

PENDING PETITION MEMO

Date: 5/24/2007

TO : Office of Telecommunications
Office of General Counsel
Office of Electricity & Environment

FROM: CENTRAL OPERATIONS

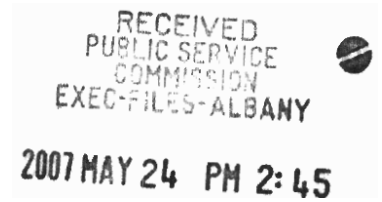
UTILITY: VERIZON NEW YORK INC

SUBJECT: 07-V-0619

Petition of Verizon New York Inc. for a Certificate of Confirmation
for its Franchise with the Town of Mount Pleasant, Westchester county.

140 West Street
27th Floor
New York, NY 10007-2109
Tel (212) 321-8126
Fax (212) 962-1687
joseph.a.post@verizon.com

Joseph A. Post
Assistant General Counsel



May 24, 2007

BY HAND

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

Re: Case 07-V-_____

Dear Secretary Brillling:

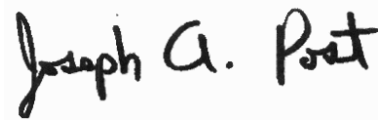
Enclosed please find an original and four (4) copies of the Petition of Verizon New York Inc. ("Verizon") for confirmation, pursuant to § 221 of the Public Service Law, of a cable franchise awarded to Verizon by the Town of Mount Pleasant, New York.

The cable service that Verizon proposes to offer in Mount Pleasant 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 Mount Pleasant 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.

Honorable Jaclyn A. Brillling
May 24, 2007

Verizon's proposed offering of FiOS video service in Mount Pleasant complies in all respects with the requirements of New York and federal law, and will provide valuable benefits to consumers in the franchise area. Moreover, Verizon is already technically and operationally capable of offering cable service in significant portions of the franchise area. (See Petition ¶ 9.) Accordingly, Verizon respectfully requests that the Commission promptly review the Petition and approve it at its June 20, 2007 session.

Respectfully submitted,

A handwritten signature in black ink that reads "Joseph A. Post". The signature is written in a cursive, slightly slanted style.

cc: Town of Mount Pleasant
Ms. Patricia June Scova
Town Clerk
Town of Mount Pleasant
One Town Hall Plaza
Valhalla, New York 10595

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 Town of
Mount Pleasant, New York (Westchester
County)**

Case 07-V-_____

PETITION FOR CONFIRMATION

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

Counsel for Verizon New York Inc.

May 24, 2007

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**STATE OF NEW YORK
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**In the Matter of the Petition of Verizon
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Franchise Awarded by the Town of
Mount Pleasant, New York (Westchester
County)**

Case 07-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 Town of Mount Pleasant, a municipality located in Westchester County (the “Franchisor”).

The Franchise, and Verizon’s proposed offering of cable service in Mount Pleasant 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. True copies of the Franchise and the resolution authorizing the Franchise are provided as Attachments A and B, respectively, to this Petition. A public hearing (the "Hearing") on Verizon's application for a franchise was held by the Franchisor on May 22, 2007, at Town Hall, One Town Plaza, Valhalla, New York, starting at approximately 8:30 P.M. A true copy of the affidavit of publication of the notice of public hearing is provided as Attachment C to this petition. (16 NYCRR § 897.2(b))

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.

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 May 30, 2007 in The Journal News. The Journal News is a newspaper of general circulation in the Town of Mount Pleasant. 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. Verizon already has the technical and operational ability to offer cable service in significant portions of the franchise area, and intends to begin offering such service shortly after the Franchise is confirmed. In order to ensure the earliest possible availability of competitive cable service within the franchise area, together with the benefits that such competition will bring, we respectfully request that the Commission rule on this Petition at its June 20, 2007 Session.

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 Mount Pleasant, 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.

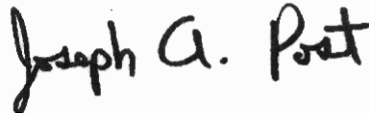
III. CONCLUSION

The Franchise, and Verizon's proposed offering of FiOS video services in Mount Pleasant 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 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

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).

significant adverse environmental impact, and it should accordingly include a negative declaration under SEQRA in its confirmation order.

Respectfully submitted,

A handwritten signature in black ink that reads "Joseph A. Post". The signature is written in a cursive style with a large, stylized "P" and "A".

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

Counsel for Verizon New York Inc.

