employees, or agents.

5.3 *Recovery of Costs:* To the extent permitted by federal law, beginning at any time after the Service Date, Franchisee may recover from Subscribers any costs arising from the provision of PEG services as a separately billed line item on each Subscriber's bill, provided that such costs shall include without limitation the PEG Grant Designated Amount (as hereinafter defined).

5.4 *PEG Grant:*

5.4.1 LFA is a member of the Bucks County Cable Consortium (the "Consortium"). Franchisee has agreed to provide the Consortium with a grant in the aggregate amount of \$160,000.00 to be used in support of the production of local PEG programming (the "PEG Grant Designated Amount"), for PEG access equipment, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, or for renovation or construction of PEG access facilities.

5.4.2 Franchisee has been informed that LFA's share of the PEG Grant Designated Amount is \$3,370, and LFA acknowledges that this amount is correct.

5.4.3 The PEG Grant Designated Amount shall be payable in two equal installments, one on the 5th anniversary of the Effective Date and one on the 10th anniversary of the Effective Date.

3. **FRANCHISE FEES**

3.1. *Payment to LFA:* Franchisee shall pay to LFA a franchise fee of five percent (5%) of annual Gross Revenue. The Franchise fee may be increased at the sole discretion of LFA in the event federal law permits a franchise fee greater than five percent (5%), provided that all Cable Operators are required to pay such increased Franchise fee. LFA may impose these increases in such increments and in such amounts from time to time as the LFA may elect, upon 180 days' prior written notice to Franchisee, provided that the failure to impose any increase at any time shall not constitute a waiver of LFAs right to do so at a future date. 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%) of the amount of franchise fee revenue due to 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 90 days following the close of the calendar year for which such payments were applicable.

3.2. *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. A sample report is attached as Exhibit C.

3.3. *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 Franchisee is due.

3.4. *Audits:*

3.4.1. 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 shall be made available by Franchisee to LFA. Franchisee shall provide copies of such records to LFA upon written request.

3.4.2. Each party shall bear its own costs of an audit; provided, however, that if the results of any audit 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 up to \$5,000.

3.4.3. If the results of an audit 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.

3.4.4. Any entity employed by LFA that performs the audit or franchise fee review shall be a 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.

3.4.5. Notwithstanding the provision in Subsection 6.1, LFA shall not be entitled to audit Franchisee until LFA requires that all cable operators providing Cable Service in the LFA comply with the material provisions of this article.

3.5. *Increases in Franchise Fees:* In the event that Franchisee pays to any other municipality located in Bucks County, Pennsylvania, a higher franchise fee percentage than that contained in this Agreement, or pays a franchise fee on any revenue sources not included in Section 1.16 of this Agreement within three years of the Effective Date of this Agreement, then such more favorable terms shall automatically be applicable to LFA and this Agreement shall be amended to reflect such more favorable terms.

3.6. *Bundled Services:* If Cable Services subject to the franchise fee required under this Article 6 are provided to Subscribers in conjunction with Non-Cable Services, the Franchise fee shall be applied only to the value of the Cable Services, as reflected on the

books and records of Franchisee in accordance with FCC or Pennsylvania Public Utility Commission regulatory rules, regulations, standards, or orders, and generally accepted accounting principles and applicable laws and regulations.

4. **CUSTOMER SERVICE**

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

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 LFA and/or residents regarding Cable Service. Franchisee representatives trained and qualified to answer questions related to Cable Service in the LFA must be available to 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, and other inquiries at least forty-five (45) hours per week. Franchisee representatives shall identify themselves by name when answering this number.

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

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

After the first tier menu (not including a foreign language rollout) has run through three times, if customers do not select any option, the ARU or VRU will forward the call to a queue

for a live representative. Franchisee may reasonably substitute this requirement with another method of handling calls from customers who do not have touch-tone telephones.

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

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

F. Notwithstanding the performance criteria of Section 2.A.-E. above, 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.

G. Upon request from LFA, but in no event more than once a quarter thirty (30) days following the end of each quarter, Franchisee shall report to LFA the following for all call centers 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.

At Franchisee's option, the measurements and reporting 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.

A. Franchisee shall provide the LFA with a report upon request from LFA, but in no event more than once a quarter thirty (30) days following the end of each 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 LFA for review upon reasonable request.

