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July 6, 2006

BY HAND

Honorable Jaclyn A. Brillling
Secretary
New York Public Service Commission
Three Empire State Plaza
Albany, New York 12223

Re: Case 06-V-_____

Dear Secretary Brillling:

Enclosed please find an original and three copies of the Petition of Verizon New York Inc. ("Verizon") for confirmation, pursuant to § 221 of the Public Service Law, of a cable franchise awarded to Verizon by the Village of Laurel Hollow, New York.

The cable service that Verizon proposes to offer in Laurel Hollow is a key component of the suite of advanced services (known as "Verizon FiOSSM") that will be provided through the use of innovative Fiber-to-the-Premises ("FTTP") technology. Verizon FiOS will provide the residents of Laurel Hollow with a robust array of high-quality video services, as well as a new competitive alternative to the video services currently offered by incumbent cable and satellite providers.

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PUBLIC SERVICE
COMMISSION
EXEC-FILES-ALBANY

Honorable Jaclyn A. Brilling
July 6, 2006

Verizon's proposed offering of FiOS video service in Laurel Hollow complies in all respects with the requirements of New York and federal law, and will provide valuable benefits to consumers in the franchise area. Accordingly, Verizon respectfully requests that the Commission review and approve this Petition on an expedited basis.

Respectfully submitted,

Joseph A. Post

cc: Village of Laurel Hollow

Honorable Karen A. Navin
Village Clerk
Village of Laurel Hollow
1492 Laurel Hollow Road
Laurel Hollow, New York 11791

New York State Department of Public Service

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Peter McGowan, Esq.
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Cablevision

Michael E. Olsen, Esq. (Courtesy Copy)

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**In the Matter of the Petition of Verizon
New York Inc. Pursuant to Section 221
of the Public Service Law for
Confirmation of a Cable Television
Franchise Awarded by the Village of
Laurel Hollow, New York (Nassau
County)**

Case 06-V-_____

PETITION FOR CONFIRMATION

**KEEFE B. CLEMONS
JOSEPH A. POST
140 West Street — 27th Floor
New York, NY 10007-2109
(212) 321-8126**

Counsel for Verizon New York Inc.

July 6, 2006

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**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**In the Matter of the Petition of Verizon
New York Inc. Pursuant to Section 221
of the Public Service Law for
Confirmation of a Cable Television
Franchise Awarded by the Village of
Laurel Hollow, New York (Nassau
County)**

Case 06-V-_____

PETITION FOR CONFIRMATION

Verizon New York Inc. ("Verizon") respectfully requests that the Commission confirm, pursuant to § 221 of the Public Service Law, a non-exclusive cable franchise (the "Franchise") that has been awarded to Verizon by the Village of Laurel Hollow, a municipality located in Nassau County (the "Franchisor").

The Franchise, and Verizon's proposed offering of cable service in Laurel Hollow pursuant to the Franchise, comply with all applicable requirements of federal and state law. Moreover, prompt approval of the Franchise would be in the public interest and would provide important benefits to the people of this State.

First, cable service is a key component of the suite of services (known as "Verizon FiOSSM") that Verizon intends to offer over its Fiber-to-the-Premises ("FTTP") platform. FTTP is an innovative new technology that uses fiber-optic cable and optical electronics to link homes and businesses directly to Verizon's network. Aside from making advanced services — including a robust array of video services — available to Verizon's customers, FTTP exemplifies the substantial investments that Verizon has been making in new network technologies. By approving and confirming the Franchise, the Commission will thus be demonstrating its own commitment to policies that encourage innovation and network investment.

Second, the offering of FiOS video services by Verizon will provide a competitive alternative to conventional cable and satellite services, thus promoting the emergence in the video market of the same sort of healthy competition that already exists in the telecommunications voice market — with the price and service discipline that is associated with such competition.

Accordingly, Verizon respectfully requests that the Commission review this Petition and confirm the Franchise on an expedited basis.

I. INFORMATION SUBMITTED IN SUPPORT OF THE PETITION

In support of this Petition, Verizon states as follows:¹

1. The applicant for confirmation and approval of the Franchise is Verizon.

Verizon's contact for purposes of this application is Thomas McCarroll, Vice President — Regulatory Affairs, 158 State Street, Albany, New York 12207, (518) 396-1001. The municipality that will be served pursuant to the Franchise is the Franchisor. Verizon anticipates that it will begin offering service to the public for hire pursuant to the Franchise as soon as is practicable after the Commission confirms the Franchise. (16 NYCRR § 897.2(a))

2. A true copy of the Franchise is provided as Attachment A to this Petition. A public hearing (the "Hearing") on Verizon's application for a franchise was held by the Franchisor on June 22, 2006, at Village Hall, 1492 Laurel Hollow Road, Laurel Hollow, New York, starting at approximately 7:30 P.M. A true copy of the affidavit of publication of the notice of public hearing is provided as Attachment B to this petition. At the conclusion of the hearing, the Board of Trustees voted to approve the Franchise. However, since a draft resolution had not yet been

¹ Each of the numbered paragraphs in this section of the Petition identifies the statute or regulation that requires Verizon to provide the information set forth in the paragraph.

completed at the time of the hearing, it was not possible to read such resolution into the record or to vote on it. In view of this, the Village Attorney subsequently prepared a draft resolution that has been signed by the Village Clerk, and that will be read into the record at the next scheduled meeting on July 13, 2006. A copy of such draft resolution is provided as Attachment C to this petition. After the resolution is voted on at that meeting, Verizon will submit it into the record of this proceeding. (16 NYCRR § 897.2(b))

3. True copies of the documents submitted by Verizon to the Franchisor as part of, or in support of, its application for the Franchise are included in Attachment D to this petition.

(16 NYCRR § 897.2(c))

4. The facilities in New York State that will be used to provide cable television service pursuant to the Franchise are owned by Verizon. (16 NYCRR § 897.2(d))

5. The technical specifications and design of the cable system are described in Attachment E to this Petition.

The Commission's rules do not require, and Verizon has no plans at this time to engage in, origination cablecasting, and Verizon will not be providing any facilities, equipment, or staff to be employed in such cablecasting. Verizon meets all of the Commission's regulations regarding the provision of PEG access channels. With respect to access cablecasting, the Franchise provides that:

Franchisee shall provide the technical ability to play back pre-recorded programming provided to Franchisee consistent with this Section.
Franchisee shall transmit programming consistent with the dedicated uses of PEG Access Channels. Franchisee shall comply at all times, with the requirements of Section 895.4 of the NY PSC rules and regulations.

(16 NYCRR § 897.2(e))

6. Verizon's proposed operation of the cable system at issue in this Petition would not be in violation of, or in any way inconsistent with, any applicable federal or State law or regulation. (16 NYCRR § 897.2(f))

7. A copy of this Petition is being served upon the Clerk for the Franchisor, and proof of such service is provided as Attachment F to this Petition. (Publ. Serv. L. § 221(1); 16 NYCRR § 897.2(g))

8. A notice of this Petition will be published on July 10, 2006 in Newsday. Newsday is a newspaper of general circulation in the Village of Laurel Hollow. Verizon has submitted the notice to that newspaper, has arranged for payment of the necessary charges, and has been assured that the notice will be published on the specified date. Proof of these facts is provided as Attachment G to this Petition. Verizon will file a supplemental affidavit confirming the actual publication of the notice following publication. (16 NYCRR § 897.2(g))

9. In view of issues raised by the Commission's recent confirmation orders in Case 06-V-0567 (Oyster Bay) and Case 06-V-0544 (Cedarhurst), Verizon further certifies as follows:

(a) As stated at the Laurel Hollow hearings, the outside plant facilities necessary to provide cable service are deployed to approximately 83% of the households in the franchise area. At present, Verizon's anticipated schedule calls for 83% deployment through June 2010, 91% deployment by December 2010, and 100% deployment by June 2011. Nevertheless, this roll-out schedule is subject to further review and modification over the five-year period.

(b) Verizon will interpret the language of Franchise § 2.2 as if the word "broad" had been included as set forth, *e.g.*, at page 7 of the Oyster Bay confirmation order.

II. ISSUES RELATING TO THE STATE ENVIRONMENTAL QUALITY REVIEW ACT

A Department of Environmental Conservation "Full Environmental Assessment Form" ("EAF") for Verizon's offering of cable service in Laurel Hollow, together with certain supplemental materials, is provided as Attachment H to this Petition. Verizon has completed Part 1 of the form, which calls for information to be provided by the "Project Sponsor"; Parts 2 and 3 are to be filled out by the Commission.

It is Verizon's position that submission of an EAF is not required for the activities at issue in this Petition, and that even if such a submission were required, a short-form EAF would suffice.² Attachment H is submitted without prejudice to that position, at Staff's request, and in recognition of the fact that the Commission has concluded in previous orders that the offering of cable service by Verizon is an "unlisted" action — rather than a Type II action or a non-action — under the State Environmental Quality Review Act ("SEQRA"). Even if the Commission concludes that submission of an EAF is required, it should determine on the basis of Attachment H that the actions at issue here will not have a significant effect on the environment — *i.e.*, the Commission should issue a "negative declaration" under SEQRA — as it has done in prior Verizon confirmation proceedings.

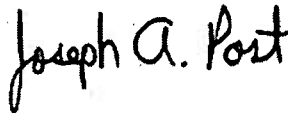
III. CONCLUSION

The Franchise, and Verizon's proposed offering of FiOS video services in Laurel Hollow pursuant to the Franchise, comply in all respects with applicable laws. Moreover, the proposed offering of a new alternative to the video services provided by incumbent cable and satellite

² For an explanation of the basis of this position, *see* Section II of Verizon's October 6, 2005 petition for confirmation of a franchise granted by the Village of Massapequa Park, New York (Case 05-V-1263).

providers, utilizing Verizon's FTTP platform, is in the public interest. Accordingly, the Commission should promptly review this Petition and based on such review should confirm and approve the Franchise. Further, if the Commission concludes that review under SEQRA is required in connection with its confirmation and approval of the Franchise, it should determine that Verizon's proposed offering of cable service pursuant to the Franchise will not have a significant adverse environmental impact, and it should accordingly include a negative declaration under SEQRA in its confirmation order.

Respectfully submitted,

 _____

**KEEFE B. CLEMONS
JOSEPH A. POST
140 West Street — 27th Floor
New York, New York 10007-2109
(212) 321-8126**

Counsel for Verizon New York Inc.

July 6, 2006

**In the Matter of the Petition of Verizon
New York Inc. Pursuant to Section 221
of the Public Service Law for
Confirmation of a Cable Television
Franchise Awarded by the Village of
Laurel Hollow, New York (Nassau
County)**

Karen L. Reilly
Morris County, New Jersey
Notary Public
My Commission Expires 8/06/2010

LIST OF ATTACHMENTS TO THE PETITION

- A. True copy of the Franchise
- B. True copy of affidavit of publication of notice of public hearing
- C. True copy of the draft resolution authorizing the Franchise (*see* Petition ¶ 2)
- D. True copies of documents submitted by Verizon to the Franchisor
- E. Technical specifications and design of the cable system
- F. Proof of service of the Petition upon the Franchisor
- G. Proof of publication of notice of the Petition
- H. Environmental Assessment Form, with supplemental materials



ATTACHMENT A

Cable Franchise Agreement
by and between
The Village of Laurel Hollow, NY
and
Verizon New York Inc.

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EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: PEG Channels

THIS CABLE FRANCHISE AGREEMENT (the "Franchise" or "Agreement") is entered into by and between the Village of Laurel Hollow, a validly organized and existing political subdivision of the State of New York (the "Local Franchising Authority" or "LFA") and Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (the "Franchisee").

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

WHEREAS, the LFA is a "franchising authority" in accordance with Title VI of the Communications Act, (*see* 47 U.S.C. §522(10)) and is authorized to grant one or more nonexclusive cable franchises pursuant to Article 11 of the New York Public Service Law, as amended, and Title 16, Chapter VIII, Parts 890.60 through 899, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended,;

WHEREAS, Franchisee is in the process of completing the upgrading of its existing telecommunications and information services network through the installation of a Fiber to the Premise Telecommunications Network ("FTTP Network") in the Franchise Area which transmits the Non-Cable Services pursuant to authority granted by Section 27 of the New York Transportation Corporations Law, as amended, and Title II of the Communications Act, which Non-Cable Services are not subject to the Cable Law or Title VI of the Communications Act;

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

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

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

WHEREAS, the LFA has determined that in accordance with the provisions of the Cable Law, this Franchise complies with the NY PSC'S franchise standards and the grant of a nonexclusive franchise to Franchisee is consistent with the public interest; and

WHEREAS, the 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 the LFA's grant of a franchise to Franchisee, Franchisee's promise to provide Cable Service to residents of the Franchise/Service Area of the LFA pursuant to and consistent with the Cable Law (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 Cable Law are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1. *Access Channel*: A video Channel, which Franchisee shall make available to the LFA without charge for Public, Educational, or Governmental noncommercial use for the transmission of video programming as directed by the LFA.

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

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

1.4. *Cable Law*: Article 11 of the New York Public Service Law, as amended, and Title 16, Chapter VIII, Parts 890.60 through 899, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended, to the extent authorized under and consistent with federal law.

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

1.6. *Cable System* or *System*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7), as amended.

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

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

1.9. *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.

1.10. *Educational Access Channel*: An Access Channel available for noncommercial use solely by local public schools and public school districts in the Franchise Area and other not-for-profit educational institutions chartered or licensed by the New York State Department of Education or Board of Regents in the Franchise Area as specified by the LFA in Exhibit C to this Agreement.

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

1.12. *Force Majeure*: An event or events reasonably beyond the ability of Franchisee to anticipate and control. This includes, but is not limited to, severe or unusual weather conditions, strikes, labor disturbances, lockouts, war or act of war (whether an actual declaration of war is made or not), insurrection, riots, act of public enemy, incidences of terrorism, acts of vandalism, actions or inactions of any government instrumentality or public utility including condemnation, accidents for which the Franchisee is not primarily responsible, fire, flood, or other acts of God, or work delays caused by waiting for utility providers to service or monitor utility poles to which Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary.

1.13. *Franchise Area*: The incorporated area (entire existing territorial limits) of the LFA.

1.14. *Franchisee*: Verizon New York Inc. and its lawful and permitted successors, assigns and transferees.

1.15. *Government Access Channel*: An Access Channel available for the sole noncommercial use of the LFA.

1.16. *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee from the operation of the Cable System to provide Cable Service in the Service Area.

Gross Revenue includes, without limitation: All Subscriber and customer revenues earned or accrued net of bad debts including revenue for:

(i) Basic Service;

(ii) all fees charged to any Subscribers for any and all Cable Service provided by Franchisee over the Cable System in the Service Area, including without limitation Cable Service related program guides, the installation, disconnection or reconnection of Cable Service; revenues from late or delinquent charge fees; Cable Service related or repair calls; the provision of converters, remote controls, additional outlets and/or other Cable Service related Subscriber premises equipment, whether by lease or fee;

(iii) revenues from the sale or lease of access channel(s) or channel capacity; and

(iv) compensation received by Franchisee that is derived from the operation of Franchisee's Cable System to provide Cable Service with respect to commissions that are paid to Franchisee as compensation for promotion or exhibition of any products or services on the Cable System, such as "home shopping" or a similar channel, subject to the exceptions below. Gross Revenue includes a pro rata portion of all revenue derived by Franchisee pursuant to compensation arrangements for advertising derived from the operation of Franchisee's Cable System to provide Cable Service within the Service Area, subject to the exceptions below. The allocation shall be based on the number of Subscribers in the Service Area divided by the total number of subscribers in relation to the relevant local, regional or national compensation

arrangement. Advertising commissions paid to third parties shall not be netted against advertising revenue included in Gross Revenue.

Gross Revenue shall not include:

(i) Franchise Fees imposed on Franchisee by the LFA that are passed through from Franchisee as a line item paid by Subscribers;

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

(iii) 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);

(iv) Refunds, rebates or discounts made to Subscribers or other third parties and 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;

(v) Revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services;

(vi) Charges made to the public for commercial or cable television that is used for two-way communication; and any other revenues attributed by Franchisee to Non-Cable Services in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders, as may be amended from time to time, and unless otherwise authorized in the future by a court of competent jurisdiction;

(vii) Any revenue of Franchisee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, however, 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 shall be included in Gross Revenue;

(viii) The sale of Cable Services on the Cable System for resale in which the purchaser is required to collect cable Franchise Fees from purchaser's customer;

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

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

(xi) Any foregone revenue which 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 which Franchisee chooses not to receive in exchange for trades, barter, services or other items of value shall be included in Gross Revenue);

(xii) Sales of capital assets or sales of surplus equipment;

(xiii) Program launch fees, i.e., reimbursement by programmers to Franchisee of marketing costs incurred by Franchisee for the introduction of new programming; and

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

(xv) Any fees or charges collected from Subscribers or other third parties for any PEG Grant payments.

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

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

1.19. *Local Franchise Authority (LFA)*: The Village of Laurel Hollow, New York, or the lawful successor, transferee, or assignee thereof.

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

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

1.22. *NYPSC*: The New York Public Service Commission.

1.23. *PEG*: Public, Educational, and Governmental.

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

1.25. *Public Access Channel*: An Access Channel available for noncommercial use solely by the residents in the Franchise Area on a first-come, first-served, nondiscriminatory basis.

1.26. *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 the 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.

1.27. *Service Area:* All portions of the Franchise Area where Cable Service is being offered, and as described in **Exhibit B** attached hereto.

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

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

1.30. *Title VI:* Title VI of the Communications Act, Cable Communications, as amended.

1.31. *Transfer of the Franchise:*

1.31.1. Any transaction in which:

1.31.1.1. a fifty percent ownership or other interest in Franchisee is transferred, directly or indirectly, from one Person or group of Persons to another Person or group of Persons, so that Control of Franchisee is transferred; or

1.31.1.2. the rights held by Franchisee under the Franchise and the certificate of confirmation issued therefor by the NY PSC are transferred or assigned to another Person or group of Persons.

1.31.2. However, notwithstanding Sub-subsections 1.31.1.1 and 1.31.1.2 above, 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 the Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of Franchisee; any action which is the result of a merger of the parent of the Franchisee; or any action which is the result of a merger of another Affiliate of the Franchisee.

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

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

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

2.2. *The FTTP Network:* Upon delivery of Cable Service, by subjecting the Franchisee's mixed-use facilities to the NY PSC's minimum franchise standards and the LFA's police power, the LFA has not been granted new authority over the construction, placement and operation of the Franchisee's mixed-use facilities.

2.3. *Term:* This Franchise shall become effective on the date that the NY PSC issues a certificate of confirmation for this Franchise (the "Effective Date"), following its approval by the LFA's governing authority authorized to grant franchises and its acceptance by the Franchisee. The term of this Franchise shall be ten (10) years from the Effective Date unless the Franchise is earlier revoked as provided herein. The Franchisee shall memorialize the Effective Date by notifying the LFA in writing of the same, which notification shall become a part of this Franchise.

2.4. *Grant Not Exclusive:* The Franchise and the rights granted herein to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and the 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 itself, at any time during the term of this Franchise. Any such rights which are granted shall not adversely impact the authority as granted under this Franchise and shall not interfere with existing facilities of the Cable System or Franchisee's FTTP Network.

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

2.6. *No Waiver:*

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

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

2.7. *Construction of Agreement:*

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

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

2.7.3. Should any change to state law, rules or regulations have the lawful effect of materially altering the terms and conditions of this Franchise, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on the Franchisee of the material alteration. Any modification to this Franchise shall be in writing and shall be subject to Section 222 of the New York Public Service Law and Title 16, Chapter VIII, Part 892, Subpart 892-1, Section 892-1.4 of the Official Compilation of Codes, Rules and Regulations of the State of New York requiring application to the NY PSC and approval of any modification. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then Franchisee may terminate this Agreement without further obligation to the LFA in accordance with the terms of Section 11.6 hereof and the Cable Law. Or, at Franchisee's option, the parties may agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

2.7.4. The LFA and the 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.

2.8. *Police Powers:* The LFA shall not enact any local laws that are inconsistent with this Franchise, provided, however, that nothing in this Franchise shall be construed to prohibit the reasonable, necessary and lawful exercise of the police powers of the LFA in a manner not materially in conflict with the privileges granted in this Franchise and consistent with all federal and state laws, regulations and orders. The Franchisee shall comply with the LFA's Code regarding street openings, per Ord. No. XVII of the Gen. Ordinances, sections 110-1 through 110-3 (1960), as may be amended from time to time.

2.9. *Restoration of Municipal Property:* Any municipal property damaged or destroyed shall be promptly repaired or replaced by the Franchisee and restored to its preexisting condition.

2.10. *Restoration of Subscriber Premises:* The Franchisee shall ensure that the Subscriber's premises are restored to at least their pre-existing condition if damaged by the Franchisee's employees or agents in any respect in connection with the installation, repair, or disconnection of Cable Service.

3. **PROVISION OF CABLE SERVICE**

3.1. Service Area:

3.1.1. *Service Area:* Subject to the issuance of all necessary permits by the LFA, Franchisee shall offer Cable Service to significant numbers of Subscribers within residential areas of the Service Area and may make Cable Service available to businesses in the Service Area, within twelve (12) months and shall offer Cable Service to all residential areas of the Service Area within five (5) years, of the Effective Date of this Franchise, or, in both instances, such longer period as may be permitted by the Cable Law, except: (A) for periods of Force Majeure; (B) for periods of delay caused by the LFA; (C) for periods of delay resulting from Franchisee's inability to obtain authority to access rights-of-way in the Service Area; (D) in areas where developments or buildings are subject to claimed exclusive arrangements with other providers; (E) in areas, developments or buildings where the Franchisee cannot gain access after good faith efforts, in accordance with NY PSC rules and regulations; and (F) in areas, developments or buildings where the provision of Cable Service is economically infeasible because such provision requires nonstandard facilities which are not available on a commercially reasonable basis, in accordance with NY PSC rules and regulations and (G) in areas where the occupied residential household density does not meet the density and other requirements set forth in Sub-Subsection 3.1.1.1. and Section 3.2.

3.1.1.1. *Density Requirement:* Franchisee shall make Cable Services available to residential dwelling units in all areas of the Service Area where the average density is equal to or greater than twenty-five (25) occupied residential dwelling units per mile as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line. Should, through new construction, an area within the Service Area meet the density requirements after the time stated for providing Cable Service as set forth in Subsection 3.1.1, Franchisee shall provide Cable Service to such area within six (6) months of receiving notice from the LFA that the density requirements have been met.

3.2. *Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units and may make Cable Service available to businesses within the Service Area in conformance with Section 3.1, and Franchisee shall not discriminate between or among any individuals in the availability of Cable Service or based upon the income in a local area. In the areas in which Franchisee shall provide Cable Service, Franchisee shall be required to connect, at Franchisee's expense, other than a standard installation charge, all residential dwelling units that are within three hundred fifty (350) feet of aerial trunk or feeder lines not otherwise already served by Franchisee's FTTP Network, as measured from that point on the Subscriber's property line abutting the Right of Way containing the fiber strand assigned to said Subscriber's property and running by the most direct route to the point of service connection at said Subscriber's residence. Franchisee shall be allowed to recover, from a Subscriber that requests such connection, the actual costs incurred for residential dwelling unit connections that exceed three hundred fifty (350) feet or are in an area with a density of less than twenty-five (25) occupied residential dwelling units per mile and the actual costs incurred to connect any non-residential dwelling unit Subscriber, provided, however, that Franchisee may seek a waiver of any requirement that it extend service to any party requesting the same in an area with a density of less than twenty-five (25) occupied residential dwelling units per mile if such would not be possible within the limitations of economic feasibility. For underground installations, Franchisee shall charge the recipient Franchisee's actual cost. Such costs shall be submitted to said recipient in writing, before installation is begun.

3.3. *Cable Service to Public Buildings:* Subject to Section 3.1, and upon the LFA's written request made during the term of this Agreement, the Franchisee shall provide, without charge within the Service Area, one aerial service outlet activated for Basic Service to each public school and public library, and such other buildings used for municipal purposes as may be designated by the LFA as provided in Exhibit A attached hereto; provided, however, that if it is necessary to extend Franchisee's aerial trunk or feeder lines more than five hundred (500) feet solely to provide service to any such school or public building, the LFA shall have the option either of paying Franchisee's direct costs for such extension in excess of five hundred (500) feet, or of releasing Franchisee from the obligation to provide service to such school or public building. Furthermore, Franchisee shall be permitted to recover, from any school or public building owner entitled to free service, the direct cost of installing, when requested to do so, more than one aerial outlet, or concealed inside wiring, or a service outlet requiring more than five hundred (500) feet of drop cable; provided, however, that Franchisee shall not charge for the provision of Basic Service to the additional service outlets once installed. Cable Service may not be resold or otherwise used in contravention of Franchisee's rights with third parties respecting programming. Equipment provided by Franchisee, if any, shall be replaced at retail rates if lost, stolen or damaged. For underground installations, Franchisee shall charge the recipient Franchisee's actual cost. Such costs shall be submitted to said recipient in writing, before installation is begun.

3.4. *Contribution in Aid:* Notwithstanding the foregoing, Franchisee shall comply at all times, with the requirements of Section 895.5 of NY PSC rules and regulations.

4. SYSTEM FACILITIES

4.1. *Quality of Materials:* Franchisee shall construct and maintain its System using materials of good and durable quality, and all work involved in the construction, installation, maintenance and repair of the Cable System shall be performed in a safe, thorough and reliable manner.

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

4.2.1. The System shall be designed and operated with an initial analog and digital carrier passband between 50 and 860 MHz and shall provide for a minimum channel capacity of not less than 77 channels on the Effective Date.

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

4.3. *Interconnection:* The 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.

4.4. *Emergency Alert System:* Franchisee shall comply with the Emergency Alert System ("EAS") requirements of the FCC and the State of New York, including the NY

PSC's rules and the current New York EAS Plan, in order that emergency messages may be distributed over the System.

5. PEG SERVICES

5.1. *PEG Set Aside*

In order to ensure universal availability of public, educational and government programming, Franchisee shall provide capacity on its Basic Service tier for up to one (1) dedicated Public Access Channel, one (1) dedicated Educational Access Channel, and up to one (1) dedicated Government Access Channel (collectively, "PEG Channels").

5.1.1. The programming to be carried on each of the PEG Channels set aside by Franchisee is reflected in Exhibit C attached hereto. The LFA hereby authorizes Franchisee to transmit such programming within and without LFA jurisdictional boundaries. Franchisee specifically reserves the right to make or change channel assignments in its sole discretion. If a PEG Channel provided under this Article is not being utilized by the LFA, Franchisee may utilize such PEG Channel, in its sole discretion, until such time as the LFA elects to utilize the PEG Channel for its intended purpose. In the event that the LFA determines to use PEG capacity, the LFA shall provide Franchisee with prior written notice of such request in accordance with NY PSC rules and regulations.

5.1.2. Franchisee shall provide the technical ability to play back pre-recorded programming provided to Franchisee consistent with this Section. Franchisee shall transmit programming consistent with the dedicated uses of PEG Access Channels. Franchisee shall comply at all times, with the requirements of Section 895.4 of the NY PSC rules and regulations.

5.2. *PEG Liability.* In accordance with 47 U.S.C. §558, the Franchisee shall not incur any liability arising from or in connection with any PEG Channels.

5.3. *Recovery of Costs.* To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs arising from the provision of PEG services from Subscribers and to include such costs as a separately billed line item on each Subscriber's bill. Without limiting the forgoing, if allowed under state and federal laws, Franchisee may externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

6. FRANCHISE FEES

6.1. *Payment to LFA:* Franchisee shall pay to the LFA a Franchise Fee of five percent (5%) of annual Gross Revenue (the "Franchise Fee"). In accordance with Title VI, the twelve (12) month period applicable under the Franchise for the computation of the Franchise Fee shall be a calendar year. Such payments shall be made no later than forty-five (45) days following the end of each calendar quarter. Franchisee shall be allowed to submit or correct any payments that were incorrectly omitted, and shall be refunded any payments that were incorrectly submitted, in connection with the quarterly Franchise Fee remittances within ninety (90) days following the close of the calendar year for which such payments were applicable.

6.2. *Supporting Information:* Each Franchise Fee payment shall be accompanied by a brief report prepared by an authorized official of Franchisee showing the basis for the computation. The LFA shall have the right to audit Franchisee Fee payments; provided, however, that the LFA shall bear the expense of such audit unless the audit determines that the Franchisee Fee payment to the LFA should be increased by five percent (5%) or more in the audited period, in which case the reasonable and customary costs of the audit shall be paid by the Franchisee to the LFA in an amount not to exceed in the aggregate five thousand dollars (\$5,000). Any such audit fees paid by the LFA shall not be determined based on a percentage of audit findings basis. If recomputation results in additional revenue to be paid to the LFA, such amount shall be subject to interest charges computed from the due date, at an annual rate equal to the commercial prime interest rate of the LFA's primary depository bank during the period such unpaid amount is owed. If the audit determines that there has been an overpayment by Franchisee, Franchisee may credit any overpayment against its next quarterly payment. The LFA shall conduct all audits expeditiously, and neither the LFA nor Franchisee shall unreasonably delay the completion of an audit. The LFA shall be limited to one audit every three years during the Franchise term.

6.3. *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by Franchisee is due.

6.4. *Bundled Services:* If Cable Services subject to the Franchise Fee required under this Article 6 are provided to Subscribers in conjunction with Non-Cable Services, the Franchise Fee shall be applied only to the value of the Cable Services, as reflected on the books and records of Franchisee in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders. Notwithstanding the foregoing, if the Franchisee bundles Cable Service with Non-Cable Service, the Franchisee agrees that it will not intentionally or unlawfully allocate such revenue for the purpose of evading Franchise Fee payments under this franchise. The parties agree that tariffed telecommunications services that cannot be discounted by state or federal law or regulation are to be excluded from the bundled discount allocation basis.

7. REPORTS AND RECORDS

7.1. *Open Books and Records:* Upon reasonable written notice to the Franchisee and with no less than thirty (30) business days written notice to the Franchisee, the LFA shall have the right to inspect Franchisee's books and records pertaining to Franchisee's provision of Cable Service in the Franchise Area at any time during Normal Business Hours and on a nondisruptive basis, as are reasonably necessary to ensure compliance with the terms of this Franchise. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the LFA. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than six (6) years. Notwithstanding anything to the contrary set forth herein, Franchisee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature, nor disclose any of its or an Affiliate's books and records not relating to the provision of Cable Service in the Service Area. The LFA shall treat any information disclosed by Franchisee as confidential and shall only

EXHIBIT C

PEG CHANNELS

Upon written request from the LFA, Franchisee shall make available on the Basic Service Tier up to one (1) dedicated Public Access Channel, one (1) dedicated Educational Access Channel, and up to one (1) dedicated Government Access Channel (collectively, "PEG Channels").

disclose it to employees, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

7.2. *Records Required:* Franchisee shall at all times maintain:

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

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

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

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

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

7.3. *System-Wide Statistics:* Any valid reporting requirement in the Franchise may be satisfied with system-wide statistics, except those related to Franchise Fees and consumer complaints.

7.4. *Performance Evaluations:* Upon thirty (30) days written notice by the LFA, the Franchisee shall be prepared to attend a performance evaluation meeting no more than once per year. Nothing in this Section 7.4 shall limit any rights that the LFA may have to conduct additional meetings and/or compel the Franchisee's attendance at such meeting. The LFA shall provide the Franchisee with the results of its performance evaluation in writing within thirty (30) days after the conclusion of such meeting.

8. **INSURANCE AND INDEMNIFICATION**

8.1. Insurance:

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

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

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

8.1.1.3. Workers' Compensation Insurance meeting all legal requirements of the State of New York.

8.1.1.4. Excess liability or umbrella coverage of not less than ten million dollars (\$10,000,000).

8.1.2. The LFA shall be designated as an additional insureds under each of the insurance policies required in this Article 8 except Worker's Compensation Insurance and Employer's Liability Insurance.

8.1.3. Each of the required insurance policies shall be noncancellable except upon thirty (30) days prior written notice to the LFA. Franchisee shall not cancel any required insurance policy without submitting documentation to the LFA verifying that the Franchisee has obtained alternative insurance in conformance with this Agreement.

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

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

8.2. Indemnification:

8.2.1. The Franchisee agrees to indemnify, save and hold harmless, and defend the LFA, its officers, agents, elected officials, boards, and employees, from all liability, damage, cost or expense arising from claims of injury to persons or damage to property occasioned by reason of any conduct undertaken pursuant to the Franchise, or by reason of any suit or claim of royalties, programming license fees, or infringement of copyright or patent rights arising from Franchisee's provision of Cable Services over the Cable System other than PEG facilities and channels as provided in Section 5.2, provided that the LFA shall give Franchisee timely written notice of its obligation to indemnify the LFA, but in any event, the LFA shall provide such notice to Franchisee within a sufficient period of time from receipt of a claim or action pursuant to this Subsection to enable Franchisee to timely answer complaints, raise defenses and defend all claims. Notwithstanding the foregoing, Franchisee shall not indemnify the LFA for any damages, liability or claims resulting from the willful misconduct or negligence of the LFA, its officers, agents, employees, attorneys, consultants, independent contractors or third parties or for any activity or function conducted by any Person other than Franchisee in connection with PEG Access or EAS.

8.2.2. With respect to Franchisee's indemnity obligations set forth in Subsection 8.2.1, Franchisee shall provide the defense of any claims brought against the LFA by selecting counsel of Franchisee's choice to defend the claim, subject to the consent of the LFA, which shall not be unreasonably withheld. Nothing herein shall be deemed to prevent the LFA from cooperating with the 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 the LFA, Franchisee shall have the right to defend, settle or compromise any claim or action arising hereunder, and Franchisee shall have the authority to decide the appropriateness and the amount of any such settlement. In the event that the terms of any such proposed settlement includes the release of the LFA and the LFA does not consent to the terms of any such settlement or compromise, Franchisee shall not settle the claim or action but its obligation to indemnify the LFA shall in no event exceed the amount of such settlement.

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

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

9. TRANSFER OF FRANCHISE

9.1. *Transfer:* Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, as amended, no Transfer of the Franchise shall occur without the prior consent of the LFA, provided that such consent shall not be unreasonably withheld, delayed or conditioned. In considering an application for the Transfer of the Franchise, the LFA may consider the applicant's: (i) technical ability; (ii) financial ability; (iii) good character; and (iv) other qualifications necessary to continue to operate the Cable System consistent with the terms of the Franchise. No such consent shall be required, however, for a transfer in trust, by mortgage, by other hypothecation, by assignment of any rights, title, or interest of the Franchisee in the Franchise or Cable System in order to secure indebtedness, or for transactions otherwise excluded under Section 1.31 above.

10. RENEWAL OF FRANCHISE

10.1. *Governing Law:* The LFA and Franchisee agree that any proceedings undertaken by the LFA that relate to the renewal of this Franchise shall be governed by and comply with the provisions of Section 12.12 below, the Cable Law and Section 626 of the Communications Act, 47 U.S.C. § 546, as amended.

10.2. *Needs Assessment:* In addition to the procedures set forth in Section 626 of the Communications Act, the LFA shall notify Franchisee of all of its assessments regarding the identity of future cable-related community needs and interests, as well as the past

performance of Franchisee under the then current Franchise term. Such assessments shall be provided to Franchisee by the LFA promptly so that Franchisee will have adequate time to submit a proposal under 47 U.S.C. § 546 and complete renewal of the Franchise prior to expiration of its term.

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

10.4. *Consistent Terms:* Franchisee and the LFA consider the terms set forth in this Article 10 to be consistent with the express provisions of 47 U.S.C. § 546 and the Cable Law.

11. **ENFORCEMENT AND TERMINATION OF FRANCHISE**

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

11.2. *Franchisee's Right to Cure or Respond:* Franchisee shall have sixty (60) days from receipt of the Noncompliance Notice to: (i) respond to the 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 sixty (60) day period, initiate reasonable steps to remedy such noncompliance and notify the LFA of the steps being taken and the date by which Franchisee projects that it will complete cure of such noncompliance. Upon cure of any noncompliance, the LFA shall provide written confirmation that such cure has been effected.

11.3. *Public Hearing:* The LFA shall schedule a public hearing if the LFA seeks to continue its investigation into the alleged noncompliance (i) if Franchisee fails to respond to the Noncompliance Notice pursuant to the procedures required by this Article, or (ii) if Franchisee has not remedied the alleged noncompliance within sixty (60) days or the date projected pursuant to Section 11.2(iii) above. The LFA shall provide Franchisee at least sixty (60) business days prior written notice of such public hearing, which will specify the time, place and purpose of such public hearing, and provide Franchisee the opportunity to be heard.

11.4. *Enforcement:* Subject to Section 12.12 below and applicable federal and state law, in the event the LFA, after the public hearing set forth in Section 11.3, determines that Franchisee is in default of any provision of this Franchise, the LFA may:

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

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

11.4.3. In the case of a substantial noncompliance with a material provision of this Franchise, seek to revoke the Franchise in accordance with Section 11.5.

11.5. *Revocation:* Should the LFA seek to revoke this Franchise after following the procedures set forth above in this Article, including the public hearing described in Section 11.3, the LFA shall give written notice to Franchisee of such intent. The notice shall set forth the specific nature of the noncompliance. The Franchisee shall have ninety (90) days from receipt of such notice to object in writing and to state its reasons for such objection. In the event the LFA has not received a satisfactory response from Franchisee, it may then seek termination of the Franchise at a second public hearing. The LFA shall cause to be served upon the Franchisee, at least thirty (30) business days prior to such public hearing, a written notice specifying the time and place of such hearing and stating its intent to revoke the Franchise.

11.5.1. At the designated public hearing, Franchisee shall be provided a fair opportunity for full participation, including the rights to be represented by legal counsel, to introduce relevant evidence, to require the production of evidence, to compel the relevant testimony of the officials, agents, employees or consultants of the 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.

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

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

11.6. *Abandonment of Service:* Franchisee shall not abandon any Cable Service or portion thereof without the LFA's prior written consent as provided in the Cable Law.

12. MISCELLANEOUS PROVISIONS

12.1. *Actions of Parties:* In any action by the LFA or Franchisee that is mandated or permitted under the terms hereof, such party shall act in a reasonable, expeditious, and timely manner. Furthermore, in any instance where approval or consent is required under

the terms hereof, such approval or consent shall not be unreasonably withheld, delayed or conditioned.

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

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

12.4. *Force Majeure:* Franchisee shall not be held in default under, or in noncompliance with, the provisions of the Franchise, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by a Force Majeure; provided, however, that Franchisee shall make reasonable efforts to mitigate the adverse effects caused by a Force Majeure.

12.4.1. Furthermore, the parties hereby agree that it is not the LFA's intention to subject Franchisee to penalties, fines, forfeitures or revocation of the Franchise for violations of the Franchise where the violation was a good faith error that resulted in no or minimal negative impact on Subscribers.

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

12.5.1. Notices to Franchisee shall be mailed to:

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

12.5.2. Notices to the LFA shall be mailed to:

Village Clerk
Inc. Village of Laurel Hollow
1492 Laurel Hollow Road
Syosset, NY 11791
cc: Village Attorney

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

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

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

12.9. *Severability:* If any section, subsection, sub-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. For purposes of this Agreement, the term "material provision" or "material provisions" shall mean the terms set forth in Section 2.3 (Term); Section 2.5 (Franchise Subject to Federal Law); Article 3 (Provision of Cable Service); Section 4.1 (Quality of Materials); Subsection 4.2.1 (System Characteristics), Section 6.1 (Payment to LFA); Section 7.1 (Open Books and Records), and Article 9 (Transfer of Franchise).

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

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

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

12.13. *NY PSC Approval:* This Franchise is subject to the approval of the NY PSC. Franchisee shall file an application for such approval with the NY PSC within sixty (60) days after the date hereof. Franchisee shall also file any necessary notices with the FCC.

12.14. *Rates and Charges:* The rates and charges for Cable Service provided pursuant to this Franchise shall be subject to regulation in accordance with federal law.

12.15. *Publishing Information:* LFA hereby requests that Franchisee omit publishing information specified in 47 C.F.R. § 76.952 from Subscriber bills.

12.16. *Employment Practices:* Franchisee will not refuse to hire, nor will it bar or discharge from employment, nor discriminate against any person in compensation or in terms, conditions, or privileges of employment because of age, race, creed, color, national origin, or sex.

12.17. *Identification of Franchisee's Employees, Vehicles & Contractors.* The Franchisee shall require all the Franchisee personnel, contractors and subcontractors contacting Subscribers or potential Subscribers outside the office of the Franchisee to wear a clearly visible identification card bearing their name and photograph.