May 24, 2007

LIST OF ATTACHMENTS TO THE PETITION

- A. True copy of the Franchise
- B. True copy of the resolution authorizing the Franchise
- C. True copy of affidavit of publication of notice of public hearing
- 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 Town of Mount Pleasant
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

Exhibit D: PEG Access Origination Point

THIS CABLE FRANCHISE AGREEMENT (the "Franchise" or "Agreement") is entered into by and between the Town of Mount Pleasant, 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 will occupy 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 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 and disputes, 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, and such additional areas as may be annexed or acquired.

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; (iv) video on demand and pay-per-view; and (v) 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 of advertising revenue 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: 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; 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); refunds, rebates or discounts made to Subscribers or other third parties; any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law

including, without limitation, revenue received from Telecommunications Services; revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services; charges made to the public for commercial or cable television that is used for two-way communication; and any other revenues attributed by Franchisee to Non-Cable Services in accordance with federal law, rules, regulations, standards or orders as amended; 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; 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; 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; 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); 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); sales of capital assets or sales of surplus equipment; program launch fees, i.e., reimbursement by programmers to Franchisee of marketing costs incurred by Franchisee for the introduction of new programming; directory or Internet advertising revenue including, but not limited to, yellow page, white page, banner advertisement and electronic publishing; or 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 Town of Mount Pleasant New York, or the lawful successor, transferee, or assignee thereof.

1.20. *Local Law*: Town of Mt. Pleasant's Town Code A223 entitled "Cable Television Franchise," also known as "Mount Pleasant Cable Television Ordinance" adopted in 1969, superseded by Town Code 73 entitled "Cable Television" originally adopted as Local Law No. 1 for 1995 entitled "Cable Communications Local Law for the Town of Mount Pleasant, New York" and also known as "Mount Pleasant Cable Communication Regulatory Local Law, as amended from time to time.

1.21. *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.

1.22. *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.

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

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

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

1.26. *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.

1.27. *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.

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

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

1.30. *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.

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

1.32. *Transfer of the Franchise*:

1.32.1. Any transaction in which:

1.32.1.1. a fifty percent ownership or greater 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

1.32.1.2. 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.

1.32.2. However, notwithstanding Sub-subsections 1.32.1.1 and 1.32.1.2 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.

1.33. *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 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 broad new authority over the construction, placement and operation of Franchisee's mixed-use facilities; provided, however, that nothing herein shall be construed to limit the LFA's existing authority with respect to the Franchisee's mixed use facilities pursuant to Title II of the Communications Act, Section 27 of the Transportation Corporations Law, and lawful and applicable local laws, including any lawful right to compel relocation of such facilities in the event of road-widenings and other similar adjustments to the Public-Rights-of-Way, consistent with the NY PSC rules and regulations and orders.

2.3. *Effective Date and 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 fifteen (15) 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. If subsequent to the Effective Date, there is a change in federal or state law that eliminates the authority of the LFA to require, grant or maintain this Franchise, then to the extent permitted under law this Franchise shall survive such legislation and remain in effect for the term 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 lawful provisions of federal law and state law and FCC and NY PSC rules, regulations, standards and orders, as amended from time to time, 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.

2.8. *Local Authority:* Nothing in this Agreement shall be construed to prohibit the LFA's reasonable, necessary and lawful exercise of its police power including, without limitation, in addition to the implementation and enforcement of the provisions of this Agreement and existing applicable laws and regulations, the enactment, adoption, implementation and enforcement of such additional laws and regulations as the LFA may deem necessary in the exercise of its police power; provided, however, that such laws and regulations are reasonable, not materially in conflict with the privileges granted in this Franchise and consistent with all applicable federal and state laws, rules, regulations and orders. LFA finds that the terms of this Agreement are comprehensive and that it will be unnecessary for the LFA to enforce the provisions of its Local Law and, therefore, LFA expressly waives all of the provisions of the LFA's Local Law with respect to Franchisee.

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 pre-existing condition at Franchisee's expense.

2.10. *Restoration of Subscriber Premises:* The Franchisee shall ensure, at Franchisee's expense, that Subscriber's premises are restored to 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 Commitment:* 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, in accordance with NY PSC rules and regulations: (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 Franchisee cannot gain access after good faith efforts; (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, 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 respectively, 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 of the residents 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 one hundred fifty (150) feet of trunk or feeder lines not otherwise already served by Franchisee's FTTP Network. Franchisee

shall be allowed to recover, from a Subscriber that requests such connection, the actual costs incurred for residential dwelling unit connections that exceed one hundred fifty (150) 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, Franchisee shall provide, without charge within the Service Area, one 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; or as designated by the LFA in the future during the Franchise term, upon sixty (60) days prior written notice to the Franchisee; provided however that any new additional buildings added to Exhibit A cannot exceed any more than five (5) buildings per year over the life of the agreement; provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than one hundred fifty (150) 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 one hundred fifty (150) 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 outlet, or concealed inside wiring, or a service outlet requiring more than one hundred fifty (150) 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; provided, however, that if such equipment becomes defective, Franchisee shall replace it at no charge.