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

B. 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. Franchisee may offer Subscribers appointment arrival times other than these four (4) hour time blocks, if agreeable to the Subscriber. These hour restrictions do not apply to the weekends. Franchisee may not cancel an appointment with a Subscriber after the close of business on the business day prior to the scheduled appointment; provided, however, that 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 Franchisee and the Subscriber.

SECTION 2: SERVICE INTERRUPTIONS AND OUTAGES

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

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

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

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

- (2) Within twenty-four (24) hours, including weekends, of receiving Subscriber calls respecting Service Interruptions in the Service Area, and shall diligently pursue to completion.
- (3) 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, not including weekends and situations where the Subscriber is not reasonably available for a Service Call to correct the Service Interruption within the seventy-two (72) hour period.

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

G. Franchisee shall provide LFA with a report upon request from LFA, but in no event more than once a quarter within thirty (30) days following the end of each calendar 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 LFA for review upon reasonable request. At the Franchisee's option, the above measurements and reporting may be changed from calendar quarters to billing or accounting quarters. The 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, whichever is technically feasible or, if both are technically feasible, as determined by Franchisee provided such determination is non-

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

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

SECTION 3: CUSTOMER COMPLAINTS

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

SECTION 4: BILLING

A. Subscriber bills shall be clear, concise, and understandable. Bills must be 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 aggregate late charges. Franchisee shall, without limitation as to additional line items, be allowed to itemize as separate line items, franchise fees, taxes, and/or other governmentally-imposed fees. Franchisee shall maintain records of the date and place of mailing of bills.

B. 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 until after the specific due date. .

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 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.

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

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

SECTION 2: RATES, FEES AND CHARGES

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

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

SECTION 3: DISCONNECTION /DENIAL OF SERVICE

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

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

C. Nothing in these standards shall limit the right of Franchisee to deny Cable Service for non-payment of previously provided Cable Services, refusal to pay any required deposit, theft of Cable Service, damage to Franchisee's equipment, abusive and/or threatening behavior toward Franchisee's employees or representatives, or refusal to provide credit history information or refusal to allow Franchisee to validate the identity, credit history, and credit worthiness via an external credit agency.

D. Charges for cable service will be discontinued at the time of the requested termination of service by the subscriber, except equipment charges may be applied until equipment has been returned. No period of notice prior to requested termination of service can be required of Subscribers by Franchisee. No charge shall be imposed upon the Subscriber for or related to total disconnection of Cable Service or for any Cable Service delivered after the

effective date of the disconnect request, unless there is a delay in returning Franchisee equipment or early termination charges apply pursuant to the Subscriber's service contract. If the Subscriber fails to specify an effective date for disconnection, the Subscriber shall not be responsible for Cable Services received after the day following the date the disconnect request is received by Franchisee. For purposes of this subsection, the term "disconnect" shall include Subscribers who elect to cease receiving Cable Service from Franchisee and to receive Cable Service or other multi-channel video service from another Person or entity.

SECTION 4: 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 10.E., at least thirty (30) days prior to making significant changes in the information required by this Section if within the control of Franchisee:

- (1) Products and Cable Service offered;
- (2) Prices and options for Cable Services and condition of subscription to Cable Services;

- (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) Procedures for resolving Complaints, 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.

I. LFA hereby requests, and Franchisee agrees, that Franchisee omit publishing information specified in 47 C.F.R. § 76.952(a) from Subscriber bills.

SECTION 5: PRIVACY

Franchisee shall protect and abide by the rights of privacy of every Subscriber and shall not violate such rights through the use of any device or signal associated with the Cable System. Franchisee 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.

3. **REPORTS AND RECORDS**

2.2. *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 LFA at any time during Normal Business Hours, as are reasonably necessary to ensure compliance with the terms of this Franchise. Such notice shall specifically reference the section or subsection of the Franchise that is under review, so that Franchisee may organize the necessary books and records for appropriate access by LFA. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than 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 this Agreement or the provision of Cable Service in the LFA. If 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. 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. Each of the parties agrees to execute and deliver appropriate confidentiality agreements upon the request of the other party, to the extent consistent with federal and state law. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. § 551.

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

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

2.3.2. 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;

2.3.3. 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;

2.3.4. 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

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

4. **INSURANCE AND INDEMNIFICATION**

4.1. *Insurance:*

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

4.1.1.1 Commercial General Liability Insurance in the amount of five million dollars (\$5,000,000) 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.