12.17.1. The Franchisee shall make reasonable effort to account for all identification cards at all times.

12.17.2. The Franchisee shall require all the Franchisee representatives to wear appropriate clothing while working at a Subscriber's premises.

12.17.3. The Franchisee shall require that all service vehicle of the Franchisee and its contractors or subcontractors be clearly identified as such to the public. Specifically, the Franchisee vehicles shall be required to have the Franchisee's logo plainly visible. The Franchisee shall require that all contractors and subcontractors working for the Franchisee shall have the contractor's/subcontractor's name plus markings (such as a magnetic door sign) indicating they are under contract to the Franchisee.

12.18. *Customer Service:* Franchisee shall comply with the consumer protection and customer service standards set forth in Parts 890 and 896 of the NY PSC rules.

12.19. *LFA Official:* The Mayor of the LFA is the LFA official that is responsible for the continuing administration of this Agreement.

[The remainder of this page is intentionally left blank]

12.20. *No Waiver of LFA's Rights:* Notwithstanding anything to the contrary in this Agreement, no provision of this Agreement shall be construed as a waiver of the LFA's rights under applicable federal and state law.

AGREED TO THIS 23 DAY OF June, 2006.

LFA: Alfonse R. DeVito

By: Mayor
[Title]

Verizon New York Inc.

By: P. W. Welton
[Title] VICE PRESIDENT - REGION OPERATIONS
FORM APPROVED
Attorney
Date 6/23/06

EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: PEG Channels

EXHIBIT A

MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

Village Hall

1492 Laurel Hollow Road
Syosset, NY 11791

Highway Department

566 Cold Spring Road
Syosset, NY 11791

Police Booth

Laurel Hollow Road and Moore's Hill Road

School

West Side School, Laurel Hollow Road, Syosset, NY 11791

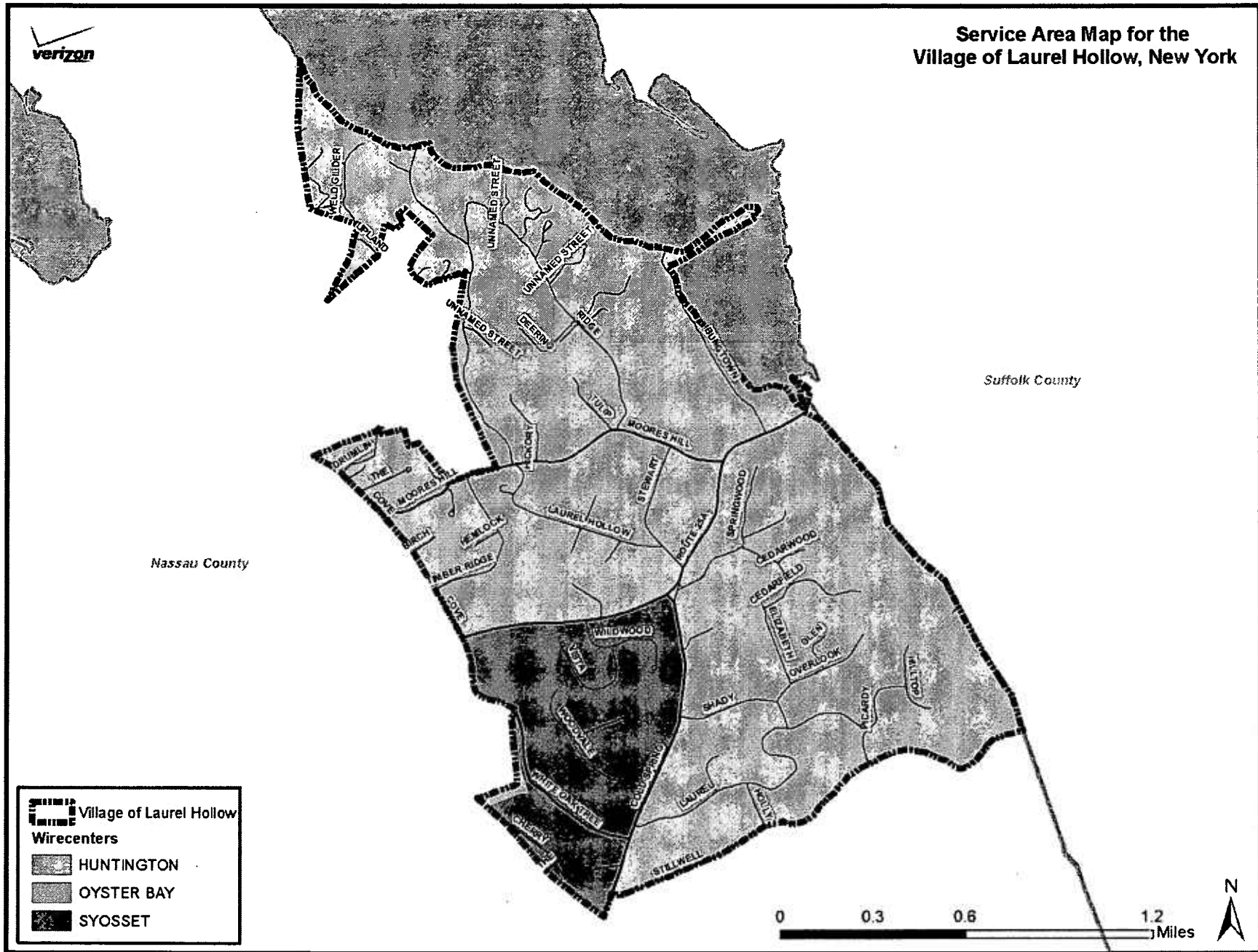
EXHIBIT B

SERVICE AREA

The Service Area shall be the Franchise Area. The construction of the Franchisee's FTTP Network has been completed throughout the Franchise Area subject only to Subsection 3.1.1. and Section 3.2 of the Franchise, and accordingly it is not necessary to provide any additional details concerning the construction and/or deployment time tables and areas within the Service Area. A map of the Service Area is attached hereto.



Service Area Map for the Village of Laurel Hollow, New York



B



ATTACHMENT B

06:08 900Z/07/90

ATTACHMENT C

INCORPORATED VILLAGE OF LAUREL HOLLOW

I, Karen A. Navin, Clerk / Treasurer of the Village of Laurel Hollow, do certify that the following is an exact copy of a resolution adopted by the Board of Trustees at their meeting held on June 22, 2006, as it appears in the draft minutes from that meeting:

The following resolution was proposed by Mayor DeVita, who moved its adoption, seconded by Trustee Bahr:

WHEREAS, the Village of Laurel Hollow (the "Village") is a "franchising authority" in accordance with Title VI of the Communications Act of 1934 (the "Communications Act"), and is authorized to grant one or more cable television franchises pursuant to Article 11 of the New York State Public Service Law (the "Cable Laws"); and

WHEREAS, Verizon New York Inc. ("Verizon") is in the process of completing the upgrading of its existing telecommunications and information services network through the installation of what Verizon refers to as "Fiber to the Premises Telecommunications Network" (the "FTTP Network") within the Village and elsewhere, which existing network transmits Non-Cable Services (as defined in the proposed Verizon Franchise Agreement) pursuant to the authority granted by Section 27 of the New York Transportation Corporations Law, as amended, and Title II of the Telecommunications Act, which Non-Cable Services are not subject to the Cable Laws or to Title VI of the Communications Act; and

WHEREAS, the FTTP Network occupies Public Rights-of-Way (as defined in the proposed Verizon Franchise Agreement) within the Village, and Verizon desires to use portions of the FTTP Network now or herein installed within the Village to provide Cable Service (as defined in the proposal Verizon Franchise Agreement); and

WHEREAS, Verizon has submitted a written application for a cable television franchise to the Village on June 9, 2006 (the "Verizon Application"), which the Village has had an opportunity to thoroughly review; and

WHEREAS, negotiations between the Village and Verizon have resulted in a proposed agreement entitled "Cable Franchise Agreement by and between the Village of Laurel Hollow and Verizon New York Inc.", which proposed agreement was filed with the Village on June 9, 2006 and amended on June 20, 2006, ("Verizon Franchise Agreement"); and

WHEREAS, on June 22, 2006 at a special hearing that was duly and reasonably advertised to the public, Verizon made a presentation to the Village in favor of the proposed Verizon Franchise Agreement, including an outline of the cable television services proposed to be provided to the Village pursuant thereto, and the Board of Trustees, the public, and representatives of Cablevision, the existing franchisee, were given notice and the opportunity to comment on Verizon's presentation and ask questions to be addressed by Verizon's representatives; and

WHEREAS, the Village has identified the Cable-related needs and interests of the residents of the Village and has exercised due diligence in

considering the technical ability, financial conditions, character and legal qualifications of Verizon to meet such needs and interests,

NOW, THEREFORE, BE IT RESOLVED, that the Village hereby establishes itself as the lead agency for the purpose of review of the proposed action under the provisions of the State Environmental Quality Review Act (SEQRA), and makes the following finding, and alternative determination with respect to the environmental impact of the proposed Verizon Franchise Agreement:

- a. In order to provide equipment necessary to support its proposed Cable Franchise Service in the Village, Verizon will complete the installation of a fiber optic network, which work is already in progress. Even without the proposed use for Cable Television Transmissions, this ongoing network conversion would continue to occur so as to serve Verizon's existing telecommunications operations, although the pace of the conversion is expected to be accelerated if the pending application is approved.
- b. That the Village's execution of the proposed Franchise Agreement is a Type II Action under the State Environmental Quality Review Act (SEQRA). Specifically, this action is covered under 6 NYCRR § 617.5(20): "routine or continuing agency administration and management, not including new programs or major reordering of priorities that may affect the environment". Accordingly, it has been pre-determined that adoption of the proposed Franchise Agreement will not result in a significant impact on the environment, and no further action is required relative to this matter under SEQRA.
- c. That notwithstanding that the Village Board's finding that the grant of a Cable Television Franchise is not an "Action" subject to the requirements of SEQRA, that the Village Board is in possession of all information reasonably necessary, (including but not limited to Part 1 and Part 2 of the EAF completed with respect to the proposed Verizon Franchise Agreement), to make the determination as to the environmental significance of the proposed Verizon Franchise Agreement;
- d. That the grant of a cable television franchise agreement to Verizon shall not have any significant impact upon the environment, in that the impacts on land, water, drainage, air, plants and animals, aesthetics, open space and recreation, transportation, noise and odor impacts, public health and the character of the neighborhoods within the Village of Laurel Hollow, would be either non-existent or small to moderate as a result of the proposed grant of a cable television franchise to Verizon, as the record is completely devoid of any competent evidence that the grant of a franchise agreement would have any significant impact upon the environment, especially in light of the fact that the bulk of the system facilities are already constructed;

RESOLVED, that the Village approves the character of Verizon; and be it further

RESOLVED, that the Village concludes that Verizon is legally (under Public Service Commission Rules and other statutory requirements), technically, and financially qualified to meet the cable-related needs and interests of the Village, which needs and interests were ascertained by the Village; and be it further

RESOLVED, that the Village concludes that Verizon will be required to provide adequate public, educational, governmental access capacity, either through channels dedicated to same, or through interconnection between cable operators as permitted by law; and be it further

RESOLVED, that the Village concludes that Verizon will meet statutory and regulatory non-discrimination requirements; and be it further

RESOLVED, that the Village concludes, based on the presentation by Verizon, that the cable service offered by Verizon will include competitive offerings with its existing competition; and be it further

RESOLVED, that the Village concludes that although the terms of the proposed Verizon Franchise Agreement are not identical to those of the existing franchise agreement with Cablevision, that the terms of both agreements are reasonably comparable in their totality and contain no economic or regulatory burdens placed upon another cable television franchise operating in the same franchise area, therefore neither agreement provides either franchise with any unfair competitive advantage, or subjects either franchise to any unfair competitive disadvantage; and be it further

RESOLVED, that the Village determines that it serves the public interest to award Verizon a franchise to own, construct, operate and maintain a cable system along the public Rights-of-Way within the Village, in order to provide cable service; and be it further

RESOLVED, that the Village authorizes the award of a non-exclusive franchise to Verizon to own, construct, operate and maintain a cable system along the public Rights-of-Way within the Village, in order to provide cable service, which authorization is made in accordance with the applicable provisions of Title VI of the Communications Act and the Cable laws; and be it further

RESOLVED, that the proposed Verizon Franchise Agreement is hereby approved, as amended at the public hearing, and the Village Mayor is hereby authorized and directed to execute it, as amended, and other documents necessary to effectuate the granting of the franchise on behalf of the Village.

The foregoing resolution was declared adopted after a poll of the members of the Board; the vote being recorded as follows:

Mayor DeVita	Aye
Deputy Mayor Anand	Aye
Trustee Bahr	Aye

Certification / Verizon NY Inc.
06/22/06 Board of Trustee Public Hearing

Trustee Fitteron
Trustee Jay
Trustee Miritello
Trustee Nicklas

Aye
Aye
Aye
Aye



Karen A. Navin, Clerk / Treasurer

June 23, 2006

D

ATTACHMENT D

**DOCUMENTS SUBMITTED BY VERIZON AS PART OF,
OR IN SUPPORT OF, ITS APPLICATION**

1. Verizon's application to the Village for a cable television franchise, dated June 9, 2006
2. Verizon's proposed cable franchise agreement, dated June 9, 2006
3. Correspondence from Verizon's outside counsel Krista Witanowski of Wiley Rein & Fielding LLP to Village Attorney Howard Avrutine regarding Short Environmental Assessment Form, dated June 9, 2006
4. E-mail from Verizon's outside counsel Krista Witanowski of Wiley Rein & Fielding LLP to Village Attorney Howard Avrutine enclosing further revised franchise agreement, dated June 19, 2006
5. Correspondence from Verizon's Senior Vice President, State Public Policy and Government Affairs - NY/CT Monica Azare to Village Mayor Denise R. DeVita enclosing an information sheet outlining the Verizon FiOS TV service, dated June 20, 2006
6. Correspondence from Verizon's outside counsel Krista Witanowski of Wiley Rein & Fielding LLP to Village Mayor Denise R. DeVita, Members of the Board of Trustees and Village Attorney Howard Avrutine regarding the June 22, 2006 Public Hearing, dated June 21, 2006
7. Correspondence from Verizon's outside counsel Krista Witanowski of Wiley Rein & Fielding LLP to Village Attorney Howard Avrutine and Melissa Forgas of Goldstein & Avrutine enclosing a Memorandum of Verizon responses to possible Cablevision arguments, dated June 21, 2006
8. Final franchise agreement with amendments from public hearing, dated June 23, 2006

Tab 1

APPLICATION FOR A CABLE TELEVISION FRANCHISE

BY VERIZON NEW YORK INC.

Verizon New York Inc. ("Verizon NY") respectfully submits this application form ("Application") and requests the award of a cable television franchise from the Village of Laurel Hollow ("Municipality"). In this application, Verizon NY answers the questions set forth in Title 16, Chapter VIII, Part 894, Section 894.5, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended.

- (1) A description of the cable television system proposed to be constructed including information regarding (a) channel capacity, including both the total capability of the proposed system and the number of channels to be energized immediately; (b) television and radio broadcast signals which Verizon NY intends to carry on its system initially; (c) the extent and type of any origination cable casting to be undertaken, and the facilities, equipment and staff to be employed therein; and (d) the system layout or design, including where applicable: (i) location of antennae and headends; (ii) plans for a two-way capability including a proposed schedule indication when two-way capability will become available from particular points; (iii) location or origination points and origination facilities; (iv) extent and type of automated services to be provided; and (v) number of channels to be utilized for access cablecasting and the facilities, equipment, staff and other support to be available to access users including access utilization or production costs.

In response to the information requested in subsections 1(a) and (d)(i-ii), please see attached Exhibit 1, "Proposed Service Overview, Product Offers and Architecture." In response to question 1(b), please see the sample channel line up set forth in Exhibit 2, "Verizon FiOS TV-Sample Channel Lineup."¹

In response to the information requested in subsection 1(c) and 1(d)(iii), Verizon NY does not currently plan to engage in origination cable casting.

In response to the information sought in subsection 1(d)(v), upon request of the Municipality, Verizon NY intends to provide capacity on its basic service tier for up to one (1) dedicated Public Access Channel, one (1) dedicated Educational Access Channel, and up to one (1) dedicated Government Access Channel.

¹ Please note that the channel line-up set forth in Exhibit 2 is a sample and is subject to modification for the Municipality. Once the channel line-up is finalized, Verizon NY will provide it to the Municipality.

- (2) The terms and conditions under which service is to be provided to educational and governmental entities.

Verizon NY will provide channel capacity to educational and governmental entities under terms and conditions consistent with applicable law, and as may be required by the Municipality.

- (3) The terms concerning rates and construction schedules.

Verizon NY's current cable television service rates and available packages are attached as Exhibit 3.

Verizon NY has completed the construction of its fiber to the premises ("FTTP") network to approximately 83% of the households in the Municipality. A full discussion of the construction requirements and central office conversion requirements to bring FTTP and cable television service to the Municipality is contained in Exhibit 1.

On June 15, 2005, the New York Public Service Commission ("PSC") "declared that Verizon NY's FTTP upgrade is authorized under its existing state telephone rights because the upgrade furthers the deployment of telecommunications and broadband services, and is consistent with state and federal law and in the public interest." The PSC determined that, unlike a company seeking to build an unfranchised cable television system, Verizon NY already has the necessary authority to use the rights-of-way to provide telecommunications service over its existing network. See Declaratory Ruling on Verizon Communication, Inc.'s Built-Out of its Fiber to the Premises Network, NY Public Service Commission, Case 05-M-0520/05-M-0247, June 15, 2005 at 4.

Verizon NY will continue to adhere to applicable lawful customary time, place and manner permitting requirements of the Municipality.

- (4) An indication of whether Verizon NY will provide service on the same terms and conditions as contained in the existing franchise in effect.

Verizon NY will provide service on terms and conditions consistent with the needs and interests of the Municipality and the level playing field requirement set forth in Title 16, Chapter VIII, Part 895, Section 895.3 of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended, in that the Verizon NY proposed franchise is comparable in its totality with the incumbent cable television provider's agreement. Verizon NY is applying for a cable television franchise in the Municipality in order to provide the residents of the Municipality with competitive choice.

As more fully described in Exhibit 1, Verizon NY is constructing its FTTP network pursuant to its authority as a common carrier under Title II of the Communications Act of 1934, as amended, and Section 27 of the New York Transportation Corporations Law. For this reason and others, certain terms and conditions may differ between the incumbent cable provider's franchise and Verizon NY's franchise.

- (5) A statement of Verizon NY's experience in the cable television field including, if applicable, the names and professional experience of the persons or organizations who will be responsible for the construction, installation and operation of the proposed system.

Verizon NY and its predecessor entities have provided telecommunications services in the State of New York for over one hundred years. Consequently, Verizon NY has extensive experience and expertise in the telecommunications field. Generally, the current cable service operation of Verizon NY is similarly based on an extensive history. Specifically, Verizon NY has applied the comprehensive knowledge of current Verizon NY employees in the provision of telecommunications service, including in-depth knowledge and experience of employees who were involved in affiliated enterprises.

Verizon NY was awarded cable television franchise by the following municipalities: Village of Massapequa Park (Nassau County); Village of Nyack (Rockland County); Village of South Nyack (Rockland County); Village of Upper Nyack (Rockland County); Town of Hempstead (Nassau County); Village of Cedarhurst (Nassau County); and Town of Oyster Bay (Nassau County).

The PSC granted the following Orders and Certificates of Confirmation for Verizon NY's approved franchises: (1) Massapequa Park - December 14, 2005; (2) Nyack - February 8, 2006; (3) South Nyack - February 8, 2006; (4) Upper Nyack - May 17, 2006; and (5) Hempstead - May 17, 2006.

Verizon NY filed with the PSC its petitions for confirmation of the Cedarhurst and Oyster Bay franchises on May 5, 2006 and May 11, 2006, respectively.

Furthermore, other subsidiaries of Verizon Communications Inc. were awarded cable television franchises by the following franchising authorities:

California: City of Beaumont; City of Murietta; Town of Apple Valley; City of Hermosa Beach; City of Lake Elsinore

Delaware:	Town of Bellefonte; Town of Odessa; City of Delaware; Town of Townsend
Florida:	City of Temple Terrace; Manatee County; Hillsborough County; City of Bradenton; City of Tampa; Pasco County
Maryland:	Howard County; City of Bowie; City of Laurel
Massachusetts:	City of Woburn; Town of Reading; Town of Lynnfield; Town of Wakefield; Town of Hamilton; Town of Wenham; Town of Tewksbury
Pennsylvania:	Borough of Hulmeville; Township of Valley; Borough of Schwenksville; Township of Thornbury; Township of East Marlborough, Township of Worcester; Borough of Modena; Borough of Lansdale; Township of Perkiomen
Texas:	City of Keller; City of Westlake; City of Sachse; City of Wylie; Public Utility Commission of Texas – State-Issued Certificate of Franchise Authority for all or portions of the following 21 municipalities: Allen; Carrollton; Colleyville; Coppell; Denton (City); Double Oak; Flower Mound; Ft. Worth; Garland; Grapevine; Hebron; Highland Village; Irving; Lewisville; Lucas; Murphy; Parker; Plano; Rowlett; Southlake; and St. Paul (See Public Utility Commission of Texas Notice of Approval regarding Project No. 31817 dated October 21, 2005); Collin County; Dallas County; Denton County; Tarrant County
Virginia:	Quantico Marine Corps Base; Town of Herndon; Fairfax County; City of Fairfax; Fort Belvoir Army Base; City of Falls Church; Town of Dumfries; Prince Williams County

- (6) A statement indicating whether Verizon NY or any of its principals owns or operates any other cable television system, directly or indirectly, and a statement indicating the name of any such operations and the name and address of the chief executive officer of the franchising authority in which such system or station is located.

Verizon NY does not own or operate any other cable television system, directly or indirectly.

- (7) A documented plan for financing the proposed system, which plan shall indicate specifically every significant anticipated source of capital and any and all limitations or conditions with respect to the availability of the indicated sources of capital.

Verizon NY intends to finance the construction of the FTTP system and the provision of cable services over the FTTP system through

a variety of internally and externally generated funds. Verizon NY is a financially stable company which has provided telecommunications services in New York State for more than a century. Its parent company, Verizon Communications Inc., is a Fortune 20 company, a Dow 30 Industrials company, and had 2005 revenues in excess of \$75 billion. A copy of the 2005 Form 10-K of Verizon Communications Inc. can be accessed via the following internet address:

http://investor.verizon.com/sec/sec_frame.aspx?FilingID=4275196.

A copy of the Verizon Communications Inc. 2005 Annual Report to Shareholders can be accessed via the following internet address:

<http://investor.verizon.com/financial/annual/2005/index.html>.

- (8) A statement indicating whether Verizon NY or any of its officers, directors and persons having a legal or equitable interest in 10% or more of the voting stock:
- (a) has ever been convicted of a crime involving moral turpitude (including criminal fraud) or is presently under indictment charging such a crime;
 - (b) has ever been held liable by any court of competent jurisdiction in any civil action based on fraud, deceit or misrepresentation; or
 - (c) has ever been punished or censured in any jurisdiction for any violation or attempted violation of any law, rule or order relating to cable television operations.

Verizon NY has no knowledge of any such finding of guilt toward Verizon NY, any person controlling Verizon NY, or any officer, director or major stockholder of Verizon NY.

PROPOSED SERVICE OVERVIEW, PRODUCT OFFERS AND ARCHITECTURE

- Overview of Fiber to the Premises (FTTP) Deployment
- Service Overview
 - Product Offer
 - Service Delivery/Connection Method
- FTTP System Architecture
 - End-to-End Architecture
 - Wide Area Transport

Overview of Fiber To The Premises (FTTP) Deployment

Fiber to the Premises (FTTP) is a key Verizon corporate initiative to provide voice, cable television and very high speed data services. FTTP uses fiber-optic cable and optical electronics to directly link homes and many businesses to the Verizon network. The fiber network being deployed can support cable television and, where appropriate, Verizon will seek to provide cable service to customers. Key objectives include, but are not limited to, the delivery of higher customer satisfaction, superior performance (network, applications & technical support), and an installation process that surpasses the Cable, DBS and DSL experience today.

- Verizon Communications companies began deploying FTTP in twelve states in 2004. Verizon passed three million homes with FTTP in sixteen states by the end of 2005, and the Company has announced that it intends to pass an additional three million homes in 2006.
- Cable television services deployment will be a subset that is ancillary to the voice and data FTTP services. Select FTTP-enabled wire centers will be deployed for cable service in the first instance.

Service Overview

The FTTP Network will enable provision of a feature rich and fully competitive cable television offering. The major components of the cable television services which Verizon will offer to consumers will include:

- Analog channel tier, including local and Education and Government (EG) channels as requested by and as negotiated with the community
- Digital channel tiers
- Premium channel tiers
- Pay Per View (PPV)
- HDTV channels
- Digital music channels

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VILLAGE OF LAUREL HOLLOW, NEW YORK

- Digital Video Recorder (DVR)
- Interactive programming guide (IPG)
- Inside coax cable wire installation

Product Offers

For residential customers, Verizon will initially offer Broadcast Television, High Definition TV (HDTV), Digital Video Recorders (DVR), Interactive Programming Guide (IPG) and Pay Per View (PPV) Movies and Events. The Broadcast Television offering will consist of both analog and digital channels. The analog tier will be carried "in the clear" (i.e. will not require the use of a set-top-box (STB) for receipt of service) and will include local, educational/government (EG) channels and select cable channels. The digital channel line-up will duplicate the analog line-up (so called "dual carry") and will include additional cable channels, premium cable channels, Spanish language channels, international channels, digital music channels, an interactive program guide (IPG), HDTV programming (for subscribers with an HD STB) and PPV programming. For digital tiers, a STB will be required for receipt of service. Customers will be charged a monthly recurring fee for each box based upon model. The customer will be offered the option to upgrade STBs to include support for HDTV, or a combined HD DVR STB for additional monthly fees. Verizon will notify the Municipality of the final channel line-up prior to service offering.

In addition to organizing and informing the customer of the programming line-up, the system is designed from its outset to be an active two-way system for subscriber interaction, if any, required for the selection or use of cable service. The IPG will support on-screen program control, parental controls, timers, search, and ordering of PPV services. Pay Per View allows subscribers to pay for and watch prescheduled programming events on an on-demand basis. PPV movies or events will be selected from the IPG. Authorization for billing will occur at the time of purchase. Events begin at pre-scheduled intervals (i.e., programming is not immediately available). Customers will purchase PPV either as discrete events or in pre-defined packages.

Service Delivery/Connection Method

Connection Method: Analog

At initial deployment, an installation and maintenance (I&M) technician will connect the Optical Network Terminal (ONT) to a central point of demarcation where a cable television I & M technician will make final connections to provide the cable television service. After the installation of the ONT, a cable television field technician will test the existing in-home coaxial cable to determine if it is technically acceptable and will connect the service. If no coaxial cable exists or the coaxial cable is unacceptable, the technician will install wiring to the first cable outlet, and will install new coaxial wiring to other locations identified by the customer at the customer's request and expense. The customer may choose to self-install such wiring, or to obtain inside wiring installation service from a third party or Verizon.

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VILLAGE OF LAUREL HOLLOW, NEW YORK

Connection Method: Digital - New Install

Installation per the analog method will be done. In addition, the technician also will have a set top box that will need to be installed near the TV. The technician will connect a coaxial cable from the wall outlet to the set top and another coaxial cable from the set top box to the TV. The technician will also connect the customer's VCR and/or DVD device and check for proper operation. A fee may be charged for non-standard installations involving multiple components such as surround sound systems or other electronic equipment.

This process will be followed for any boxes installed.

Connection Method: Digital - Set Top Box

When a set top box is installed the technician will call the service center at which point the digital services previously ordered by the customer will be activated. A remote command will be issued to the set top box in real time to turn the purchased service(s) on.

Connection Method: Digital - PPV

Customers must have at least one set top box to have access to the service. The customer will use their remote control to purchase the programming they desire. Purchases will appear on the monthly bill.

Equipment Changes and Re-Configurations

When a customer changes the in-home configuration (e.g., moving a set top box from one TV to another), the customer will be able to accomplish this change without reconfiguring the set top box.

FTTP System Architecture

End-to-End Architecture

Figure 1 shows the architecture topology for supporting service across multiple market areas. A brief summary of the end-to-end architecture follows. Subsequent sections provide more information on each major component within the planned Verizon FTTP overlay architecture.

Figure 2 shows full build and overlay architecture. FTTP will be built instead of copper facilities in new communities. In existing communities, the existing copper network will continue to serve those customers who have not migrated to the FTTP network. The fiber is deployed from a Central Office location within a wire center area.

Figure 1-High Level End to End Architecture

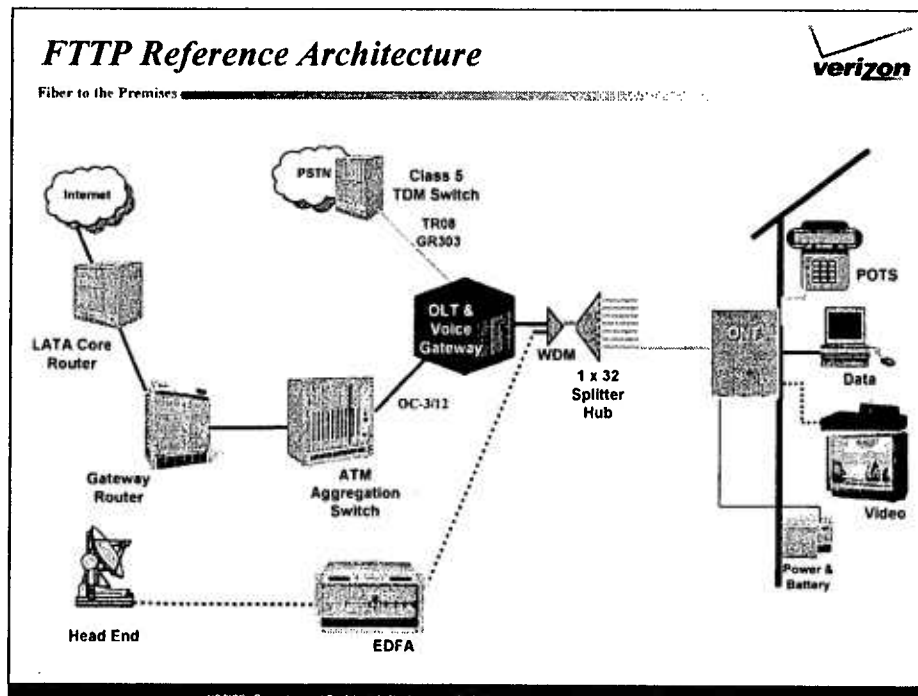
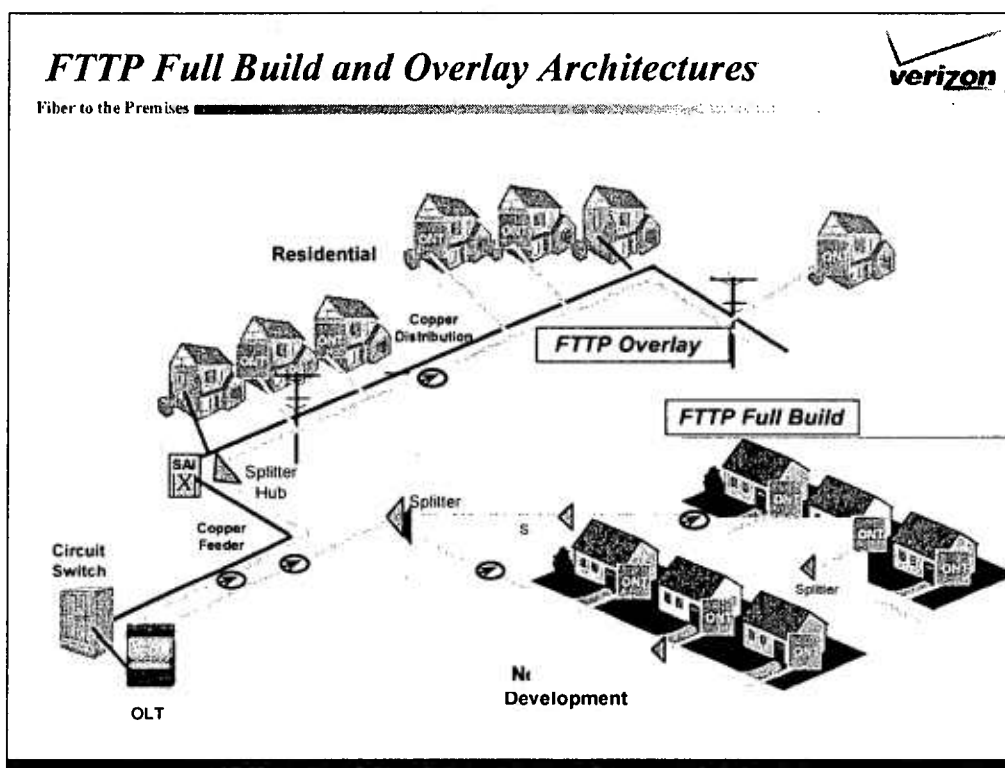


Figure 2-FTTP Full Build and Overlay Architectures



At the national or regional level, a “super” headend (SHE) (Temple Terrace, Florida with a backup in Bloomington, Illinois) shall serve as the single point of national content aggregation (see Figure 1). All content shall be encoded into MPEG2 streams and transported over nationwide SONET services. In each market where Verizon seeks to offer service, the broadcast cable television traffic is off loaded from the long haul network and terminated at a Video Hub Office (VHO). Network redundancy and route diversity shall extend from the SHE to the VHO.

The VHO serves as the metro or local point of aggregation. It is here that off-air and public, education, and government (PEG) channels (where appropriate) are combined with the broadcast cable television coming from the SHE. Interactive Program Guides (IPG) shall be controlled from this site, also. The service that exits the VHO shall look like the final product viewed by the end user subscriber.

Cable television traffic is converted to optical signals at the VHO and transported over Verizon’s metro area, inter-office facilities (IOF) to Video Serving Offices (VSOs). Voice and high-speed

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VERIZON NEW YORK INC.
CABLE TELEVISION FRANCHISE APPLICATION
VILLAGE OF LAUREL HOLLOW, NEW YORK

data signals are combined with the cable television at this location for final transport to the subscriber premises over Verizon's FTTP Passive Optical Network (PON).

At the premise, the optical cable television signal is de-multiplexed and converted to an electrical signal, which meets cable television industry standards for cable services. Standard home wiring practices, using coaxial cables, as well as alternative media, shall distribute the signal to cable ready TVs and standard set top boxes (STB).

There will be 24x7 control and surveillance of the cable television platform from a remote location. This Network Operations Center (NOC) will be centrally located and shall be responsible for the operation and maintenance of the Conditional Access System (CAS), which directs the encryption functions performed back at the VHO.

Super Headend (SHE)

A "super" headend (SHE) shall serve as the single point of national content aggregation. At general service availability, Verizon shall deploy a primary SHE and an additional SHE for redundancy.

Both the primary and redundant SHEs will be strategically located to ensure technical and environmental requirements are met.

The key functions of the SHE include:

Content Reception

Signal Processing

Encoding

Network Interface

The majority of cable television sources shall be individual content provider programming. A mix of standard and high definition formats shall be supported. All content shall be encoded into MPEG2 streams, formatted for SONET, and transported via an OC48c to a local point-of-presence (POP) for wide area (national) transport.

Wide Area Transport

In support of the cable television service, Verizon will use OC48c SONET facilities in the POPs serving target cable markets. Where multiple POPs exist within a market, redundancy options shall dictate if a single or multiple POPs shall be designated for supporting the cable television traffic.

In most cases, it is expected that the cable television traffic shall traverse multiple interconnected rings between the SHE and the destination market. Once the cable traffic reaches a POP located in a target market, it will be forwarded to an OC48c SONET interface connected to metro/local

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SONET facilities. These facilities shall connect the POP to a Video Hub Office (VHO). VHOs are capable of serving multiple communities within a target market. If more than one VHO is required, the metro SONET ring(s) would be deployed to cover multiple sites.

Video Hub Office (VHO)

The VHO serves as the metro or local point of aggregation. The VHO location (Queens, NY) is based on a combination of technical factors, metro fiber/IOF availability, local channel reception characteristics, and municipal regulations (e.g., zoning ordinances).

Under current network design plans, the anticipated functions of the VHO include:

WAN Interface for Cable television Transport

Ad Insertion

PEG Content

Signal Grooming and Multiplexing

Emergency Alert Service

Interactive Program Guide

Conditional Access

Local Content

The VHO shall aggregate three basic sources of content: national broadcast channels, local broadcast channels, and public, education, & government (PEG) channels. The national content is the traffic sent from the SHE and is delivered via an OC48c SONET interface from the SONETPOP. The local broadcast channels shall be received off-air via antennas or terrestrial fiber transport located at the VHO site. The PEG channels shall be collected via terrestrial connections from each local franchising area (LFA) served by the VHO. Finally, based on Verizon service tiering requirements to support an analog tier, a certain subset of channels shall be converted from digital to analog signals at the VHO (or kept in analog format if local or PEG).

The final collection of content is placed into the RF spectrum between 50 – 870 MHz as either an analog AM-VSB signal or, as part of a digital multiplex, into a 256-QAM modulated carrier. Digital content requiring encryption by the CAS shall also be multiplexed into QAM modulators and combined with other analog and digital carriers. In addition, an out-of-band downstream channel is generated which carries the Interactive Program Guide (IPG), provisioning, and management messages to STBs. The combined RF signal is converted to optics and fed into erbium-doped fiber amplifiers (EDFAs) at egress from the VHO. These optical cable television signals are transported on the 1550 nm wavelength of the G.983-specified Enhancement band to Verizon Video Serving Offices (VSOs).

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As noted previously, it is intended that the broadcast cable television traffic/service that exits the VHO shall look like the final product viewed by the end user subscriber.

Metro Area Transport

The optical cable television signals coming from the VHO are transported on the 1550 nm wavelength over fiber available within Verizon's inter-office facilities (IOF).

Video Serving Office (VSO) & Passive Optical Network (PON)

The Video Serving Office (VSO) is a location within the central office containing FTTP equipment. The VSOs that will serve the Village of Laurel Hollow are located at 88 Ira Rd. Syosset, NY 11791; 10 Adams St. Oyster Bay, N.Y. 11771; and 50 West 4th Street, Huntington Station, NY 11746. If technically feasible or otherwise appropriate, PEG insertion may occur at these locations in the network.

The key function of the VSO is to combine Broadcast Cable television into the Voice and High Speed Data FTTP Network.

Once in the VSO, the optical cable television signal is sent through an EDFA and then to a Wave Division Multiplexer (WDM) combiner and splitter, which is used to add the cable signal to the voice and high-speed data signals' wavelength (1490nm) – coming from the Optical Line Terminal (OLT) – together with the cable wavelength onto a single optical source. This optical signal is then sent towards the subscriber premises via a PON. The VSO will also play a role in supporting upstream signals from the customer premises for pay-per-view services. Pay-per-view usage data uses the data service's 1310nm upstream wavelength. The upstream data communications shall be sent back to a subscriber database located in the Operations Center located in the VHO.

Customer Premises

At the premise, an Optical Network Terminal (ONT) de-multiplexes the 1550nm optical signal and simply converts it to a voice, data and cable television electrical signal, which meets cable television industry standards for cable services.

It is expected that, in many cases, standard home wiring practices, using coaxial cables, will distribute the signal to cable ready televisions (for analog-only subscribers) and to STBs for digital subscribers.

LEGAL AUTHORITY TO CONSTRUCT FIBER TO THE PREMISES

Verizon New York Inc. ("Verizon"), as a common carrier under Title II of the Communications Act of 1934 (the "Act"), is constructing its Fiber To The Premises (FTTP) network as an upgrade to its existing telecommunications network. Verizon has the requisite authority to upgrade its network for enhanced voice and broadband services for the reasons discussed, in part, below.

Verizon has the necessary Federal, state and local authorizations to upgrade its Title II telecommunications network, subject to customary time, place and manner permitting requirements. Specifically, Section 27 of the New York Transportation Corporations Law ("New York Telecom Law") grants Verizon the right to place its facilities upon, over or under any public streets within the State of New York. See New York Tel. Co. v. Town of North Hempstead, 41 N.Y.2d 691, 363 N.E.2d 694 (1977); New York Tel. Co. v. City of Amsterdam, 613 N.Y.S.2d 993, 994 (App. Div. 1994) (stating that Section 27 grants "an unconditional privilege to install, maintain and repair" telephone facilities in public streets).