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 and Work:* 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 regulations 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:*

5.1.1. 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 one (1) dedicated Government Access Channel (collectively, "PEG Channels") as provided in the Cable Law.

5.1.2. 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 outside 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.

5.1.3. 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 Access Connections:*

5.2.1. LFA shall designate in its sole discretion not more than four (4) sites within the Franchise Area for the connection of PEG access facilities with the Cable System (each, a "PEG Access Origination Point"), as designated on Exhibit D to this Agreement.

5.2.2. Subject to the successful completion of all required site preparation work by the LFA and provision of access to Franchisee for equipment installation and provisioning, Franchisee shall, without charge to the LFA, provide upstream PEG Channel

transmission connections between its video channel aggregation point and each PEG Access Origination Point in order to permit the signals to be correctly routed from the PEG Access Origination Points to the appropriate PEG Access Channel for distribution to Subscribers as follows: (i) one (1) PEG Access Origination Point shall be operable within one hundred eighty (180) days of the Effective Date; (ii) two (2) PEG Access Origination Points shall be operable on or before the eight (8) month anniversary of the Effective Date; and (iii) one (1) PEG Access Origination Point shall be operable after the one year (1) year anniversary of the Effective Date, upon one hundred eighty (180) days written notice to Franchisee.

5.2.3. The LFA shall provide to Franchisee at each PEG Access Origination Point a suitable video signal for each PEG Channel. Franchisee, upon receipt of the suitable video signal, shall provide, install and maintain in good working order the equipment necessary for transmitting the PEG signal to the channel aggregation site for further processing for distribution to Subscribers. Franchisee's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Franchisee, of suitable required space, environmental conditions, electrical power supply, access, pathway, and other facilities and such cooperation of the LFA as is reasonably necessary for Franchisee to fulfill such obligations. Should Franchisee determine that it cannot fulfill such obligations as a result of LFA's failure to cooperate or to provide suitable required space, environmental conditions, electrical power supply, access, pathway, or other facilities, it shall so notify LFA in a writing detailing the requirements of Franchisee that will enable it to fulfill its obligations hereunder.

5.2.4. Such upstream transmission provided by Franchisee shall comply with applicable FCC standards governing the transport and distribution of PEG signals to Subscribers.

5.2.5. If Franchisee makes changes to the Cable System that require improvements to the access facilities or equipment in order to permit the PEG access equipment and facilities to continue to be used as they were intended under the terms of this Agreement, then Franchisee shall, without charge to the LFA, make such changes in either the equipment and facilities referred to in Subsection 5.2.3 or in the Franchisee's video channel aggregation point and distribution equipment and facilities in order to permit the continuation of such intended use.

5.3. *PEG Facilities:* Subject to Section 5.2, Franchisee shall design, build, and maintain all PEG upstream feeds, connections, and distribution facilities in order that such feeds function as reliably as Franchisee's Cable System as a whole within the Franchise Area, and are no more likely to fail than is Franchisee's Cable System as a whole within the Franchise Area.

5.4. *PEG Grant:*

5.4.1. Franchisee shall provide to the LFA financial contributions for use in support of the production of local PEG programming. The financial contributions shall consist of the following two grants: (a) a one-time grant in the amount of \$25,000 (the "Initial PEG Grant"); and (b) an annual grant in the amount of SIXTY CENTS (\$.60) per month, per Subscriber to Franchisee's Basic Service tier in the Service Area (the "Annual PEG Grant").

5.4.2. The Initial PEG Grant shall become due and payable thirty (30) days after the Effective Date.

5.4.3. The Annual PEG Grant shall not become due and payable unless and until the LFA (i) provides Franchisee with sixty (60) business days written notice that LFA will require the Annual PEG Grant, and (ii) imposes the same obligation to the obligations contained in this Section 5.4 on all cable service providers providing cable service to LFA.

5.4.4. The Initial PEG Grant and the Annual PEG Grant shall be used solely by the LFA for PEG access equipment, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, or for renovation or construction of PEG access facilities.

5.4.5. The LFA shall provide Franchisee with an annual report setting forth a summary of all expenditures for PEG access equipment and facilities from the PEG Grants paid to the LFA and the amounts, if any, reserved for future capital expenditures for such purposes.