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

4.1.1.3 Workers' Compensation Insurance meeting all legal requirements of the Commonwealth of Pennsylvania.

4.1.1.4 Employers' Liability Insurance in the following amounts: (A) Bodily Injury by Accident: \$500,000; and (B) Bodily Injury by Disease: \$500,000 employee limit; \$1,000,000 policy limit.

4.1.2. 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.

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

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

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

4.2. *Indemnification:*

4.2.1. Franchisee agrees to indemnify, save, 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 the construction, operation, upgrade, or maintenance of its Cable System. The

obligation to indemnify, save, hold harmless, and defend LFA shall include 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 via certified mail, return receipt requested, of LFA's request for indemnification within (a) thirty (30) days of receipt of a claim or action pursuant to this subsection or within (b) ten (10) days following service of legal process on LFA or its designated agent of any action related to this subsection. LFA agrees that it will take all necessary action to avoid a default judgment. Notwithstanding the foregoing, Franchisee shall not indemnify LFA for any damages, liability, or claims resulting from, and LFA shall be responsible for, LFA's own acts of willful misconduct, LFA's breach of obligation under the franchise agreement, or negligence of LFA, its elected and appointed officials, officers, agents, boards, and employees.

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

5. **TRANSFER OF FRANCHISE**

5.1. *Transfer:* Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, and applicable federal regulations, no Transfer of the Franchise shall occur without the prior consent of LFA, provided that such consent shall not be unreasonably withheld, delayed, or conditioned. Franchisee shall make written application to LFA of any Transfer and shall provide information required by FCC Form 394 and any other applicable law regarding transfer or assignment. LFA shall have one hundred twenty (120) days from the receipt of all required information to take action on the Transfer application. No such consent shall be required, however, for a transfer in trust, by mortgage, by other hypothecation, by assignment of any rights, title, or interest of Franchisee in the Franchise or Cable System in order to secure indebtedness, or for transactions otherwise excluded under Section 1.43 above. Any consent by LFA for any Transfer shall not be effective until the proposed transferee or assignee shall have executed a legally binding document stating that it shall be bound by all the terms and conditions contained in this Agreement.

10.2 Any foreclosure or judicial sale of all, or any part of the System shall be considered default. Initiation of any such proceedings shall be treated as a notification of a change of control of the Franchisee.

10.3 The LFA shall have the right to cancel this Franchise one hundred and twenty (120) days after the election or appointment of a receiver or trustee to take over and

conduct the business of the Franchisee, whether in receivership, reorganization, bankruptcy, or other action or proceedings, unless such receivership or trusteeship shall have been vacated prior to the expiration of the one hundred and twenty (12) days; or unless;

10.4 Within one hundred and twenty (120) days after the election or appointment such receiver or trustee shall have fully complied with all provisions of this Agreement and remedied all defaults thereunder; and

Within said one hundred and twenty (120) days such receiver or trustee shall have executed an agreement, duly approved by the Court having jurisdiction in the premises, whereby such receiver or trustee assumes and agrees to be bound by each and every provision of this Agreement.

4. **RENEWAL OF FRANCHISE**

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

4.2. *Needs Assessments:* In addition to the procedures set forth in said Section 626 of the Communications Act, LFA may notify Franchisee of its assessments regarding the identity of future cable related community needs and interests, as well as the past performance of Franchisee under the then-current Franchise term, if such assessments are performed.

5. **ENFORCEMENT AND TERMINATION OF FRANCHISE**

5.1. *Notice of Noncompliance:* If at any time LFA believes that Franchisee has not complied with the terms of the Agreement, LFA shall informally discuss the matter with Franchisee. If these discussions do not lead to resolution of the problem in a reasonable time, LFA shall notify Franchisee in writing by certified mail, return receipt requested, of the nature of the alleged noncompliance (for purposes of this Article, “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.

5.2. *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 diligently pursue such remedy to completion and notify LFA of the steps being taken and the date by which they are projected to be completed. Upon cure of any noncompliance, LFA shall provide written confirmation that such cure has been effected.