The Title II services to be provided over Verizon's FTTP network are not subject to Title VI of the Act or Article 11 of the New York State Public Service Law ("New York Cable Law"), which regulate cable television service. Verizon plans to utilize FTTP to offer its customers enhanced voice and broadband data services. While FTTP may give Verizon the future capability of providing video service, the network is not subject to Title VI of the Act or the New York Cable Law (including any construction requirements that may be set forth therein) unless and until the network constitutes a "cable system" as defined in Section 602(7) of the Act or a "cable television system" as defined in Section 212(2) of the New York Cable Law. This is triggered only when cable services, such as video programming, are provided to multiple subscribers within a community. As stated in Section 602(7) the Act, "the term 'cable system' ... does not include ... (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 ... to the extent that such facility is used in the transmission of video programming directly to subscribers...." (emphasis added) 47 U.S.C. § 522(7)(C). See Nat'l Cable Television Ass'n v. FCC, 33 F.3d 66 (D.C. Cir. 1994) (concluding that the FCC "reasonably interpreted the Act to require that an entity obtain a cable franchise only when that entity selects or provides the video programming to be offered.") Moreover, Section 621(b)(3) of the Act (47 U.S.C. § 541(b)(3)) further specifically prohibits franchising authorities from requiring cable franchises for the provision of telecommunications service or in any way restricting or impeding the provision of such service.

Verizon has the requisite authority as a common carrier under Title II of the Act and Section 27 of the NY Telecom Law to construct its FTTP network. It need not seek supplemental authority to construct the network. However, as provided in Title VI of the Act and the New York Cable Law, a cable franchise would be required prior to Verizon using the FTTP network to provide video programming to multiple subscribers in a local franchise area.

Furthermore, on June 15, 2005, the New York Public Service Commission ruled that Verizon does not need to obtain a cable franchise before constructing its FTTP network. The Commission found that unlike cable companies, Verizon already has the necessary authority

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under state law to use the public rights-of-way. Thus, the Commission concluded that Verizon has the right to upgrade its telecommunications network to make it capable of providing cable service. See Declaratory Ruling on Verizon Communication, Inc.'s Built-Out of its Fiber to the Premises Network, NY Public Service Commission, Case 05-M-0520/05-M-0247, June 15, 2005.

EXHIBIT 2
VERIZON NEW YORK INC.
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VERIZON NEW YORK INC.

VERIZON FiOS TV – SAMPLE CHANNEL LINEUP

**NOTE: ALL INFORMATION PROVIDED
IS A SAMPLE AND IS SUBJECT TO CHANGE FOR THE MUNICIPALITY**

Verizon FiOS TV — New York Area Channel Lineup

Local	
2	CBS — WCBS-TV 2
4	NBC — WNBC-TV 4
5	FOX — WNYW-TV 5
6	WRNN-TV 48
7	ABC — WABC-TV 7
8	Superstation — WGN-TV
9	UPN — WWOR-TV 9
10	WLNY-TV 55
11	WB — WPIX-TV 11
12	Telemundo — WNUJ-TV 47
13	PBS — WNET-TV 13
18	WMBC-TV 63
20	PBS — WJMN-TV 50
21	PBS — WLJW-TV 21
23	WFTY-TV 67
25	PBS — WNYE-TV 25
29	PBS — WFME-TV 66
31	IND — WPKN-TV 31
38	Local Programming
41	Univision — WXTV-TV 41
47	TV Guide
Fios TV Premier	
50	USA Network
51	TNT
52	TBS
53	FX
54	Spike TV
60	ESPN
61	ESPN Classic Sports
62	ESPNNews
63	ESPNU
64	ESPN 2
67	SportsNet NY
68	Speed Channel
70	CNN
71	CNN Headline News
72	Fox News
73	CNBC
75	Bloomberg TV
76	CNN International
77	CNBC World
78	ABC News Now
79	C-SPAN
80	C-SPAN 2
81	C-SPAN 3
89	The Weather Channel
90	Discovery Channel
91	National Geographic Channel
92	Science Channel
93	Discovery Times
94	Pentagon Channel
95	Military Channel
96	Military History Channel
97	History Channel International
98	History Channel
99	Biography Channel
100	Animal Planet
101	TLC (The Learning Channel)

Fios TV Premier	
110	Lifetime
111	Lifetime Movie Network
112	Lifetime Real Women
113	SoapNet
114	Oxygen
120	OVC
121	HSN
122	Shop at Home
123	America's Store
125	Jewelry
127	Shop NBC
130	Style
131	Discovery Health
132	LIME
133	Fit TV
134	Food Network
135	HGTV (Home & Garden Television)
136	Fine Living
137	DIY (Do It Yourself)
138	Discovery Home
139	Wealth TV
140	Travel Channel
150	Sci-Fi Channel
151	A&E
152	Crime & Investigation Network
153	Court TV
154	GSN
155	Bravo
156	Sleuth
157	Logo
158	Ovation
159	BBC America
160	Comedy Central
161	E! Entertainment Television
162	Fox Reality
163	Fuel
164	ABC Family
170	MTV
171	MTV2
173	MTV Jams
174	MTV Hits
175	VH1
176	VH1 Classic
177	VH1 Soul
179	BET J
180	CMT
181	VH1 Country
182	Great American Country
183	Gospel Music Channel
184	BET Gospel
185	Soundtrack Channel
190	Turner Classic Movies
192	Fox Movie Channel
200	Hallmark Channel
202	Family Net
203	AmericanLife TV
204	TV Land

Fios TV Premier	
210	Disney
211	Toon Disney
212	Nickelodeon
213	Nick Too
214	The Nicktoons Network
215	GAS
216	Noggin
217	Cartoon Network (ESP)*
218	Boomerang (ESP)*
219	Discovery Kids
220	Varsity
230	BET
231	TV One
232	Black Family Channel
233	MTV Espanol
234	Galavisión
235	Mun2
236	Si TV
237	AZN Television
240	EWTN
241	INSP
242	i-Life
243	Church
244	JCTV
Sports	
300	Fox College Sports — Atlantic
301	Fox College Sports — Central
302	Fox College Sports — Pacific
303	Tennis Channel
304	NFL Network
307	Outdoor Channel
308	The Sportsman Channel
311	Fox Sports en Español
312	Fox Soccer Channel
313	Go!TV
315	TVG (Horse Racing)
316	Horse Racing TV
318	Mav TV
319	Blackbelt TV
320	G4
Movies	
340	Starz
341	Starz West
342	Starz Edge
343	Starz Edge West
344	Starz in Black
345	Starz Kids & Family
346	Starz Cinema
347	Starz Comedy
348	Encore
349	Encore West
350	Encore Love
351	Encore Love West
352	Encore Westerns
353	Encore Westerns West
354	Encore Mystery
355	Encore Mystery West
356	Encore Drama
357	Encore Drama West
358	Encore Action
359	Encore Action West
360	Encore WAMI

Movies	
361	Showtime
362	Showtime West
363	Showtime Showcase
364	Showtime Showcase West
365	Showtime Too
366	Showtime Too West
367	Showtime Beyond
368	Showtime Beyond West
369	Showtime Extreme
370	Showtime Extreme West
371	Showtime Women
372	Showtime Women West
373	Showtime Next
374	Showtime Next West
375	Showtime Family Zone
376	Showtime Family Zone West
377	The Movie Channel
378	The Movie Channel West
379	The Movie Channel Xtra
380	The Movie Channel Xtra West
381	Flix
382	Flix West
384	Sundance
Premiums	
400	HBO
401	HBO West
402	HBO 2
403	HBO 2 West
404	HBO Signature
405	HBO Signature West
406	HBO Family
407	HBO Family West
408	HBO Comedy
409	HBO Comedy West
410	HBO Zone
412	HBO Zone West
413	HBO Latino
414	HBO Latino West
415	Cinemax
416	Cinemax West
417	More Max
418	More Max West
419	Action Max
420	Action Max West
421	Thriller Max
422	Thriller Max West
423	Women's Max
424	Al Max
425	Five Star Max
426	OuterMax
430	Playboy TV
431	Playboy TV en Español
435	O Television Network

*A Spanish-language Secondary Audio Program (SAP) is available for selection.

**Subscription to corresponding premium channels and packages required.

FiOS TV is frequently changing its channel offerings. Please call 1-800-293-9139 for our latest published channel lineup.

Verizon FiOS TV — New York Area Channel Lineup

Spanish Language	En Español
440	Galavisión
442	ESPN Deportes
443	Fox Sports en Español
444	Go!TV
446	CNN en Español
447	Canal SUR
448	TVE Internacional
452	History Español
453	Discovery en Español
456	Infinito
457	MTV Español
458	VH Uno
459	Telehit
462	De Película
463	De Película Clásico
464	Cine Latino
465	Cine Mexicano
468	La Familia
469	TV Chile
470	TV Colombia
472	Sorpresa
473	Toon Disney Español
474	Boomerang (ESP)
477	TBN Enlace
478	EWTN Español
International Premiums	International Premiums
480	SBTN (Vietnamese)
481	CCTV-4 (Mandarin Chinese)
482	CTI — Zhong Tian Channel (Chinese)
483	TV Japan
484	MBC (Korean)
485	The Filipino Channel
486	TV Asia
487	ART (Arabic)
488	RAI (Italian)
489	TV 5 (French)
491	Rang A Rang (Farsi)
492	RTN Russian
493	Channel 1 Russian
496	Bridges TV
498	MTV Chi
499	MTV Desi
Local Connection	La Conexión
500	USA Network
501	TNT
502	TBS
503	Galavisión
504	FX
505	Spike TV
508	ESPN Deportes
512	SportsNet NY
513	Fox Sports en Español
514	Fox Soccer Channel
516	Go!TV
518	CNN en Español
519	CNN
520	CNN Headline News
521	Fox News
522	CNBC
524	C-SPAN
525	Canal Sur

Local Connection	La Conexión
529	TVE Internacional
530	History Español
531	Discovery Channel
532	Discovery en Español
534	Animal Planet
535	TLC (The Learning Channel)
Women	Mujeres
537	Lifetime
538	Lifetime Movie Network
Shopping	Compras
540	QVC
541	HSN
542	Shop at Home
543	Shop NBC
Home & Leisure	Hogar y Esparcimiento
545	Discovery Health
546	Infinito
550	Food Network
551	HGTV (Home & Garden Television)
552	Travel Channel
Entertainment	Entretenimiento
555	El Entertainment Television
556	A&E
557	SI TV
558	Mun2
559	Comedy Central
560	Sci-Fi Channel
Movies	Películas
562	MTV Español
563	MTV2
564	Telehit
565	VH Uno
566	CMT
569	De Película
570	De Película Clásico
571	Cine Mexicano
572	Cine Latino
Family	Familia
574	ABC Family
575	La Familia
576	TV Chile
577	TV Colombia
578	TV Land
Children	Niños
580	Nickelodeon
581	Disney en Español
582	Toon Disney Español
583	Boomerang (ESP)
584	Cartoon Network (ESP)
585	Sorpresa
Religion	Religión
588	TBN Enlace
589	EWTN Español
Digital Music	Música Digital
600	Showcase
601	Today's Country
602	Classic Country
603	Bluegrass
604	R&B and Hip-Hop
605	Classic R&B
606	Smooth R&B
607	R&B Hits
608	Rap

Digital Music	Música Digital
609	Metal
610	Rock
611	Arena Rock
612	Classic Rock
613	Alternative
614	Retro-Active
615	Electronica
616	Dance
617	Adult Alternative
618	Soft Rock
619	Hit List
620	Party Favorites
621	90s
622	80s
623	70s
624	Solid Gold Oldies
625	Singers & Standards
626	Big Band & Swing
627	Easy Listening
628	Smooth Jazz
629	Jazz
630	Blues
631	Reggae
632	Soundscapes
633	Classical Masterpieces
634	Opera
635	Light Classical
636	Show Tunes
637	Contemporary Christian
638	Gospel
639	Radio Disney
640	Sounds of the Seasons
641	Música Urbana
642	Salsa y Merengue
643	Rock en Español
644	Pop Latino
645	Mexicana
646	Americana
701	TVN Events
HD Broadcast	HD Broadcast
801	WB — WPIX
802	CBS — WCBS
803	PBS — WNET
804	NBC — WNBC
805	FOX — WNYW
807	ABC — WABC
809	UPN — WWOR
HD National	HD National
810	TNT HD
811	ESPN HD
812	ESPN 2 HD
817	HD Net
818	HD Net Movies
819	Universal HD
820	Discovery HD
821	Wealth TV HD
822	National Geographic Channel HD
823	MTV HD
HD Premiums	HD Premiums
814	NFL Network HD
830	HBO HD
831	Cinemax HD
832	Showtime HD
833	TMC HD
834	Starz HD

Local Plus	Local Plus
850	NBC Weather Plus
Video On Demand	VIDEO ON DEMAND**
900	On Demand Access & Menu
Kids FREE	Kids FREE
ALL FREE	ALL FREE
	Home & Leisure
	Info & Education
	Kids
	Movies
	Music
	News
	Pop Culture
	Shopping
	Sports
Movies	Movies
	New Movies
	New by Category
	All Movies
	All Movies by Category
	In Theaters
	En Español
Subscriptions	Subscriptions
	Cinemax
	HBO
	Showtime
	Starz
	Sundance
	The Movie Channel
	WWE
	Karaoke
	Playboy
Adult	Adult
	Events
	Hustler
	Spice
	TEN
	Playboy Subscribers
	FIOS® TV Help

*A Spanish-language Secondary Audio Program (SAP) is available for selection.

**Subscription to corresponding premium channels and packages required.

Programming services offered within each package are subject to change, and not all programming services will be available at all times. Blackout restrictions also apply.

EXHIBIT 3
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VILLAGE OF LAUREL HOLLOW, NEW YORK

Verizon FiOS TV

**Customer
Service**

1-888-553-1555



**Rates &
Packages**



We never stop working for you.

VEFIO50356 10/05

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We never stop working for you.

Refer to the Channel Lineup for a complete listing of the channels included in each package.

Service	Number of Channels	Monthly Price
Basic ¹	15-25	\$12.95
Digital Service (Includes Set-Top Box, DSTV and Receiver)		
Expanded Basic ²	160 + Basic	\$39.95
La Conexión ³	115 + Basic	\$32.95

Now, add more channels for just a few dollars more.

Service	Number of Channels	Monthly Price
Sports Package	15	\$5.95
Movies Package	45	\$11.95
Sports/Movies Package Combination	59	\$14.95
Spanish Language Package	25	\$10.95

Premium Channels* (Requires STB)	Number of Channels	Monthly Price
HBO ⁴	12	\$14.95
Cinemax ⁵	12	\$14.95
HBO/Cinemax Combination	24	\$24.95
Playboy TV/Playboy TV en Español	2	\$14.95

International Premiums* (Requires STB)	Number of Channels	Monthly Price
International Premium Channels	18	Indefinitely Priced

Video On Demand (VOD) and Pay-Per-View (PPV) (Requires STB)	Price
On-Demand Movies	
New Releases	\$3.95
Library	\$2.95
On-Demand Subscriptions	
WWE	\$7.95/mo.
On-Demand Adult	\$11.95
PPV Movies	\$3.95
PPV Events	Varies
PPV Sports	Varies

Save \$5 per month when qualifying voice or data services are bundled with FIOS TV Digital Service.

Set-top box is available for the Basic Package or Sports Package. Complete Basic or La Conexión is required. The Spanish Language Package may be added to Basic, expanded, or Set-Top Box for an extra fee. The addition of a Set-Top Box with these services provides access to Video on Demand and Pay-Per-View, as well as the ability to order Premium Channels and International Premiums.

Receiver, required, will be a model of fully functional, tested and customer return unit. If a receiver is installed within the first 12 months, customer must be notified of a replacement fee. If you do not return a receiver, you will be charged a fee. If you do not return a receiver, you will be charged a fee. If you do not return a receiver, you will be charged a fee.

Expanded Basic includes all Basic channels, additional all-rights programming, digital music or on-demand HD content to Pay-Per-View and Video on Demand (VOD).

La Conexión includes all Basic channels, digital programming including popular English-language movies and Spanish-language movies, digital music channels, and access to PPV and VOD. La Conexión cannot be combined with the Spanish Language Package.

Standard Definition	\$3.95
High Definition includes HDTV channels ⁶	\$9.95
Digital Video Recorder (includes HDTV channels)	\$12.95

Installation and Service Fees	Cost
Standard Outlet Hookup (up to 3)	\$49.00
Additional Outlet/Full Top Box Hookup (additional outlet)	\$19.95
New Outlet Installation (per outlet)	\$64.95
Outlet Replacement (per outlet)	\$64.95

Other Services and Charges	Cost
Set-Top Box Activation or Upgrade/Deregistration	\$29.95
Premises Visit	\$69.00
New Outlet Installation (per outlet)	\$64.95
Outlet Replacement (per outlet)	\$64.95
Relay of TV Equipment (new TV with existing STB)	\$50.00
Replacement of Set-Top Box ⁷	\$24.95 + \$5.00/STB
Upgrade of Service from Digital to Analog	\$50.00 + \$5.00/STB
HQOS TV Service Disconnect	No Charge
FIOS TV Service Reconnect (up to 3 outlets) ⁸	\$50.00

Other Services and Charges	Cost
Standard Service Suspension (maximum of 14 days, 2-5 then \$10) ⁹	\$24.95
Replacement Receiver	\$5.00 + Shipping & Handling
Unattended/Deregistered Receiver — Standard Definition	\$249.99
Unattended/Deregistered Receiver — High Definition	\$399.99
Unattended/Deregistered Receiver — Digital Video Recorder (DVR)	\$599.99

Deposits: Basic or La Conexión requires a deposit for the initial 14-day period. The deposit is refundable after the 14-day period. The deposit is refundable after the 14-day period. The deposit is refundable after the 14-day period.

Unattended/Deregistered Receiver: A receiver that is not returned within the 14-day period will be charged a fee. The fee is \$249.99 for Standard Definition and \$399.99 for High Definition. The fee is \$599.99 for Digital Video Recorder (DVR).

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Tab 2

Cable Franchise Agreement

by and between

The Village of Laurel Hollow, NY

and

Verizon New York Inc.

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EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: PEG Channels

THIS CABLE FRANCHISE AGREEMENT (the "Franchise" or "Agreement") is entered into by and between the Village of Laurel Hollow, a validly organized and existing political subdivision of the State of New York (the "Local Franchising Authority" or "LFA") and Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (the "Franchisee").

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

WHEREAS, the LFA is a "franchising authority" in accordance with Title VI of the Communications Act, (*see* 47 U.S.C. §522(10)) and is authorized to grant one or more nonexclusive cable franchises pursuant to Article 11 of the New York Public Service Law, as amended, and Title 16, Chapter VIII, Parts 890.60 through 899, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended,;

WHEREAS, Franchisee has completed the upgrading of its existing telecommunications and information services network through the installation of a Fiber to the Premise Telecommunications Network ("FTTP Network") in the Franchise Area which transmits the Non-Cable Services pursuant to authority granted by Section 27 of the New York Transportation Corporations Law, as amended, and Title II of the Communications Act, which Non-Cable Services are not subject to the Cable Law or Title VI of the Communications Act;

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

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

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

WHEREAS, the LFA has determined that in accordance with the provisions of the Cable Law, this Franchise complies with the NY PSC'S franchise standards and the grant of a nonexclusive franchise to Franchisee is consistent with the public interest; and

WHEREAS, the 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 the LFA's grant of a franchise to Franchisee, Franchisee's promise to provide Cable Service to residents of the Franchise/Service Area of the LFA pursuant to and consistent with the Cable Law (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 Cable Law are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1. *Access Channel*: A video Channel, which Franchisee shall make available to the LFA without charge for Public, Educational, or Governmental noncommercial use for the transmission of video programming as directed by the LFA.

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

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

1.4. *Cable Law*: Article 11 of the New York Public Service Law, as amended, and Title 16, Chapter VIII, Parts 890.60 through 899, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended, to the extent authorized under and consistent with federal law.

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

1.6. *Cable System* or *System*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7), as amended.

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

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

1.9. *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.

1.10. *Educational Access Channel*: An Access Channel available for noncommercial use solely by local public schools and public school districts in the Franchise Area and other not-for-profit educational institutions chartered or licensed by the New York State Department of Education or Board of Regents in the Franchise Area as specified by the LFA in Exhibit C to this Agreement.

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

1.12. *Force Majeure*: An event or events reasonably beyond the ability of Franchisee to anticipate and control. This includes, but is not limited to, severe or unusual weather conditions, strikes, labor disturbances, lockouts, war or act of war (whether an actual declaration of war is made or not), insurrection, riots, act of public enemy, incidences of terrorism, acts of vandalism, actions or inactions of any government instrumentality or public utility including condemnation, accidents for which the Franchisee is not primarily responsible, fire, flood, or other acts of God, or work delays caused by waiting for utility providers to service or monitor utility poles to which Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary.

1.13. *Franchise Area*: The incorporated area (entire existing territorial limits) of the LFA.

1.14. *Franchisee*: Verizon New York Inc. and its lawful and permitted successors, assigns and transferees.

1.15. *Government Access Channel*: An Access Channel available for the sole noncommercial use of the LFA.

1.16. *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee from the operation of the Cable System to provide Cable Service in the Service Area.

Gross Revenue includes, without limitation: All Subscriber and customer revenues earned or accrued net of bad debts including revenue for:

(i) Basic Service;

(ii) all fees charged to any Subscribers for any and all Cable Service provided by Franchisee over the Cable System in the Service Area, including without limitation Cable Service related program guides, the installation, disconnection or reconnection of Cable Service; revenues from late or delinquent charge fees; Cable Service related or repair calls; the provision of converters, remote controls, additional outlets and/or other Cable Service related Subscriber premises equipment, whether by lease or fee;

(iii) revenues from the sale or lease of access channel(s) or channel capacity; and

(iv) compensation received by Franchisee that is derived from the operation of Franchisee's Cable System to provide Cable Service with respect to commissions that are paid to Franchisee as compensation for promotion or exhibition of any products or services on the Cable System, such as "home shopping" or a similar channel, subject to the exceptions below. Gross Revenue includes a pro rata portion of all revenue derived by Franchisee pursuant to compensation arrangements for advertising derived from the operation of Franchisee's Cable System to provide Cable Service within the Service Area, subject to the exceptions below. The allocation shall be based on the number of Subscribers in the Service Area divided by the total number of subscribers in relation to the relevant local, regional or national compensation

arrangement. Advertising commissions paid to third parties shall not be netted against advertising revenue included in Gross Revenue.

Gross Revenue shall not include:

(i) Franchise Fees imposed on Franchisee by the LFA that are passed through from Franchisee as a line item paid by Subscribers;

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

(iii) 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);

(iv) Refunds, rebates or discounts made to Subscribers or other third parties and 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;

(v) Revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services;

(vi) Charges made to the public for commercial or cable television that is used for two-way communication; and any other revenues attributed by Franchisee to Non-Cable Services in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders, as may be amended from time to time, and unless otherwise authorized in the future by a court of competent jurisdiction;

(vii) Any revenue of Franchisee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, however, 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 shall be included in Gross Revenue;

(viii) The sale of Cable Services on the Cable System for resale in which the purchaser is required to collect cable Franchise Fees from purchaser's customer;

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

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

(xi) Any foregone revenue which 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 which Franchisee chooses not to receive in exchange for trades, barter, services or other items of value shall be included in Gross Revenue);

(xii) Sales of capital assets or sales of surplus equipment;

(xiii) Program launch fees, i.e., reimbursement by programmers to Franchisee of marketing costs incurred by Franchisee for the introduction of new programming; and

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

(xv) Any fees or charges collected from Subscribers or other third parties for any PEG Grant payments.

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

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

1.19. *Local Franchise Authority (LFA)*: The Village of Laurel Hollow, New York, or the lawful successor, transferee, or assignee thereof.

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

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

1.22. *NYPSC*: The New York Public Service Commission.

1.23. *PEG*: Public, Educational, and Governmental.

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

1.25. *Public Access Channel*: An Access Channel available for noncommercial use solely by the residents in the Franchise Area on a first-come, first-served, nondiscriminatory basis.

1.26. *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 the 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.

1.27. *Service Area*: All portions of the Franchise Area where Cable Service is being offered, and as described in **Exhibit B** attached hereto.

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

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

1.30. *Title VI*: Title VI of the Communications Act, Cable Communications, as amended.

1.31. *Transfer of the Franchise*:

1.31.1. Any transaction in which:

1.31.1.1. a fifty percent ownership or other interest in Franchisee is transferred, directly or indirectly, from one Person or group of Persons to another Person or group of Persons, so that Control of Franchisee is transferred; or

1.31.1.2. the rights held by Franchisee under the Franchise and the certificate of confirmation issued therefor by the NY PSC are transferred or assigned to another Person or group of Persons.

1.31.2. However, notwithstanding Sub-subsections 1.31.1.1 and 1.31.1.2 above, 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 the Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of Franchisee; any action which is the result of a merger of the parent of the Franchisee; or any action which is the result of a merger of another Affiliate of the Franchisee.

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

2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

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

2.2. *The FTTP Network:* Upon delivery of Cable Service, by subjecting the Franchisee's mixed-use facilities to the NY PSC's minimum franchise standards and the LFA's police power, the LFA has not been granted new authority over the construction, placement and operation of the Franchisee's mixed-use facilities.

2.3. *Term:* This Franchise shall become effective on the date that the NY PSC issues a certificate of confirmation for this Franchise (the "Effective Date"), following its approval by the LFA's governing authority authorized to grant franchises and its acceptance by the Franchisee. The term of this Franchise shall be ten (10) years from the Effective Date unless the Franchise is earlier revoked as provided herein. The Franchisee shall memorialize the Effective Date by notifying the LFA in writing of the same, which notification shall become a part of this Franchise.

2.4. *Grant Not Exclusive:* The Franchise and the rights granted herein to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and the 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 itself, at any time during the term of this Franchise. Any such rights which are granted shall not adversely impact the authority as granted under this Franchise and shall not interfere with existing facilities of the Cable System or Franchisee's FTTP Network.

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

2.6. *No Waiver:*

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

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

2.7. *Construction of Agreement:*

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

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

2.7.3. Should any change to state law, rules or regulations have the lawful effect of materially altering the terms and conditions of this Franchise, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on the Franchisee of the material alteration. Any modification to this Franchise shall be in writing and shall be subject to Section 222 of the New York Public Service Law and Title 16, Chapter VIII, Part 892, Subpart 892-1, Section 892-1.4 of the Official Compilation of Codes, Rules and Regulations of the State of New York requiring application to the NY PSC and approval of any modification. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then Franchisee may terminate this Agreement without further obligation to the LFA in accordance with the terms of Section 11.6 hereof and the Cable Law. Or, at Franchisee's option, the parties may agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

2.7.4. The LFA and the 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.

2.8. *Police Powers:* The LFA shall not enact any local laws that are inconsistent with this Franchise, provided, however, that nothing in this Franchise shall be construed to prohibit the reasonable, necessary and lawful exercise of the police powers of the LFA in a manner not materially in conflict with the privileges granted in this Franchise and consistent with all federal and state laws, regulations and orders.

2.9. *Restoration of Municipal Property:* Any municipal property damaged or destroyed shall be promptly repaired or replaced by the Franchisee and restored to its preexisting condition.

2.10. *Restoration of Subscriber Premises:* The Franchisee shall ensure that the Subscriber's premises are restored to at least their pre-existing condition if damaged by the Franchisee's employees or agents in any respect in connection with the installation, repair, or disconnection of Cable Service.

3. **PROVISION OF CABLE SERVICE**

3.1. *Service Area:*

3.1.1. *Service Area:* Subject to the issuance of all necessary permits by the LFA, Franchisee shall offer Cable Service to significant numbers of Subscribers within

residential areas of the Service Area and may make Cable Service available to businesses in the Service Area, within twelve (12) months and shall offer Cable Service to all residential areas of the Service Area within five (5) years, of the Effective Date of this Franchise, or, in both instances, such longer period as may be permitted by the Cable Law, except: (A) for periods of Force Majeure; (B) for periods of delay caused by the LFA; (C) for periods of delay resulting from Franchisee's inability to obtain authority to access rights-of-way in the Service Area; (D) in areas where developments or buildings are subject to claimed exclusive arrangements with other providers; (E) in areas, developments or buildings where the Franchisee cannot gain access after good faith efforts, in accordance with NY PSC rules and regulations; and (F) in areas, developments or buildings where the provision of Cable Service is economically infeasible because such provision requires nonstandard facilities which are not available on a commercially reasonable basis, in accordance with NY PSC rules and regulations and (G) in areas where the occupied residential household density does not meet the density and other requirements set forth in Sub-Subsection 3.1.1.1. and Section 3.2.

3.1.1.1. *Density Requirement:* Franchisee shall make Cable Services available to residential dwelling units in all areas of the Service Area where the average density is equal to or greater than twenty-five (25) occupied residential dwelling units per mile as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line. Should, through new construction, an area within the Service Area meet the density requirements after the time stated for providing Cable Service as set forth in Subsection 3.1.1, Franchisee shall provide Cable Service to such area within twelve (12) months of receiving notice from the LFA that the density requirements have been met.

3.2. *Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units and may make Cable Service available to businesses within the Service Area in conformance with Section 3.1, and Franchisee shall not discriminate between or among any individuals in the availability of Cable Service or based upon the income in a local area. In the areas in which Franchisee shall provide Cable Service, Franchisee shall be required to connect, at Franchisee's expense, other than a standard installation charge, all residential dwelling units that are within three hundred fifty (350) feet of aerial trunk or feeder lines not otherwise already served by Franchisee's FTTP Network, as measured from that point on the Subscriber's property line abutting the Right of Way containing the fiber strand assigned to said Subscriber's property and running by the most direct route to the point of service connection at said Subscriber's residence. Franchisee shall be allowed to recover, from a Subscriber that requests such connection, the actual costs incurred for residential dwelling unit connections that exceed three hundred fifty (350) feet or are in an area with a density of less than twenty-five (25) occupied residential dwelling units per mile and the actual costs incurred to connect any non-residential dwelling unit Subscriber, provided, however, that Franchisee may seek a waiver of any requirement that it extend service to any party requesting the same in an area with a density of less than twenty-five (25) occupied residential dwelling units per mile if such would not be possible within the limitations of economic feasibility. For underground installations, Franchisee shall charge the recipient Franchisee's actual cost. Such costs shall be submitted to said recipient in writing, before installation is begun.

3.3. *Cable Service to Public Buildings:* Subject to Section 3.1, and upon the LFA's written request made during the term of this Agreement, the Franchisee shall provide,

without charge within the Service Area, one aerial service outlet activated for Basic Service to each public school and public library, and such other buildings used for municipal purposes as may be designated by the LFA as provided in **Exhibit A** attached hereto; provided, however, that if it is necessary to extend Franchisee's aerial trunk or feeder lines more than five hundred (500) feet solely to provide service to any such school or public building, the LFA shall have the option either of paying Franchisee's direct costs for such extension in excess of five hundred (500) feet, or of releasing Franchisee from the obligation to provide service to such school or public building. Furthermore, Franchisee shall be permitted to recover, from any school or public building owner entitled to free service, the direct cost of installing, when requested to do so, more than one aerial outlet, or concealed inside wiring, or a service outlet requiring more than five hundred (500) feet of drop cable; provided, however, that Franchisee shall not charge for the provision of Basic Service to the additional service outlets once installed. Cable Service may not be resold or otherwise used in contravention of Franchisee's rights with third parties respecting programming. Equipment provided by Franchisee, if any, shall be replaced at retail rates if lost, stolen or damaged. For underground installations, Franchisee shall charge the recipient Franchisee's actual cost. Such costs shall be submitted to said recipient in writing, before installation is begun.

3.4. *Contribution in Aid:* Notwithstanding the foregoing, Franchisee shall comply at all times, with the requirements of Section 895.5 of NY PSC rules and regulations.

4. **SYSTEM FACILITIES**

4.1. *Quality of Materials:* Franchisee shall construct and maintain its System using materials of good and durable quality, and all work involved in the construction, installation, maintenance and repair of the Cable System shall be performed in a safe, thorough and reliable manner.

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

4.2.1. The System shall be designed and operated with an initial analog and digital carrier passband between 50 and 860 MHz and shall provide for a minimum channel capacity of not less than 77 channels on the Effective Date.

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

4.3. *Interconnection:* The 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.

4.4. *Emergency Alert System:* Franchisee shall comply with the Emergency Alert System ("EAS") requirements of the FCC and the State of New York, including the NY PSC's rules and the current New York EAS Plan, in order that emergency messages may be distributed over the System.

5. PEG SERVICES

5.1. *PEG Set Aside*

In order to ensure universal availability of public, educational and government programming, Franchisee shall provide capacity on its Basic Service tier for up to one (1) dedicated Public Access Channel, one (1) dedicated Educational Access Channel, and up to one (1) dedicated Government Access Channel (collectively, "PEG Channels").

5.1.1. The programming to be carried on each of the PEG Channels set aside by Franchisee is reflected in Exhibit C attached hereto. The LFA hereby authorizes Franchisee to transmit such programming within and without LFA jurisdictional boundaries. Franchisee specifically reserves the right to make or change channel assignments in its sole discretion. If a PEG Channel provided under this Article is not being utilized by the LFA, Franchisee may utilize such PEG Channel, in its sole discretion, until such time as the LFA elects to utilize the PEG Channel for its intended purpose. In the event that the LFA determines to use PEG capacity, the LFA shall provide Franchisee with prior written notice of such request in accordance with NY PSC rules and regulations.

5.1.2. Franchisee shall provide the technical ability to play back pre-recorded programming provided to Franchisee consistent with this Section. Franchisee shall transmit programming consistent with the dedicated uses of PEG Access Channels. Franchisee shall comply at all times, with the requirements of Section 895.4 of the NY PSC rules and regulations.

5.2. *PEG Liability.* In accordance with 47 U.S.C. §558, the Franchisee shall not incur any liability arising from or in connection with any PEG Channels.

5.3. *Recovery of Costs.* To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs arising from the provision of PEG services from Subscribers and to include such costs as a separately billed line item on each Subscriber's bill. Without limiting the foregoing, if allowed under state and federal laws, Franchisee may externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

6. FRANCHISE FEES

6.1. *Payment to LFA:* Franchisee shall pay to the LFA a Franchise Fee of five percent (5%) of annual Gross Revenue (the "Franchise Fee"). In accordance with Title VI, the twelve (12) month period applicable under the Franchise for the computation of the Franchise Fee shall be a calendar year. Such payments shall be made no later than forty-five (45) days following the end of each calendar quarter. Franchisee shall be allowed to submit or correct any payments that were incorrectly omitted, and shall be refunded any payments that were incorrectly submitted, in connection with the quarterly Franchise Fee remittances within ninety (90) days following the close of the calendar year for which such payments were applicable.

6.2. *Supporting Information:* Each Franchise Fee payment shall be accompanied by a brief report prepared by an authorized official of Franchisee showing the basis for the computation. The LFA shall have the right to audit Franchisee Fee payments; provided,

however, that the LFA shall bear the expense of such audit unless the audit determines that the Franchisee Fee payment to the LFA should be increased by five percent (5%) or more in the audited period, in which case the reasonable and customary costs of the audit shall be paid by the Franchisee to the LFA in an amount not to exceed in the aggregate five thousand dollars (\$5,000). Any such audit fees paid by the LFA shall not be determined based on a percentage of audit findings basis. If recomputation results in additional revenue to be paid to the LFA, such amount shall be subject to interest charges computed from the due date, at an annual rate equal to the commercial prime interest rate of the LFA's primary depository bank during the period such unpaid amount is owed. If the audit determines that there has been an overpayment by Franchisee, Franchisee may credit any overpayment against its next quarterly payment. The LFA shall conduct all audits expeditiously, and neither the LFA nor Franchisee shall unreasonably delay the completion of an audit. The LFA shall be limited to one audit every three years during the Franchise term.

6.3. *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by Franchisee is due.

6.4. *Bundled Services:* If Cable Services subject to the Franchise Fee required under this Article 6 are provided to Subscribers in conjunction with Non-Cable Services, the Franchise Fee shall be applied only to the value of the Cable Services, as reflected on the books and records of Franchisee in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders. Notwithstanding the foregoing, if the Franchisee bundles Cable Service with Non-Cable Service, the Franchisee agrees that it will not intentionally or unlawfully allocate such revenue for the purpose of evading Franchise Fee payments under this franchise. The parties agree that tariffed telecommunications services that cannot be discounted by state or federal law or regulation are to be excluded from the bundled discount allocation basis.

7. REPORTS AND RECORDS

7.1. *Open Books and Records:* Upon reasonable written notice to the Franchisee and with no less than thirty (30) business days written notice to the Franchisee, the LFA shall have the right to inspect Franchisee's books and records pertaining to Franchisee's provision of Cable Service in the Franchise Area at any time during Normal Business Hours and on a nondisruptive basis, as are reasonably necessary to ensure compliance with the terms of this Franchise. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the LFA. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than six (6) years. Notwithstanding anything to the contrary set forth herein, Franchisee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature, nor disclose any of its or an Affiliate's books and records not relating to the provision of Cable Service in the Service Area. The LFA shall treat any information disclosed by Franchisee as confidential and shall only disclose it to employees, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

7.2. *Records Required:* Franchisee shall at all times maintain:

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

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

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

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

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

7.3. *System-Wide Statistics:* Any valid reporting requirement in the Franchise may be satisfied with system-wide statistics, except those related to Franchise Fees and consumer complaints.

7.4. *Performance Evaluations:* Upon thirty (30) days written notice by the LFA, the Franchisee shall be prepared to attend a performance evaluation meeting no more than once per year. Nothing in this Section 7.4 shall limit any rights that the LFA may have to conduct additional meetings and/or compel the Franchisee's attendance at such meeting. The LFA shall provide the Franchisee with the results of its performance evaluation in writing within thirty (30) days after the conclusion of such meeting.

8. **INSURANCE AND INDEMNIFICATION**

8.1. Insurance:

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

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

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

8.1.1.3. Workers' Compensation Insurance meeting all legal requirements of the State of New York.

8.1.1.4. Excess liability or umbrella coverage of not less than ten million dollars (\$10,000,000).

8.1.2. The LFA shall be designated as an additional insureds under each of the insurance policies required in this Article 8 except Worker's Compensation Insurance and Employer's Liability Insurance.

8.1.3. Each of the required insurance policies shall be noncancellable except upon thirty (30) days prior written notice to the LFA. Franchisee shall not cancel any required insurance policy without submitting documentation to the LFA verifying that the Franchisee has obtained alternative insurance in conformance with this Agreement.

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

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

8.2. Indemnification:

8.2.1. The Franchisee agrees to indemnify, save and hold harmless, and defend the LFA, its officers, agents, elected officials, boards, and employees, from all liability, damage, cost or expense arising from claims of injury to persons or damage to property occasioned by reason of any conduct undertaken pursuant to the Franchise, or by reason of any suit or claim of royalties, programming license fees, or infringement of copyright or patent rights arising from Franchisee's provision of Cable Services over the Cable System other than PEG facilities and channels as provided in Section 5.2, provided that the LFA shall give Franchisee timely written notice of its obligation to indemnify the LFA, but in any event, the LFA shall provide such notice to Franchisee within a sufficient period of time from receipt of a claim or action pursuant to this Subsection to enable Franchisee to timely answer complaints, raise defenses and defend all claims. Notwithstanding the foregoing, Franchisee shall not indemnify the LFA for any damages, liability or claims resulting from the willful misconduct or negligence of the LFA, its officers, agents, employees, attorneys, consultants, independent contractors or third parties or for any activity or function conducted by any Person other than Franchisee in connection with PEG Access or EAS.

8.2.2. With respect to Franchisee's indemnity obligations set forth in Subsection 8.2.1, Franchisee shall provide the defense of any claims brought against the LFA by selecting counsel of Franchisee's choice to defend the claim, subject to the consent of the LFA, which shall not be unreasonably withheld. Nothing herein shall be deemed to prevent the LFA

from cooperating with the 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 the LFA, Franchisee shall have the right to defend, settle or compromise any claim or action arising hereunder, and Franchisee shall have the authority to decide the appropriateness and the amount of any such settlement. In the event that the terms of any such proposed settlement includes the release of the LFA and the LFA does not consent to the terms of any such settlement or compromise, Franchisee shall not settle the claim or action but its obligation to indemnify the LFA shall in no event exceed the amount of such settlement.