5.5. *Indemnity for PEG:* The LFA shall require all local producers and users of any of the PEG facilities or Channels to agree in writing to authorize Franchisee to transmit programming consistent with this Agreement and to defend and hold harmless Franchisee and the LFA from and against any and all liability or other injury, including the reasonable cost of defending claims or litigation, arising from or in connection with claims for failure to comply with applicable federal laws, rules, regulations or other requirements of local, state or federal authorities; for claims of libel, slander, invasion of privacy, or the infringement of common law or statutory copyright; for unauthorized use of any trademark, trade name or service mark; for breach of contractual or other obligations owing to third parties by the producer or user; and for any other injury or damage in law or equity, which result from the use of a PEG facility or Channel. The LFA shall establish rules and regulations for use of PEG facilities, consistent with, and as required by, 47 U.S.C. §531.

5.6. *Recovery of Costs:* To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs of the Initial PEG Grant and an Annual PEG Grant or any other 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 and any franchise-related 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. Late payments for Franchise Fees shall be subject to interest charges computed from the due date, at the then-current rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) per annum during the period such unpaid amount is owed.

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

6.3. *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by Franchisee is due, but cannot exceed the date of records retention reflected in Section 7.

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. The parties agree that tariffed telecommunication service rates that cannot be discounted by law or by regulation are to be excluded from the bundled discount allocation basis. Where pro rata allocation of bundled discounts is commercially practical for any bundled offering, the Franchisee will allocate the bundled discount such that the discount allocated to Cable Service revenues will not exceed the amount which would be allocated to Cable Service revenue on a pro rata basis.

6.5. *Section 626 Treatment:* Franchisee agrees that it will cease to apply the Franchise Fee as an offset against the special franchise tax provided for in N.Y. Real Property Tax Law Section 626 in the next full calendar month following the issuance by the NY PSC of an order confirming the renewal franchise agreement of the existing provider of Cable Service or cable service (as such term may be defined by that provider) in the Service Area, provided, however, that such renewal franchise agreement contain the same full and complete waiver of the special franchise tax offset. Further, the LFA agrees that it shall impose the same special franchise tax offset waiver restriction upon all new providers of Cable Service or cable service (as such term may be defined by other providers) in the Service Area expressed in writing in the franchise agreement of each respective cable provider. The operation of this Section 6.5 shall be strictly limited to Franchise Fees lawfully imposed upon Cable Service, and shall not be construed to affect the Franchisee's rights under any provision of State or Federal law regarding the provision of services other than Cable Service.

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. Subject to the requirements of the New York Freedom of Information Law ("FOIL"), the LFA shall treat any information disclosed by Franchisee as proprietary and confidential under Section 87(2) (d) of the New York Public Officers Law 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. For purposes of this Section, "proprietary or confidential" information includes, but is not limited to: information related to the Cable System design; trade secrets; Subscriber lists; marketing plans; financial information; or other information that is reasonably determined by the Franchisee to be competitively sensitive. If the LFA receives a request under FOIL or similar law for the disclosure of information that Franchisee has designated as confidential, trade secret or proprietary, the LFA shall notify Franchisee of such request. If LFA determines in good faith that public disclosure of the requested information is required under FOIL, LFA shall so notify Franchisee and before making disclosure shall give Franchisee a reasonable period of time to seek to obtain judicial redress to preclude disclosure. 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 six (6) 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 six (6) 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 six (6) 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 six (6) 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. *Audit:* Subject to the confidentiality requirements set forth in Section 7.1 of this Franchise and the LFA's imposition of substantially similar obligations to those contained in this Section 7.4 on all cable service providers in the Service Area, Franchisee shall be responsible for making available to the LFA for inspection and audit, all records necessary to confirm the accurate payment of Franchise Fees, whether the records are held by the Franchisee, an Affiliate, or any other entity that collects or receives funds related to the Franchisee's Cable Services operation in the LFA subject to the payment of Franchise Fees under this Agreement, including, by way of illustration and not limitation, any entity that sells advertising on the Franchisee's behalf. Franchisee shall maintain such records for six (6) years, provided that, if the LFA commences an audit within that six (6) year period, Franchisee shall continue to maintain such records for the duration of any audit in progress at the end of that six (6) year period. The LFA shall conduct all audits expeditiously, and neither the LFA nor Franchisee shall unreasonably delay the completion of an audit. The LFA's audit expenses shall be borne by the LFA unless the audit determines that the 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, together with any additional amounts due to the LFA as a result of such audit, shall be paid by Franchisee to the LFA within sixty (60) days following written notice to Franchisee by the LFA of the underpayment, which notice shall include a copy of the audit report; provided, however, that Franchisee's obligation to pay or reimburse the LFA's audit expenses shall not exceed an aggregate of FIVE THOUSAND DOLLARS (\$5,000.00). If re-computation results in additional revenue to be paid to the LFA, such amount shall be subject to interest charges computed from the due date, at the then-current rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) per annum during the period such unpaid amount is owed. If the audit determines that there has been an overpayment by Franchisee, the Franchisee may credit any overpayment against its next quarterly payment. Said audit shall be conducted by an independent third party and no auditor so employed by the LFA shall be compensated on a success based formula, e.g., payment based on a percentage of an underpayment, if any. The LFA shall not conduct an audit more frequently than once every three (3) years.