5.3. *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 that a public hearing be held by the governing body of the Township/Borough. 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 *Noncompliance Penalties:* In accordance with Section 1601(c.1) of the Second Class Township Code (53 P.S. 66601), any Person which commits or suffers the violation of this Ordinance, shall upon being found liable in a civil enforcement proceeding commenced by the LFA pay a fine of up to Six Hundred Dollars (\$600.00) plus all court costs, including reasonable attorneys fees incurred by the Township. A separate offense shall arise for each day or portion thereof in which a violation is found to exist or for each section of the Ordinance which is found to be violated. In addition, the Township may enforce the Ordinance by an action in equity. Notwithstanding the foregoing, the LFA agrees pursuant to this Franchise (which constitutes an ordinance of LFA) that the monetary penalties set forth below are the only monetary penalties that will apply for the specific violations listed below. The LFA further agrees that the notice and opportunity to cure provisions set forth in Sections 12.1-12.2 above shall apply; provided, however, that if Franchisee disputes the assessment of any noncompliance penalties 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 12.1-12.2 above, LFA shall provide Franchisee with written notice that it intends to elect the noncompliance penalties set forth herein. If LFA elects to recover noncompliance penalties 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 for which such noncompliance penalties are assessed; provided, however, that once LFA has ceased to assess noncompliance penalties as set forth in this Section 12.4, it may pursue other available remedies as set forth in the Code Provision.

12.4.1. Pursuant to Section 12.2, the following penalties shall apply as liquidated damages:

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 PEG Services to the community specified in Section 5.1 [contingent upon origination discussion]	\$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 this 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 Section 7	\$300 for each quarter in which such standards were not met;
For failure to carry the insurance specified in Section 10.1.1	\$100/day for each day the violation continues;
For a Transfer specified in Section 11 without required approval.....	\$100/day for each day the violation continues;
For failure to obtain or maintain a Performance Bond specified in Section 12.5	\$100 per day.

Notwithstanding anything contained herein to the contrary, LFA’s assessment of penalties for any violation under this Section shall in no way prevent LFA from citing such violation as a basis for the exercise of its revocation remedy in Section 12.6.

12.4.2 The amount of all noncompliance penalties assessed under this Section per annum shall not exceed \$12,000 in the aggregate. 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 12.2.

12.4.3 Notwithstanding any provision in this Agreement to the contrary, LFA is not entitled to assess these amounts for the above violations of this Agreement unless all cable operators in the LFA are required to comply with, at a minimum, the material provisions of Section 12.4.

12.5 *Performance Bond:*

12.5.1 Franchisee shall provide security for the performance of its obligations under this agreement to LFA in the amount of \$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 30 days of such cancellation or failure to renew.

12.5.4 Neither cancellation, nor termination, nor refusal by surety to extend the bond, nor inability of Principal to file a replacement bond or replacement security for its obligations, shall constitute a loss to LFA recoverable under the bond.

12.5.5 Notwithstanding any provision in this Agreement to the contrary, Franchisee shall not be required to maintain a Performance Bond unless all other cable operators providing Cable Service in the Borough are also required to maintain a Performance Bond of the same or greater amount.

12.6 *Revocation:* Should LFA seek to revoke this Agreement after following the procedures set forth above in this Article, including any public hearing described in Section 12.3, and LFA chooses not to impose liquidated damages or ceases to impose them, 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 LFA has not received a satisfactory response from Franchisee, it may then seek termination of the Agreement 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 compel 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(s), Franchisee shall be provided up to thirty (30) days to submit its proposed findings and conclusions to LFA in writing, and thereafter LFA shall determine (i) whether an event of default has occurred under this Agreement; (ii) whether such event of default is excusable; and (iii) whether such event of default has been cured by Franchisee. LFA shall also determine whether it will revoke the Franchise based on the information presented or, where applicable, grant additional time to Franchisee to effect any cure. If LFA determines that it will revoke the Franchise, LFA shall promptly provide Franchisee with a written determination setting forth LFA's reasoning for such revocation. Franchisee may appeal such written determination of LFA to an appropriate court of competent jurisdiction, which shall have the power to review the decision of LFA de novo to the extent permitted by law. Franchisee shall be entitled to such relief as the court finds appropriate. Such appeal must be taken within sixty (60) days, to the extent permitted by law, of Franchisee's receipt of the written determination of LFA.

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

5. MISCELLANEOUS PROVISIONS

5.1. *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.

5.2. *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 the Local Cable Services Ordinance which has been duly adopted by the governing body of the Township/Borough.