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

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

9. TRANSFER OF FRANCHISE

9.1. *Transfer:* Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, as amended, no Transfer of the Franchise shall occur without the prior consent of the LFA, provided that such consent shall not be unreasonably withheld, delayed or conditioned. In considering an application for the Transfer of the Franchise, the LFA may consider the applicant's: (i) technical ability; (ii) financial ability; (iii) good character; and (iv) other qualifications necessary to continue to operate the Cable System consistent with the terms of the Franchise. No such consent shall be required, however, for a transfer in trust, by mortgage, by other hypothecation, by assignment of any rights, title, or interest of the Franchisee in the Franchise or Cable System in order to secure indebtedness, or for transactions otherwise excluded under Section 1.31 above.

10. RENEWAL OF FRANCHISE

10.1. *Governing Law:* The LFA and Franchisee agree that any proceedings undertaken by the LFA that relate to the renewal of this Franchise shall be governed by and comply with the provisions of Section 12.12 below, the Cable Law and Section 626 of the Communications Act, 47 U.S.C. § 546, as amended.

10.2. *Needs Assessment:* In addition to the procedures set forth in Section 626 of the Communications Act, the LFA shall notify Franchisee of all of its assessments regarding the identity of future cable-related community needs and interests, as well as the past performance of Franchisee under the then current Franchise term. Such assessments shall be provided to Franchisee by the LFA promptly so that Franchisee will have adequate time to submit a proposal under 47 U.S.C. § 546 and complete renewal of the Franchise prior to expiration of its term.

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

10.4. *Consistent Terms:* Franchisee and the LFA consider the terms set forth in this Article 10 to be consistent with the express provisions of 47 U.S.C. § 546 and the Cable Law.

11. **ENFORCEMENT AND TERMINATION OF FRANCHISE**

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

11.2. *Franchisee's Right to Cure or Respond:* Franchisee shall have sixty (60) days from receipt of the Noncompliance Notice to: (i) respond to the 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 sixty (60) day period, initiate reasonable steps to remedy such noncompliance and notify the LFA of the steps being taken and the date by which Franchisee projects that it will complete cure of such noncompliance. Upon cure of any noncompliance, the LFA shall provide written confirmation that such cure has been effected.

11.3. *Public Hearing:* The LFA shall schedule a public hearing if the LFA seeks to continue its investigation into the alleged noncompliance (i) if Franchisee fails to respond to the Noncompliance Notice pursuant to the procedures required by this Article, or (ii) if Franchisee has not remedied the alleged noncompliance within sixty (60) days or the date projected pursuant to Section 11.2(iii) above. The LFA shall provide Franchisee at least sixty (60) business days prior written notice of such public hearing, which will specify the time, place and purpose of such public hearing, and provide Franchisee the opportunity to be heard.

11.4. *Enforcement:* Subject to Section 12.12 below and applicable federal and state law, in the event the LFA, after the public hearing set forth in Section 11.3, determines that Franchisee is in default of any provision of this Franchise, the LFA may:

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

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

11.4.3. In the case of a substantial noncompliance with a material provision of this Franchise, seek to revoke the Franchise in accordance with Section 11.5.

11.5. *Revocation*: Should the LFA seek to revoke this Franchise after following the procedures set forth above in this Article, including the public hearing described in Section 11.3, the LFA shall give written notice to Franchisee of such intent. The notice shall set forth the specific nature of the noncompliance. The Franchisee shall have ninety (90) days from receipt of such notice to object in writing and to state its reasons for such objection. In the event the LFA has not received a satisfactory response from Franchisee, it may then seek termination of the Franchise at a second public hearing. The LFA shall cause to be served upon the Franchisee, at least thirty (30) business days prior to such public hearing, a written notice specifying the time and place of such hearing and stating its intent to revoke the Franchise.

11.5.1. At the designated public hearing, Franchisee shall be provided a fair opportunity for full participation, including the rights to be represented by legal counsel, to introduce relevant evidence, to require the production of evidence, to compel the relevant testimony of the officials, agents, employees or consultants of the 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.

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

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

11.6. *Abandonment of Service*: Franchisee shall not abandon any Cable Service or portion thereof without the LFA's prior written consent as provided in the Cable Law.

12. MISCELLANEOUS PROVISIONS

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

12.2. *Binding Acceptance*: This Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees,

successors and assigns, and the promises and obligations herein shall survive the expiration date hereof.

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

12.4. *Force Majeure:* Franchisee shall not be held in default under, or in noncompliance with, the provisions of the Franchise, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by a Force Majeure; provided, however, that Franchisee shall make reasonable efforts to mitigate the adverse effects caused by a Force Majeure.

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

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

12.5.1. Notices to Franchisee shall be mailed to:

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

12.5.2. Notices to the LFA shall be mailed to:

Village Clerk
Inc. Village of Laurel Hollow
1492 Laurel Hollow Road
Syosset, NY 11791
cc: Village Attorney

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

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

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

12.9. *Severability:* If any section, subsection, sub-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. For purposes of this Agreement, the term "material provision" or "material provisions" shall mean the terms set forth in Section 2.3 (Term); Section 2.5 (Franchise Subject to Federal Law); Article 3 (Provision of Cable Service); Section 4.1 (Quality of Materials); Subsection 4.2.1 (System Characteristics), Section 6.1 (Payment to LFA); Section 7.1 (Open Books and Records), and Article 9 (Transfer of Franchise).

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

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

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

12.13. *NY PSC Approval:* This Franchise is subject to the approval of the NY PSC. Franchisee shall file an application for such approval with the NY PSC within sixty (60) days after the date hereof. Franchisee shall also file any necessary notices with the FCC.

12.14. *Rates and Charges:* The rates and charges for Cable Service provided pursuant to this Franchise shall be subject to regulation in accordance with federal law.

12.15. *Publishing Information:* LFA hereby requests that Franchisee omit publishing information specified in 47 C.F.R. § 76.952 from Subscriber bills.

12.16. *Employment Practices:* Franchisee will not refuse to hire, nor will it bar or discharge from employment, nor discriminate against any person in compensation or in terms, conditions, or privileges of employment because of age, race, creed, color, national origin, or sex.

12.17. *Identification of Franchisee's Employees, Vehicles & Contractors.* The Franchisee shall require all the Franchisee personnel, contractors and subcontractors contacting Subscribers or potential Subscribers outside the office of the Franchisee to wear a clearly visible identification card bearing their name and photograph.

12.17.1. The Franchisee shall make reasonable effort to account for all identification cards at all times.

12.17.2. The Franchisee shall require all the Franchisee representatives to wear appropriate clothing while working at a Subscriber's premises.

12.17.3. The Franchisee shall require that all service vehicle of the Franchisee and its contractors or subcontractors be clearly identified as such to the public. Specifically, the Franchisee vehicles shall be required to have the Franchisee's logo plainly visible. The Franchisee shall require that all contractors and subcontractors working for the Franchisee shall have the contractor's/subcontractor's name plus markings (such as a magnetic door sign) indicating they are under contract to the Franchisee.

12.18. *Customer Service:* Franchisee shall comply with the consumer protection and customer service standards set forth in Parts 890 and 896 of the NY PSC rules.

12.19. *LFA Official:* The Mayor of the LFA is the LFA official that is responsible for the continuing administration of this Agreement.

[The remainder of this page is intentionally left blank]

12.20. *No Waiver of LFA's Rights:* Notwithstanding anything to the contrary in this Agreement, no provision of this Agreement shall be construed as a waiver of the LFA's rights under applicable federal and state law.

AGREED TO THIS ____ DAY OF _____, 2006.

LFA:

By: _____
[Title]

Verizon New York Inc.

By: _____
[Title]

EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: PEG Channels

EXHIBIT A

MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

Village Hall

1492 Laurel Hollow Road
Syosset, NY 11791

Highway Department

566 Cold Spring Road
Syosset, NY 11791

Police Booth

Laurel Hollow Road and Moore's Hill Road

School

West Side School, Laurel Hollow Road, Syosset, NY 11791

EXHIBIT B

SERVICE AREA

The Service Area shall be the Franchise Area. The construction of the Franchisee's FTTP Network has been completed throughout the Franchise Area subject only to Subsection 3.1.1. and Section 3.2 of the Franchise, and accordingly it is not necessary to provide any additional details concerning the construction and/or deployment time tables and areas within the Service Area. A map of the Service Area is attached hereto.

EXHIBIT C

PEG CHANNELS

Upon written request from the LFA, Franchisee shall make available on the Basic Service Tier up to one (1) dedicated Public Access Channel, one (1) dedicated Educational Access Channel, and up to one (1) dedicated Government Access Channel (collectively, "PEG Channels").

Tab 3



Wiley Rein & Fielding LLP

1776 K STREET NW
WASHINGTON, DC 20006
PHONE 202.719.7000
FAX 202.719.7049

Virginia Office
7925 JONES BRANCH DRIVE
SUITE 6200
McLEAN, VA 22102
PHONE 703.905.2800
FAX 703.905.2820

www.wrf.com

June 9, 2006

Krista L. Witanowski
202.719.4626
kwitanowski@wrf.com

VIA HAND DELIVERY

Mr. Howard Avurtine, Village Attorney
Inc. Village of Laurel Hollow
1492 Laurel Hollow Road
Syosset, NY 11791

Re: Verizon New York Inc. Short Environmental Assessment Form

Dear Mr. Avurtine:

As you requested in connection with Verizon New York Inc.'s ("Verizon's") application (the "Application") to the Village of Laurel Hollow ("Laurel Hollow" or the "Village") for a cable television franchise (the "Franchise"), enclosed is Verizon's completed Part I of the Short Environmental Assessment Form ("EAF"). Part II is to be completed by the Village as "Lead Agency," and Part III requires a certification by the Village concerning the existence or non-existence of a significant adverse environmental impact. Verizon does not believe that it is required to submit an EAF in support of its Application, and the EAF is submitted without prejudice to that position.

State Environmental Quality Review Act ("SEQRA") requirements are triggered only when an agency undertakes, funds, or approves an "action." Verizon is not proposing any "action" within the meaning of SEQRA. The basic fiber to the premises ("FTTP") facilities required to provide cable service within the Village are already in place, having been constructed pursuant to existing permissions and authorities. The New York Public Service Commission (the "NY PSC") has already determined that Verizon's construction of FTTP facilities does not by itself require a cable franchise.¹ Although further construction may be required in the future to extend FTTP facilities to other customers within the Cedarhurst franchise area, it is Verizon's position that such construction activities would also be undertaken pursuant to Verizon's pre-existing permissions and authorities to deploy, extend, upgrade, repair, and maintain plant used for the provision of telecommunications and information services. Since Verizon will be providing cable service using independently authorized facilities, the key effect of the Franchise will be to authorize the delivery of video programming to subscribers using such facilities. Such delivery of video programming cannot by itself be an

¹ Cases 05-M-0250, *et al.*, "Declaratory Ruling on Verizon Communications, Inc.'s Build-Out of its Fiber to the Premises Network" (Issued and Effective June 15, 2005). (the "Declaratory Ruling").

Laurel Hollow, NY

June 9, 2006

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"action" under SEQRA, since it does not involve any physical alteration of the environment. Thus, the Village's approval of the Franchise is not subject to SEQRA.²

However, to the extent that the Village concludes that Verizon's offering of cable service in the Village is a SEQRA "action," that action is a "Type II" action, and Type II actions have been categorically determined *not* to have a significant impact on the environment.³ Type II actions do not require the submission of an EAF, or indeed any action on the part of the Village pursuant to SEQRA.⁴ The actions at issue here will not have a significant effect on the environment. Of course, the mere delivery of video programming to subscribers could not have any impact on the environment at all, much less a "significant" one. Even if the placement of additional fiber drops and extensions of existing FTTP routes were considered to be within the scope of the "action" being approved by the Village, such activities would be essentially identical to those routinely undertaken in connection with the provision of telephone service within the Village; and the impact of such activities would be minimal, as the NY PSC has concluded. Accordingly, if the Village determines that it needs to take any action at all under SEQRA, that action should be the issuance of a negative declaration.

² We are mindful of the fact that in its recent orders confirming Verizon franchises in Massapequa Park, Nyack and South Nyack, the NY PSC treated approval of the franchises as an unlisted action under SEQRA (rather than a non-action or a Type II action), contrary to the position taken here. We respectfully disagree with that conclusion, and note that it may well be tied to the NY PSC's conclusion, in those orders, that Verizon's mixed-use FTTP facilities become "cable television systems" subject to Article 11 of the Public Service Law and the NY PSC's "minimum franchise standards" once they are used to deliver video programming to subscribers. The issue of the extent to which mixed-use FTTP facilities become a "cable system" under federal law (an issue that necessarily affects the question of how those facilities should be characterized under state law) is now pending before the Federal Communications Commission in its § 621(a) review. In any event, the NY PSC concluded in all three cases that approval would not result in any significant adverse environmental impacts, and issued negative declarations under SEQRA.

³ See, e.g., 6 NYCRR § 617.5(c)(11) ("The following actions are not subject to review under this Part: . . . extension of utility distribution facilities, including gas, electric, telephone, cable, water and sewer connections to render service in approved subdivisions or in connection with any action on this list.").

⁴ Even if this were deemed to be an "unlisted" action, submission of a long-form EAF is not required. See 6 NYCRR § 617.6(a)(3).

Wiley Rein & Fielding LLP

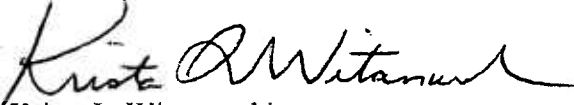
Laurel Hollow, NY

June 9, 2006

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Please call should you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Krista L. Witanowski".

Krista L. Witanowski

Enclosure

cc: Verizon New York Inc.

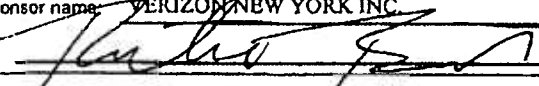
Appendix C

State Environmental Quality Review

SHORT ENVIRONMENTAL ASSESSMENT FORM

For UNLISTED ACTIONS Only

PART I - PROJECT INFORMATION (To be completed by Applicant or Project Sponsor)

1. APPLICANT/SPONSOR Verizon New York Inc. ("Verizon")	2. PROJECT NAME Provision of Cable Service in the Village of Laurel Hollow, NY
3. PROJECT LOCATION: Municipality Village of Laurel Hollow (the "Village") County Nassau County	
4. PRECISE LOCATION (Street address and road intersections, prominent landmarks, etc., or provide map) There is no precise location. The project entails the provision of cable service throughout the Village.	
5. PROPOSED ACTION IS: <input checked="" type="checkbox"/> New <input type="checkbox"/> Expansion <input type="checkbox"/> Modification/alteration	
6. DESCRIBE PROJECT BRIEFLY: Cable service will be provided within the territorial limits of the Village, utilizing Fiber to the Premises ("FTTP") facilities. See cover letter.	
7. AMOUNT OF LAND AFFECTED: Initially zero or minimal acres Ultimately zero or minimal acres	
8. WILL PROPOSED ACTION COMPLY WITH EXISTING ZONING OR OTHER EXISTING LAND USE RESTRICTIONS? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe briefly No restrictions are applicable to the Project.	
9. WHAT IS PRESENT LAND USE IN VICINITY OF PROJECT? <input type="checkbox"/> Residential <input type="checkbox"/> Industrial <input type="checkbox"/> Commercial <input type="checkbox"/> Agriculture <input type="checkbox"/> Park/Forest/Open Space <input type="checkbox"/> Other Describe: Not applicable. See cover letter.	
10. DOES ACTION INVOLVE A PERMIT APPROVAL, OR FUNDING, NOW OR ULTIMATELY FROM ANY OTHER GOVERNMENTAL AGENCY (FEDERAL, STATE OR LOCAL)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, list agency(s) name and permit/approvals: A permit (cable franchise) must be granted by the Village. Once the Village grants the cable franchise, Verizon will seek Public Service Commission confirmation of that franchise.	
11. DOES ANY ASPECT OF THE ACTION HAVE A CURRENTLY VALID PERMIT OR APPROVAL? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, list agency(s) name and permit/approvals: See Item 10 above.	
12. AS A RESULT OF PROPOSED ACTION WILL EXISTING PERMIT/APPROVAL REQUIRE MODIFICATION? <input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable. See Item 10 above.	
I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS TRUE TO THE BEST OF MY KNOWLEDGE Applicant/sponsor name: VERIZON NEW YORK INC. Date: 5/4, 2006 Signature: 	

If the action is in the Coastal Area, and you are a state agency, complete the Coastal Assessment Form before proceeding with this assessment

OVER

Resq

PART II - IMPACT ASSESSMENT (To be completed by Lead Agency)

A. DOES ACTION EXCEED ANY TYPE I THRESHOLD IN 6 NYCRR, PART 617.4? If yes, coordinate the review process and use the FULL EAF. <input type="checkbox"/> Yes <input type="checkbox"/> No	
B. WILL ACTION RECEIVE COORDINATED REVIEW AS PROVIDED FOR UNLISTED ACTIONS IN 6 NYCRR, PART 617.6? If No, a negative declaration may be superseded by another involved agency. <input type="checkbox"/> Yes <input type="checkbox"/> No	
C. COULD ACTION RESULT IN ANY ADVERSE EFFECTS ASSOCIATED WITH THE FOLLOWING: (Answers may be handwritten, if legible) C1. Existing air quality, surface or groundwater quality or quantity, noise levels, existing traffic pattern, solid waste production or disposal, potential for erosion, drainage or flooding problems? Explain briefly: C2. Aesthetic, agricultural, archaeological, historic, or other natural or cultural resources; or community or neighborhood character? Explain briefly: C3. Vegetation or fauna, fish, shellfish or wildlife species, significant habitats, or threatened or endangered species? Explain briefly: C4. A community's existing plans or goals as officially adopted, or a change in use or intensity of use of land or other natural resources? Explain briefly: C5. Growth, subsequent development, or related activities likely to be induced by the proposed action? Explain briefly: C6. Long term, short term, cumulative, or other effects not identified in C1-C5? Explain briefly: C7. Other impacts (including changes in use of either quantity or type of energy)? Explain briefly: 	
D. WILL THE PROJECT HAVE AN IMPACT ON THE ENVIRONMENTAL CHARACTERISTICS THAT CAUSED THE ESTABLISHMENT OF A CRITICAL ENVIRONMENTAL AREA (CEA)? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, explain briefly:	
E. IS THERE, OR IS THERE LIKELY TO BE, CONTROVERSY RELATED TO POTENTIAL ADVERSE ENVIRONMENTAL IMPACTS? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, explain briefly:	

PART III - DETERMINATION OF SIGNIFICANCE (To be completed by Agency)

INSTRUCTIONS: For each adverse effect identified above, determine whether it is substantial, large, important or otherwise significant. Each effect should be assessed in connection with its (a) setting (i.e. urban or rural); (b) probability of occurring; (c) duration; (d) irreversibility; (e) geographic scope; and (f) magnitude. If necessary, add attachments or reference supporting materials. Ensure that explanations contain sufficient detail to show that all relevant adverse impacts have been identified and adequately addressed. If question D of Part II was checked yes, the determination of significance must evaluate the potential impact of the proposed action on the environmental characteristics of the CEA.

- ☐ Check this box if you have identified one or more potentially large or significant adverse impacts which **MAY** occur. Then proceed directly to the FULL EAF and/or prepare a positive declaration.
- ☐ Check this box if you have determined, based on the information and analysis above and any supporting documentation, that the proposed action **WILL NOT** result in any significant adverse environmental impacts **AND** provide, on attachments as necessary, the reasons supporting this determination

, 2006

_____ Name of Lead Agency	_____ Date
_____ Print or Type Name of Responsible Officer in Lead Agency	_____ Title of Responsible Officer
_____ Signature of Responsible Officer in Lead Agency	_____ Signature of Preparer (If different from responsible officer)

Reset

Tab 4

Witanowski, Krista

From: Witanowski, Krista
Sent: Monday, June 19, 2006 6:02 PM
To: mfg@goldsteinavrutine.net; 'Howard D. Avrutine'
Cc: 'mkerbey@telecominsightgroup.com'
Subject: Further revised Laurel Hollow Agreement, 6/19/2006
Attachments: Village of Laurel Hollow Final Agreement Revised, 6.19.2006.pdf; Redline LH.pdf

Melissa,

Per our last conversation, here is a further revised Laurel Hollow/Verizon agreement. Please distribute to the Board and Cablevision.

Thanks,

Krista

Wiley Rein & Fielding, LLP

1776 K Street, NW

Washington, DC 20006

(202) 719-4626

(202) 719-7049

6/19/2006

Cable Franchise Agreement

by and between

The Village of Laurel Hollow, NY

and

Verizon New York Inc.

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EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: PEG Channels

THIS CABLE FRANCHISE AGREEMENT (the "Franchise" or "Agreement") is entered into by and between the Village of Laurel Hollow, a validly organized and existing political subdivision of the State of New York (the "Local Franchising Authority" or "LFA") and Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (the "Franchisee").

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

WHEREAS, the LFA is a "franchising authority" in accordance with Title VI of the Communications Act, (*see* 47 U.S.C. §522(10)) and is authorized to grant one or more nonexclusive cable franchises pursuant to Article 11 of the New York Public Service Law, as amended, and Title 16, Chapter VIII, Parts 890.60 through 899, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended,;

WHEREAS, Franchisee is in the process of completing the upgrading of its existing telecommunications and information services network through the installation of a Fiber to the Premise Telecommunications Network ("FTTP Network") in the Franchise Area which transmits the Non-Cable Services pursuant to authority granted by Section 27 of the New York Transportation Corporations Law, as amended, and Title II of the Communications Act, which Non-Cable Services are not subject to the Cable Law or Title VI of the Communications Act;

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

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

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

WHEREAS, the LFA has determined that in accordance with the provisions of the Cable Law, this Franchise complies with the NY PSC'S franchise standards and the grant of a nonexclusive franchise to Franchisee is consistent with the public interest; and

WHEREAS, the 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 the LFA's grant of a franchise to Franchisee, Franchisee's promise to provide Cable Service to residents of the Franchise/Service Area of the LFA pursuant to and consistent with the Cable Law (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 Cable Law are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1. *Access Channel*: A video Channel, which Franchisee shall make available to the LFA without charge for Public, Educational, or Governmental noncommercial use for the transmission of video programming as directed by the LFA.

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

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

1.4. *Cable Law*: Article 11 of the New York Public Service Law, as amended, and Title 16, Chapter VIII, Parts 890.60 through 899, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended, to the extent authorized under and consistent with federal law.

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

1.6. *Cable System or System*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7), as amended.

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

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

1.9. *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.

1.10. *Educational Access Channel*: An Access Channel available for noncommercial use solely by local public schools and public school districts in the Franchise Area and other not-for-profit educational institutions chartered or licensed by the New York State Department of Education or Board of Regents in the Franchise Area as specified by the LFA in Exhibit C to this Agreement.

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

1.12. *Force Majeure*: An event or events reasonably beyond the ability of Franchisee to anticipate and control. This includes, but is not limited to, severe or unusual weather conditions, strikes, labor disturbances, lockouts, war or act of war (whether an actual declaration of war is made or not), insurrection, riots, act of public enemy, incidences of terrorism, acts of vandalism, actions or inactions of any government instrumentality or public utility including condemnation, accidents for which the Franchisee is not primarily responsible, fire, flood, or other acts of God, or work delays caused by waiting for utility providers to service or monitor utility poles to which Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary.

1.13. *Franchise Area*: The incorporated area (entire existing territorial limits) of the LFA.

1.14. *Franchisee*: Verizon New York Inc. and its lawful and permitted successors, assigns and transferees.

1.15. *Government Access Channel*: An Access Channel available for the sole noncommercial use of the LFA.

1.16. *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee from the operation of the Cable System to provide Cable Service in the Service Area.

Gross Revenue includes, without limitation: All Subscriber and customer revenues earned or accrued net of bad debts including revenue for:

- (i) Basic Service;
- (ii) all fees charged to any Subscribers for any and all Cable Service provided by Franchisee over the Cable System in the Service Area, including without limitation Cable Service related program guides, the installation, disconnection or reconnection of Cable Service; revenues from late or delinquent charge fees; Cable Service related or repair calls; the provision of converters, remote controls, additional outlets and/or other Cable Service related Subscriber premises equipment, whether by lease or fee;
- (iii) revenues from the sale or lease of access channel(s) or channel capacity; and
- (iv) compensation received by Franchisee that is derived from the operation of Franchisee's Cable System to provide Cable Service with respect to commissions that are paid to Franchisee as compensation for promotion or exhibition of any products or services on the Cable System, such as "home shopping" or a similar channel, subject to the exceptions below. Gross Revenue includes a pro rata portion of all revenue derived by Franchisee pursuant to compensation arrangements for advertising derived from the operation of Franchisee's Cable System to provide Cable Service within the Service Area, subject to the exceptions below. The allocation shall be based on the number of Subscribers in the Service Area divided by the total number of subscribers in relation to the relevant local, regional or national compensation

arrangement. Advertising commissions paid to third parties shall not be netted against advertising revenue included in Gross Revenue.

Gross Revenue shall not include:

(i) Franchise Fees imposed on Franchisee by the LFA that are passed through from Franchisee as a line item paid by Subscribers;

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

(iii) 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);

(iv) Refunds, rebates or discounts made to Subscribers or other third parties and 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;

(v) Revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services;

(vi) Charges made to the public for commercial or cable television that is used for two-way communication; and any other revenues attributed by Franchisee to Non-Cable Services in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders, as may be amended from time to time, and unless otherwise authorized in the future by a court of competent jurisdiction;

(vii) Any revenue of Franchisee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, however, 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 shall be included in Gross Revenue;

(viii) The sale of Cable Services on the Cable System for resale in which the purchaser is required to collect cable Franchise Fees from purchaser's customer;

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

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

(xi) Any foregone revenue which 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 which Franchisee chooses not to receive in exchange for trades, barter, services or other items of value shall be included in Gross Revenue);

(xii) Sales of capital assets or sales of surplus equipment;

(xiii) Program launch fees, i.e., reimbursement by programmers to Franchisee of marketing costs incurred by Franchisee for the introduction of new programming; and

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

(xv) Any fees or charges collected from Subscribers or other third parties for any PEG Grant payments.

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

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

1.19. *Local Franchise Authority (LFA)*: The Village of Laurel Hollow, New York, or the lawful successor, transferee, or assignee thereof.

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

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

1.22. *NY PSC*: The New York Public Service Commission.

1.23. *PEG*: Public, Educational, and Governmental.

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

1.25. *Public Access Channel*: An Access Channel available for noncommercial use solely by the residents in the Franchise Area on a first-come, first-served, nondiscriminatory basis.

1.26. *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 the 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.

1.27. *Service Area*: All portions of the Franchise Area where Cable Service is being offered, and as described in **Exhibit B** attached hereto.

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

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

1.30. *Title VI*: Title VI of the Communications Act, Cable Communications, as amended.

1.31. *Transfer of the Franchise*:

1.31.1. Any transaction in which:

1.31.1.1. a fifty percent ownership or other interest in Franchisee is transferred, directly or indirectly, from one Person or group of Persons to another Person or group of Persons, so that Control of Franchisee is transferred; or

1.31.1.2. the rights held by Franchisee under the Franchise and the certificate of confirmation issued therefor by the NY PSC are transferred or assigned to another Person or group of Persons.

1.31.2. However, notwithstanding Sub-subsections 1.31.1.1 and 1.31.1.2 above, 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 the Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of Franchisee; any action which is the result of a merger of the parent of the Franchisee; or any action which is the result of a merger of another Affiliate of the Franchisee.

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

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

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

2.2. *The FTTP Network:* Upon delivery of Cable Service, by subjecting the Franchisee's mixed-use facilities to the NY PSC's minimum franchise standards and the LFA's police power, the LFA has not been granted new authority over the construction, placement and operation of the Franchisee's mixed-use facilities.

2.3. *Term:* This Franchise shall become effective on the date that the NY PSC issues a certificate of confirmation for this Franchise (the "Effective Date"), following its approval by the LFA's governing authority authorized to grant franchises and its acceptance by the Franchisee. The term of this Franchise shall be ten (10) years from the Effective Date unless the Franchise is earlier revoked as provided herein. The Franchisee shall memorialize the Effective Date by notifying the LFA in writing of the same, which notification shall become a part of this Franchise.

2.4. *Grant Not Exclusive:* The Franchise and the rights granted herein to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and the 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 itself, at any time during the term of this Franchise. Any such rights which are granted shall not adversely impact the authority as granted under this Franchise and shall not interfere with existing facilities of the Cable System or Franchisee's FTTP Network.

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

2.6. *No Waiver:*

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

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

2.7. *Construction of Agreement:*

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

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

2.7.3. Should any change to state law, rules or regulations have the lawful effect of materially altering the terms and conditions of this Franchise, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on the Franchisee of the material alteration. Any modification to this Franchise shall be in writing and shall be subject to Section 222 of the New York Public Service Law and Title 16, Chapter VIII, Part 892, Subpart 892-1, Section 892-1.4 of the Official Compilation of Codes, Rules and Regulations of the State of New York requiring application to the NY PSC and approval of any modification. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then Franchisee may terminate this Agreement without further obligation to the LFA in accordance with the terms of Section 11.6 hereof and the Cable Law. Or, at Franchisee's option, the parties may agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

2.7.4. The LFA and the 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.

2.8. *Police Powers:* The LFA shall not enact any local laws that are inconsistent with this Franchise, provided, however, that nothing in this Franchise shall be construed to prohibit the reasonable, necessary and lawful exercise of the police powers of the LFA in a manner not materially in conflict with the privileges granted in this Franchise and consistent with all federal and state laws, regulations and orders. The Franchisee shall comply with the LFA's Code regarding street openings, per Ord. No. XVII of the Gen. Ordinances, sections 110-1 through 110-3 (1960), as may be amended from time to time.

2.9. *Restoration of Municipal Property:* Any municipal property damaged or destroyed shall be promptly repaired or replaced by the Franchisee and restored to its preexisting condition.

2.10. *Restoration of Subscriber Premises:* The Franchisee shall ensure that the Subscriber's premises are restored to at least their pre-existing condition if damaged by the Franchisee's employees or agents in any respect in connection with the installation, repair, or disconnection of Cable Service.

3. **PROVISION OF CABLE SERVICE**

3.1. Service Area:

3.1.1. *Service Area:* Subject to the issuance of all necessary permits by the LFA, Franchisee shall offer Cable Service to significant numbers of Subscribers within residential areas of the Service Area and may make Cable Service available to businesses in the Service Area, within twelve (12) months and shall offer Cable Service to all residential areas of the Service Area within five (5) years, of the Effective Date of this Franchise, or, in both instances, such longer period as may be permitted by the Cable Law, except: (A) for periods of Force Majeure; (B) for periods of delay caused by the LFA; (C) for periods of delay resulting from Franchisee's inability to obtain authority to access rights-of-way in the Service Area; (D) in areas where developments or buildings are subject to claimed exclusive arrangements with other providers; (E) in areas, developments or buildings where the Franchisee cannot gain access after good faith efforts, in accordance with NY PSC rules and regulations; and (F) in areas, developments or buildings where the provision of Cable Service is economically infeasible because such provision requires nonstandard facilities which are not available on a commercially reasonable basis, in accordance with NY PSC rules and regulations and (G) in areas where the occupied residential household density does not meet the density and other requirements set forth in Sub-Subsection 3.1.1.1. and Section 3.2.

3.1.1.1. *Density Requirement:* Franchisee shall make Cable Services available to residential dwelling units in all areas of the Service Area where the average density is equal to or greater than twenty-five (25) occupied residential dwelling units per mile as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line. Should, through new construction, an area within the Service Area meet the density requirements after the time stated for providing Cable Service as set forth in Subsection 3.1.1, Franchisee shall provide Cable Service to such area within six (6) months of receiving notice from the LFA that the density requirements have been met.

3.2. *Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units and may make Cable Service available to businesses within the Service Area in conformance with Section 3.1, and Franchisee shall not discriminate between or among any individuals in the availability of Cable Service or based upon the income in a local area. In the areas in which Franchisee shall provide Cable Service, Franchisee shall be required to connect, at Franchisee's expense, other than a standard installation charge, all residential dwelling units that are within three hundred fifty (350) feet of aerial trunk or feeder lines not otherwise already served by Franchisee's FTTP Network, as measured from that point on the Subscriber's property line abutting the Right of Way containing the fiber strand assigned to said Subscriber's property and running by the most direct route to the point of service connection at said Subscriber's residence. Franchisee shall be allowed to recover, from a Subscriber that requests such connection, the actual costs incurred for residential dwelling unit connections that exceed three hundred fifty (350) feet or are in an area with a density of less than twenty-five (25) occupied residential dwelling units per mile and the actual costs incurred to connect any non-residential dwelling unit Subscriber, provided, however, that Franchisee may seek a waiver of any requirement that it extend service to any party requesting the same in an area with a density of less than twenty-five (25) occupied residential dwelling units per mile if such would not be possible within the limitations of economic feasibility. For underground installations, Franchisee shall charge the recipient Franchisee's actual cost. Such costs shall be submitted to said recipient in writing, before installation is begun.

3.3. *Cable Service to Public Buildings:* Subject to Section 3.1, and upon the LFA's written request made during the term of this Agreement, the Franchisee shall provide, without charge within the Service Area, one aerial service outlet activated for Basic Service to each public school and public library, and such other buildings used for municipal purposes as may be designated by the LFA as provided in Exhibit A attached hereto; provided, however, that if it is necessary to extend Franchisee's aerial trunk or feeder lines more than five hundred (500) feet solely to provide service to any such school or public building, the LFA shall have the option either of paying Franchisee's direct costs for such extension in excess of five hundred (500) feet, or of releasing Franchisee from the obligation to provide service to such school or public building. Furthermore, Franchisee shall be permitted to recover, from any school or public building owner entitled to free service, the direct cost of installing, when requested to do so, more than one aerial outlet, or concealed inside wiring, or a service outlet requiring more than five hundred (500) feet of drop cable; provided, however, that Franchisee shall not charge for the provision of Basic Service to the additional service outlets once installed. Cable Service may not be resold or otherwise used in contravention of Franchisee's rights with third parties respecting programming. Equipment provided by Franchisee, if any, shall be replaced at retail rates if lost, stolen or damaged. For underground installations, Franchisee shall charge the recipient Franchisee's actual cost. Such costs shall be submitted to said recipient in writing, before installation is begun.

3.4. *Contribution in Aid:* Notwithstanding the foregoing, Franchisee shall comply at all times, with the requirements of Section 895.5 of NY PSC rules and regulations.

4. SYSTEM FACILITIES

4.1. *Quality of Materials:* Franchisee shall construct and maintain its System using materials of good and durable quality, and all work involved in the construction, installation, maintenance and repair of the Cable System shall be performed in a safe, thorough and reliable manner.

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

4.2.1. The System shall be designed and operated with an initial analog and digital carrier passband between 50 and 860 MHz and shall provide for a minimum channel capacity of not less than 77 channels on the Effective Date.

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

4.3. *Interconnection:* The 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.

4.4. *Emergency Alert System:* Franchisee shall comply with the Emergency Alert System ("EAS") requirements of the FCC and the State of New York, including the NY

PSC's rules and the current New York EAS Plan, in order that emergency messages may be distributed over the System.

5. PEG SERVICES

5.1. *PEG Set Aside*

In order to ensure universal availability of public, educational and government programming, Franchisee shall provide capacity on its Basic Service tier for up to one (1) dedicated Public Access Channel, one (1) dedicated Educational Access Channel, and up to one (1) dedicated Government Access Channel (collectively, "PEG Channels").

5.1.1. The programming to be carried on each of the PEG Channels set aside by Franchisee is reflected in Exhibit C attached hereto. The LFA hereby authorizes Franchisee to transmit such programming within and without LFA jurisdictional boundaries. Franchisee specifically reserves the right to make or change channel assignments in its sole discretion. If a PEG Channel provided under this Article is not being utilized by the LFA, Franchisee may utilize such PEG Channel, in its sole discretion, until such time as the LFA elects to utilize the PEG Channel for its intended purpose. In the event that the LFA determines to use PEG capacity, the LFA shall provide Franchisee with prior written notice of such request in accordance with NY PSC rules and regulations.

5.1.2. Franchisee shall provide the technical ability to play back pre-recorded programming provided to Franchisee consistent with this Section. Franchisee shall transmit programming consistent with the dedicated uses of PEG Access Channels. Franchisee shall comply at all times, with the requirements of Section 895.4 of the NY PSC rules and regulations.

5.2. *PEG Liability.* In accordance with 47 U.S.C. §558, the Franchisee shall not incur any liability arising from or in connection with any PEG Channels.

5.3. *Recovery of Costs.* To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs arising from the provision of PEG services from Subscribers and to include such costs as a separately billed line item on each Subscriber's bill. Without limiting the foregoing, if allowed under state and federal laws, Franchisee may externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

6. FRANCHISE FEES

6.1. *Payment to LFA:* Franchisee shall pay to the LFA a Franchise Fee of five percent (5%) of annual Gross Revenue (the "Franchise Fee"). In accordance with Title VI, the twelve (12) month period applicable under the Franchise for the computation of the Franchise Fee shall be a calendar year. Such payments shall be made no later than forty-five (45) days following the end of each calendar quarter. Franchisee shall be allowed to submit or correct any payments that were incorrectly omitted, and shall be refunded any payments that were incorrectly submitted, in connection with the quarterly Franchise Fee remittances within ninety (90) days following the close of the calendar year for which such payments were applicable.

6.2. *Supporting Information:* Each Franchise Fee payment shall be accompanied by a brief report prepared by an authorized official of Franchisee showing the basis for the computation. The LFA shall have the right to audit Franchisee Fee payments; provided, however, that the LFA shall bear the expense of such audit unless the audit determines that the Franchisee Fee payment to the LFA should be increased by five percent (5%) or more in the audited period, in which case the reasonable and customary costs of the audit shall be paid by the Franchisee to the LFA in an amount not to exceed in the aggregate five thousand dollars (\$5,000). Any such audit fees paid by the LFA shall not be determined based on a percentage of audit findings basis. If recomputation results in additional revenue to be paid to the LFA, such amount shall be subject to interest charges computed from the due date, at an annual rate equal to the commercial prime interest rate of the LFA's primary depository bank during the period such unpaid amount is owed. If the audit determines that there has been an overpayment by Franchisee, Franchisee may credit any overpayment against its next quarterly payment. The LFA shall conduct all audits expeditiously, and neither the LFA nor Franchisee shall unreasonably delay the completion of an audit. The LFA shall be limited to one audit every three years during the Franchise term.

6.3. *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by Franchisee is due.

6.4. *Bundled Services:* If Cable Services subject to the Franchise Fee required under this Article 6 are provided to Subscribers in conjunction with Non-Cable Services, the Franchise Fee shall be applied only to the value of the Cable Services, as reflected on the books and records of Franchisee in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders. Notwithstanding the foregoing, if the Franchisee bundles Cable Service with Non-Cable Service, the Franchisee agrees that it will not intentionally or unlawfully allocate such revenue for the purpose of evading Franchise Fee payments under this franchise. The parties agree that tariffed telecommunications services that cannot be discounted by state or federal law or regulation are to be excluded from the bundled discount allocation basis.

7. REPORTS AND RECORDS

7.1. *Open Books and Records:* Upon reasonable written notice to the Franchisee and with no less than thirty (30) business days written notice to the Franchisee, the LFA shall have the right to inspect Franchisee's books and records pertaining to Franchisee's provision of Cable Service in the Franchise Area at any time during Normal Business Hours and on a nondisruptive basis, as are reasonably necessary to ensure compliance with the terms of this Franchise. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the LFA. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than six (6) years. Notwithstanding anything to the contrary set forth herein, Franchisee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature, nor disclose any of its or an Affiliate's books and records not relating to the provision of Cable Service in the Service Area. The LFA shall treat any information disclosed by Franchisee as confidential and shall only

disclose it to employees, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

7.2. *Records Required:* Franchisee shall at all times maintain:

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

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

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

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

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

7.3. *System-Wide Statistics:* Any valid reporting requirement in the Franchise may be satisfied with system-wide statistics, except those related to Franchise Fees and consumer complaints.

7.4. *Performance Evaluations:* Upon thirty (30) days written notice by the LFA, the Franchisee shall be prepared to attend a performance evaluation meeting no more than once per year. Nothing in this Section 7.4 shall limit any rights that the LFA may have to conduct additional meetings and/or compel the Franchisee's attendance at such meeting. The LFA shall provide the Franchisee with the results of its performance evaluation in writing within thirty (30) days after the conclusion of such meeting.