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 five million dollars (\$5,000,000) combined single limit for property damage and bodily injury. Such insurance shall cover the construction, operation and maintenance of the Cable System, and the conduct of Franchisee's Cable Service business in 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. Employers' Liability Insurance in the following amounts: (A) Bodily Injury by Accident: \$100,000; and (B) Bodily Injury by Disease: \$100,000 employee limit; \$500,000 policy limit.

8.1.1.5. 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 insured under each of the insurance policies required in this Article 8 except Worker's Compensation Insurance, Employer's Liability Insurance, and excess liability or umbrella coverage.

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. Franchisee agrees to indemnify the LFA for, and hold it harmless 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, provided that the LFA shall give Franchisee written notice of the LFA's request for indemnification within ten (10) days of receipt of a claim or action pursuant to this Subsection. Notwithstanding the foregoing, Franchisee shall not indemnify 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 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 1.32 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 12.11 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 12.11 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 timely 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 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.

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:

The Town Supervisor
One Town Hall Plaza
Valhalla, NY 10595

12.5.3. with a copy to:

The Town Attorney
One Town Hall Plaza
Valhalla, NY 10595

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 materially conflict with the provisions of this Agreement are superseded by this Agreement.

12.7. *Amendments and Modifications:* Amendments and/or modifications to this Franchise shall be mutually agreed to in writing by the parties and subject to the approval of the NY PSC, pursuant to the Cable Law.

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.

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. *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.

12.12. *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.

12.13. *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.

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

12.15. *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.

12.16. *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 and regulations.

12.17. *Performance Review:* The LFA may, at its discretion but not more than once per twelve-month period, hold an informal performance evaluation session (the "Performance Review") that is not open to the public to review Franchisee's compliance with the terms and conditions of this Franchise. The information disclosed to the LFA by the Franchisee at the Performance Review shall be treated by the LFA as confidential. The LFA shall provide Franchisee with at least thirty (30) days prior written notice of the Performance Review to be held at a mutually agreeable time. Franchisee shall have the opportunity to participate in and be heard at the Performance Review. Within thirty (30) days after the conclusion of the Performance Review, the LFA shall provide Franchisee written documentation ("Performance Review Report") setting forth its determinations regarding Franchisee's compliance with the terms and conditions of this Franchise. The Performance Review Report shall not contain any confidential information disclosed by the Franchisee during the Performance Review.

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

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

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 22 DAY OF May, 2007.

Town of Mount Pleasant:

By: Robert J. Mehan
[Title] Supervisor

Verizon New York Inc.

By: Joseph P. DeMaurio
[Title] Vice President - Capital Market Area

FORM APPROVED
Attorney
Date 5/20/07

EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: PEG Channels

Exhibit D: PEG Access Origination Point

EXHIBIT A

MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

1. Mount Pleasant Town Hall, Columbus Ave., Valhalla
2. Mount Pleasant Community Center, 125 Lozza Drive, Valhalla
3. Bradhurst Community Center, Bradhurst, Ave., Hawthorne
4. Mount Pleasant Sewer Dept., 119 Lozza Drive, Valhalla
5. Mount Pleasant Highway Dept. Building, 596 Columbus Ave., Thornwood
6. Pocantico Hills School, 599 Bedford Road Pocantico Hills
7. Valhalla, Middle/High School, 300 Columbus Ave., Valhalla
8. Kensico School, 320 Columbus Ave., Valhalla
9. former Valhalla elementary school building, 580 Columbus Ave., Valhalla
10. Hawthorne Elementary, 225 Memorial Drive, Hawthorne
11. Westlake Middle/HS, 825 Westlake Dr., Thornwod
12. Holy Rosary School, 170 Bradhurst Ave., Hawthorne
13. Holy Name School, 2 Broadway, Valhalla
14. Valhalla Fire Co. #1, Entrance Way, Valhalla
15. Independent Fire Co., 14 Columbus Ave., Valhalla
16. Valhalla Fire District Building, 14 Columbus Ave., Valhalla
17. Thornwood Fire Dept., 770 Commerce Street, Hawthorne
18. Hawthorne Fire Dept., 25 Home Street, Hawthorne
19. Pocantico Hills Fire Dept., Bedford Road, Tarrytown
20. Archville Fire Dept, One Union Street, BriarCliff Manor
21. Valhalla Ambulance Corps. Building, One Westlake Drive, Valhalla
22. former Thornwood Water District Building, Garrigan Ave., Thornwood
23. Columbus Elementary School - 580 Columbus Avenue, Thornwood, NY

EXHIBIT B

SERVICE AREA

The Service Area shall be the Franchise Area. A map of the Service Area is attached hereto.