5.3. *Preemption:* In the event that a change in federal or state law or regulation preempts or limits the enforceability of a provision of this Agreement, the provision shall be read to be preempted or limited, but only to the extent and for the time required by such law or regulation. Such change in law or regulation may be evidenced by legislative or regulatory action, or by issuance of a ruling or interpretation by the FCC or a court of competent jurisdiction, but only after all applicable appeals (if any) have been exhausted or all applicable appeal periods have passed (whichever occurs first). In the event such federal or state law or regulation is subsequently repealed, rescinded, amended, or otherwise changed so that the provision hereof that had been preempted or limited is no longer preempted or limited, such provision shall thereupon return to full force and effect, and shall thereafter be binding on the parties hereto, without the requirement of further action on the part of LFA.

5.4. *Force Majeure:* Neither party shall be held in default under, or in noncompliance with, the provisions of this Franchise, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by Force Majeure.

5.5. 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 Agreement where the violation was a good faith error that resulted in no or minimal negative impact on Subscribers, or where strict performance would result in hardship being placed upon Franchisee that outweigh the benefit to be derived by LFA and/or Subscribers.

5.6. *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.

5.6.1. Notices to Franchisee shall be mailed to:

William Petersen, President
Verizon Pennsylvania Inc.
1717 Arch Street, Floor 17
Philadelphia, PA 19103

5.6.2. with a copy to:

Jack White
Senior VP and Deputy General Counsel
One Verizon Way
Room VC43E010
Basking Ridge, NJ 07920-1097

5.6.3. Notices to LFA shall be mailed to:

Jeffrey A. Vey
P.O. Box 86
Spinnerstown, PA 18968

5.6.4. with a copy to:

Terry W. Clemons
107 East Oakland Avenue
Doyleston, PA 18901

5.7. *Entire Agreement:* This Franchise and the Exhibits hereto constitute the entire agreement between Franchisee and LFA and supersedes all prior or contemporaneous agreements, representations, or understanding (written or oral) of the parties regarding the subject matter hereof.

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

5.9. *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.

5.10. *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 the Franchise.

5.11. *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.

2.6. *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.

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

[SIGNATURE PAGE FOLLOWS]

AGREED TO THIS _____ DAY OF _____, 200_.

MILFORD TOWNSHIP

By: _____

Print: _____

Title: _____

Date: _____

VERIZON PENNSYLVANIA INC.

By: _____

Print: _____

Title: _____

Date: _____

EXHIBIT A

BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

Milford Township Municipal Building, 2100 Krammes Rd., Quakertown, PA 18951

Milford Township Public Works, 2050 Krammes Rd., Quakertown, PA 18951

Milford Township Historical, 1580 Sleepy Hollow Rd., Quakertown, PA 18951

Milford Township Commerce, 2170 Portzer Rd., Quakertown, PA 18951

Milford Township Fire - Station 57, 2185 Milford Square Pk., Quakertown, PA 18951