8. **INSURANCE AND INDEMNIFICATION**

8.1. Insurance:

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

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

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

8.1.1.3. Workers' Compensation Insurance meeting all legal requirements of the State of New York.

8.1.1.4. Excess liability or umbrella coverage of not less than ten million dollars (\$10,000,000).

8.1.2. The LFA shall be designated as an additional insureds under each of the insurance policies required in this Article 8 except Worker's Compensation Insurance and Employer's Liability Insurance.

8.1.3. Each of the required insurance policies shall be noncancellable except upon thirty (30) days prior written notice to the LFA. Franchisee shall not cancel any required insurance policy without submitting documentation to the LFA verifying that the Franchisee has obtained alternative insurance in conformance with this Agreement.

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

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

8.2. Indemnification:

8.2.1. The Franchisee agrees to indemnify, save and hold harmless, and defend the LFA, its officers, agents, elected officials, boards, and employees, from all liability, damage, cost or expense arising from claims of injury to persons or damage to property occasioned by reason of any conduct undertaken pursuant to the Franchise, or by reason of any suit or claim of royalties, programming license fees, or infringement of copyright or patent rights arising from Franchisee's provision of Cable Services over the Cable System other than PEG facilities and channels as provided in Section 5.2, provided that the LFA shall give Franchisee timely written notice of its obligation to indemnify the LFA, but in any event, the LFA shall provide such notice to Franchisee within a sufficient period of time from receipt of a claim or action pursuant to this Subsection to enable Franchisee to timely answer complaints, raise defenses and defend all claims. Notwithstanding the foregoing, Franchisee shall not indemnify the LFA for any damages, liability or claims resulting from the willful misconduct or negligence of the LFA, its officers, agents, employees, attorneys, consultants, independent contractors or third parties or for any activity or function conducted by any Person other than Franchisee in connection with PEG Access or EAS.

8.2.2. With respect to Franchisee's indemnity obligations set forth in Subsection 8.2.1, Franchisee shall provide the defense of any claims brought against the LFA by selecting counsel of Franchisee's choice to defend the claim, subject to the consent of the LFA, which shall not be unreasonably withheld. Nothing herein shall be deemed to prevent the LFA from cooperating with the 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 the LFA, Franchisee shall have the right to defend, settle or compromise any claim or action arising hereunder, and Franchisee shall have the authority to decide the appropriateness and the amount of any such settlement. In the event that the terms of any such proposed settlement includes the release of the LFA and the LFA does not consent to the terms of any such settlement or compromise, Franchisee shall not settle the claim or action but its obligation to indemnify the LFA shall in no event exceed the amount of such settlement.

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

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

9. TRANSFER OF FRANCHISE

9.1. *Transfer:* Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, as amended, no Transfer of the Franchise shall occur without the prior consent of the LFA, provided that such consent shall not be unreasonably withheld, delayed or conditioned. In considering an application for the Transfer of the Franchise, the LFA may consider the applicant's: (i) technical ability; (ii) financial ability; (iii) good character; and (iv) other qualifications necessary to continue to operate the Cable System consistent with the terms of the Franchise. No such consent shall be required, however, for a transfer in trust, by mortgage, by other hypothecation, by assignment of any rights, title, or interest of the Franchisee in the Franchise or Cable System in order to secure indebtedness, or for transactions otherwise excluded under Section 1.31 above.

10. RENEWAL OF FRANCHISE

10.1. *Governing Law:* The LFA and Franchisee agree that any proceedings undertaken by the LFA that relate to the renewal of this Franchise shall be governed by and comply with the provisions of Section 12.12 below, the Cable Law and Section 626 of the Communications Act, 47 U.S.C. § 546, as amended.

10.2. *Needs Assessment:* In addition to the procedures set forth in Section 626 of the Communications Act, the LFA shall notify Franchisee of all of its assessments regarding the identity of future cable-related community needs and interests, as well as the past

performance of Franchisee under the then current Franchise term. Such assessments shall be provided to Franchisee by the LFA promptly so that Franchisee will have adequate time to submit a proposal under 47 U.S.C. § 546 and complete renewal of the Franchise prior to expiration of its term.

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

10.4. *Consistent Terms:* Franchisee and the LFA consider the terms set forth in this Article 10 to be consistent with the express provisions of 47 U.S.C. § 546 and the Cable Law.

11. ENFORCEMENT AND TERMINATION OF FRANCHISE

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

11.2. *Franchisee's Right to Cure or Respond:* Franchisee shall have sixty (60) days from receipt of the Noncompliance Notice to: (i) respond to the 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 sixty (60) day period, initiate reasonable steps to remedy such noncompliance and notify the LFA of the steps being taken and the date by which Franchisee projects that it will complete cure of such noncompliance. Upon cure of any noncompliance, the LFA shall provide written confirmation that such cure has been effected.

11.3. *Public Hearing:* The LFA shall schedule a public hearing if the LFA seeks to continue its investigation into the alleged noncompliance (i) if Franchisee fails to respond to the Noncompliance Notice pursuant to the procedures required by this Article, or (ii) if Franchisee has not remedied the alleged noncompliance within sixty (60) days or the date projected pursuant to Section 11.2(iii) above. The LFA shall provide Franchisee at least sixty (60) business days prior written notice of such public hearing, which will specify the time, place and purpose of such public hearing, and provide Franchisee the opportunity to be heard.

11.4. *Enforcement:* Subject to Section 12.12 below and applicable federal and state law, in the event the LFA, after the public hearing set forth in Section 11.3, determines that Franchisee is in default of any provision of this Franchise, the LFA may:

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

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

11.4.3. In the case of a substantial noncompliance with a material provision of this Franchise, seek to revoke the Franchise in accordance with Section 11.5.

11.5. *Revocation:* Should the LFA seek to revoke this Franchise after following the procedures set forth above in this Article, including the public hearing described in Section 11.3, the LFA shall give written notice to Franchisee of such intent. The notice shall set forth the specific nature of the noncompliance. The Franchisee shall have ninety (90) days from receipt of such notice to object in writing and to state its reasons for such objection. In the event the LFA has not received a satisfactory response from Franchisee, it may then seek termination of the Franchise at a second public hearing. The LFA shall cause to be served upon the Franchisee, at least thirty (30) business days prior to such public hearing, a written notice specifying the time and place of such hearing and stating its intent to revoke the Franchise.

11.5.1. At the designated public hearing, Franchisee shall be provided a fair opportunity for full participation, including the rights to be represented by legal counsel, to introduce relevant evidence, to require the production of evidence, to compel the relevant testimony of the officials, agents, employees or consultants of the 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.

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

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

11.6. *Abandonment of Service:* Franchisee shall not abandon any Cable Service or portion thereof without the LFA's prior written consent as provided in the Cable Law.

12. **MISCELLANEOUS PROVISIONS**

12.1. *Actions of Parties:* In any action by the LFA or Franchisee that is mandated or permitted under the terms hereof, such party shall act in a reasonable, expeditious, and timely manner. Furthermore, in any instance where approval or consent is required under

the terms hereof, such approval or consent shall not be unreasonably withheld, delayed or conditioned.

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

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

12.4. *Force Majeure:* Franchisee shall not be held in default under, or in noncompliance with, the provisions of the Franchise, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by a Force Majeure; provided, however, that Franchisee shall make reasonable efforts to mitigate the adverse effects caused by a Force Majeure.

12.4.1. Furthermore, the parties hereby agree that it is not the LFA's intention to subject Franchisee to penalties, fines, forfeitures or revocation of the Franchise for violations of the Franchise where the violation was a good faith error that resulted in no or minimal negative impact on Subscribers.

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

12.5.1. Notices to Franchisee shall be mailed to:

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

12.5.2. Notices to the LFA shall be mailed to:

Village Clerk
Inc. Village of Laurel Hollow
1492 Laurel Hollow Road
Syosset, NY 11791
cc: Village Attorney

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

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

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

12.9. *Severability:* If any section, subsection, sub-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. For purposes of this Agreement, the term "material provision" or "material provisions" shall mean the terms set forth in Section 2.3 (Term); Section 2.5 (Franchise Subject to Federal Law); Article 3 (Provision of Cable Service); Section 4.1 (Quality of Materials); Subsection 4.2.1 (System Characteristics), Section 6.1 (Payment to LFA); Section 7.1 (Open Books and Records), and Article 9 (Transfer of Franchise).

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

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

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

12.13. *NY PSC Approval:* This Franchise is subject to the approval of the NY PSC. Franchisee shall file an application for such approval with the NY PSC within sixty (60) days after the date hereof. Franchisee shall also file any necessary notices with the FCC.

12.14. *Rates and Charges:* The rates and charges for Cable Service provided pursuant to this Franchise shall be subject to regulation in accordance with federal law.

12.15. *Publishing Information:* LFA hereby requests that Franchisee omit publishing information specified in 47 C.F.R. § 76.952 from Subscriber bills.

12.16. *Employment Practices:* Franchisee will not refuse to hire, nor will it bar or discharge from employment, nor discriminate against any person in compensation or in terms, conditions, or privileges of employment because of age, race, creed, color, national origin, or sex.

12.17. *Identification of Franchisee's Employees, Vehicles & Contractors.* The Franchisee shall require all the Franchisee personnel, contractors and subcontractors contacting Subscribers or potential Subscribers outside the office of the Franchisee to wear a clearly visible identification card bearing their name and photograph.

12.17.1. The Franchisee shall make reasonable effort to account for all identification cards at all times.

12.17.2. The Franchisee shall require all the Franchisee representatives to wear appropriate clothing while working at a Subscriber's premises.

12.17.3. The Franchisee shall require that all service vehicle of the Franchisee and its contractors or subcontractors be clearly identified as such to the public. Specifically, the Franchisee vehicles shall be required to have the Franchisee's logo plainly visible. The Franchisee shall require that all contractors and subcontractors working for the Franchisee shall have the contractor's/subcontractor's name plus markings (such as a magnetic door sign) indicating they are under contract to the Franchisee.

12.18. *Customer Service:* Franchisee shall comply with the consumer protection and customer service standards set forth in Parts 890 and 896 of the NY PSC rules.

12.19. *LFA Official:* The Mayor of the LFA is the LFA official that is responsible for the continuing administration of this Agreement.

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12.20. *No Waiver of LFA's Rights:* Notwithstanding anything to the contrary in this Agreement, no provision of this Agreement shall be construed as a waiver of the LFA's rights under applicable federal and state law.

AGREED TO THIS ____ DAY OF _____, 2006.

LFA:

By: _____
[Title]

Verizon New York Inc.

By: _____
[Title]

EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: PEG Channels

EXHIBIT A

MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

Village Hall

1492 Laurel Hollow Road
Syosset, NY 11791

Highway Department

566 Cold Spring Road
Syosset, NY 11791

Police Booth

Laurel Hollow Road and Moore's Hill Road

School

West Side School, Laurel Hollow Road, Syosset, NY 11791

EXHIBIT B

SERVICE AREA

The Service Area shall be the Franchise Area. The construction of the Franchisee's FTTP Network has been completed throughout the Franchise Area subject only to Subsection 3.1.1. and Section 3.2 of the Franchise, and accordingly it is not necessary to provide any additional details concerning the construction and/or deployment time tables and areas within the Service Area. A map of the Service Area is attached hereto.

EXHIBIT C

PEG CHANNELS

Upon written request from the LFA, Franchisee shall make available on the Basic Service Tier up to one (1) dedicated Public Access Channel, one (1) dedicated Educational Access Channel, and up to one (1) dedicated Government Access Channel (collectively, "PEG Channels").

Cable Franchise Agreement

by and between

The Village of Laurel Hollow, NY

and

Verizon New York Inc.

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EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

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THIS CABLE FRANCHISE AGREEMENT (the "Franchise" or "Agreement") is entered into by and between the Village of Laurel Hollow, a validly organized and existing political subdivision of the State of New York (the "Local Franchising Authority" or "LFA") and Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (the "Franchisee").

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

WHEREAS, the LFA is a "franchising authority" in accordance with Title VI of the Communications Act, (see 47 U.S.C. §522(10)) and is authorized to grant one or more nonexclusive cable franchises pursuant to Article 11 of the New York Public Service Law, as amended, and Title 16, Chapter VIII, Parts 890.60 through 899, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended,;

WHEREAS, Franchisee ~~has completed~~ is in the process of completing the upgrading of its existing telecommunications and information services network through the installation of a Fiber to the Premise Telecommunications Network ("FTTP Network") in the Franchise Area which transmits the Non-Cable Services pursuant to authority granted by Section 27 of the New York Transportation Corporations Law, as amended, and Title II of the Communications Act, which Non-Cable Services are not subject to the Cable Law or Title VI of the Communications Act;

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

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

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

WHEREAS, the LFA has determined that in accordance with the provisions of the Cable Law, this Franchise complies with the NY PSC'S franchise standards and the grant of a nonexclusive franchise to Franchisee is consistent with the public interest; and

WHEREAS, the 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 the LFA's grant of a franchise to Franchisee, Franchisee's promise to provide Cable Service to residents of the Franchise/Service Area of the LFA pursuant to and consistent with the Cable Law (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 Cable Law are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1. *Access Channel*: A video Channel, which Franchisee shall make available to the LFA without charge for Public, Educational, or Governmental noncommercial use for the transmission of video programming as directed by the LFA.

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

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

1.4. *Cable Law*: Article 11 of the New York Public Service Law, as amended, and Title 16, Chapter VIII, Parts 890.60 through 899, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended, to the extent authorized under and consistent with federal law.

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

1.6. *Cable System* or *System*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7), as amended.

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

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

1.9. *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.

1.10. *Educational Access Channel*: An Access Channel available for noncommercial use solely by local public schools and public school districts in the Franchise Area and other not-for-profit educational institutions chartered or licensed by the New York State Department of Education or Board of Regents in the Franchise Area as specified by the LFA in Exhibit C to this Agreement.

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

1.12. *Force Majeure*: An event or events reasonably beyond the ability of Franchisee to anticipate and control. This includes, but is not limited to, severe or unusual weather conditions, strikes, labor disturbances, lockouts, war or act of war (whether an actual declaration of war is made or not), insurrection, riots, act of public enemy, incidences of terrorism, acts of vandalism, actions or inactions of any government instrumentality or public utility including condemnation, accidents for which the Franchisee is not primarily responsible, fire, flood, or other acts of God, or work delays caused by waiting for utility providers to service or monitor utility poles to which Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary.

1.13. *Franchise Area*: The incorporated area (entire existing territorial limits) of the LFA.

1.14. *Franchisee*: Verizon New York Inc. and its lawful and permitted successors, assigns and transferees.

1.15. *Government Access Channel*: An Access Channel available for the sole noncommercial use of the LFA.

1.16. *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee from the operation of the Cable System to provide Cable Service in the Service Area.

Gross Revenue includes, without limitation: All Subscriber and customer revenues earned or accrued net of bad debts including revenue for:

(i) Basic Service;

(ii) all fees charged to any Subscribers for any and all Cable Service provided by Franchisee over the Cable System in the Service Area, including without limitation Cable Service related program guides, the installation, disconnection or reconnection of Cable Service; revenues from late or delinquent charge fees; Cable Service related or repair calls; the provision of converters, remote controls, additional outlets and/or other Cable Service related Subscriber premises equipment, whether by lease or fee;

(iii) revenues from the sale or lease of access channel(s) or channel capacity; and

(iv) compensation received by Franchisee that is derived from the operation of Franchisee's Cable System to provide Cable Service with respect to commissions that are paid to Franchisee as compensation for promotion or exhibition of any products or services on the Cable System, such as "home shopping" or a similar channel, subject to the exceptions below. Gross Revenue includes a pro rata portion of all revenue derived by Franchisee pursuant to compensation arrangements for advertising derived from the operation of Franchisee's Cable System to provide Cable Service within the Service Area, subject to the exceptions below. The allocation shall be based on the number of Subscribers in the Service Area divided by the total number of subscribers in relation to the relevant local, regional or national compensation arrangement. Advertising commissions paid to third parties shall not be netted against advertising revenue included in Gross Revenue.

Gross Revenue shall not include:

(i) Franchise Fees imposed on Franchisee by the LFA that are passed through from Franchisee as a line item paid by Subscribers;

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

(iii) 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);

(iv) Refunds, rebates or discounts made to Subscribers or other third parties and 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;

(v) Revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services;

(vi) Charges made to the public for commercial or cable television that is used for two-way communication; and any other revenues attributed by Franchisee to Non-Cable Services in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders, as may be amended from time to time, and unless otherwise authorized in the future by a court of competent jurisdiction;

(vii) Any revenue of Franchisee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, however, 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 shall be included in Gross Revenue;

(viii) The sale of Cable Services on the Cable System for resale in which the purchaser is required to collect cable Franchise Fees from purchaser's customer;

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

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

(xi) Any foregone revenue which 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 which Franchisee chooses not to receive in exchange for trades, barter, services or other items of value shall be included in Gross Revenue);

(xii) Sales of capital assets or sales of surplus equipment;

(xiii) Program launch fees, i.e., reimbursement by programmers to Franchisee of marketing costs incurred by Franchisee for the introduction of new programming; and

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

(xv) Any fees or charges collected from Subscribers or other third parties for any PEG Grant payments.

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

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

1.19. *Local Franchise Authority (LFA)*: The Village of Laurel Hollow, New York, or the lawful successor, transferee, or assignee thereof.

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

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

1.22. *NY PSC*: The New York Public Service Commission.

1.23. *PEG*: Public, Educational, and Governmental.

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

1.25. *Public Access Channel*: An Access Channel available for noncommercial use solely by the residents in the Franchise Area on a first-come, first-served, nondiscriminatory basis.

1.26. *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 the 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.

1.27. *Service Area*: All portions of the Franchise Area where Cable Service is being offered, and as described in **Exhibit B** attached hereto.

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

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

1.30. *Title VI*: Title VI of the Communications Act, Cable Communications, as amended.

1.31. *Transfer of the Franchise*:

1.31.1. Any transaction in which:

1.31.1.1. a fifty percent ownership or other interest in Franchisee is transferred, directly or indirectly, from one Person or group of Persons to another Person or group of Persons, so that Control of Franchisee is transferred; or

1.31.1.2. the rights held by Franchisee under the Franchise and the certificate of confirmation issued therefor by the NY PSC are transferred or assigned to another Person or group of Persons.

1.31.2. However, notwithstanding Sub-subsections 1.31.1.1 and 1.31.1.2 above, 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 the Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of Franchisee; any action which is the result of a merger of the parent of the Franchisee; or any action which is the result of a merger of another Affiliate of the Franchisee.

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

2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

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

2.2. *The FTTP Network*: Upon delivery of Cable Service, by subjecting the Franchisee's mixed-use facilities to the NY PSC's minimum franchise standards and the LFA's

police power, the LFA has not been granted new authority over the construction, placement and operation of the Franchisee's mixed-use facilities.

2.3. *Term:* This Franchise shall become effective on the date that the NY PSC issues a certificate of confirmation for this Franchise (the "Effective Date"), following its approval by the LFA's governing authority authorized to grant franchises and its acceptance by the Franchisee. The term of this Franchise shall be ten (10) years from the Effective Date unless the Franchise is earlier revoked as provided herein. The Franchisee shall memorialize the Effective Date by notifying the LFA in writing of the same, which notification shall become a part of this Franchise.

2.4. *Grant Not Exclusive:* The Franchise and the rights granted herein to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and the 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 itself, at any time during the term of this Franchise. Any such rights which are granted shall not adversely impact the authority as granted under this Franchise and shall not interfere with existing facilities of the Cable System or Franchisee's FTTP Network.

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

2.6. *No Waiver:*

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

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

2.7. *Construction of Agreement:*

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

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

2.7.3. Should any change to state law, rules or regulations have the lawful effect of materially altering the terms and conditions of this Franchise, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on the Franchisee of the material alteration. Any modification to this Franchise shall be in writing and shall be subject to Section 222 of the New York Public Service Law and Title 16, Chapter VIII, Part 892, Subpart 892-1, Section 892-1.4 of the Official Compilation of Codes, Rules and Regulations of the State of New York requiring application to the NY PSC and approval of any modification. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then Franchisee may terminate this Agreement without further obligation to the LFA in accordance with the terms of Section 11.6 hereof and the Cable Law. Or, at Franchisee's option, the parties may agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

2.7.4. The LFA and the 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.

2.8. *Police Powers:* The LFA shall not enact any local laws that are inconsistent with this Franchise, provided, however, that nothing in this Franchise shall be construed to prohibit the reasonable, necessary and lawful exercise of the police powers of the LFA in a manner not materially in conflict with the privileges granted in this Franchise and consistent with all federal and state laws, regulations and orders. The Franchisee shall comply with the LFA's Code regarding street openings, per Ord. No. XVII of the Gen. Ordinances, sections 110-1 through 110-3 (1960), as may be amended from time to time.

2.9. *Restoration of Municipal Property:* Any municipal property damaged or destroyed shall be promptly repaired or replaced by the Franchisee and restored to its preexisting condition.

2.10. *Restoration of Subscriber Premises:* The Franchisee shall ensure that the Subscriber's premises are restored to at least their pre-existing condition if damaged by the Franchisee's employees or agents in any respect in connection with the installation, repair, or disconnection of Cable Service.

3. PROVISION OF CABLE SERVICE

3.1. Service Area:

3.1.1. *Service Area:* Subject to the issuance of all necessary permits by the LFA, Franchisee shall offer Cable Service to significant numbers of Subscribers within

residential areas of the Service Area and may make Cable Service available to businesses in the Service Area, within twelve (12) months and shall offer Cable Service to all residential areas of the Service Area within five (5) years, of the Effective Date of this Franchise, or, in both instances, such longer period as may be permitted by the Cable Law, except: (A) for periods of Force Majeure; (B) for periods of delay caused by the LFA; (C) for periods of delay resulting from Franchisee's inability to obtain authority to access rights-of-way in the Service Area; (D) in areas where developments or buildings are subject to claimed exclusive arrangements with other providers; (E) in areas, developments or buildings where the Franchisee cannot gain access after good faith efforts, in accordance with NY PSC rules and regulations; and (F) in areas, developments or buildings where the provision of Cable Service is economically infeasible because such provision requires nonstandard facilities which are not available on a commercially reasonable basis, in accordance with NY PSC rules and regulations and (G) in areas where the occupied residential household density does not meet the density and other requirements set forth in Sub-Subsection 3.1.1.1. and Section 3.2.

3.1.1.1. *Density Requirement:* Franchisee shall make Cable Services available to residential dwelling units in all areas of the Service Area where the average density is equal to or greater than twenty-five (25) occupied residential dwelling units per mile as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line. Should, through new construction, an area within the Service Area meet the density requirements after the time stated for providing Cable Service as set forth in Subsection 3.1.1, Franchisee shall provide Cable Service to such area within six (6) months of receiving notice from the LFA that the density requirements have been met.

3.2. *Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units and may make Cable Service available to businesses within the Service Area in conformance with Section 3.1, and Franchisee shall not discriminate between or among any individuals in the availability of Cable Service or based upon the income in a local area. In the areas in which Franchisee shall provide Cable Service, Franchisee shall be required to connect, at Franchisee's expense, other than a standard installation charge, all residential dwelling units that are within three hundred fifty (350) feet of aerial trunk or feeder lines not otherwise already served by Franchisee's FTTP Network, as measured from that point on the Subscriber's property line abutting the Right of Way containing the fiber strand assigned to said Subscriber's property and running by the most direct route to the point of service connection at said Subscriber's residence. Franchisee shall be allowed to recover, from a Subscriber that requests such connection, the actual costs incurred for residential dwelling unit connections that exceed three hundred fifty (350) feet or are in an area with a density of less than twenty-five (25) occupied residential dwelling units per mile and the actual costs incurred to connect any non-residential dwelling unit Subscriber, provided, however, that Franchisee may seek a waiver of any requirement that it extend service to any party requesting the same in an area with a density of less than twenty-five (25) occupied residential dwelling units per mile if such would not be possible within the limitations of economic feasibility. For underground installations, Franchisee shall charge the recipient Franchisee's actual cost. Such costs shall be submitted to said recipient in writing, before installation is begun.

3.3. *Cable Service to Public Buildings:* Subject to Section 3.1, and upon the LFA's written request made during the term of this Agreement, the Franchisee shall provide,

without charge within the Service Area, one aerial service outlet activated for Basic Service to each public school and public library, and such other buildings used for municipal purposes as may be designated by the LFA as provided in Exhibit A attached hereto; provided, however, that if it is necessary to extend Franchisee's aerial trunk or feeder lines more than five hundred (500) feet solely to provide service to any such school or public building, the LFA shall have the option either of paying Franchisee's direct costs for such extension in excess of five hundred (500) feet, or of releasing Franchisee from the obligation to provide service to such school or public building. Furthermore, Franchisee shall be permitted to recover, from any school or public building owner entitled to free service, the direct cost of installing, when requested to do so, more than one aerial outlet, or concealed inside wiring, or a service outlet requiring more than five hundred (500) feet of drop cable; provided, however, that Franchisee shall not charge for the provision of Basic Service to the additional service outlets once installed. Cable Service may not be resold or otherwise used in contravention of Franchisee's rights with third parties respecting programming. Equipment provided by Franchisee, if any, shall be replaced at retail rates if lost, stolen or damaged. For underground installations, Franchisee shall charge the recipient Franchisee's actual cost. Such costs shall be submitted to said recipient in writing, before installation is begun.

3.4. *Contribution in Aid:* Notwithstanding the foregoing, Franchisee shall comply at all times, with the requirements of Section 895.5 of NY PSC rules and regulations.

4. SYSTEM FACILITIES

4.1. *Quality of Materials:* Franchisee shall construct and maintain its System using materials of good and durable quality, and all work involved in the construction, installation, maintenance and repair of the Cable System shall be performed in a safe, thorough and reliable manner.

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

4.2.1. The System shall be designed and operated with an initial analog and digital carrier passband between 50 and 860 MHz and shall provide for a minimum channel capacity of not less than 77 channels on the Effective Date.

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

4.3. *Interconnection:* The 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.

4.4. *Emergency Alert System:* Franchisee shall comply with the Emergency Alert System ("EAS") requirements of the FCC and the State of New York, including the NY PSC's rules and the current New York EAS Plan, in order that emergency messages may be distributed over the System.

5. PEG SERVICES

5.1. *PEG Set Aside*

In order to ensure universal availability of public, educational and government programming, Franchisee shall provide capacity on its Basic Service tier for up to one (1) dedicated Public Access Channel, one (1) dedicated Educational Access Channel, and up to one (1) dedicated Government Access Channel (collectively, "PEG Channels").

5.1.1. The programming to be carried on each of the PEG Channels set aside by Franchisee is reflected in Exhibit C attached hereto. The LFA hereby authorizes Franchisee to transmit such programming within and without LFA jurisdictional boundaries. Franchisee specifically reserves the right to make or change channel assignments in its sole discretion. If a PEG Channel provided under this Article is not being utilized by the LFA, Franchisee may utilize such PEG Channel, in its sole discretion, until such time as the LFA elects to utilize the PEG Channel for its intended purpose. In the event that the LFA determines to use PEG capacity, the LFA shall provide Franchisee with prior written notice of such request in accordance with NY PSC rules and regulations.

5.1.2. Franchisee shall provide the technical ability to play back pre-recorded programming provided to Franchisee consistent with this Section. Franchisee shall transmit programming consistent with the dedicated uses of PEG Access Channels. Franchisee shall comply at all times, with the requirements of Section 895.4 of the NY PSC rules and regulations.

5.2. *PEG Liability.* In accordance with 47 U.S.C. §558, the Franchisee shall not incur any liability arising from or in connection with any PEG Channels.

5.3. *Recovery of Costs.* To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs arising from the provision of PEG services from Subscribers and to include such costs as a separately billed line item on each Subscriber's bill. Without limiting the foregoing, if allowed under state and federal laws, Franchisee may externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

6. FRANCHISE FEES

6.1. *Payment to LFA:* Franchisee shall pay to the LFA a Franchise Fee of five percent (5%) of annual Gross Revenue (the "Franchise Fee"). In accordance with Title VI, the twelve (12) month period applicable under the Franchise for the computation of the Franchise Fee shall be a calendar year. Such payments shall be made no later than forty-five (45) days following the end of each calendar quarter. Franchisee shall be allowed to submit or correct any payments that were incorrectly omitted, and shall be refunded any payments that were incorrectly submitted, in connection with the quarterly Franchise Fee remittances within ninety (90) days following the close of the calendar year for which such payments were applicable.

6.2. *Supporting Information:* Each Franchise Fee payment shall be accompanied by a brief report prepared by an authorized official of Franchisee showing the basis for the computation. The LFA shall have the right to audit Franchisee Fee payments; provided,

however, that the LFA shall bear the expense of such audit unless the audit determines that the Franchisee Fee payment to the LFA should be increased by five percent (5%) or more in the audited period, in which case the reasonable and customary costs of the audit shall be paid by the Franchisee to the LFA in an amount not to exceed in the aggregate five thousand dollars (\$5,000). Any such audit fees paid by the LFA shall not be determined based on a percentage of audit findings basis. If recomputation results in additional revenue to be paid to the LFA, such amount shall be subject to interest charges computed from the due date, at an annual rate equal to the commercial prime interest rate of the LFA's primary depository bank during the period such unpaid amount is owed. If the audit determines that there has been an overpayment by Franchisee, Franchisee may credit any overpayment against its next quarterly payment. The LFA shall conduct all audits expeditiously, and neither the LFA nor Franchisee shall unreasonably delay the completion of an audit. The LFA shall be limited to one audit every three years during the Franchise term.

6.3. *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by Franchisee is due.

6.4. *Bundled Services:* If Cable Services subject to the Franchise Fee required under this Article 6 are provided to Subscribers in conjunction with Non-Cable Services, the Franchise Fee shall be applied only to the value of the Cable Services, as reflected on the books and records of Franchisee in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders. Notwithstanding the foregoing, if the Franchisee bundles Cable Service with Non-Cable Service, the Franchisee agrees that it will not intentionally or unlawfully allocate such revenue for the purpose of evading Franchise Fee payments under this franchise. The parties agree that tariffed telecommunications services that cannot be discounted by state or federal law or regulation are to be excluded from the bundled discount allocation basis.

7. REPORTS AND RECORDS

7.1. *Open Books and Records:* Upon reasonable written notice to the Franchisee and with no less than thirty (30) business days written notice to the Franchisee, the LFA shall have the right to inspect Franchisee's books and records pertaining to Franchisee's provision of Cable Service in the Franchise Area at any time during Normal Business Hours and on a nondisruptive basis, as are reasonably necessary to ensure compliance with the terms of this Franchise. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the LFA. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than six (6) years. Notwithstanding anything to the contrary set forth herein, Franchisee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature, nor disclose any of its or an Affiliate's books and records not relating to the provision of Cable Service in the Service Area. The LFA shall treat any information disclosed by Franchisee as confidential and shall only disclose it to employees, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

7.2. *Records Required:* Franchisee shall at all times maintain:

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

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

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

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

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

7.3. *System-Wide Statistics:* Any valid reporting requirement in the Franchise may be satisfied with system-wide statistics, except those related to Franchise Fees and consumer complaints.

7.4. *Performance Evaluations:* Upon thirty (30) days written notice by the LFA, the Franchisee shall be prepared to attend a performance evaluation meeting no more than once per year. Nothing in this Section 7.4 shall limit any rights that the LFA may have to conduct additional meetings and/or compel the Franchisee's attendance at such meeting. The LFA shall provide the Franchisee with the results of its performance evaluation in writing within thirty (30) days after the conclusion of such meeting.

8. **INSURANCE AND INDEMNIFICATION**

8.1. Insurance:

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

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

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

8.1.1.3. Workers' Compensation Insurance meeting all legal requirements of the State of New York.

8.1.1.4. Excess liability or umbrella coverage of not less than ten million dollars (\$10,000,000).

8.1.2. The LFA shall be designated as an additional insureds under each of the insurance policies required in this Article 8 except Worker's Compensation Insurance and Employer's Liability Insurance.

8.1.3. Each of the required insurance policies shall be noncancellable except upon thirty (30) days prior written notice to the LFA. Franchisee shall not cancel any required insurance policy without submitting documentation to the LFA verifying that the Franchisee has obtained alternative insurance in conformance with this Agreement.

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

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

8.2. Indemnification:

8.2.1. The Franchisee agrees to indemnify, save and hold harmless, and defend the LFA, its officers, agents, elected officials, boards, and employees, from all liability, damage, cost or expense arising from claims of injury to persons or damage to property occasioned by reason of any conduct undertaken pursuant to the Franchise, or by reason of any suit or claim of royalties, programming license fees, or infringement of copyright or patent rights arising from Franchisee's provision of Cable Services over the Cable System other than PEG facilities and channels as provided in Section 5.2, provided that the LFA shall give Franchisee timely written notice of its obligation to indemnify the LFA, but in any event, the LFA shall provide such notice to Franchisee within a sufficient period of time from receipt of a claim or action pursuant to this Subsection to enable Franchisee to timely answer complaints, raise defenses and defend all claims. Notwithstanding the foregoing, Franchisee shall not indemnify the LFA for any damages, liability or claims resulting from the willful misconduct or negligence of the LFA, its officers, agents, employees, attorneys, consultants, independent contractors or third parties or for any activity or function conducted by any Person other than Franchisee in connection with PEG Access or EAS.

8.2.2. With respect to Franchisee's indemnity obligations set forth in Subsection 8.2.1, Franchisee shall provide the defense of any claims brought against the LFA by selecting counsel of Franchisee's choice to defend the claim, subject to the consent of the LFA, which shall not be unreasonably withheld. Nothing herein shall be deemed to prevent the LFA

from cooperating with the 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 the LFA, Franchisee shall have the right to defend, settle or compromise any claim or action arising hereunder, and Franchisee shall have the authority to decide the appropriateness and the amount of any such settlement. In the event that the terms of any such proposed settlement includes the release of the LFA and the LFA does not consent to the terms of any such settlement or compromise, Franchisee shall not settle the claim or action but its obligation to indemnify the LFA shall in no event exceed the amount of such settlement.

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

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

9. TRANSFER OF FRANCHISE

9.1. *Transfer:* Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, as amended, no Transfer of the Franchise shall occur without the prior consent of the LFA, provided that such consent shall not be unreasonably withheld, delayed or conditioned. In considering an application for the Transfer of the Franchise, the LFA may consider the applicant's: (i) technical ability; (ii) financial ability; (iii) good character; and (iv) other qualifications necessary to continue to operate the Cable System consistent with the terms of the Franchise. No such consent shall be required, however, for a transfer in trust, by mortgage, by other hypothecation, by assignment of any rights, title, or interest of the Franchisee in the Franchise or Cable System in order to secure indebtedness, or for transactions otherwise excluded under Section 1.31 above.

10. RENEWAL OF FRANCHISE

10.1. *Governing Law:* The LFA and Franchisee agree that any proceedings undertaken by the LFA that relate to the renewal of this Franchise shall be governed by and comply with the provisions of Section 12.12 below, the Cable Law and Section 626 of the Communications Act, 47 U.S.C. § 546, as amended.

10.2. *Needs Assessment:* In addition to the procedures set forth in Section 626 of the Communications Act, the LFA shall notify Franchisee of all of its assessments regarding the identity of future cable-related community needs and interests, as well as the past performance of Franchisee under the then current Franchise term. Such assessments shall be provided to Franchisee by the LFA promptly so that Franchisee will have adequate time to submit a proposal under 47 U.S.C. § 546 and complete renewal of the Franchise prior to expiration of its term.

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

10.4. *Consistent Terms:* Franchisee and the LFA consider the terms set forth in this Article 10 to be consistent with the express provisions of 47 U.S.C. § 546 and the Cable Law.

11. **ENFORCEMENT AND TERMINATION OF FRANCHISE**

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

11.2. *Franchisee's Right to Cure or Respond:* Franchisee shall have sixty (60) days from receipt of the Noncompliance Notice to: (i) respond to the 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 sixty (60) day period, initiate reasonable steps to remedy such noncompliance and notify the LFA of the steps being taken and the date by which Franchisee projects that it will complete cure of such noncompliance. Upon cure of any noncompliance, the LFA shall provide written confirmation that such cure has been effected.

11.3. *Public Hearing:* The LFA shall schedule a public hearing if the LFA seeks to continue its investigation into the alleged noncompliance (i) if Franchisee fails to respond to the Noncompliance Notice pursuant to the procedures required by this Article, or (ii) if Franchisee has not remedied the alleged noncompliance within sixty (60) days or the date projected pursuant to Section 11.2(iii) above. The LFA shall provide Franchisee at least sixty (60) business days prior written notice of such public hearing, which will specify the time, place and purpose of such public hearing, and provide Franchisee the opportunity to be heard.

11.4. *Enforcement:* Subject to Section 12.12 below and applicable federal and state law, in the event the LFA, after the public hearing set forth in Section 11.3, determines that Franchisee is in default of any provision of this Franchise, the LFA may:

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

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

11.4.3. In the case of a substantial noncompliance with a material provision of this Franchise, seek to revoke the Franchise in accordance with Section 11.5.

11.5. *Revocation:* Should the LFA seek to revoke this Franchise after following the procedures set forth above in this Article, including the public hearing described in Section 11.3, the LFA shall give written notice to Franchisee of such intent. The notice shall set forth the specific nature of the noncompliance. The Franchisee shall have ninety (90) days from receipt of such notice to object in writing and to state its reasons for such objection. In the event the LFA has not received a satisfactory response from Franchisee, it may then seek termination of the Franchise at a second public hearing. The LFA shall cause to be served upon the Franchisee, at least thirty (30) business days prior to such public hearing, a written notice specifying the time and place of such hearing and stating its intent to revoke the Franchise.

11.5.1. At the designated public hearing, Franchisee shall be provided a fair opportunity for full participation, including the rights to be represented by legal counsel, to introduce relevant evidence, to require the production of evidence, to compel the relevant testimony of the officials, agents, employees or consultants of the 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.

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

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

11.6. *Abandonment of Service:* Franchisee shall not abandon any Cable Service or portion thereof without the LFA's prior written consent as provided in the Cable Law.

12. MISCELLANEOUS PROVISIONS

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

12.2. *Binding Acceptance:* This Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees,

successors and assigns, and the promises and obligations herein shall survive the expiration date hereof.

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

12.4. *Force Majeure:* Franchisee shall not be held in default under, or in noncompliance with, the provisions of the Franchise, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by a Force Majeure; provided, however, that Franchisee shall make reasonable efforts to mitigate the adverse effects caused by a Force Majeure.

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

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

12.5.1. Notices to Franchisee shall be mailed to:

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

12.5.2. Notices to the LFA shall be mailed to:

Village Clerk
Inc. Village of Laurel Hollow
1492 Laurel Hollow Road
Syosset, NY 11791
cc: Village Attorney

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

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

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

12.9. *Severability:* If any section, subsection, sub-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. For purposes of this Agreement, the term "material provision" or "material provisions" shall mean the terms set forth in Section 2.3 (Term); Section 2.5 (Franchise Subject to Federal Law); Article 3 (Provision of Cable Service); Section 4.1 (Quality of Materials); Subsection 4.2.1 (System Characteristics), Section 6.1 (Payment to LFA); Section 7.1 (Open Books and Records), and Article 9 (Transfer of Franchise).

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

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

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

12.13. *NY PSC Approval:* This Franchise is subject to the approval of the NY PSC. Franchisee shall file an application for such approval with the NY PSC within sixty (60) days after the date hereof. Franchisee shall also file any necessary notices with the FCC.

12.14. *Rates and Charges:* The rates and charges for Cable Service provided pursuant to this Franchise shall be subject to regulation in accordance with federal law.

12.15. *Publishing Information:* LFA hereby requests that Franchisee omit publishing information specified in 47 C.F.R. § 76.952 from Subscriber bills.

12.16. *Employment Practices:* Franchisee will not refuse to hire, nor will it bar or discharge from employment, nor discriminate against any person in compensation or in terms, conditions, or privileges of employment because of age, race, creed, color, national origin, or sex.

12.17. *Identification of Franchisee's Employees, Vehicles & Contractors.* The Franchisee shall require all the Franchisee personnel, contractors and subcontractors contacting Subscribers or potential Subscribers outside the office of the Franchisee to wear a clearly visible identification card bearing their name and photograph.

12.17.1. The Franchisee shall make reasonable effort to account for all identification cards at all times.

12.17.2. The Franchisee shall require all the Franchisee representatives to wear appropriate clothing while working at a Subscriber's premises.

12.17.3. The Franchisee shall require that all service vehicle of the Franchisee and its contractors or subcontractors be clearly identified as such to the public. Specifically, the Franchisee vehicles shall be required to have the Franchisee's logo plainly visible. The Franchisee shall require that all contractors and subcontractors working for the Franchisee shall have the contractor's/subcontractor's name plus markings (such as a magnetic door sign) indicating they are under contract to the Franchisee.