The construction of the Franchisee's FTTP Network has been completed to approximately 80% of the current households in the Franchise Area. At present, Franchisee's anticipated schedule calls for 83% deployment by December 2007, 87% deployment by June 2008, 88% deployment by December 2008, 90% deployment by June 2009, 91% deployment by December 2009, 93% deployment by June 2010, 95% deployment by December 2010, 97% deployment by June 2011, 99% deployment by December 2011, and 100% deployment by June 2012. This schedule is subject to further review and modification by the Franchisee consistent with Section 895.5(b)(1) of the NY PSC rules and regulations; provided, however, that Franchisee shall provide notice to the LFA and the NY PSC of any material change in this schedule.

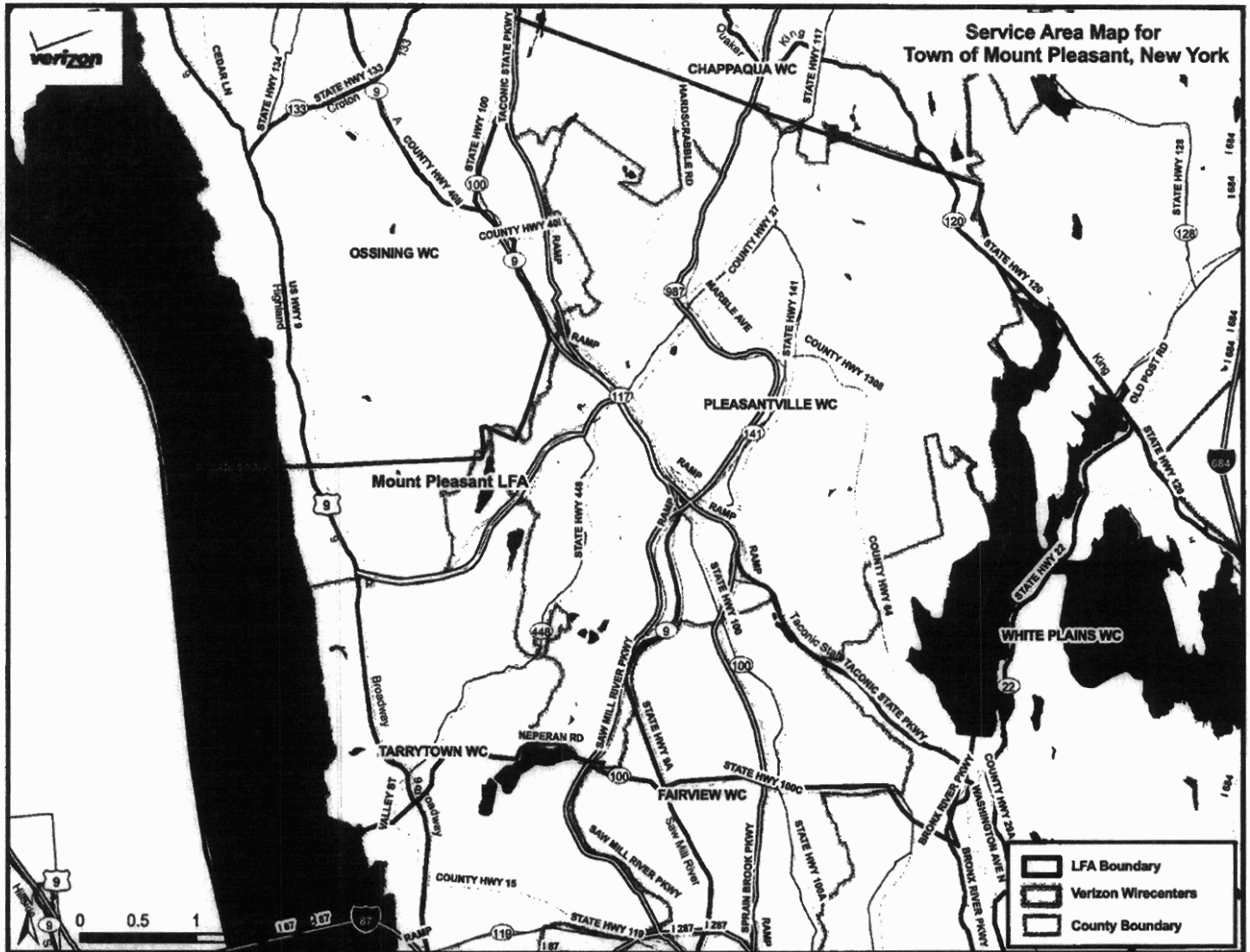


EXHIBIT C

PEG CHANNELS

The Franchisee will transmit PEG Programming as provided by the LFA and the public, as directed.