Milford Township Fire - Station 75, 1330 Kumry Rd., Pennsburg, PA 18073

Milford – Unami Conservancy, 1674 Trumbauersville Road, Pennsburg, PA 18073

Pfaff Elementary School, 1600 Sleepy Hollow Rd., Quakertown, PA 18951

Tohickon Elementary School, 2360 Old Bethlehem Pk., Quakertown, PA 18951

Milford Middle School, 2255 Allentown Road, Quakertown, PA 18951

EXHIBIT B

SERVICE AREAS

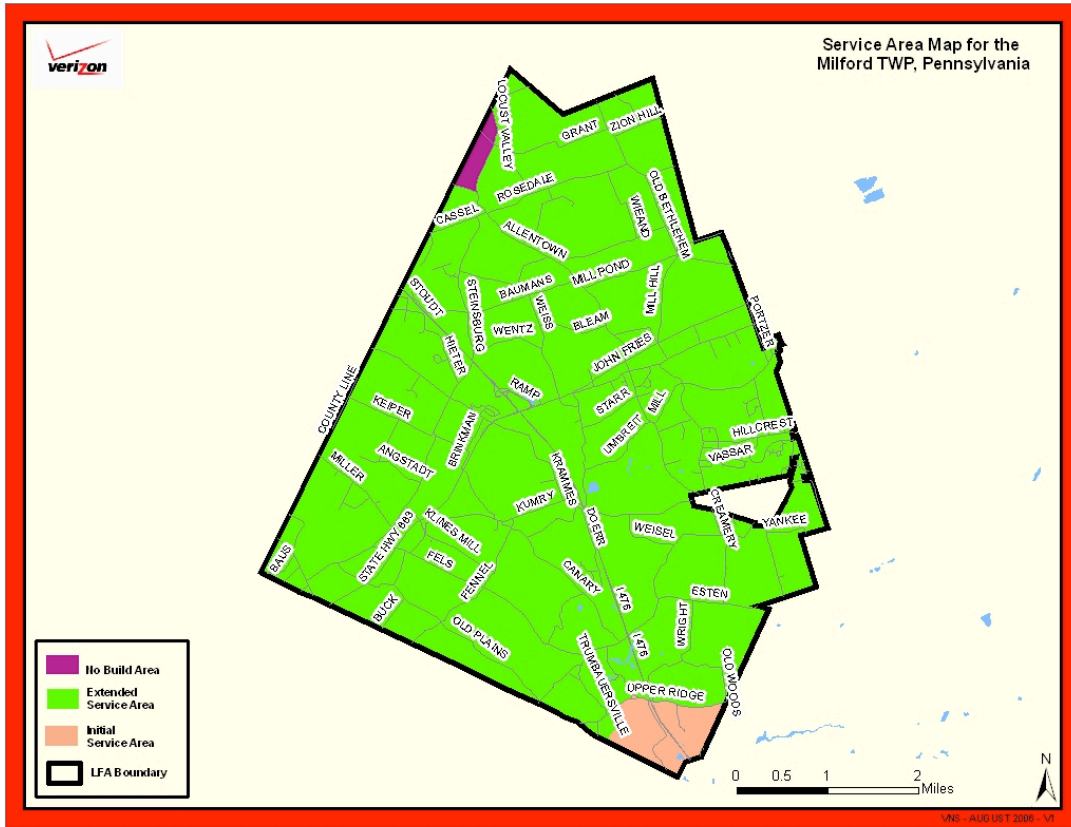


EXHIBIT C

SAMPLE FRANCHISE FEE REPORT



Invoice No.

Franchise Fee Schedule/Report

Township of _____, PA

SYSTEM

Name Verizon FIOS TV
Address
City
Contact PH: (XXX) XXX-XXXX
Fax: (XXX) XXX-XXXX

Misc

Date

VENDOR:

REPORT PERIOD: TOTAL SERVICE SUBSCRIBERS:

Table with 2 columns: Description and Amount. Rows include: 1. Monthly Recurring Cable Service Charges (\$ -), 2. Usage Basic Charges (\$ -), 3. Other Miscellaneous Charges (\$ -), CREDITS: - OTHER TAX/FEE COLLECTED (\$ -), - UNCOLLECTIBLES (\$ -), TOTAL RECEIPTS SUBJECT TO FRANCHISE FEE CALCULATION: (\$ -), FRANCHISE FEE 5% AMOUNT DUE: (\$ -)

I certify that, to the best of my knowledge, all information stated above is correct:

(INSERT SIGNATURE)

Remit payment to:

Township Address
Street
City, State
Attn:

EXHIBIT D

FORM OF PERFORMANCE 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.

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 _____, 200_.

Principal

Surety

By: _____ By: _____

Attorney-in-Fact

Accepted by Obligee: _____

(Signature & date above - Print Name, Title below)

All provisions of this Ordinance shall be in force and effect five days after approval and adoption.

ORDAINED AND ENACTED this 16th day of January, 2007.

BOARD OF SUPERVISORS
MILFORD TOWNSHIP

ATTEST:

-S-
Jeffrey Vey, Manager

-S-
Robert B. Mansfield, Chairman

-S-
Charles Strunk, Vice Chairman

-S-
Timothy Damiani, Member

For: VERIZON PENNSYLVANIA INC.

This Agreement proposed for acceptance by VERIZON PENNSYLVANIA INC. is subject to applicable federal, state, and local law. The EFFECTIVE DATE of this Agreement, recognized as being the date of ordination and enactment of an Ordinance duly adopted by the Board of Supervisors of Milford Township, Bucks County.

VERIZON PENNSYLVANIA INC

By: _____
Authorized Official