12.18. *Customer Service:* Franchisee shall comply with the consumer protection and customer service standards set forth in Parts 890 and 896 of the NY PSC rules.

12.19. *LFA Official:* The Mayor of the LFA is the LFA official that is responsible for the continuing administration of this Agreement.

[The remainder of this page is intentionally left blank]

12.20. *No Waiver of LFA's Rights:* Notwithstanding anything to the contrary in this Agreement, no provision of this Agreement shall be construed as a waiver of the LFA's rights under applicable federal and state law.

AGREED TO THIS ____ DAY OF _____, 2006.

LFA:

By: _____
[Title]

Verizon New York Inc.

By: _____
[Title]

EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: PEG Channels

EXHIBIT A

MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

Village Hall

1492 Laurel Hollow Road
Syosset, NY 11791

Highway Department

566 Cold Spring Road
Syosset, NY 11791

Police Booth

Laurel Hollow Road and Moore's Hill Road

School

West Side School, Laurel Hollow Road, Syosset, NY 11791

EXHIBIT B

SERVICE AREA

The Service Area shall be the Franchise Area. The construction of the Franchisee's FTTP Network has been completed throughout the Franchise Area subject only to Subsection 3.1.1. and Section 3.2 of the Franchise, and accordingly it is not necessary to provide any additional details concerning the construction and/or deployment time tables and areas within the Service Area. A map of the Service Area is attached hereto.

EXHIBIT C

PEG CHANNELS

Upon written request from the LFA, Franchisee shall make available on the Basic Service Tier up to one (1) dedicated Public Access Channel, one (1) dedicated Educational Access Channel, and up to one (1) dedicated Government Access Channel (collectively, "PEG Channels").

Document comparison done by DeltaView on Monday, June 19, 2006 5:59:00 PM

Input:	
Document 1	PowerDocs://WRFMAIN/12494026/1
Document 2	PowerDocs://WRFMAIN/12494026/2
Rendering set	Standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	2
Deletions	2
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	4

Tab 5



Monica F. Azare
Senior Vice President
State Public Policy and Government Affairs – NY/CT

140 West Street, 30th Floor
New York, NY 10007

Phone 212 321-8140
Fax 212 791-0523
monica.f.azare@verizon.com

June 20, 2006

The Honorable Denise R. DeVita, Mayor
Village Hall of Laurel Hollow
1492 Laurel Hollow Road
Laurel Hollow, NY 11791-9630

Dear Mayor DeVita:

Verizon is looking forward to the public hearing on June 22nd in the Village of Laurel Hollow to consider approval of Verizon's video franchise application. It is a step in a comprehensive review process that will open the door to cable choice and advanced video technology for the residents of the Village of Laurel Hollow.

I respect and thank you for the time and effort demanded of you and your trustees to reach this critical point. The results are commendable. Together, we have crafted a franchise agreement that is fair and equitable, competitively neutral, and consistent with Public Service Commission rulings as well as all state and federal laws and regulations.

As you finalize preparation for the upcoming hearing, please know that Verizon is committed to meeting the needs of the community and, more importantly, to delivering a competitive, next-generation cable technology and entertainment platform to the residents of the Village of Laurel Hollow. I trust that the franchising team has answered all of your questions. Please feel free to contact me at the above number if there is additional information that you need.

I have enclosed an information sheet with this letter that outlines the extraordinary benefits of Verizon FiOS TV that awaits the approval of you and your trustees.

Again, thank you for your commitment to bringing cable choice and a new video technology to the Village of Laurel Hollow.

Sincerely,

A handwritten signature in black ink, appearing to read "Monica F. Azare".

Monica Azare

cc: The Honorable Harry Anand, Trustee
The Honorable Michael A. Jay, Trustee
The Honorable Ted Bahr, Trustee
The Honorable John J. Fitteron, Trustee
The Honorable Richard Nicklas, Trustee
The Honorable Jeffrey C. Miritello, Trustee

More Choices. Right Before Your Eyes.

Top 10 Reasons Why New Yorkers Want FiOS TV

- 10 **It's affordable.** FiOS TV is priced to compete. And consumers benefit from competition. In fact, when we rolled out the service in Keller, Texas, our price was so competitive that Charter Communications slashed its Internet access and cable TV prices by 50% for new customers.
- 9 **It's state-of-the-art.** Verizon's programming rides over an all-digital fiber-optic network – with the fastest connections available in the industry.
- 8 **You get a choice.** Customers want a genuine choice for cable TV services. In a survey of Long Island residents, 93% said they believe that competition leads to lower prices and better service.
- 7 **It comes with other great services.** Customers in New York are already surfing the web at some of the fastest speeds available – up to 30 Mbps a second – using FiOS Internet Service. Customers also tell us that phone calls placed over our FiOS fiber optic network are clearer than ever.
- 6 **It's future proof.** The network has enough capacity for the most demanding consumers today and plenty more for applications still on the drawing board.
- 5 **More HDTV.** There's nearly unlimited high-definition channel capacity on the FiOS TV network. FiOS TV customers today have access to more than 20 HD channels with extraordinary clarity and theater-quality sound.
- 4 **It's diverse.** Verizon's FiOS TV offers more channels in more languages than any other provider.
- 3 **Lots of channels.** Verizon's channel lineup offers more than 330 total channels, with more on the way.
- 2 **It's better.** Our analog and digital television signals travel over a pipeline far more robust than the incumbent's. Cablevision and other providers must add voice and data service to their pipeline too, leading to a tradeoff between Internet speeds or enhancing cable TV service.
- 1 **It's from Verizon.** Verizon offers the most advanced and reliable network in the country. Our employees have carried on the proud tradition of serving New Yorkers for more than a century.

Competition Works!

You get to choose which company to use for your wireline or wireless phone service. You get to choose which company you use to access the Internet. You should be free to choose your video provider. It's cable choice and competition that benefit you the most.

Cable rates increased less in places where cable operators faced effective competition.

(Source: FCC Report on Cable Industry Prices, Feb 2005)

Delaying video entry by one year would cost New Yorkers \$458M in consumer savings from video services alone, and these losses increase with each year of delay.

(Source: Phoenix Center Policy Bulletin No. 13, Jan 2006)

Incumbent cable companies have responded with service price cuts of 28-42% - only in areas where FiOS TV is available.

(Source: Bank of America Equity Research: Consumer Wireline Services Pricing, Jan 23, 2006)

Please support our campaign to bring true cable TV competition to the residents of New York. Let your voice be heard. Urge your local elected officials to vote "YES" in favor of choice and competition!

**For more information, visit:
www.nytvchoice.com**



Tab 6



Wiley Rein & Fielding LLP

1776 K STREET NW
WASHINGTON, DC 20006

PHONE 202.719.7000
FAX 202.719.7049

Facsimile

TO		FAX NUMBER	PHONE NUMBER
Village Attorney's Office, Village of Laurel Hollow		516.677.9405	
FROM	Krista Witanowski	PHONE NUMBER	202.719.4626
DATE	June 21, 2006	PAGES TO FOLLOW	2
USER NUMBER	09502	CLIENT NUMBER	73405.0214

MESSAGE

Please contact Kimberly Booth (202.719.4910) if you do not receive this facsimile in its entirety.

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June 21, 2006

VIA FACSIMILE (516) 692-4198 (Village Hall)
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The Honorable Denise R. DeVita, Mayor
The Honorable Harry Anand, Deputy Mayor/Trustee
The Honorable H. Ted Bahr, Trustee
The Honorable John J. Fitteron, Trustee
The Honorable Richard M. Nicklas, Trustee
The Honorable Jeffrey Miritello, Trustee
The Honorable Michael Jay, Trustee
Howard Avurtine, Esq., Village Attorney
c/o Karen Navin, Village Clerk
Village of Laurel Hollow
Village Hall
1492 Laurel Hollow Road
Laurel Hollow, New York 11791

Dear Mr. Mayor, Members of the Board of Trustees, and Mr. Avurtine:

On Thursday night, the Laurel Hollow Board of Trustees will hold a Public Hearing to consider approval of a franchise agreement under which Verizon and Laurel Hollow can bring the benefits of an innovative and competitive video services provider to the community.

We have worked together over the last months to create this Franchise Agreement, which equitably and effectively balances and meets the objectives of Laurel Hollow and Verizon. It is, I think you will agree, a fair agreement, in which both parties have worked constructively to achieve a workable, acceptable common ground. As with any negotiation process, both parties have made concessions after thoughtful consideration of all of the issues involved, including review of provisions of the franchise agreement you now have in place with Cablevision, decisions by the Public Service Commission, and agreements that Verizon has reached and successfully implemented in other communities in New York State.

Wiley Rein & Fielding LLP

June 21, 2006

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On Thursday night we expect that Cablevision will attempt to disrupt and delay the approval process, as it has done recently in other communities. We anticipate a last minute set of "suggestions" by Cablevision as to how the Franchise Agreement can be "improved" for Laurel Hollow. As recently as a hearing which took place this week, such "suggestions" were delivered to one community two hours before the start of the Public Hearing; in another community, we understand these suggestions were actually taped to the doors of the homes of Village Trustees the night before the Public Hearing was scheduled.

Presented out of context by Cablevision, suggested last-minute edits to the franchising agreement we have worked so hard on together may appear reasonable, or at least appear to warrant a delay to consider their recommended edits further. The issues raised to date by Cablevision are, in fact, issues which have been carefully discussed, reviewed and negotiated with Counsel and representatives of this Village and in many cases have been specifically addressed by the PSC.

Any such delay, as you know better than we, carries with it significant additional requirements of time and attention, and additional costs. It would also delay the delivery of benefits to the residents of Laurel Hollow, while rewarding Cablevision with protection, however temporary, of their existing monopoly.

We ask you to consider any such Cablevision tactic with skepticism, and to support a favorable decision by the Laurel Hollow Board of Trustees on Thursday night, as you consider the fair and balanced franchise agreement we have achieved together.

Sincerely,

Krista Witanowski

Tab 7

Witanowski, Krista

From: Witanowski, Krista
Sent: Wednesday, June 21, 2006 5:33 PM
To: 'Howard D. Avrutine'; mfg@goldsteinavrutine.net
Cc: mkerbey@telecominsightgroup.com; Paul Trane
Subject: Memo on Laurel Hollow Franchise Agreement
Attachments: Memo on Laurel Hollow Franchise Agreement.pdf

Dear Howard and Melissa,

Attached is a brief summary of the issues that Cablevision will likely continue to raise as we prepare for tomorrow night's hearing. Mac and I are available to speak to you at anytime prior to the hearing to address any concerns that you may have or to answer any questions. We look forward to seeing you tomorrow night.

Thanks,
Krista
Wiley Rein & Fielding, LLP
1776 K Street, NW
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6/21/2006



Wiley Rein & Fielding LLP

MEMORANDUM

TO: Howard Avurtine
Melissa Fargas

FROM: Krista Witanowski

DATE: June 21, 2006

RE: Village of Laurel Hollow/Verizon Franchise Agreement

Set forth below is a summary of Verizon's responses to the issues Cablevision will likely continue to raise prior to the June 22, 2006 public hearing regarding Verizon's application for a cable television franchise.

DISCUSSION

Cablevision consistently propounds the same arguments in each municipality. Cablevision insinuates, contrary to multiple NY PSC orders and without providing specific references to its agreement, that the Verizon Franchise violates the level playing field requirement due to perceived deficiencies in the following areas – rights of way management and local authority, indemnification, enforceability, and customer service. Cablevision also intimates that the definition of “gross revenues” contained in the Verizon Franchise runs afoul of level playing field considerations. Although Verizon maintains the position that Cablevision's arguments are wholly without merit, to assist in your analysis, Verizon respectfully provides the following information in support of the Village's commitment to deliver competition to its residents. This information also includes discussion to address any level playing field concerns that the Village may have.

LEVEL PLAYING FIELD

The NY PSC's renumbered and amended cable television rules include a “level playing field” provision codified in 16 NYCRR § 895.3. This provision provides that “[n]o municipality may award or renew a franchise for cable television service which contains economic or regulatory burdens, which *when taken as a whole*, are greater or lesser than those burdens placed on another cable franchise operating in the same area. (emphasis added) See 16 NYCRR § 895.3. The central question in a level playing field analysis is not whether there is a perceived

disparity between the burdens imposed by specific franchise provisions considered in isolation, but whether the burdens on the two franchises, when taken as a whole, are so materially disproportionate as to preclude fair competition between providers. The regulation does not permit a side-by-side comparison of discrete provisions that are immaterial and/or inconsequential to the day-to-day operations of a business that delivers video and other services to subscribers. As the NY PSC observed in adopting the regulation,

“[t]he level playing field provision does not preclude different franchise terms for different companies. *Rather*, it requires that economic and regulatory burdens *taken as a whole*, shall not be greater for one company than another. The language is intended to maintain flexibility for municipalities in attracting competing companies while ensuring fairness to all companies competing in an area.”¹ (emphasis added).

Cablevision continues to raise level playing field objections. Most significantly, however, the NY PSC has overruled Cablevision’s identical claim by holding on three separate occasions that Verizon’s proposed franchise agreement for various municipalities “does not violate the Commission’s level playing field rule.”² The NY PSC stated further that a level playing field analysis

“does not compel us to undertake a term for term comparison of the respective franchise agreements. Nor will we review the franchise agreements in isolation. Our rule does not preclude the existence of different franchise terms for different companies as they roll out their cable service in various municipalities, should events and circumstances so warrant.”³

In each case in which the NY PSC addressed Cablevision’s level playing field claim, the NY PSC modified the Verizon franchises by imposing certain conditions and found that, with respect to a comparison between the Cablevision and Verizon franchises,

“the remaining discrepancies do not, when taken as a whole, substantiate a level-playing field violation. The differences are immaterial, speculative, ill-defined in terms of economic impact and counterbalanced by other obligations (e.g., other telephone related oversight obligations) and the fact that Verizon is a new entrant in the cable market.”⁴

¹ Case 01-V-0381, “Memorandum and Resolution Adopting 16 NYCRR Parts 890 Through 899” (Issued and Effective April 4, 2005) at 1.

² Case 05-V-1263, “Order and Certificate of Confirmation” (Issued and Effective December 15, 2005) (the “*Massapequa Park Order*”) at 23, Case 05-V-1570, “Order and Certificate of Confirmation” (Issued and Effective February 8, 2006) (the “*Nyack Order*”) at 13 and Case 05-V-1571, “Order and Certificate of Confirmation” (Issued and Effective February 8, 2006) (the “*South Nyack Order*”) at 13.

³ *Id.*

⁴ *Nyack Order* at 13 and *South Nyack Order* at 13. See also *Massapequa Park Order* at 23.

Notwithstanding the PSC's dispositive determinations on this issue, Cablevision continues to claim that Verizon's proposed franchise agreements run afoul of the level playing field requirement.

FORCE MAJEURE

As a general matter, Verizon's "force majeure" definition is significantly tighter than Cablevision's description of "force majeure" events. Verizon's definition imposes a "reasonableness" standard and includes Verizon's ability to "*anticipate and control*" a situation; Cablevision's description contains the catch all "other events beyond the immediate control of Franchisee." Practically any event can fall into this category.

Section 8.3 of the Cablevision Franchise⁵ does not define "force majeure," yet it specifically states:

"In no event, and notwithstanding any contrary provision in this section or elsewhere in this Agreement, shall this Agreement be subject to revocation or termination, or Franchisee be liable for non-compliance with or delay in the performance of any obligation hereunder, where its failure to cure or to take reasonable steps to cure is directly attributable to formal U.S. declaration of war, government ban on the affected obligation, U.S. government sponsored or supported embargo, civil commotion, strikes or work stoppages (except those against Franchisee and its affiliates), fires, and any acts of God or of nature or *other events beyond the immediate control of Franchisee.*"⁶ (emphasis added).

By contrast, Section 1.12 of the Verizon Franchise very narrowly defines "force majeure" as:

An event or events *reasonably* beyond the ability of Franchisee to *anticipate and control*. This includes, but is not limited to, severe or unusual weather conditions, strikes, labor disturbances, lockouts, war or act of war (whether an actual declaration of war is made or not), insurrection, riots, act of public enemy, incidences of terrorism, acts of vandalism, actions or inactions of any government instrumentality or public utility including condemnation, accidents for which the Franchisee is not primarily responsible, fire, flood, or other acts of God, or work delays caused by waiting for utility providers to service or monitor utility poles to which Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary

⁵ "A Franchise Renewal Agreement between the Village of Laurel Hollow, Nassau County, State of New York and Cablevision Systems Long Island Corporation. – November 9, 2000" (the "Cablevision Franchise").

⁶ *Id.* at 18 (Section 8.3).

Cablevision will likely instruct the Village to delete from Verizon Franchise § 1.12 the phrase "or work delays caused by waiting for utility providers to service or monitor utility poles to which Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary."

Nonetheless, such descriptive circumstances are highly appropriate. First, utility poles in Nassau County are shared by Verizon and the power company Long Island Power Authority ("LIPA"), with maintenance responsibilities allocated among the parties. If LIPA fails to service, monitor or maintain one or more poles for which it bears responsibility, there is a possibility that Verizon may face work delays as a result. Second, Verizon is a telecommunications company, not a manufacturer. As the recent merger announcement regarding Nokia Corp. and Siemens AG suggests, there is a wave of consolidation in the worldwide electronics equipment manufacturing industry. As a result of the sea change in the industry, there may possibly be an unavailability of materials. Moreover, the FTTP Network is *bleeding-edge* technology, so there is likelihood that, as the technology evolves, there may, from time to time, be temporary shortages of materials. Finally, unlike Cablevision's employees, Verizon's employees are represented by organized labor unions, and work is allocated pursuant to Verizon's obligations under collective bargaining agreements. Therefore, even absent the events of strike, labor disturbance or lockout, there may be situations where Verizon faces an unavailability of qualified labor to perform the work necessary.

Finally, in Section 12.4 of the Verizon franchise, Verizon has agreed to "make reasonable efforts to mitigate the adverse effects caused by a Force Majeure." No similar burden is imposed on Cablevision with respect to force majeure.

GROSS REVENUES

Verizon's "gross revenues" definition captures a broader range of revenue than Cablevision's gross receipts definition. In addition, Verizon cares for amendments to FCC, or NY PSC rules, regulations, standards or orders and future authorization by a court of competent jurisdiction regarding classifications of "non-cable" and "cable" services. Cablevision's "gross receipts" definition contains no similar agreement to capture revenue from services that may in the future be classified as "cable services." Rather, Cablevision limits its "gross receipts" definition to "[t]he total annual subscription charges paid to Franchisee by all subscribers within the Village for Video Programming services (including charges paid for pay television, premium and/or pay-per-view services) provided by Franchisee and collected by or on behalf of Franchisee, and advertising and home shopping revenue." *Cablevision Franchise* § 1.9.

Cablevision will likely recommend that Verizon delete practically all of its exclusions to gross revenue. Unlike Cablevision, with its indeterminate range of "gross receipts" exclusions, Verizon demonstrates good faith by conspicuously enumerating gross revenue exclusions.

LOCAL RIGHT OF WAY AUTHORITY

In an attempt to create an appearance of inequality between the Verizon Franchise and the Cablevision Franchise, Cablevision will most likely insinuate that the Verizon Franchise somehow shields Verizon's facilities from the type of local oversight and control that is required by law and in Cablevision's franchise. Cablevision's argument that Verizon is subject to local oversight that is materially less onerous than that imposed on Cablevision is plainly wrong and ignores the numerous telecommunications regulations applicable to Verizon's facilities. Verizon's activities are governed by a substantial body of federal, state and local law. For more than 100 years, Verizon has been constructing, accessing and maintaining facilities in the public rights of way throughout New York State pursuant to a comprehensive regulatory regime. The NY PSC explicitly acknowledged this fact in its February 8, 2006 orders conditionally confirming the Nyack and South Nyack franchises:

"Local governments have presumably been able to manage the telephone facilities that have utilized the public rights-of-way and need not attempt to exercise additional authority in the cable franchise to govern the construction, placement, and operation of the mixed-use facilities that will be used to provide video services."⁷

The NY PSC cited its June 15, 2005 Declaratory Ruling⁸ in which it recognized that local governments have oversight authority for facilities in the public rights-of-way, even if they are used exclusively for telephone services. Therefore, the NY PSC continued, "[b]y subjecting Verizon's mixed-use facilities to the Commission's minimum franchise standards and local government's police power, we do not believe that local governments have been granted broad new authority over the construction, placement and operation of Verizon's mixed-use facilities."⁹ Consistent with this regulatory guidance, Section 2.2 of the Verizon Franchise provides:

"The FTTP Network: Upon delivery of Cable Service, subjecting Franchisee's mixed-use facilities to the NY PSC's minimum franchise standards and the LFA's police power, the LFA has not been granted new authority over the construction, placement and operation of Franchise's mixed-use facilities."

Cablevision continues to object to this language, as it did with respect to similar language in Verizon's franchise with the Town of Hempstead.¹⁰ The NY PSC flatly rejected Cablevision's position as a nonissue in its confirmation order:

⁷ Nyack Order at 8, South Nyack Order at 8.

⁸ Cases 05-M-0520 and 05-M-0247, "Declaratory Ruling on Verizon Communications, Inc.'s Build-Out of its Fiber to the Premises Network, NY Public Service Commission" (issued and effective June 15, 2005) ("*Declaratory Ruling*").

⁹ Nyack Order at 7-8, South Nyack Order at 7-8.

¹⁰ Section 2.2 of Verizon's franchise with the Town of Hempstead provides as follows: "2.2 *The FTTP Network:* Upon delivery of Cable Service, by subjecting the Franchisee's mixed-use facilities to the NY PSC's minimum franchise standards and the LFA's police power local governments have not been granted broad new authority over the construction, placement and operation of the Franchisee's mixed-use facilities."

"Finally, as it relates to the right-of-way management provision in 2.2 of the proposed agreement, we *do not agree* with Cablevision that the language limits local police powers and violates our prior orders. *Provision 2.2 is merely the parties' effort to incorporate our prior rulings in the Nyack and South Nyack confirmations. The language does not create a significant limitation and will be construed consistent with our prior rulings.*"¹¹ (emphasis added)

Cablevision blatantly disregards the *Hempstead Order* by improperly suggesting that Section 2.2 limits the Village's management of right-of-way authority.

Further, unlike Cablevision, Verizon specifically agrees in Section 2.8 of the agreement to comply with the Village's Code regarding street openings, per Ord. No. XVII of the Gen. Ordinances, sections 110-1 through 110-3 (1960) as may be amended from time to time.

In a similar vein, Cablevision may seek to insert to the Verizon franchise Section 8.2.1 (indemnification) an acknowledgement by Verizon that "construction and maintenance of its FTTP Network is conduct undertaken pursuant to this Franchise." This vulgar recommendation flies in the face of the Commission's *Declaratory Ruling* and its subsequent orders confirming Verizon's franchises:

Verizon has already obtained the legal right to use the rights-of-way to upgrade and maintain its existing telephone system. Verizon has maintained its telecommunications network for years under its existing authorizations and consents. The record here suggests that Verizon has the requisite authority from local governments to use the public rights-of-way and that municipalities have sufficient legal authority over Verizon's upgrade activities as a telephone company to properly manage their rights-of-way. Verizon has represented in its pleadings that it is subject to municipal oversight. Municipal governance over rights-of-way is still in effect and Verizon must adhere to those requirements.¹²

Further, the NY PSC asserted in the *Nyack* and *South Nyack Orders* that "[a]ttempts by municipal governments to impose construction or operating requirements in cable franchises that would apply to mixed-use facilities that go beyond its traditional police powers or minimum cable requirements could unduly inhibit competition and may well be deemed unreasonable under the Public Service Law and federal law."¹³

¹¹ Case 06-V-0427, "Order and Certificate of Confirmation" (Issued and Effective May 18, 2006) (the "*Hempstead Order*") at 6-7.

¹² *Declaratory Ruling* at 20-21.

¹³ *Nyack Order* at 8, *South Nyack Order* at 8.

Unlike Cablevision, which has authority to utilize the public rights of way exclusively through its franchise, Verizon's construction and maintenance of the FTTP Network is undertaken pursuant to its independent authority as a common carrier under Title II of the Communications Act of 1934, as amended, and pursuant to Section 27 of the New York State Transportation Corporations Law. The NY PSC affirmed Verizon's independent authority to upgrade and maintain its existing telecommunications network in the *Declaratory Ruling*. Construction of the FTTP Network in the Village is significantly completed. Verizon maintains the network routinely. Cablevision's likely proposal is an unseemly, deceitful and unlawful attempt to ensnare the full range of activities related to the FTTP Network in the Verizon Franchise. It is artfully designed to imply that Verizon's indemnification obligation is deficient by failing to adequately protect the Village; a transparent objective to find a level playing field violation where none exists.¹⁴ Verizon's indemnification obligations exceed the NY PSC's minimum indemnification requirements and fully protect the Village. Any argument by Cablevision to the contrary is disingenuous.

EVASION OF PERFORMANCE

Cablevision has implied consistently that the Verizon Franchise contains provisions that could be used by Verizon to avoid inconvenient franchise obligations. This is a veiled insinuation that the Verizon Franchise places lesser economic and regulatory burdens on Verizon than those imposed on Cablevision in its franchise.

Cablevision will likely advocate for revisions to Section 2.7.3 of the Verizon franchise. Nevertheless, like Cablevision and consistent with the requirements of state law, Verizon has agreed not to "abandon any Cable Service or portion thereof without the LFA's prior written consent as provided in the Cable Law." *Verizon Franchise* § 11.6. This language is substantially similar to Section 8.5 of the Cablevision Franchise: "Franchisee shall not abandon any service or portion thereof required to be provided pursuant to the terms of this Agreement without the prior written consent of the Village." This is another example of Cablevision's misrepresentation of the facts – in light of the prohibition on abandonment of service without Laurel Hollow's prior written consent, Section 2.7.3 implicates no level playing field concerns. Cablevision should therefore remove itself from this discussion. Moreover, the parties heavily negotiated Verizon Franchise § 2.7.3, and Verizon made each modification to this provision requested by the Village.

Cablevision will also likely campaign to delete another heavily negotiated provision, Verizon Franchise § 12.4.1. Again, Verizon made the revisions to this provision requested the Village. The remaining language merely protects Verizon from a situation in which the Village would rely on good faith error resulting in no or minimal impact on subscribers as a basis for imposing the ultimate sanction of "forfeiture or revocation of the Franchise." The Village may

¹⁴ We note further that, unlike the Verizon Franchise which defines the Cable System using the federal definition, the Cablevision Franchise does not contain a "cable system" definition. Instead, the Cablevision Franchise defines a "communications system" as "the facility, which is the subject of this franchise, consisting of antennae, wire, coaxial cable, amplifiers, microwave links, wave guide, optical fibers, optical transmitters and receivers, satellite receive/transmit antennae, and/or other equipment designed and constructed for the purpose of producing, receiving, amplifying, storing, processing, or distributing analog and/or digital audio, video, or other forms of electronic, electromechanical, optical, or electrical signals." *Cablevision Franchise* § 1.4.

still avail itself of the remedy of revocation in the event of "substantial noncompliance with a material provision of" the Verizon Franchise pursuant to the enforcement and revocation mechanisms in the franchise. As in the Cablevision Franchise, the Verizon Franchise explicitly sets forth "material provisions."

You should be aware that Cablevision sought to have Verizon Franchise §12.4.1 deleted in each effective Verizon franchise. Cablevision raised the issue both at the local level and during confirmation proceedings. In fact, the NY PSC recently ordered that "no modification or conditioning" of Section 12.4.1 of the agreement is required because "no Commission rule prevents the parties from agreeing to such a provision."¹⁵

CONSTRUCTION OF AGREEMENT

Cablevision will likely seek to delete the second sentence of Section 2.7.4 regarding the inapplicability of the doctrine calling for ambiguities to be construed against the drafter of the agreement. The entire Latin expression of this rule is "verba chartarum fortius accipiuntur contra proferentem," which translates into English as "contract terms will be most strongly interpreted against the drafter."

The United States Court of Appeals for the Second Circuit (New York, Connecticut and Vermont) has asserted that "New York applies this rule 'only as a matter of last resort after all aids to construction have been employed without a satisfactory result.'" Albany Savings Bank, FSB v. Halpin, 117 F.3d 669, 674 (2d Cir. 1997) (quoting Herzog v. Williams, 139 Misc. 2d 18, 526 N.Y.S.2d 329, 330 (Just. Ct. 1988); see also Prudential Lines, Inc. v. American Steamship Owners Mutual Protection and Indemnity Association, Inc., 158 F.3d 65, 77 n.6 (2d Cir. 1998); O'Neil v. Retirement Plan for Salaried Employees of RKO General, Inc., 37 F.3d 55, 61 (2d Cir. 1994); Record Club of America, Inc. v. United Artists Records, Inc., 890 F.2d 1264, 1271 (2d Cir. 1989); United States Naval Institute v. Charter Communications, Inc., 875 F.2d 1044, 1050 (2d Cir. 1989); Schering Corp. v. Home Insurance Co., 712 F.2d 4, 10 (2d Cir. 1983). Additionally, the Second Circuit has acknowledged that "a number of courts have recognized that *in cases involving bargained-for contracts, negotiated by sophisticated parties, the underlying adhesion contract rationale for the [contra proferentem] doctrine is inapposite.*" Schering Corp. v. Home Insurance Co., 712 F.2d at 10 (citing Eagle Leasing Corp. v. Hartford Fire Insurance Co., 540 F.2d 1257, 1261 (5th Cir. 1976)) (emphasis added). Another case held "no brightline rules exist in this circuit respecting which factual scenarios are appropriate for the contra proferentem doctrine. Rather, whether or not to apply the doctrine, or instruct a jury on it, is left to the reflection and considered judgment of the trial court." Webb v. Gaff Corp., 936 F. Supp. 1109 (1996).

As stated above, the Verizon Franchise was rigorously negotiated for almost one year as an arms-length transaction. You both have significant experience in negotiating and drafting contracts, including cable television franchise agreements. During the course of negotiations, you both have proposed language that was ultimately incorporated into the Verizon Franchise.

¹⁵ *Hempstead Order* at 6.

The NY PSC *routinely* states in all cable television franchise confirmation orders, that

"The proposed franchise agreement contains additional provisions not required by Part 895 of our rules. We approve these provisions to the extent that they are consistent with Article 11 and its regulations. In the event of an ambiguity in any such provision, the provision will be construed in a manner most favorable to the LFA."¹⁶

Additionally, in two June 1, 2006 orders approving the applications of Cablevision and Time Warner for renewal franchises, the NY PSC determined:

"The franchise agreement contains additional provisions not required by Part 895 of the Commission's rules. Our approval of these provisions will be granted to the extent that they pertain to the provision of cable television service and are, and remain, consistent with Article 11, our regulations, policies, and orders and applicable federal statutes and regulations. In the event of an ambiguity in any such provision, or among separate provisions, the provision will be construed in the manner most favorable to the franchisor."¹⁷

To support its position that Verizon Franchise § 2.7.4 should be modified, Cablevision cited the NY PSC's related language in its orders confirming Verizon's franchises. Cablevision did not add that such language is the NY PSC's standard fare and not specific to Verizon Franchise § 2.7.4. The NY PSC has not conditioned approval of any effective Verizon franchise on striking the language objected to by Cablevision.

CONFLICTS WITH LOCAL LAWS

To bolster its position that the level playing field rule is violated as a result of alleged disparities between the regulatory burdens imposed on the parties through the franchise agreements, Cablevision will likely argue for the deletion of the second sentence of Verizon Franchise § 12.6, which states that "[a]ny local laws or parts of local laws that conflict with the provisions of this Agreement are superseded by this Agreement."

As a practical matter, Laurel Hollow does not have any local laws governing cable television. Moreover, the Verizon Franchise was subject to practically one year of good faith negotiation with experts in the Village's local laws. Cablevision's insinuation that acceptance of this provision undermines Laurel Hollow's legal authority is meaningless and runs afoul of the NY PSC's instruction that the level playing field requirement does not preclude the existence of different franchise terms for different companies as they roll out their cable service in various

¹⁶ ¹⁷ Case 06-V-0028, "Order Approving Renewal" (Issued and Effective June 1, 2006) at 2 and Case 02-V-1063, "Order Approving Renewal" (Issued and Effective June 1, 2006) at 3.

municipalities, should events and circumstances so warrant.¹⁸ Further, the NY PSC has approved without modification identical or substantially similar language in Verizon's effective franchises.

CUSTOMER SERVICE

In its relentless and disingenuous effort to create an appearance of inequality between the Verizon Franchise and its own, Cablevision may imply that the customer service requirements contained in the agreements favor Verizon. Consequently, Cablevision may recommend, as it has done in the past with other municipalities, that the Village seek an additional customer service provision section stating that "[t]he LFA shall have the right to promulgate new, revised or additional consumer protection standards, and penalties for Franchisee's failure to comply therewith, consistent with the authority granted under Section 632 of the Cable Act (47 U.S.C. Sec. 552)."

Such additional provision is entirely unnecessary. First, Section 2.5 of the Verizon Franchise clearly states that the franchise is "subject to and shall be governed by all applicable provisions of federal law and state law as may be amended, including but not limited to the Communications Act." Second, Laurel Hollow already has the rights under 47 U.S.C § 552 to establish and enforce customer service requirements and to enact and enforce consumer protection laws.

CONCLUSION

Verizon remains eager to introduce cable competition to Laurel Hollow and to offer Laurel Hollow residents the opportunity to choose among cable providers. To fulfill their commitment to bring choice to Village residents, the Village and Verizon have worked diligently to negotiate an agreement that is fair and that complies with all applicable laws. Cablevision's anticompetitive tactics are designed solely to protect its market dominance by denying Laurel Hollow residents the benefits of a competitive alternative. The self-serving assertions relate not to the inherent fairness of permitting Verizon to compete head-to-head for video subscribers in Laurel Hollow, but instead solely to promote Cablevision's pecuniary interest in forestalling Verizon's entry into the market at all costs. It is imperative that the Village review Cablevision's "suggestions" in this narrow context.

Verizon anticipates the Board's approval of its franchise and is excited to benefit Village residents through the introduction of cable competition. In the meantime, we remain available to answer any questions that you may have.

¹⁸ *Massapequa Park Order* at 23, *Nyack Order* at 13, *South Nyack Order* at 13.

Tab 8

Cable Franchise Agreement

by and between

The Village of Laurel Hollow, NY

and

Verizon New York Inc.

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EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: PEG Channels

THIS CABLE FRANCHISE AGREEMENT (the "Franchise" or "Agreement") is entered into by and between the Village of Laurel Hollow, a validly organized and existing political subdivision of the State of New York (the "Local Franchising Authority" or "LFA") and Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (the "Franchisee").

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

WHEREAS, the LFA is a "franchising authority" in accordance with Title VI of the Communications Act, (*see* 47 U.S.C. §522(10)) and is authorized to grant one or more nonexclusive cable franchises pursuant to Article 11 of the New York Public Service Law, as amended, and Title 16, Chapter VIII, Parts 890.60 through 899, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended,;

WHEREAS, Franchisee is in the process of completing the upgrading of its existing telecommunications and information services network through the installation of a Fiber to the Premise Telecommunications Network ("FTTP Network") in the Franchise Area which transmits the Non-Cable Services pursuant to authority granted by Section 27 of the New York Transportation Corporations Law, as amended, and Title II of the Communications Act, which Non-Cable Services are not subject to the Cable Law or Title VI of the Communications Act;

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

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

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

WHEREAS, the LFA has determined that in accordance with the provisions of the Cable Law, this Franchise complies with the NY PSC'S franchise standards and the grant of a nonexclusive franchise to Franchisee is consistent with the public interest; and

WHEREAS, the 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 the LFA's grant of a franchise to Franchisee, Franchisee's promise to provide Cable Service to residents of the Franchise/Service Area of the LFA pursuant to and consistent with the Cable Law (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 Cable Law are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1. *Access Channel*: A video Channel, which Franchisee shall make available to the LFA without charge for Public, Educational, or Governmental noncommercial use for the transmission of video programming as directed by the LFA.

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

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

1.4. *Cable Law*: Article 11 of the New York Public Service Law, as amended, and Title 16, Chapter VIII, Parts 890.60 through 899, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended, to the extent authorized under and consistent with federal law.

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

1.6. *Cable System or System*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7), as amended.

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

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

1.9. *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.

1.10. *Educational Access Channel*: An Access Channel available for noncommercial use solely by local public schools and public school districts in the Franchise Area and other not-for-profit educational institutions chartered or licensed by the New York State Department of Education or Board of Regents in the Franchise Area as specified by the LFA in Exhibit C to this Agreement.

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

1.12. *Force Majeure*: An event or events reasonably beyond the ability of Franchisee to anticipate and control. This includes, but is not limited to, severe or unusual weather conditions, strikes, labor disturbances, lockouts, war or act of war (whether an actual declaration of war is made or not), insurrection, riots, act of public enemy, incidences of terrorism, acts of vandalism, actions or inactions of any government instrumentality or public utility including condemnation, accidents for which the Franchisee is not primarily responsible, fire, flood, or other acts of God, or work delays caused by waiting for utility providers to service or monitor utility poles to which Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary.

1.13. *Franchise Area*: The incorporated area (entire existing territorial limits) of the LFA.

1.14. *Franchisee*: Verizon New York Inc. and its lawful and permitted successors, assigns and transferees.

1.15. *Government Access Channel*: An Access Channel available for the sole noncommercial use of the LFA.

1.16. *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee from the operation of the Cable System to provide Cable Service in the Service Area.

Gross Revenue includes, without limitation: All Subscriber and customer revenues earned or accrued net of bad debts including revenue for:

(i) Basic Service;

(ii) all fees charged to any Subscribers for any and all Cable Service provided by Franchisee over the Cable System in the Service Area, including without limitation Cable Service related program guides, the installation, disconnection or reconnection of Cable Service; revenues from late or delinquent charge fees; Cable Service related or repair calls; the provision of converters, remote controls, additional outlets and/or other Cable Service related Subscriber premises equipment, whether by lease or fee;

(iii) revenues from the sale or lease of access channel(s) or channel capacity; and

(iv) compensation received by Franchisee that is derived from the operation of Franchisee's Cable System to provide Cable Service with respect to commissions that are paid to Franchisee as compensation for promotion or exhibition of any products or services on the Cable System, such as "home shopping" or a similar channel, subject to the exceptions below. Gross Revenue includes a pro rata portion of all revenue derived by Franchisee pursuant to compensation arrangements for advertising derived from the operation of Franchisee's Cable System to provide Cable Service within the Service Area, subject to the exceptions below. The allocation shall be based on the number of Subscribers in the Service Area divided by the total number of subscribers in relation to the relevant local, regional or national compensation

arrangement. Advertising commissions paid to third parties shall not be netted against advertising revenue included in Gross Revenue.

Gross Revenue shall not include:

(i) Franchise Fees imposed on Franchisee by the LFA that are passed through from Franchisee as a line item paid by Subscribers;

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

(iii) 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);

(iv) Refunds, rebates or discounts made to Subscribers or other third parties and 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;

(v) Revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services;

(vi) Charges made to the public for commercial or cable television that is used for two-way communication; and any other revenues attributed by Franchisee to Non-Cable Services in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders, as may be amended from time to time, and unless otherwise authorized in the future by a court of competent jurisdiction;

(vii) Any revenue of Franchisee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, however, 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 shall be included in Gross Revenue;

(viii) The sale of Cable Services on the Cable System for resale in which the purchaser is required to collect cable Franchise Fees from purchaser's customer;

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

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

(xi) Any foregone revenue which 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 which Franchisee chooses not to receive in exchange for trades, barter, services or other items of value shall be included in Gross Revenue);

(xii) Sales of capital assets or sales of surplus equipment;

(xiii) Program launch fees, i.e., reimbursement by programmers to Franchisee of marketing costs incurred by Franchisee for the introduction of new programming; and

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

(xv) Any fees or charges collected from Subscribers or other third parties for any PEG Grant payments.

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

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

1.19. *Local Franchise Authority (LFA)*: The Village of Laurel Hollow, New York, or the lawful successor, transferee, or assignee thereof.

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

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

1.22. *NY PSC*: The New York Public Service Commission.

1.23. *PEG*: Public, Educational, and Governmental.

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

1.25. *Public Access Channel*: An Access Channel available for noncommercial use solely by the residents in the Franchise Area on a first-come, first-served, nondiscriminatory basis.

1.26. *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 the 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.

1.27. *Service Area:* All portions of the Franchise Area where Cable Service is being offered, and as described in **Exhibit B** attached hereto.