EXHIBIT D

PEG ACCESS ORIGINATION POINTS

Subject to the requirements set forth in Subsection 5.2.2 of the Agreement, the following Government Access Channel PEG Access Origination Point shall be operable within one hundred eighty (180) days of the Effective Date:

Mount Pleasant Town Hall

Subject to the requirements set forth in Subsection 5.2.2 of the Agreement, the following Educational Access Channel PEG Access Origination Points shall both be operable on or before the eight (8) month anniversary of the Effective Date:

Site #1 Westlake High School

The Educational Access Channel PEG Access Origination Point identified above shall serve as the aggregation point for those PEG Access Origination Points designated to feed signals to the Education Access Channel, as listed in this Exhibit D. For purposes of permitting LFA to select and switch feeds coming into the aggregation point, Franchisee shall provide the LFA, without charge, such capability at the aggregation point.

Site #2 Valhalla High School

Subject to the requirements set forth in Subsection 5.2.2 of the Agreement, the following Public Access Channel PEG Access Origination Point shall be operable after one year (1) year anniversary of the Effective Date, upon an additional one hundred eighty (180) days written notice to Franchisee:

Location to be announced by LFA

ATTACHMENT B




PATRICIA JUNE SCOVA
Town Clerk

EXTRACT OF THE MINUTES
OF THE REGULAR MEETING
OF THE TOWN BOARD
TOWN OF MOUNT PLEASANT
WESTCHESTER COUNTY, NY
HELD MAY 22, 2006

TO CONSIDER THE APPLICATION OF VERIZON NEW YORK INC. FOR A
CABLE FRANCHISE - RESOLUTION 247-07

Upon motion of Mrs. Maybury, seconded by Mr. Sialiano and
unanimously carried, it was

RESOLVED: That the cable franchise agreement negotiated with
Verizon New York Inc. is approved and the Supervisor is
authorized to execute the franchise agreement for the Town of
Mount Pleasant.


PATRICIA JUNE SCOVA, RMC
TOWN CLERK
TOWN OF MOUNT PLEASANT

ATTACHMENT C

AFFIDAVIT OF PUBLICATION **from** **The Journal News**

Florence Bonilla

being duly sworn says that he/she is the principal clerk of The Journal News, a newspaper published in the County of Westchester and State of New York, and the notice of which the annexed is a printed copy, was published in the newspaper area(s) on the date(s) below:

Note: The two-character code to the left of the run dates indicates the zone(s) that the ad was published. (See Legend below)

AC 05/03/07

Signed

Sworn to before me

This 20th day of May 2007

ROBERT A. MILAZGA
Notary Public, State of New York
No. 01M16150442
Qualified in Westchester County
Term Expires July 24, 2010

Notary Public, Westchester County

Legend:
Northern Area (AN):
Armonk, Bedford, Bedford Hills, Briarcliff Manor, Buchanan, Chappaqua, Crompond, Cross River, Croton Falls, Croton on Hudson, Golden Bridge, Granite Springs, Jefferson Valley, Katonah, Lincolnville, Millwood, Montrose, Mount Kisco, North Salem, Ossining, Peekskill, Pound Ridge, Purdys, Shenorock, Shrub Oak, Somers, South Salem, Verplanck, Waccabuc, Yorktown Heights, Brewster, Carmel, Cold Spring, Garrison, Lake Peekskill, Mahopac, Mahopac Falls, Putnam Valley, Patterson
Central Area (AC):
Ardley, Ardsley on Hudson, Dobbs Ferry, Elmsford, Harrison, Hartdale, Hastings on Hudson, Hawthorne, Irvington, Larchmont, Mamaroneck, Pleasantville, Port Chester, Purchase, Rye, Scarsdale, Tarrytown, Thornwood, Valhalla, White Plains, Greenburgh
Southern Area (AS):
Bronxville, Eastchester, Mount Vernon, New Rochelle, Pelham, Tuckahoe, Yonkers
Greater Westchester (GW):
Includes Northern, Central and Southern Areas
Rockland Area (JN or RJ):
Blauvelt, Congers, Garnerville, Haverstraw, Hillburn, Monsey, Nanuet, New City, Nyack, Orangeburg, Palisades, Staatsburg, Sparkill, Spring Valley, Stony Point, Suffern, Tallman, Tappan, Thiells, Tomkins Cove, West Haverstraw, West Nyack, Pearl River, Piermont, Valley Cottage, Pomona
Northern Westchester Express (XNW):
Armonk, Bedford, Bedford Hills, Chappaqua, Katonah, Mount Kisco, Pleasantville, Thomwood
Raview Press (BWW):
Bronxville, Eastchester, Scarsdale, Tuckahoe