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

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

1.30. *Title VI:* Title VI of the Communications Act, Cable Communications, as amended.

1.31. *Transfer of the Franchise:*

1.31.1. Any transaction in which:

1.31.1.1. a fifty percent ownership or other interest in Franchisee is transferred, directly or indirectly, from one Person or group of Persons to another Person or group of Persons, so that Control of Franchisee is transferred; or

1.31.1.2. the rights held by Franchisee under the Franchise and the certificate of confirmation issued therefor by the NY PSC are transferred or assigned to another Person or group of Persons.

1.31.2. However, notwithstanding Sub-subsections 1.31.1.1 and 1.31.1.2 above, 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 the Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of Franchisee; any action which is the result of a merger of the parent of the Franchisee; or any action which is the result of a merger of another Affiliate of the Franchisee.

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

2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

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

2.2. *The FTTP Network:* Upon delivery of Cable Service, by subjecting the Franchisee's mixed-use facilities to the NY PSC's minimum franchise standards and the LFA's police power, the LFA has not been granted new authority over the construction, placement and operation of the Franchisee's mixed-use facilities.

2.3. *Term:* This Franchise shall become effective on the date that the NY PSC issues a certificate of confirmation for this Franchise (the "Effective Date"), following its approval by the LFA's governing authority authorized to grant franchises and its acceptance by the Franchisee. The term of this Franchise shall be ten (10) years from the Effective Date unless the Franchise is earlier revoked as provided herein. The Franchisee shall memorialize the Effective Date by notifying the LFA in writing of the same, which notification shall become a part of this Franchise.

2.4. *Grant Not Exclusive:* The Franchise and the rights granted herein to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and the 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 itself, at any time during the term of this Franchise. Any such rights which are granted shall not adversely impact the authority as granted under this Franchise and shall not interfere with existing facilities of the Cable System or Franchisee's FTTP Network. Notwithstanding anything contrary in this Section, none of the LFA's rights with respect to the maintenance or use of Public Rights-of-Way, in accordance with Title II of the Communications Act, are diminished by this provision.

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

2.6. *No Waiver:*

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

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

2.7. *Construction of Agreement:*

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

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

2.7.3. Should any change to state law, rules or regulations have the lawful effect of materially altering the terms and conditions of this Franchise, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on the Franchisee of the material alteration. Any modification to this Franchise shall be in writing and shall be subject to Section 222 of the New York Public Service Law and Title 16, Chapter VIII, Part 892, Subpart 892-1, Section 892-1.4 of the Official Compilation of Codes, Rules and Regulations of the State of New York requiring application to the NY PSC and approval of any modification. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then Franchisee may terminate this Agreement without further obligation to the LFA in accordance with the terms of Section 11.6 hereof and the Cable Law. Or, at Franchisee's option, the parties may agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

2.8. *Police Powers:* The LFA shall not enact any local laws that are inconsistent with this Franchise, provided, however, that nothing in this Franchise shall be construed to prohibit the reasonable, necessary and lawful exercise of the police powers of the LFA in a manner not materially in conflict with the privileges granted in this Franchise and consistent with all federal and state laws, regulations and orders. The Franchisee shall comply with the LFA's Code regarding street openings, per Ord. No. XVII of the Gen. Ordinances, sections 110-1 through 110-3 (1960), as may be amended from time to time.

2.9. *Restoration of Municipal Property:* Any municipal property damaged or destroyed shall be promptly repaired or replaced by the Franchisee and restored to its preexisting condition.

2.10. *Restoration of Subscriber Premises:* The Franchisee shall ensure that the Subscriber's premises are restored to at least their pre-existing condition if damaged by the Franchisee's employees or agents in any respect in connection with the installation, repair, or disconnection of Cable Service.

3. **PROVISION OF CABLE SERVICE**

3.1. *Service Area:*

3.1.1. *Service Area:* Subject to the issuance of all necessary permits by the LFA, Franchisee shall offer Cable Service to significant numbers of Subscribers within residential areas of the Service Area and may make Cable Service available to businesses in the Service Area, within twelve (12) months and shall offer Cable Service to all residential areas of

the Service Area within five (5) years, of the Effective Date of this Franchise, or, in both instances, such longer period as may be permitted by the Cable Law, except: (A) for periods of Force Majeure; (B) for periods of delay caused by the LFA; (C) for periods of delay resulting from Franchisee's inability to obtain authority to access rights-of-way in the Service Area; (D) in areas where developments or buildings are subject to claimed exclusive arrangements with other providers; (E) in areas, developments or buildings where the Franchisee cannot gain access after good faith efforts, in accordance with NY PSC rules and regulations; and (F) in areas, developments or buildings where the provision of Cable Service is economically infeasible because such provision requires nonstandard facilities which are not available on a commercially reasonable basis, in accordance with NY PSC rules and regulations and (G) in areas where the occupied residential household density does not meet the density and other requirements set forth in Sub-Subsection 3.1.1.1. and Section 3.2.

3.1.1.1. *Density Requirement:* Franchisee shall make Cable Services available to residential dwelling units in all areas of the Service Area where the average density is equal to or greater than twenty-five (25) occupied residential dwelling units per mile as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line. Should, through new construction, an area within the Service Area meet the density requirements after the time stated for providing Cable Service as set forth in Subsection 3.1.1, Franchisee shall provide Cable Service to such area within six (6) months of receiving notice from the LFA that the density requirements have been met.

3.2. *Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units and may make Cable Service available to businesses within the Service Area in conformance with Section 3.1, and Franchisee shall not discriminate between or among any individuals in the availability of Cable Service or based upon the income in a local area. In the areas in which Franchisee shall provide Cable Service, Franchisee shall be required to connect, at Franchisee's expense, other than a standard installation charge, all residential dwelling units that are within three hundred fifty (350) feet of trunk or feeder lines not otherwise already served by Franchisee's FTTP Network, as measured from that point on the Subscriber's property line abutting the Right of Way containing the fiber strand assigned to said Subscriber's property and running by the most direct route to the point of service connection at said Subscriber's residence. Franchisee shall be allowed to recover, from a Subscriber that requests such connection, the actual costs incurred for residential dwelling unit connections that exceed three hundred fifty (350) feet or are in an area with a density of less than twenty-five (25) occupied residential dwelling units per mile and the actual costs incurred to connect any non-residential dwelling unit Subscriber, provided, however, that Franchisee may seek a waiver of any requirement that it extend service to any party requesting the same in an area with a density of less than twenty-five (25) occupied residential dwelling units per mile if such would not be possible within the limitations of economic feasibility.

3.3. *Cable Service to Public Buildings:* Subject to Section 3.1, and upon the LFA's written request made during the term of this Agreement, the Franchisee shall provide, without charge within the Service Area, one aerial service outlet activated for Basic Service to each public school and public library, and such other buildings used for municipal purposes as may be designated by the LFA as provided in **Exhibit A** attached hereto; provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than five hundred (500) feet

solely to provide service to any such school or public building, the LFA shall have the option either of paying Franchisee's direct costs for such extension in excess of five hundred (500) feet, or of releasing Franchisee from the obligation to provide service to such school or public building. Furthermore, Franchisee shall be permitted to recover, from any school or public building owner entitled to free service, the direct cost of installing, when requested to do so, more than one aerial outlet, or concealed inside wiring, or a service outlet requiring more than five hundred (500) feet of drop cable; provided, however, that Franchisee shall not charge for the provision of Basic Service to the additional service outlets once installed. Cable Service may not be resold or otherwise used in contravention of Franchisee's rights with third parties respecting programming. Equipment provided by Franchisee, if any, shall be replaced at retail rates if lost, stolen or damaged.

3.4. *Contribution in Aid:* Notwithstanding the foregoing, Franchisee shall comply at all times, with the requirements of Section 895.5 of NY PSC rules and regulations.

4. **SYSTEM FACILITIES**

4.1. *Quality of Materials:* Franchisee shall construct and maintain its System using materials of good and durable quality, and all work involved in the construction, installation, maintenance and repair of the Cable System shall be performed in a safe, thorough and reliable manner.

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

4.2.1. The System shall be designed and operated with an initial analog and digital carrier passband between 50 and 860 MHz and shall provide for a minimum channel capacity of not less than 77 channels on the Effective Date.

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

4.3. *Interconnection:* The 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.

4.4. *Emergency Alert System:* Franchisee shall comply with the Emergency Alert System ("EAS") requirements of the FCC and the State of New York, including the NY PSC's rules and the current New York EAS Plan, in order that emergency messages may be distributed over the System.

5. **PEG SERVICES**

5.1. *PEG Set Aside*

In order to ensure universal availability of public, educational and government programming, Franchisee shall provide capacity on its Basic Service tier for up to one (1)

dedicated Public Access Channel, one (1) dedicated Educational Access Channel, and up to one (1) dedicated Government Access Channel (collectively, "PEG Channels").

5.1.1. The programming to be carried on each of the PEG Channels set aside by Franchisee is reflected in Exhibit C attached hereto. The LFA hereby authorizes Franchisee to transmit such programming within and without LFA jurisdictional boundaries. Franchisee specifically reserves the right to make or change channel assignments in its sole discretion. If a PEG Channel provided under this Article is not being utilized by the LFA, Franchisee may utilize such PEG Channel, in its sole discretion, until such time as the LFA elects to utilize the PEG Channel for its intended purpose. In the event that the LFA determines to use PEG capacity, the LFA shall provide Franchisee with prior written notice of such request in accordance with NY PSC rules and regulations.

5.1.2. Franchisee shall provide the technical ability to play back pre-recorded programming provided to Franchisee consistent with this Section. Franchisee shall transmit programming consistent with the dedicated uses of PEG Access Channels. Franchisee shall comply at all times, with the requirements of Section 895.4 of the NY PSC rules and regulations.

5.2. *PEG Liability.* In accordance with 47 U.S.C. §558, the Franchisee shall not incur any liability arising from or in connection with any PEG Channels.

5.3. *Recovery of Costs.* To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs arising from the provision of PEG services from Subscribers and to include such costs as a separately billed line item on each Subscriber's bill. Without limiting the forgoing, if allowed under state and federal laws, Franchisee may externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

6. FRANCHISE FEES

6.1. *Payment to LFA:* Franchisee shall pay to the LFA a Franchise Fee of five percent (5%) of annual Gross Revenue (the "Franchise Fee"). In accordance with Title VI, the twelve (12) month period applicable under the Franchise for the computation of the Franchise Fee shall be a calendar year. Such payments shall be made no later than forty-five (45) days following the end of each calendar quarter. Franchisee shall be allowed to submit or correct any payments that were incorrectly omitted, and shall be refunded any payments that were incorrectly submitted, in connection with the quarterly Franchise Fee remittances within ninety (90) days following the close of the calendar year for which such payments were applicable.

6.2. *Supporting Information:* Each Franchise Fee payment shall be accompanied by a brief report prepared by an authorized official of Franchisee showing the basis for the computation. The LFA shall have the right to audit Franchisee Fee payments; provided, however, that the LFA shall bear the expense of such audit unless the audit determines that the Franchisee Fee payment to the LFA should be increased by five percent (5%) or more in the audited period, in which case the reasonable and customary costs of the audit shall be paid by the Franchisee to the LFA in an amount not to exceed in the aggregate five thousand dollars (\$5,000). Any such audit fees paid by the LFA shall not be determined based on a percentage of

audit findings basis. If recomputation results in additional revenue to be paid to the LFA, such amount shall be subject to interest charges computed from the due date, at an annual rate equal to the commercial prime interest rate of the LFA's primary depository bank during the period such unpaid amount is owed. If the audit determines that there has been an overpayment by Franchisee, Franchisee may credit any overpayment against its next quarterly payment. The LFA shall conduct all audits expeditiously, and neither the LFA nor Franchisee shall unreasonably delay the completion of an audit. The LFA shall be limited to one audit every three years during the Franchise term.

6.3. *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by Franchisee is due.

6.4. *Bundled Services:* If Cable Services subject to the Franchise Fee required under this Article 6 are provided to Subscribers in conjunction with Non-Cable Services, the Franchise Fee shall be applied only to the value of the Cable Services, as reflected on the books and records of Franchisee in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders. Notwithstanding the foregoing, if the Franchisee bundles Cable Service with Non-Cable Service, the Franchisee agrees that it will not intentionally or unlawfully allocate such revenue for the purpose of evading Franchise Fee payments under this franchise. The parties agree that tariffed telecommunications services that cannot be discounted by state or federal law or regulation are to be excluded from the bundled discount allocation basis.

7. REPORTS AND RECORDS

7.1. *Open Books and Records:* Upon reasonable written notice to the Franchisee and with no less than thirty (30) business days written notice to the Franchisee, the LFA shall have the right to inspect Franchisee's books and records pertaining to Franchisee's provision of Cable Service in the Franchise Area at any time during Normal Business Hours and on a nondisruptive basis, as are reasonably necessary to ensure compliance with the terms of this Franchise. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the LFA. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than six (6) years. Notwithstanding anything to the contrary set forth herein, Franchisee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature, nor disclose any of its or an Affiliate's books and records not relating to the provision of Cable Service in the Service Area. The LFA shall treat any information disclosed by Franchisee as confidential and shall only disclose it to employees, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

7.2. *Records Required:* Franchisee shall at all times maintain:

7.2.1. Records of all written complaints for a period of three (3) years after receipt by Franchisee. The term "complaint" as used herein refers to complaints about any

aspect of the Cable System or Franchisee's cable operations, including, without limitation, complaints about employee courtesy. Complaints recorded will not be limited to complaints requiring an employee service call;

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

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

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

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

7.3. *System-Wide Statistics:* Any valid reporting requirement in the Franchise may be satisfied with system-wide statistics, except those related to Franchise Fees and consumer complaints.

7.4. *Performance Evaluations:* Upon thirty (30) days written notice by the LFA, the Franchisee shall be prepared to attend a performance evaluation meeting no more than once per year. Nothing in this Section 7.4 shall limit any rights that the LFA may have to conduct additional meetings and/or compel the Franchisee's attendance at such meeting. The LFA shall provide the Franchisee with the results of its performance evaluation in writing within thirty (30) days after the conclusion of such meeting.

8. INSURANCE AND INDEMNIFICATION

8.1. Insurance:

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

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

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

8.1.1.3. Workers' Compensation Insurance meeting all legal requirements of the State of New York.

8.1.1.4. Excess liability or umbrella coverage of not less than ten million dollars (\$10,000,000).

8.1.2. The LFA shall be designated as an additional insureds under each of the insurance policies required in this Article 8 except Worker's Compensation Insurance and Employer's Liability Insurance.

8.1.3. Each of the required insurance policies shall be noncancellable except upon thirty (30) days prior written notice to the LFA. Franchisee shall not cancel any required insurance policy without submitting documentation to the LFA verifying that the Franchisee has obtained alternative insurance in conformance with this Agreement.

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

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

8.2. Indemnification:

8.2.1. The Franchisee agrees to indemnify, save and hold harmless, and defend the LFA, its officers, agents, elected officials, boards, and employees, from all liability, damage, cost or expense arising from claims of injury to persons or damage to property occasioned by reason of any conduct undertaken pursuant to the Franchise, or by reason of any suit or claim of royalties, programming license fees, or infringement of copyright or patent rights arising from Franchisee's provision of Cable Services over the Cable System other than PEG facilities and channels as provided in Section 5.2, provided that the LFA shall give Franchisee timely written notice of its obligation to indemnify the LFA, but in any event, the LFA shall provide such notice to Franchisee within a sufficient period of time from receipt of a claim or action pursuant to this Subsection to enable Franchisee to timely answer complaints, raise defenses and defend all claims. Notwithstanding the foregoing, Franchisee shall not indemnify the LFA for any damages, liability or claims resulting from the willful misconduct or negligence of the LFA, its officers, agents, employees, attorneys, consultants, independent contractors or third parties or for any activity or function conducted by any Person other than Franchisee in connection with PEG Access or EAS.

8.2.2. With respect to Franchisee's indemnity obligations set forth in Subsection 8.2.1, Franchisee shall provide the defense of any claims brought against the LFA by selecting counsel of Franchisee's choice to defend the claim, subject to the consent of the LFA, which shall not be unreasonably withheld. Nothing herein shall be deemed to prevent the LFA from cooperating with the 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 the LFA, Franchisee shall have the right to defend, settle or compromise any claim or action arising hereunder, and Franchisee shall have the authority to decide the appropriateness and the amount

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

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

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

9. TRANSFER OF FRANCHISE

9.1. *Transfer:* Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, as amended, no Transfer of the Franchise shall occur without the prior consent of the LFA, provided that such consent shall not be unreasonably withheld, delayed or conditioned. In considering an application for the Transfer of the Franchise, the LFA may consider the applicant's: (i) technical ability; (ii) financial ability; (iii) good character; and (iv) other qualifications necessary to continue to operate the Cable System consistent with the terms of the Franchise. No such consent shall be required, however, for a transfer in trust, by mortgage, by other hypothecation, by assignment of any rights, title, or interest of the Franchisee in the Franchise or Cable System in order to secure indebtedness, or for transactions otherwise excluded under Section 1.31 above.

10. RENEWAL OF FRANCHISE

10.1. *Governing Law:* The LFA and Franchisee agree that any proceedings undertaken by the LFA that relate to the renewal of this Franchise shall be governed by and comply with the provisions of Section 12.12 below, the Cable Law and Section 626 of the Communications Act, 47 U.S.C. § 546, as amended.

10.2. *Needs Assessment:* In addition to the procedures set forth in Section 626 of the Communications Act, the LFA shall notify Franchisee of all of its assessments regarding the identity of future cable-related community needs and interests, as well as the past performance of Franchisee under the then current Franchise term. Such assessments shall be provided to Franchisee by the LFA promptly so that Franchisee will have adequate time to submit a proposal under 47 U.S.C. § 546 and complete renewal of the Franchise prior to expiration of its term.

10.3. *Informal Negotiations:* Notwithstanding anything to the contrary set forth herein, Franchisee and the LFA agree that at any time during the term of the then current Franchise, while affording the public appropriate notice and opportunity to comment, the LFA

and Franchisee may agree to undertake and finalize informal negotiations regarding renewal of the then current Franchise and the LFA may grant a renewal thereof.

10.4. *Consistent Terms:* Franchisee and the LFA consider the terms set forth in this Article 10 to be consistent with the express provisions of 47 U.S.C. § 546 and the Cable Law.

11. **ENFORCEMENT AND TERMINATION OF FRANCHISE**

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

11.2. *Franchisee's Right to Cure or Respond:* Franchisee shall have sixty (60) days from receipt of the Noncompliance Notice to: (i) respond to the 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 sixty (60) day period, initiate reasonable steps to remedy such noncompliance and notify the LFA of the steps being taken and the date by which Franchisee projects that it will complete cure of such noncompliance. Upon cure of any noncompliance, the LFA shall provide written confirmation that such cure has been effected.

11.3. *Public Hearing:* The LFA shall schedule a public hearing if the LFA seeks to continue its investigation into the alleged noncompliance (i) if Franchisee fails to respond to the Noncompliance Notice pursuant to the procedures required by this Article, or (ii) if Franchisee has not remedied the alleged noncompliance within sixty (60) days or the date projected pursuant to Section 11.2(iii) above. The LFA shall provide Franchisee at least sixty (60) business days prior written notice of such public hearing, which will specify the time, place and purpose of such public hearing, and provide Franchisee the opportunity to be heard.

11.4. *Enforcement:* Subject to Section 12.12 below and applicable federal and state law, in the event the LFA, after the public hearing set forth in Section 11.3, determines that Franchisee is in default of any provision of this Franchise, the LFA may:

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

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

11.4.3. In the case of a substantial noncompliance with a material provision of this Franchise, seek to revoke the Franchise in accordance with Section 11.5.

11.5. *Revocation:* Should the LFA seek to revoke this Franchise after following the procedures set forth above in this Article, including the public hearing described in Section 11.3, the LFA shall give written notice to Franchisee of such intent. The notice shall set forth the

specific nature of the noncompliance. The Franchisee shall have ninety (90) days from receipt of such notice to object in writing and to state its reasons for such objection. In the event the LFA has not received a satisfactory response from Franchisee, it may then seek termination of the Franchise at a second public hearing. The LFA shall cause to be served upon the Franchisee, at least thirty (30) business days prior to such public hearing, a written notice specifying the time and place of such hearing and stating its intent to revoke the Franchise.

11.5.1. At the designated public hearing, Franchisee shall be provided a fair opportunity for full participation, including the rights to be represented by legal counsel, to introduce relevant evidence, to require the production of evidence, to compel the relevant testimony of the officials, agents, employees or consultants of the 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.

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

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

11.6. *Abandonment of Service:* Franchisee shall not abandon any Cable Service or portion thereof without the LFA's prior written consent as provided in the Cable Law.

12. **MISCELLANEOUS PROVISIONS**

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

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

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

12.4. *Force Majeure:* Franchisee shall not be held in default under, or in noncompliance with, the provisions of the Franchise, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by a Force Majeure; provided, however, that Franchisee shall make reasonable efforts to mitigate the adverse effects caused by a Force Majeure.

12.4.1. Furthermore, the parties hereby agree that it is not the LFA's intention to subject Franchisee to penalties, fines, forfeitures or revocation of the Franchise for violations of the Franchise where the violation was a good faith error that resulted in no or minimal negative impact on Subscribers.

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

12.5.1. Notices to Franchisee shall be mailed to:

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

12.5.2. Notices to the LFA shall be mailed to:

Village Clerk
Inc. Village of Laurel Hollow
1492 Laurel Hollow Road
Syosset, NY 11791
cc: Village Attorney

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

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

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

12.9. *Severability:* If any section, subsection, sub-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. For purposes of this Agreement, the term "material provision" or "material provisions" shall mean the terms set forth in Section 2.3 (Term); Section 2.5 (Franchise Subject to Federal Law); Article 3 (Provision of Cable Service); Section 4.1 (Quality of Materials); Subsection 4.2.1 (System Characteristics), Section 6.1 (Payment to LFA); Section 7.1 (Open Books and Records), and Article 9 (Transfer of Franchise).

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

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

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

12.13. *NY PSC Approval:* This Franchise is subject to the approval of the NY PSC. Franchisee shall file an application for such approval with the NY PSC within sixty (60) days after the date hereof. Franchisee shall also file any necessary notices with the FCC.

12.14. *Rates and Charges:* The rates and charges for Cable Service provided pursuant to this Franchise shall be subject to regulation in accordance with federal law.

12.15. *Publishing Information:* LFA hereby requests that Franchisee omit publishing information specified in 47 C.F.R. § 76.952 from Subscriber bills.

12.16. *Employment Practices:* Franchisee will not refuse to hire, nor will it bar or discharge from employment, nor discriminate against any person in compensation or in terms, conditions, or privileges of employment because of age, race, creed, color, national origin, or sex.

12.17. *Identification of Franchisee's Employees, Vehicles & Contractors.* The Franchisee shall require all the Franchisee personnel, contractors and subcontractors contacting Subscribers or potential Subscribers outside the office of the Franchisee to wear a clearly visible identification card bearing their name and photograph.

12.17.1. The Franchisee shall make reasonable effort to account for all identification cards at all times.

12.17.2. The Franchisee shall require all the Franchisee representatives to wear appropriate clothing while working at a Subscriber's premises.

12.17.3. The Franchisee shall require that all service vehicle of the Franchisee and its contractors or subcontractors be clearly identified as such to the public. Specifically, the Franchisee vehicles shall be required to have the Franchisee's logo plainly visible. The Franchisee shall require that all contractors and subcontractors working for the Franchisee shall have the contractor's/subcontractor's name plus markings (such as a magnetic door sign) indicating they are under contract to the Franchisee.

12.18. *Customer Service:* Franchisee shall comply with the consumer protection and customer service standards set forth in Parts 890 and 896 of the NY PSC rules.

12.19. *LFA Official:* The Mayor of the LFA is the LFA official that is responsible for the continuing administration of this Agreement.

[The remainder of this page is intentionally left blank]

12.20. *No Waiver of LFA's Rights:* Notwithstanding anything to the contrary in this Agreement, no provision of this Agreement shall be construed as a waiver of the LFA's rights under applicable federal and state law.

AGREED TO THIS ____ DAY OF _____, 2006.

LFA:

By: _____
[Title]

Verizon New York Inc.

By: _____
[Title]

EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: PEG Channels

EXHIBIT A

MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

Village Hall

1492 Laurel Hollow Road
Syosset, NY 11791

Highway Department

566 Cold Spring Road
Syosset, NY 11791

Police Booth

Laurel Hollow Road and Moore's Hill Road

School

West Side School, Laurel Hollow Road, Syosset, NY 11791

EXHIBIT B

SERVICE AREA

The Service Area shall be the Franchise Area. The construction of the Franchisee's FTTP Network has been completed throughout the Franchise Area subject only to Subsection 3.1.1. and Section 3.2 of the Franchise, and accordingly it is not necessary to provide any additional details concerning the construction and/or deployment time tables and areas within the Service Area. A map of the Service Area is attached hereto.

EXHIBIT C

PEG CHANNELS

Upon written request from the LFA, Franchisee shall make available on the Basic Service Tier up to one (1) dedicated Public Access Channel, one (1) dedicated Educational Access Channel, and up to one (1) dedicated Government Access Channel (collectively, "PEG Channels").

E

ATTACHMENT E

FTTP System Architecture

End-to-End Architecture

Figure 1 shows the architecture topology for supporting service across multiple market areas. A brief summary of the end-to-end architecture follows. Subsequent sections provide more information on each major component within the planned Verizon FTTP overlay architecture.

Figure 2 shows full build and overlay architecture. FTTP will be built instead of copper facilities in new communities. In existing communities, the existing copper network will continue to serve those customers who have not migrated to the FTTP network. The fiber is deployed from a Central Office location within a wire center area.

Figure 1-High Level End to End Architecture

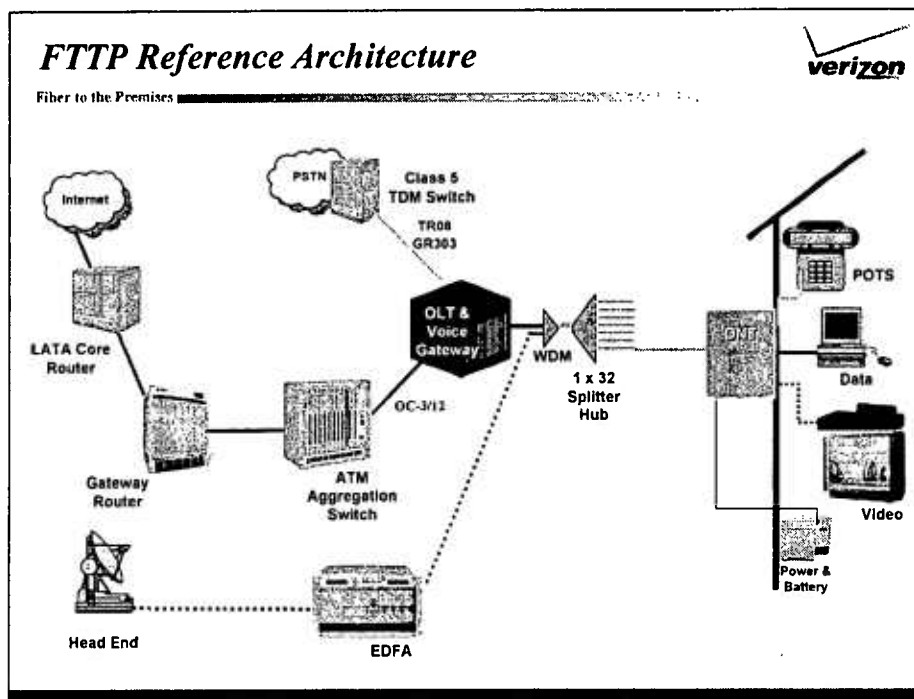
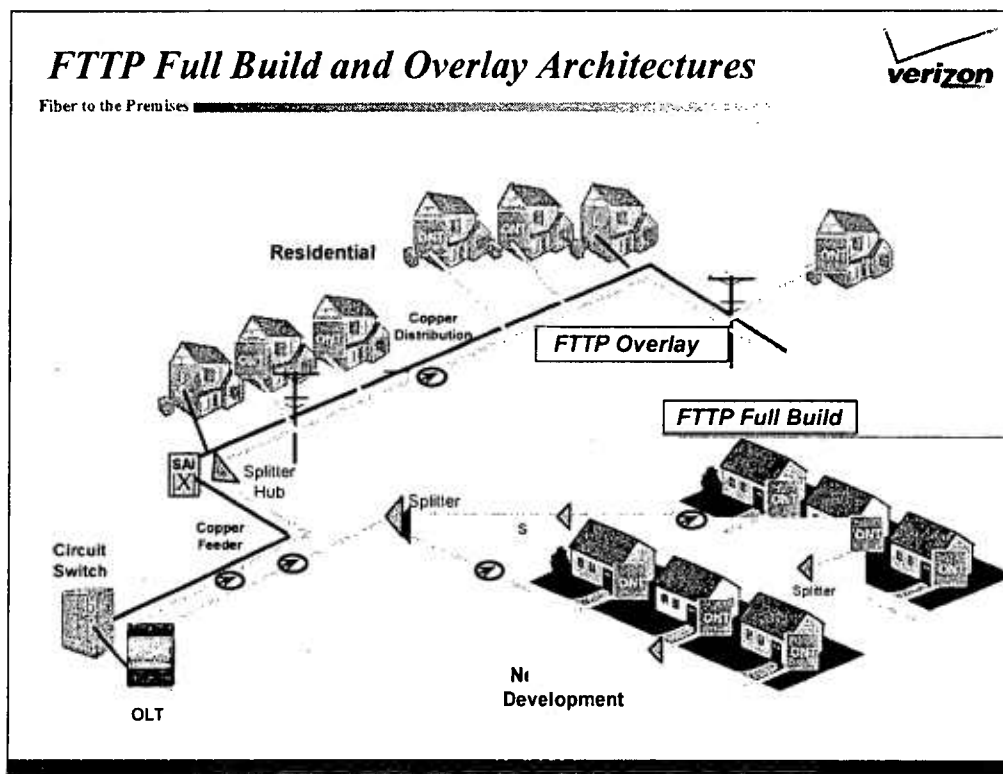


Figure 2-FTTP Full Build and Overlay Architectures



At the national or regional level, a “super” headend (SHE) (Temple Terrace, Florida with a backup in Bloomington, Illinois) shall serve as the single point of national content aggregation (see Figure 1). All content shall be encoded into MPEG2 streams and transported over nationwide SONET services. In each market where Verizon seeks to offer service, the broadcast cable television traffic is off loaded from the long haul network and terminated at a Video Hub Office (VHO). Network redundancy and route diversity shall extend from the SHE to the VHO.

The VHO serves as the metro or local point of aggregation. It is here that off-air and public, education, and government (PEG) channels (where appropriate) are combined with the broadcast cable television coming from the SHE. Interactive Program Guides (IPG) shall be controlled from this site, also. The service that exits the VHO shall look like the final product viewed by the end user subscriber.

Cable television traffic is converted to optical signals at the VHO and transported over Verizon’s metro area, inter-office facilities (IOF) to Video Serving Offices (VSOs). Voice and high-speed

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data signals are combined with the cable television at this location for final transport to the subscriber premises over Verizon's FTTP Passive Optical Network (PON).

At the premise, the optical cable television signal is de-multiplexed and converted to an electrical signal, which meets cable television industry standards for cable services. Standard home wiring practices, using coaxial cables, as well as alternative media, shall distribute the signal to cable ready TVs and standard set top boxes (STB).

There will be 24x7 control and surveillance of the cable television platform from a remote location. This Network Operations Center (NOC) will be centrally located and shall be responsible for the operation and maintenance of the Conditional Access System (CAS), which directs the encryption functions performed back at the VHO.

Super Headend (SHE)

A "super" headend (SHE) shall serve as the single point of national content aggregation. At general service availability, Verizon shall deploy a primary SHE and an additional SHE for redundancy.

Both the primary and redundant SHEs will be strategically located to ensure technical and environmental requirements are met.

The key functions of the SHE include:

Content Reception

Signal Processing

Encoding

Network Interface

The majority of cable television sources shall be individual content provider programming. A mix of standard and high definition formats shall be supported. All content shall be encoded into MPEG2 streams, formatted for SONET, and transported via an OC48c to a local point-of-presence (POP) for wide area (national) transport.

Wide Area Transport

In support of the cable television service, Verizon will use OC48c SONET facilities in the POPs serving target cable markets. Where multiple POPs exist within a market, redundancy options shall dictate if a single or multiple POPs shall be designated for supporting the cable television traffic.

In most cases, it is expected that the cable television traffic shall traverse multiple interconnected rings between the SHE and the destination market. Once the cable traffic reaches a POP located in a target market, it will be forwarded to an OC48c SONET interface connected to metro/local

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SONET facilities. These facilities shall connect the POP to a Video Hub Office (VHO). VHOs are capable of serving multiple communities within a target market. If more than one VHO is required, the metro SONET ring(s) would be deployed to cover multiple sites.

Video Hub Office (VHO)

The VHO serves as the metro or local point of aggregation. The VHO location (Queens, NY) is based on a combination of technical factors, metro fiber/IOF availability, local channel reception characteristics, and municipal regulations (e.g., zoning ordinances).

Under current network design plans, the anticipated functions of the VHO include:

WAN Interface for Cable television Transport

Ad Insertion

PEG Content

Signal Grooming and Multiplexing

Emergency Alert Service

Interactive Program Guide

Conditional Access

Local Content

The VHO shall aggregate three basic sources of content: national broadcast channels, local broadcast channels, and public, education, & government (PEG) channels. The national content is the traffic sent from the SHE and is delivered via an OC48c SONET interface from the SONETPOP. The local broadcast channels shall be received off-air via antennas or terrestrial fiber transport located at the VHO site. The PEG channels shall be collected via terrestrial connections from each local franchising area (LFA) served by the VHO. Finally, based on Verizon service tiering requirements to support an analog tier, a certain subset of channels shall be converted from digital to analog signals at the VHO (or kept in analog format if local or PEG).

The final collection of content is placed into the RF spectrum between 50 – 870 MHz as either an analog AM-VSB signal or, as part of a digital multiplex, into a 256-QAM modulated carrier. Digital content requiring encryption by the CAS shall also be multiplexed into QAM modulators and combined with other analog and digital carriers. In addition, an out-of-band downstream channel is generated which carries the Interactive Program Guide (IPG), provisioning, and management messages to STBs. The combined RF signal is converted to optics and fed into erbium-doped fiber amplifiers (EDFAs) at egress from the VHO. These optical cable television signals are transported on the 1550 nm wavelength of the G.983-specified Enhancement band to Verizon Video Serving Offices (VSOs).

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VILLAGE OF LAUREL HOLLOW, NEW YORK

As noted previously, it is intended that the broadcast cable television traffic/service that exits the VHO shall look like the final product viewed by the end user subscriber.

Metro Area Transport

The optical cable television signals coming from the VHO are transported on the 1550 nm wavelength over fiber available within Verizon's inter-office facilities (IOF).

Video Serving Office (VSO) & Passive Optical Network (PON)

The Video Serving Office (VSO) is a location within the central office containing FTTP equipment. The VSOs that will serve the Village of Laurel Hollow are located at 88 Ira Rd. Syosset, NY 11791; 10 Adams St. Oyster Bay, N.Y. 11771; and 50 West 4th Street, Huntington Station, NY 11746. If technically feasible or otherwise appropriate, PEG insertion may occur at these locations in the network.

The key function of the VSO is to combine Broadcast Cable television into the Voice and High Speed Data FTTP Network.

Once in the VSO, the optical cable television signal is sent through an EDFA and then to a Wave Division Multiplexer (WDM) combiner and splitter, which is used to add the cable signal to the voice and high-speed data signals' wavelength (1490nm) – coming from the Optical Line Terminal (OLT) – together with the cable wavelength onto a single optical source. This optical signal is then sent towards the subscriber premises via a PON. The VSO will also play a role in supporting upstream signals from the customer premises for pay-per-view services. Pay-per-view usage data uses the data service's 1310nm upstream wavelength. The upstream data communications shall be sent back to a subscriber database located in the Operations Center located in the VHO.

Customer Premises

At the premise, an Optical Network Terminal (ONT) de-multiplexes the 1550nm optical signal and simply converts it to a voice, data and cable television electrical signal, which meets cable television industry standards for cable services.

It is expected that, in many cases, standard home wiring practices, using coaxial cables, will distribute the signal to cable ready televisions (for analog-only subscribers) and to STBs for digital subscribers.

F

ATTACHMENT F

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**In the Matter of the Petition of Verizon
New York Inc. Pursuant to Section 221
of the Public Service Law for
Confirmation of a Cable Television
Franchise Awarded by the Village of
Laurel Hollow, New York (Nassau
County)**


Case 06-V-_____

AFFIDAVIT OF SERVICE

**STATE OF NEW YORK)
)
COUNTY OF NEW YORK)** **ss.:**

JOHN LACY CLARK, being duly sworn, deposes and says:

I certify that a complete copy of Verizon New York Inc.'s Petition for Confirmation will be sent to Karen A. Navin, Village Clerk, on July 6, 2006, by overnight mail addressed to her at Village of Laurel Hollow, 1492 Laurel Hollow Road, Laurel Hollow, New York 11791.


JOHN LACY CLARK

**Sworn to before me
this 6th day of July, 2006.**


Notary Public

**MIGUEL A. ROSA
Notary Public, State of New York
No. 43-4771951, Qualified in Kings County
Certificate Filed in New York County
Commission Expires Nov. 30, 2012**

G

ATTACHMENT G

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of the Petition of Verizon
New York Inc. Pursuant to Section 221
of the Public Service Law for
Confirmation of a Cable Television
Franchise Awarded by the Village of
Laurel Hollow, New York (Nassau
County)

Case 06-V-_____

AFFIDAVIT OF PUBLICATION

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

JOHN LACY CLARK, being duly sworn, deposes and says:

I certify that a notice with the following text will be published on July 10, 2006 in
Newsday. Newsday is a newspaper of general circulation in the Village of Laurel Hollow.
Verizon has submitted the notice to that newspaper, has arranged for payment for such
publication, and has been assured that the notice will appear in the newspaper on the specified
date.

**"PLEASE TAKE NOTICE that Verizon New York Inc. ("Verizon") has filed a
Petition with the New York State Public Service Commission ("Commission")
seeking confirmation and approval of a cable television franchise awarded to
Verizon by the Village of Laurel Hollow, New York. Copies of the Petition are
available from the Commission or from Verizon. Interested parties may file
comments on the Petition with the Commission within ten days of the date of
publication of this notice. Comments should be addressed to Hon. Jaclyn A.
Brilling, Secretary, New York State Public Service Commission, Three Empire
State Plaza, Albany, New York 12223."**


JOHN LACY CLARK

Sworn to before me
this 6th day of July, 2006


Notary Public

MIGUEL A. ROSA
Notary Public, State of New York
No. 43-4771951, Qualified in Kings County
Certificate Filed in New York County
Commission Expires Nov. 30, 2016

H

ATTACHMENT H

EXPLANATORY NOTES TO ATTACHMENT H

1. This Attachment H consists of: (a) a Department of Environmental Conservation "Full Environmental Assessment Form" ("EAF") for Verizon's offering of cable service in Laurel Hollow, New York, with Part 1 filled in; (b) an EAF Addendum providing certain additional background information; and (c) exhibits to the Addendum, including maps showing environmentally relevant features of the franchise area and a list of state and federal historic sites within that area.

2. The Attachment is submitted without prejudice to Verizon's positions that: (a) the activities for which it seeks approval in this proceeding are not "actions" under the State Environmental Quality Review Act ("SEQRA"), and that therefore no EAF is required; and (b) if an EAF is required in this case, a short-form EAF will suffice.

3. The EAF and the EAF Addendum are based on information in Verizon's possession or available to us through research in readily available sources. Beyond such sources, we have not undertaken any "new studies, research or investigation."¹ In some cases, we have relied on information provided orally by representatives of the Village.

4. Historic site information was derived from the SPHINX database of the New York State Historic Preservation Office (*see* <http://www.nysparks.state.ny.us/shpo/resources/index.htm>). Coastal area information was obtained from the New York State Geographic Information Systems Clearinghouse website (*see* <http://www.nysgis.state.ny.us/gisdata/inventories/details.cfm?DSID=317>), as was flood plain data (*see* <http://www.nysgis.state.ny.us/gisdata/inventories/details.cfm?DSID=246>). Information on wetlands locations and agricultural districts was obtained from the Cornell University Geospatial Information Repository (*see* <http://cugir.mannlib.cornell.edu/mapbrowse.jsp?series=counties>). Information on "critical environmental areas" was obtained from the website of the State Department of Environmental Conservation (<http://www.dec.state.ny.us/website/dcs/seqr/cea/index.html>). Information on National Natural Landmarks was obtained from the website of the National Park Service (*see* http://www.nature.nps.gov/nnl/Registry/USA_Map/States/NewYork/new_york.cfm).

5. In response to several questions in Part 1, Verizon has indicated that the question is "Not Applicable" ("N/A") to the confirmation that is the subject of the Petition. The activities to be undertaken pursuant to the franchise for which confirmation is sought involve the delivery of video programming and, thus, do not have a definite location or "area." To the extent any construction — including line extensions, placement of drop wires, extensions, and repairs — takes place after the franchise becomes effective, all of the locations within the franchise area at which such activity will occur cannot be known in advance.

The information provided for contiguity to historic sites, etc., has been provided with respect to Verizon's FTTP facilities in the franchise area, even though it is Verizon's position that such facilities have been constructed pursuant to independent permissions and authorities.

¹ See Full Environmental Assessment Form at 2.

617.20
Appendix A
State Environmental Quality Review
FULL ENVIRONMENTAL ASSESSMENT FORM

Purpose: The full EAF is designed to help applicants and agencies determine, in an orderly manner, whether a project or action may be significant. The question of whether an action may be significant is not always easy to answer. Frequently, there are aspects of a project that are subjective or unmeasurable. It is also understood that those who determine significance may have little or no formal knowledge of the environment or may not be technically expert in environmental analysis. In addition, many who have knowledge in one particular area may not be aware of the broader concerns affecting the question of significance.

The full EAF is intended to provide a method whereby applicants and agencies can be assured that the determination process has been orderly, comprehensive in nature, yet flexible enough to allow introduction of information to fit a project or action.

Full EAF Components: The full EAF is comprised of three parts:

- Part 1:** Provides objective data and information about a given project and its site. By identifying basic project data, it assists a reviewer in the analysis that takes place in Parts 2 and 3.
- Part 2:** Focuses on identifying the range of possible impacts that may occur from a project or action. It provides guidance as to whether an impact is likely to be considered small to moderate or whether it is a potentially-large impact. The form also identifies whether an impact can be mitigated or reduced.
- Part 3:** If any impact in Part 2 is identified as potentially-large, then Part 3 is used to evaluate whether or not the impact is actually important.

THIS AREA FOR LEAD AGENCY USE ONLY

DETERMINATION OF SIGNIFICANCE -- Type 1 and Unlisted Actions

Identify the Portions of EAF completed for this project:

☐

Part 1

☐

Part 2

☐

Part 3

Upon review of the information recorded on this EAF (Parts 1 and 2 and 3 if appropriate), and any other supporting information, and considering both the magnitude and importance of each impact, it is reasonably determined by the lead agency that:

- ☐ A. The project will not result in any large and important impact(s) and, therefore, is one which will not have a significant impact on the environment, therefore a **negative declaration will be prepared.**
- ☐ B. Although the project could have a significant effect on the environment, there will not be a significant effect for this Unlisted Action because the mitigation measures described in PART 3 have been required, therefore a **CONDITIONED negative declaration will be prepared.***
- ☐ C. The project may result in one or more large and important impacts that may have a significant impact on the environment, therefore a **positive declaration will be prepared.**

*A Conditioned Negative Declaration is only valid for Unlisted Actions

Name of Action

Name of Lead Agency

Print or Type Name of Responsible Officer in Lead Agency

Title of Responsible Officer

Signature of Responsible Officer in Lead Agency

Signature of Preparer (If different from responsible officer)

PART 1--PROJECT INFORMATION

Prepared by Project Sponsor

NOTICE: This document is designed to assist in determining whether the action proposed may have a significant effect on the environment. Please complete the entire form, Parts A through E. Answers to these questions will be considered as part of the application for approval and may be subject to further verification and public review. Provide any additional information you believe will be needed to complete Parts 2 and 3.

It is expected that completion of the full EAF will be dependent on information currently available and will not involve new studies, research or investigation. If information requiring such additional work is unavailable, so indicate and specify each instance.

Name of Action Award of Cable Television Franchise to Verizon

Location of Action (include Street Address, Municipality and County)

Discrete Areas within the Village of Laurel Hollow, NY

Name of Applicant/Sponsor Verizon New York Inc. ("Verizon")

Address c/o Thomas McCarroll, 158 State Street

City / PO Albany State NY Zip Code 12207

Business Telephone (518) 396-1001

Name of Owner (if different) N/A

Address _____

City / PO _____ State _____ Zip Code _____

Business Telephone _____

Description of Action:

Activities undertaken by Verizon pursuant to the authority awarded by the franchise.

Please Complete Each Question--Indicate N.A. if not applicable

A. SITE DESCRIPTION

Physical setting of overall project, both developed and undeveloped areas.

1. Present Land Use: ☐ Urban ☐ Industrial ☒ Commercial ☒ Residential (suburban) ☐ Rural (non-farm)
☐ Forest ☐ Agriculture ☐ Other _____

2. Total acreage of project area: _____ acres.*

* Although Verizon does not believe that this question applies to the activities at issue here, it has determined at Staff's request that its FFTP facilities constructed in the franchise area to date have a length of 31 miles. The width of the right-of-way varies by location, and Verizon cannot readily determine at this time

APPROXIMATE ACREAGE

Meadow or Brushland (Non-agricultural)	_____ acres	_____ acres
Forested	_____ acres	_____ acres
Agricultural (Includes orchards, cropland, pasture, etc.)	_____ acres	_____ acres
Wetland (Freshwater or tidal as per Articles 24,25 of ECL)	_____ acres	_____ acres
Water Surface Area	_____ acres	_____ acres
Unvegetated (Rock, earth or fill)	_____ acres	_____ acres
Roads, buildings and other paved surfaces	_____ acres	_____ acres
Other (Indicate type) _____	_____ acres	_____ acres

3. What is predominant soil type(s) on project site? N/A

- a. Soil drainage: ☐ Well drained _____% of site ☐ Moderately well drained _____% of site.
☐ Poorly drained _____% of site

- b. If any agricultural land is involved, how many acres of soil are classified within soil group 1 through 4 of the NYS Land Classification System? _____ acres (see 1 NYCRR 370).

4. Are there bedrock outcroppings on project site? ☐ Yes ☐ No N/A

- a. What is depth to bedrock _____ (in feet)

** Parts of Verizon's FFTP network in the Village pass historic sites. See Addendum.

5. Approximate percentage of proposed project site with slopes: N/A

☐ 0-10% _____% ☐ 10- 15% _____% ☐ 15% or greater _____%

6. Is project substantially contiguous to, or contain a building, site, or district, listed on the State or National Registers of Historic Places? ☒ Yes ** ☐ No

7. Is project substantially contiguous to a site listed on the Register of National Natural Landmarks? ☐ Yes ☒ No

8. What is the depth of the water table? _____ (in feet) N/A

9. Is site located over a primary, principal, or sole source aquifer? ☒ Yes ☐ No

10. Do hunting, fishing or shell fishing opportunities presently exist in the project area? ☐ Yes ☐ No N/A

11. Does project site contain any species of plant or animal life that is identified as threatened or endangered? ☐ Yes ☐ No N/A

According to:

Identify each species:

12. Are there any unique or unusual land forms on the project site? (i.e., cliffs, dunes, other geological formations?)

☐ Yes ☐ No N/A

Describe:

13. Is the project site presently used by the community or neighborhood as an open space or recreation area?

☐ Yes ☐ No N/A

If yes, explain:

14. Does the present site include scenic views known to be important to the community? ☐ Yes ☐ No N/A

15. Streams within or contiguous to project area: N/A

a. Name of Stream and name of River to which it is tributary

16. Lakes, ponds, wetland areas within or contiguous to project area: See Addendum.

b. Size (in acres):

17. Is the site served by existing public utilities? ☒ Yes ☐ No
- a. If YES, does sufficient capacity exist to allow connection? ☒ Yes ☐ No
- b. If YES, will improvements be necessary to allow connection? ☐ Yes ☒ No
18. Is the site located in an agricultural district certified pursuant to Agriculture and Markets Law, Article 25-AA, Section 303 and 304? ☐ Yes ☒ No
19. Is the site located in or substantially contiguous to a Critical Environmental Area designated pursuant to Article 8 of the ECL, and 6 NYCRR 617? ☐ Yes ☒ No
20. Has the site ever been used for the disposal of solid or hazardous wastes? ☐ Yes ☐ No ☐ N/A

B. Project Description

1. Physical dimensions and scale of project (fill in dimensions as appropriate).
- a. Total contiguous acreage owned or controlled by project sponsor: N/A acres.
- b. Project acreage to be developed: N/A acres initially; N/A acres ultimately.
- c. Project acreage to remain undeveloped: N/A acres.
- d. Length of project, in miles: * (if appropriate) * See response to Item 2 on Page 3.
- e. If the project is an expansion, indicate percent of expansion proposed. N/A %
- f. Number of off-street parking spaces existing N/A ; proposed N/A
- g. Maximum vehicular trips generated per hour: N/A (upon completion of project)?
- h. If residential: Number and type of housing units: N/A
- | | One Family | Two Family | Multiple Family | Condominium |
|------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Initially | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Ultimately | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
- i. Dimensions (in feet) of largest proposed structure: N/A height; N/A width; N/A length.
- j. Linear feet of frontage along a public thoroughfare project will occupy is? N/A ft.
2. How much natural material (i.e. rock, earth, etc.) will be removed from the site? N/A tons/cubic yards.
3. Will disturbed areas be reclaimed ☐ Yes ☐ No ☒ N/A
- a. If yes, for what intended purpose is the site being reclaimed?
-
- b. Will topsoil be stockpiled for reclamation? ☐ Yes ☐ No
- c. Will upper subsoil be stockpiled for reclamation? ☐ Yes ☐ No
4. How many acres of vegetation (trees, shrubs, ground covers) will be removed from site? acres. N/A

5. Will any mature forest (over 100 years old) or other locally-important vegetation be removed by this project?

☐ Yes ☒ No

6. If single phase project: Anticipated period of construction: _____ months, (including demolition) *

7. If multi-phased: N/A

a. Total number of phases anticipated _____ (number)

b. Anticipated date of commencement phase 1: _____ month _____ year, (including demolition)

c. Approximate completion date of final phase: _____ month _____ year.

d. Is phase 1 functionally dependent on subsequent phases? ☐ Yes ☐ No

8. Will blasting occur during construction? ☐ Yes ☒ No

9. Number of jobs generated: during construction N/A ; after project is complete N/A

10. Number of jobs eliminated by this project N/A

11. Will project require relocation of any projects or facilities? ☐ Yes ☒ No

If yes, explain:

12. Is surface liquid waste disposal involved? ☐ Yes ☒ No

a. If yes, indicate type of waste (sewage, industrial, etc) and amount _____

b. Name of water body into which effluent will be discharged _____

13. Is subsurface liquid waste disposal involved? ☐ Yes ☒ No Type _____

14. Will surface area of an existing water body increase or decrease by proposal? ☐ Yes ☒ No

If yes, explain:

15. Is project or any portion of project located in a 100 year flood plain? ☒ Yes ☐ No

16. Will the project generate solid waste? ☐ Yes ☒ No

a. If yes, what is the amount per month? _____ tons

b. If yes, will an existing solid waste facility be used? ☐ Yes ☐ No

c. If yes, give name _____ ; location _____

d. Will any wastes not go into a sewage disposal system or into a sanitary landfill? ☐ Yes ☐ No

* Although it is Verizon's position that any further FTTP construction activity in the franchise area is being undertaken pursuant to independent authority, rather than pursuant to the franchise, Verizon expects to complete its build out as required by the franchise.

e. If yes, explain:

17. Will the project involve the disposal of solid waste? ☐ Yes ☒ No

a. If yes, what is the anticipated rate of disposal? _____ tons/month.

b. If yes, what is the anticipated site life? _____ years.

18. Will project use herbicides or pesticides? ☐ Yes ☒ No

19. Will project routinely produce odors (more than one hour per day)? ☐ Yes ☒ No

20. Will project produce operating noise exceeding the local ambient noise levels? ☐ Yes ☒ No

21. Will project result in an increase in energy use? ☐ Yes ☒ No

If yes, indicate type(s)

22. If water supply is from wells, indicate pumping capacity N/A gallons/minute.

23. Total anticipated water usage per day N/A gallons/day.

24. Does project involve Local, State or Federal funding? ☐ Yes ☒ No

If yes, explain:

25. Approvals Required:

		Type	Submittal Date
City, Town, Village Board	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<u>Village of Laurel Hollow</u>	<u> </u>
		<u>Award Franchise</u>	<u>6/22/06*</u>
		* Franchise was awarded on this date.	
City, Town, Village Planning Board	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<u> </u>	<u> </u>
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>
City, Town Zoning Board	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<u> </u>	<u> </u>
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>
City, County Health Department	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<u> </u>	<u> </u>
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>
Other Local Agencies	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<u> </u>	<u> </u>
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>
Other Regional Agencies	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<u> </u>	<u> </u>
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>
State Agencies	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<u>Public Service Commission</u>	<u> </u>
		<u>Confirmation</u>	<u>7/06/06</u>
		<u> </u>	<u> </u>
Federal Agencies	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<u> </u>	<u> </u>
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>

C. Zoning and Planning Information

1. Does proposed action involve a planning or zoning decision? ☐ Yes ☒ No

If Yes, indicate decision required:

- | | | | |
|---|---|--|--------------------------------------|
| <input type="checkbox"/> Zoning amendment | <input type="checkbox"/> Zoning variance | <input type="checkbox"/> New/revision of master plan | <input type="checkbox"/> Subdivision |
| <input type="checkbox"/> Site plan | <input type="checkbox"/> Special use permit | <input type="checkbox"/> Resource management plan | <input type="checkbox"/> Other |

2. What is the zoning classification(s) of the site? N/A

3. What is the maximum potential development of the site if developed as permitted by the present zoning? N/A

4. What is the proposed zoning of the site? N/A

5. What is the maximum potential development of the site if developed as permitted by the proposed zoning? N/A

6. Is the proposed action consistent with the recommended uses in adopted local land use plans? ☐ Yes ☐ No N/A

7. What are the predominant land use(s) and zoning classifications within a ¼ mile radius of proposed action? N/A

8. Is the proposed action compatible with adjoining/surrounding land uses with a ¼ mile? ☐ Yes ☐ No N/A

9. If the proposed action is the subdivision of land, how many lots are proposed? N/A

a. What is the minimum lot size proposed? _____

10. Will proposed action require any authorization(s) for the formation of sewer or water districts? ☐ Yes ☒ No

11. Will the proposed action create a demand for any community provided services (recreation, education, police, fire protection)?

☐ Yes ☒ No

a. If yes, is existing capacity sufficient to handle projected demand? ☐ Yes ☐ No

12. Will the proposed action result in the generation of traffic significantly above present levels? ☐ Yes ☒ No

a. If yes, is the existing road network adequate to handle the additional traffic. ☐ Yes ☐ No

D. Informational Details

Attach any additional information as may be needed to clarify your project. If there are or may be any adverse impacts associated with your proposal, please discuss such impacts and the measures which you propose to mitigate or avoid them.

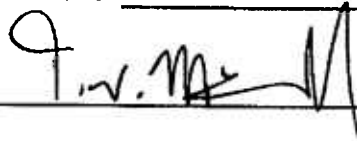
E. Verification

I certify that the information provided above is true to the best of my knowledge.

Applicant/Sponsor Name Verizon New York Inc.

Date 07/06/06

Signature



Title Vice President Regulatory Affairs, NY & CT

If the action is in the Coastal Area, and you are a state agency, complete the Coastal Assessment Form before proceeding with this assessment.

PART 2 - PROJECT IMPACTS AND THEIR MAGNITUDE

Responsibility of Lead Agency

General Information (Read Carefully)

- I In completing the form the reviewer should be guided by the question: Have my responses and determinations been **reasonable**? The reviewer is not expected to be an expert environmental analyst.
- I The **Examples** provided are to assist the reviewer by showing types of impacts and wherever possible the threshold of magnitude that would trigger a response in column 2. The examples are generally applicable throughout the State and for most situations. But, for any specific project or site other examples and/or lower thresholds may be appropriate for a Potential Large Impact response, thus requiring evaluation in Part 3.
- I The impacts of each project, on each site, in each locality, will vary. Therefore, the examples are illustrative and have been offered as guidance. They do not constitute an exhaustive list of impacts and thresholds to answer each question.
- I The number of examples per question does not indicate the importance of each question.
- I In identifying impacts, consider long term, short term and cumulative effects.

Instructions (Read carefully)

- a. Answer each of the 20 questions in PART 2. Answer **Yes** if there will be any impact.
- b. **Maybe** answers should be considered as **Yes** answers.
- c. If answering **Yes** to a question then check the appropriate box(column 1 or 2)to indicate the potential size of the impact. If impact threshold equals or exceeds any example provided, check column 2. If impact will occur but threshold is lower than example, check column 1.
- d. Identifying that an Impact will be potentially large (column 2) does not mean that it is also necessarily **significant**. Any large impact must be evaluated in PART 3 to determine significance. Identifying an impact in column 2 simply asks that it be looked at further.
- e. If reviewer has doubt about size of the impact then consider the impact as potentially large and proceed to PART 3.
- f. If a potentially large impact checked in column 2 can be mitigated by change(s) in the project to a small to moderate impact, also check the **Yes** box in column 3. A **No** response indicates that such a reduction is not possible. This must be explained in Part 3.

1	2	3
Small to Moderate Impact	Potential Large Impact	Can Impact Be Mitigated by Project Change

Impact on Land

1. Will the Proposed Action result in a physical change to the project site?

NO ☐ YES ☐

Examples that would apply to column 2

- | | | | | |
|--|--------------------------|--------------------------|------------------------------|-----------------------------|
| • Any construction on slopes of 15% or greater, (15 foot rise per 100 foot of length), or where the general slopes in the project area exceed 10%. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Construction on land where the depth to the water table is less than 3 feet. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Construction of paved parking area for 1,000 or more vehicles. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Construction on land where bedrock is exposed or generally within 3 feet of existing ground surface. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Construction that will continue for more than 1 year or involve more than one phase or stage. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Excavation for mining purposes that would remove more than 1,000 tons of natural material (i.e., rock or soil) per year. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

- | | 1
Small to
Moderate
Impact | 2
Potential
Large
Impact | 3
Can Impact Be
Mitigated by
Project Change |
|---|-------------------------------------|-----------------------------------|--|
| • Construction or expansion of a sanitary landfill. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Construction in a designated floodway. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

2. Will there be an effect to any unique or unusual land forms found on the site? (i.e., cliffs, dunes, geological formations, etc.)

☐ NO ☐ YES

- | | 1
Small to
Moderate
Impact | 2
Potential
Large
Impact | 3
Can Impact Be
Mitigated by
Project Change |
|------------------------|-------------------------------------|-----------------------------------|--|
| • Specific land forms: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

Impact on Water

3. Will Proposed Action affect any water body designated as protected? (Under Articles 15, 24, 25 of the Environmental Conservation Law, ECL)

☐ NO ☐ YES

Examples that would apply to column 2

- | | | | |
|--|--------------------------|--------------------------|--|
| • Developable area of site contains a protected water body. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Dredging more than 100 cubic yards of material from channel of a protected stream. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Extension of utility distribution facilities through a protected water body. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Construction in a designated freshwater or tidal wetland. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

4. Will Proposed Action affect any non-protected existing or new body of water?

☐ NO ☐ YES

Examples that would apply to column 2

- | | | | |
|--|--------------------------|--------------------------|--|
| • A 10% increase or decrease in the surface area of any body of water or more than a 10 acre increase or decrease. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Construction of a body of water that exceeds 10 acres of surface area. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
5. Will Proposed Action affect surface or groundwater quality or quantity? <input type="checkbox"/> NO <input type="checkbox"/> YES			
Examples that would apply to column 2			
• Proposed Action will require a discharge permit.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action requires use of a source of water that does not have approval to serve proposed (project) action.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action requires water supply from wells with greater than 45 gallons per minute pumping capacity.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Construction or operation causing any contamination of a water supply system.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action will adversely affect groundwater.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Liquid effluent will be conveyed off the site to facilities which presently do not exist or have inadequate capacity.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action would use water in excess of 20,000 gallons per day.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action will likely cause siltation or other discharge into an existing body of water to the extent that there will be an obvious visual contrast to natural conditions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action will require the storage of petroleum or chemical products greater than 1,100 gallons.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action will allow residential uses in areas without water and/or sewer services.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action locates commercial and/or industrial uses which may require new or expansion of existing waste treatment and/or storage facilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Other impacts:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No

1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
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6. Will Proposed Action alter drainage flow or patterns, or surface water runoff?

☐ NO ☐ YES

Examples that would apply to column 2

- | | | | | |
|--|--------------------------|--------------------------|------------------------------|-----------------------------|
| • Proposed Action would change flood water flows | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Proposed Action may cause substantial erosion. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Proposed Action is incompatible with existing drainage patterns. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Proposed Action will allow development in a designated floodway. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

IMPACT ON AIR

7. Will Proposed Action affect air quality?

☐ NO ☐ YES

Examples that would apply to column 2

- | | | | | |
|---|--------------------------|--------------------------|------------------------------|-----------------------------|
| • Proposed Action will induce 1,000 or more vehicle trips in any given hour. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Proposed Action will result in the incineration of more than 1 ton of refuse per hour. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Emission rate of total contaminants will exceed 5 lbs. per hour or a heat source producing more than 10 million BTU's per hour. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Proposed Action will allow an increase in the amount of land committed to industrial use. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Proposed Action will allow an increase in the density of industrial development within existing industrial areas. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

IMPACT ON PLANTS AND ANIMALS

8. Will Proposed Action affect any threatened or endangered species?

☐ NO ☐ YES

Examples that would apply to column 2

- | | | | | |
|---|--------------------------|--------------------------|------------------------------|-----------------------------|
| • Reduction of one or more species listed on the New York or Federal list, using the site, over or near the site, or found on the site. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
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| • Removal of any portion of a critical or significant wildlife habitat. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Application of pesticide or herbicide more than twice a year, other than for agricultural purposes. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

9. Will Proposed Action substantially affect non-threatened or non-endangered species?

☐ NO ☐ YES

Examples that would apply to column 2

- | | | | |
|--|--------------------------|--------------------------|--|
| • Proposed Action would substantially interfere with any resident or migratory fish, shellfish or wildlife species. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action requires the removal of more than 10 acres of mature forest (over 100 years of age) or other locally important vegetation. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

IMPACT ON AGRICULTURAL LAND RESOURCES

10. Will Proposed Action affect agricultural land resources?

☐ NO ☐ YES

Examples that would apply to column 2

- | | | | |
|--|--------------------------|--------------------------|--|
| • The Proposed Action would sever, cross or limit access to agricultural land (includes cropland, hayfields, pasture, vineyard, orchard, etc.) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Construction activity would excavate or compact the soil profile of agricultural land. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • The Proposed Action would irreversibly convert more than 10 acres of agricultural land or, if located in an Agricultural District, more than 2.5 acres of agricultural land. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

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| • The Proposed Action would disrupt or prevent installation of agricultural land management systems (e.g., subsurface drain lines, outlet ditches, strip cropping); or create a need for such measures (e.g. cause a farm field to drain poorly due to increased runoff). | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

IMPACT ON AESTHETIC RESOURCES

11. Will Proposed Action affect aesthetic resources? (If necessary, use the Visual EAF Addendum in Section 617.20, Appendix B.)

☐ NO ☐ YES

Examples that would apply to column 2

- | | | | |
|---|--------------------------|--------------------------|--|
| • Proposed land uses, or project components obviously different from or in sharp contrast to current surrounding land use patterns, whether man-made or natural. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed land uses, or project components visible to users of aesthetic resources which will eliminate or significantly reduce their enjoyment of the aesthetic qualities of that resource. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Project components that will result in the elimination or significant screening of scenic views known to be important to the area. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

IMPACT ON HISTORIC AND ARCHAEOLOGICAL RESOURCES

12. Will Proposed Action impact any site or structure of historic, prehistoric or paleontological importance?

☐ NO ☐ YES

Examples that would apply to column 2

- | | | | |
|---|--------------------------|--------------------------|--|
| • Proposed Action occurring wholly or partially within or substantially contiguous to any facility or site listed on the State or National Register of historic places. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Any impact to an archaeological site or fossil bed located within the project site. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action will occur in an area designated as sensitive for archaeological sites on the NYS Site Inventory. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

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| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

IMPACT ON OPEN SPACE AND RECREATION

13. Will proposed Action affect the quantity or quality of existing or future open spaces or recreational opportunities?

☐ NO ☐ YES

Examples that would apply to column 2

- | | | | |
|---|--------------------------|--------------------------|--|
| • The permanent foreclosure of a future recreational opportunity. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • A major reduction of an open space important to the community. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

IMPACT ON CRITICAL ENVIRONMENTAL AREAS

14. Will Proposed Action impact the exceptional or unique characteristics of a critical environmental area (CEA) established pursuant to subdivision 6NYCRR 617.14(g)?

☐ NO ☐ YES

List the environmental characteristics that caused the designation of the CEA.

Examples that would apply to column 2

- | | | | |
|---|--------------------------|--------------------------|--|
| • Proposed Action to locate within the CEA? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action will result in a reduction in the quantity of the resource? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action will result in a reduction in the quality of the resource? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action will impact the use, function or enjoyment of the resource? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

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IMPACT ON TRANSPORTATION

15. Will there be an effect to existing transportation systems?

☐ NO ☐ YES

Examples that would apply to column 2

- Alteration of present patterns of movement of people and/or goods.

☐
☐

☐ Yes

☐ No

- Proposed Action will result in major traffic problems.

☐
☐

☐ Yes

☐ No

- Other impacts:

☐
☐

☐ Yes

☐ No

IMPACT ON ENERGY

16. Will Proposed Action affect the community's sources of fuel or energy supply?

☐ NO ☐ YES

Examples that would apply to column 2

- Proposed Action will cause a greater than 5% increase in the use of any form of energy in the municipality.

☐
☐

☐ Yes

☐ No

- Proposed Action will require the creation or extension of an energy transmission or supply system to serve more than 50 single or two family residences or to serve a major commercial or industrial use.

☐
☐

☐ Yes

☐ No

- Other impacts:

☐
☐

☐ Yes

☐ No

NOISE AND ODOR IMPACT

17. Will there be objectionable odors, noise, or vibration as a result of the Proposed Action?

☐ NO ☐ YES

Examples that would apply to column 2

- Blasting within 1,500 feet of a hospital, school or other sensitive facility.

☐
☐

☐ Yes

☐ No

- Odors will occur routinely (more than one hour per day).

☐
☐

☐ Yes

☐ No

- Proposed Action will produce operating noise exceeding the local ambient noise levels for noise outside of structures.

☐
☐

☐ Yes

☐ No

- Proposed Action will remove natural barriers that would act as a noise screen.

☐
☐

☐ Yes

☐ No

- Other impacts:

☐
☐

☐ Yes

☐ No

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IMPACT ON PUBLIC HEALTH

18. Will Proposed Action affect public health and safety?

☐ NO ☐ YES

- | | | | |
|--|--------------------------|--------------------------|--|
| • Proposed Action may cause a risk of explosion or release of hazardous substances (i.e. oil, pesticides, chemicals, radiation, etc.) in the event of accident or upset conditions, or there may be a chronic low level discharge or emission. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action may result in the burial of "hazardous wastes" in any form (i.e. toxic, poisonous, highly reactive, radioactive, irritating, infectious, etc.) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Storage facilities for one million or more gallons of liquefied natural gas or other flammable liquids. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action may result in the excavation or other disturbance within 2,000 feet of a site used for the disposal of solid or hazardous waste. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

IMPACT ON GROWTH AND CHARACTER OF COMMUNITY OR NEIGHBORHOOD

19. Will Proposed Action affect the character of the existing community?

☐ NO ☐ YES

Examples that would apply to column 2

- | | | | |
|---|--------------------------|--------------------------|--|
| • The permanent population of the city, town or village in which the project is located is likely to grow by more than 5%. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • The municipal budget for capital expenditures or operating services will increase by more than 5% per year as a result of this project. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action will conflict with officially adopted plans or goals. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action will cause a change in the density of land use. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action will replace or eliminate existing facilities, structures or areas of historic importance to the community. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Development will create a demand for additional community services (e.g. schools, police and fire, etc.) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

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| • Proposed Action will set an important precedent for future projects. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action will create or eliminate employment. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

20. Is there, or is there likely to be, public controversy related to potential adverse environment impacts?

☐ NO ☐ YES

If Any Action In Part 2 Is Identified as a Potential Large Impact or If you Cannot Determine the Magnitude of Impact, Proceed to Part 3

Part 3 - EVALUATION OF THE IMPORTANCE OF IMPACTS

Responsibility of Lead Agency

Part 3 must be prepared if one or more impact(s) is considered to be potentially large, even if the impact(s) may be mitigated.

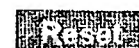
Instructions (If you need more space, attach additional sheets)

Discuss the following for each impact identified in Column 2 of Part 2:

1. Briefly describe the impact.
2. Describe (if applicable) how the impact could be mitigated or reduced to a small to moderate impact by project change(s).
3. Based on the information available, decide if it is reasonable to conclude that this impact is **important**.

To answer the question of importance, consider:

- ! The probability of the impact occurring
- ! The duration of the impact
- ! Its irreversibility, including permanently lost resources of value
- ! Whether the impact can or will be controlled
- ! The regional consequence of the impact
- ! Its potential divergence from local needs and goals
- ! Whether known objections to the project relate to this impact.



**ADDENDUM TO ENVIRONMENTAL ASSESSMENT FORM RELATING TO
CONFIRMATION OF A CABLE TELEVISION FRANCHISE
FOR THE VILLAGE OF LAUREL HOLLOW (NASSAU COUNTY), NEW YORK**

Setting

The Village of Laurel Hollow is located in the eastern portion of the Town of Oyster Bay, in Nassau County. As of the 2000 Census, the Village had a population of 1,930 within a total area of 3.08 square miles.

The Village is (1) not within an agricultural district, (2) not in or substantially contiguous to a Critical Environmental Area, and (3) not substantially contiguous to a National Natural Landmark. A list of historic sites, historic districts, and national historic landmarks in the Village is attached. It is Verizon's policy to conform to all applicable laws and regulations in placing its facilities, including any special requirements that may be applicable to historic sites, districts, or landmarks.

Like much of Long Island, the Village sits atop an aquifer system from which its water supply is drawn. The majority of Laurel Hollow is within a coastal area and includes a designated wetlands area. Verizon's FTTP extensions and drop wires will be placed only to serve existing or planned residences and businesses and will be consistent with physical arrangements for the provision of non-video communications services (voice, data), and other types of utility service, to such areas. Video programming will be delivered utilizing existing distribution routes and supporting structures. Moreover, cable service is already provided within the franchise area by the incumbent, Cablevision. Thus, Verizon's construction activities would not impact otherwise undeveloped areas.

Two maps are included with this addendum. The first map shows the franchise area, historical sites and districts, wetlands and the coastal area boundary. The second map shows the franchise area and the location of the 100-year flood plain in this area.

Description of Potential Construction Activities

The Commission is being asked to approve the Village's award of a cable television franchise to Verizon. The franchise will enable Verizon to deliver video programming to subscribers over its FTTP network, which is also used for the provision of voice and data services. It is Verizon's position that the construction, extension, modification, and repair of the facilities comprising the FTTP network are independently authorized, do not require franchise authority, and are thus not included within any "action" (within the meaning of SEQRA) for which approval is sought in this proceeding. Nevertheless, at Staff's request, Verizon is providing the following information concerning work on Verizon's FTTP facilities that may be undertaken in the Village subsequent to the Commission's approval of the franchise.

Extensions of Verizon's FTTP network may take place in the Village of Laurel Hollow following the award of the franchise. FTTP construction in the Village's rights-of-way would relate to facilities that will also be used for Verizon's voice and data services. (Any equipment

that is utilized exclusively for the provision of cable services in the Village will be located in Verizon's central offices.) Verizon has completed the construction of its FTTP network to approximately 83% of the households in the franchise area.

When a Verizon subscriber requests the FiOSSM voice, data, and/or video services that are available over the FTTP network, fiber drop wire are run to the subscriber's home. There are 634 households within the Village of Laurel Hollow that could potentially be served with fiber drops.¹ In terms of the potential environmental impact of drop placement activities, the fiber drops that are associated with FTTP do not differ in any significant respect from the copper drops that Verizon routinely installs, maintains and on occasion replaces in connection with its current services. Moreover, fiber drops will be deployed to customers who request other FiOS services even if such customers do not elect to purchase FiOS video.

¹ In general, Verizon's outside plant may include both aerial and underground facilities. Some of the work related to the extension of FTTP facilities and the placement of drops may therefore be underground.

USN	Class	BF	Street Address/Location/Bldg. Name	Deter.	NR Ref. No	SR Date	NR Date	NHL Date
05943.000024	B		BUNGTON RD BLDG 17 (HOOPER HOUSE) EAST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000026	B		BUNGTON RD BLDG 19 (OSTERHOUT COTTAGE) (NON-CONTRIBUTING) EAST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000038	B		BUNGTON RD BLDG 29 (NICHOLS BLDG) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000039	B		BUNGTON RD BLDG 30 (WATER TREATMENT PLANT & GAZEBO) (NON-CONTRIBUTING) EAST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000040	B		BUNGTON RD BLDG 31 (DELBRUCK LAB: DELBRUCK WING) (NON-CONTRIBUTING) EAST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000042	B		BUNGTON RD BLDG 31A (DELBRUCK LAB COMPLEX: DAVENPORT LAB) EAST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000041	B		BUNGTON RD BLDG 32 (DELBRUCK LAB: PAGE LAB WING) (NON-CONTRIBUTING) EAST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000043	B		BUNGTON RD BLDG 33 (FIREHOUSE) EAST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000044	B		BUNGTON RD BLDG 34 (ICE HOUSE) (NON-CONTRIBUTING) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000045	B		BUNGTON RD BLDG 35 (LININGTON RESIDENCE/OLNEY HOUSE) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000046	B		BUNGTON RD BLDG 35A (LININGTON/OLNEY CARRIAGE HOUSE) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	

05943.000047	B	BUNGTOWN RD BLDG 35B (KURAHARA RESIDENCE) (NON-CONTRIBUTING) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000048	B	BUNGTOWN RD BLDG 36 (YELLOW HOUSE) EAST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000049	B	BUNGTOWN RD BLDG 36A (PUMP HOUSE) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000009	S	BUNGTOWN RD BLDG 4 (OCTAGON) (NON-CONTRIBUTING) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000010	B	BUNGTOWN RD BLDG 5 (GRACE AUDITORIUM) (NON-CONTRIBUTING) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000011	B	BUNGTOWN RD BLDG 6 (BLACKFORD HALL) EAST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000012	B	BUNGTOWN RD BLDG 7 (BUSH HALL) EAST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000013	B	BUNGTOWN RD BLDG 8 (DEMEREK LAB) EAST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000050	B	DEFOREST DR BLDG 37 (DE FOREST STABLES) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000051	B	DEFOREST DR BLDG 38 (AIRSLIE) NORTH SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000006	B	HARRIS RD BLDG 2 (HARRIS BLDG) (NON-CONTRIBUTING) EAST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000027	B	HARRIS RD BLDG 20 (DOLAN HALL) (NON-CONTRIBUTING) EAST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	

05943.000028	S	HARRIS RD BLDG 21 (HAZEN TOWER) (NON-CONTRIBUTING STRUCTURE) EAST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000029	B	HARRIS RD BLDG 22 (BECKMAN LAB) (NON-CONTRIBUTING) EAST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000030	B	HARRIS RD BLDG 23 (CABIN ONE) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000031	B	HARRIS RD BLDG 23 (CABIN TWO) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000008	B	HARRIS RD BLDG 3 (GROUP OF 5 ATTACHED CABINS) (NON-CONTRIBUTING) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000007	B	HARRIS RD BLDG 3 (GROUP OF 6 ATTACHED CABINS) (NON-CONTRIBUTING) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000032	B	HARRIS RD JAMES RD BLDG 24 (UREY COTTAGE) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000025	B	JAMES RD BLDG 18 (COLE COTTAGE) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000034	B	JAMES RD BLDG 25 (JAMES LAB COMPLEX: SAMBROOK ADD.) (NON-CONTRIBUTING) NORTH SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000035	B	JAMES RD BLDG 26 (JAMES LAB COMPLEX: JAMES LAB) (NON-CONTRIBUTING) NORTH SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000036	B	JAMES RD BLDG 27 (JAMES LAB COMPLEX: JAMES ANNEX) (NON-CONTRIBUTING) NORTH SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000037	B	JAMES RD BUNG TOWN RD BLDG 28 (WILLIAMS HOUSE) (NON-CONTRIBUTING) AT INTERSECTION; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	

05943.000016	B	LOWER BUNGTOWN RD BLDG 10 (MAIN BLDG/CARNEGIE LIBRARY) EAST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000017	B	LOWER BUNGTOWN RD BLDG 11 (ANIMAL HOUSE/MCCLINTOCK LAB) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000018	B	LOWER BUNGTOWN RD BLDG 12 (SHEEP SHED/CAIRNS LAB) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000019	B	LOWER BUNGTOWN RD BLDG 13 (CARENTRY SHED) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000020	B	LOWER BUNGTOWN RD BLDG 14 (POWER HOUSE) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000021	B	LOWER BUNGTOWN RD BLDG 15 (WAWEPX BLDG) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000022	B	LOWER BUNGTOWN RD BLDG 16 (JONES LAB) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000023	B	LOWER BUNGTOWN RD BLDG 16A (JONES SPRINGHOUSE) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000052	S	LOWER BUNGTOWN RD BLDG 16B (JONES WHARF) EAST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000014	B	LOWER BUNGTOWN RD BLDG 9 (POTTING SHED/HERSHEY BLDG) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000015	B	LOWER BUNGTOWN RD BLDG 9A (CAT HOUSE) WEST SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000053	S	NORTH HEMPSTEAD TPK NY 25A BLDG A (ENTRANCE KIOSK) (NON-CONTRIBUTING) SOUTH SIDE; COLD SPRING HARBOR FISH HATCHERY	Listed	94NR00543	1/11/1994	3/30/1994	

05943.000054	B	NORTH HEMPSTEAD TPK NY 25A BLDG B (FAIRCHILD BLDG) SOUTH SIDE; COLD SPRING HARBOR FISH HATCHERY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000055	B	NORTH HEMPSTEAD TPK NY 25A BLDG C (MEAT HOUSE) SOUTH SIDE; COLD SPRING HARBOR FISH HATCHERY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000056	B	NORTH HEMPSTEAD TPK NY 25A BLDG D (AQUARIUM BLDG) (NON-CONTRIBUTING) SOUTH SIDE; COLD SPRING HARBOR FISH HATCHERY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000057	B	NORTH HEMPSTEAD TPK NY 25A BLDG E (HATCH HOUSE) (NON-CONTRIBUTING) SOUTH SIDE; COLD SPRING HARBOR FISH HATCHERY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000058	S	NORTH HEMPSTEAD TPK NY 25A BLDG F (WATER SYSTEM) SOUTH SIDE; COLD SPRING HARBOR FISH HATCHERY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000004	B	NORTH HEMPSTEAD TPK NY 25A BUILDING 1 (DAVENPORT HOUSE) NORTH SIDE; COLD SPRING HARBOR LABORATORY	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000001	B	NORTH HEMPSTEAD TPK NY 25A BUILDING C (EARLY 19TH C. RESIDENCE) SOUTH SIDE; ACROSS FROM COLD SPRING HARBOR LAB	Individually Eligible				
05943.000002	B	NORTH HEMPSTEAD TPK NY 25A BUILDING D (C.1800 RESIDENCE) SOUTH SIDE; ACROSS FROM MOORES HILL ROAD INTERSECTION	Individually Eligible				
05943.000064		NORTH HEMPSTEAD TPK NY 25A COLD SPRING HARBOR FISH HATCHERY SOUTH SIDE; OPPOSITE BUNG TOWN RD	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000063		NORTH HEMPSTEAD TPK NY 25A COLD SPRING HARBOR LABORATORY ON COLD SPRING HARBOR; WEST SIDE	Listed	94NR00543	1/11/1994	3/30/1994	
05943.000033	B	PRIVATE RD BLDG 24A (FRICKE RESIDENCE) OFF MOORES HILL RD; COLD SPRING HARBOR LAB	Listed	94NR00543	1/11/1994	3/30/1994	