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Town Board of the Town of Mount Pleasant will hold a public hearing at 8:30 PM on Tuesday, May 22, 2007 at the Town Board Meeting Room, Mount Pleasant Town Hall, One Town Hall Plaza, Valhalla, New York, to consider the application of Verizon New York Inc. for a cable television franchise within the area of the town of Mount Pleasant outside of the areas within the incorporated villages. At said hearing all persons interested shall be heard.

Dated: Valhalla, New York
April 24, 2007

BY ORDER OF THE TOWN BOARD
PATRICIA JUNE SCOVA
TOWN CLERK
TOWN OF MOUNT PLEASANT

ATTACHMENT D

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

1. 5/8/07 Correspondence from Verizon's outside counsel, Sean Kulka of Arnall Golden Gregory, to Town Supervisor, Robert Meehan, enclosing Verizon's application for a cable television franchise
2. 5/8/07 Correspondence from Verizon's outside counsel, Sean Kulka of Arnall Golden Gregory, to Town Supervisor, Robert Meehan, enclosing Verizon's proposed franchise agreement in clean and blackline formats
3. 5/14/07 Correspondence from Verizon's outside counsel, Sean Kulka of Arnall Golden Gregory, to Town Supervisor, Robert Meehan, requesting addresses of public buildings to receive free cable service
4. 5/15/07 Correspondence from Verizon's outside counsel, Matthew Covell of Arnall Golden Gregory, to Town Supervisor, Robert Meehan, addressing Cablevision's anticipated arguments
5. 5/16/07 Correspondence from Verizon's Senior Vice President, Monica Azare, to Town Supervisor, Robert Meehan, regarding the May 22 public hearing and enclosing an information sheet outlining the benefits of Verizon FiOS TV service
6. 5/18/07 Correspondence from Verizon's outside counsel, Sean Kulka of Arnall Golden Gregory, to Town Supervisor, Robert Meehan, enclosing a revised franchise agreement in clean and blackline formats
7. 5/21/07 Correspondence from Verizon's outside counsel, Matthew Covell of Arnall Golden Gregory, to Town Supervisor, Robert Meehan, enclosing a copy of 47 CFR 76.952.
8. 5/21/07 Correspondence from Verizon's outside counsel, Matthew Covell of Arnall Golden Gregory, to Town Supervisor, Robert Meehan, enclosing a binder of documents for entry into the public record (w/o enclosure)

Tab 1

Kulka, Sean C.

From: Kulka, Sean C.
Sent: Tuesday, May 08, 2007 12:11 PM
To: 'rmeehan@mtpleasantny.com'
Cc: 'John Harrington (jharrington@telecominsightgroup.com)'
Subject: Mount Pleasant - Verizon's Application for a Cable Television Franchise



Robert-

Enclosed please find Verizon's Application for a cable television franchise for the Town of Mount Pleasant, New York. Please print two copies of the attached Application (it should be 23 pages), file one of them and have it stamp-filed, and then send one stamp-filed copy back to me by U.S. Mail at the address below. The Application is a public document, and it may be provided to any third-party who would like a copy. Verizon will be sending a copy of this Application, as well as your Legal Notice of the May 22, 2007 Public Hearing, to the Town's incumbent cable provider today by Overnight Mail.

I would appreciate it if you could send me an email confirming that the Application has been received and filed. I would also appreciate it if you could email me a pdf copy of the Notice of Public Hearing (of fax it to me at 404-873-8683) so that we can include it in our records, and so that we can serve a copy of it on the Town's incumbent cable provider.

Once I have confirmation that the Application has been received and filed I will send you a copy of the revised franchise agreement (with the confidentiality provision removed) by separate email.

If you have any questions or concerns please do not hesitate to call me at 404-873-8682. I appreciate your time and consideration.

Best regards

Sean Kulka
Arnall Golden Gregory LLP
171 17th Street, NW, Suite 2100
Atlanta, Georgia 30363

5/8/2007

DOWNLOAD V-CARD BIO LOCATION AGG.COM

**Arnall
Golden
Gregory** 

Sean C. Kulka
Of Counsel

phone 404.873.8682
fax 404.873.8683
sean.kulka@agg.com
www.agg.com

171 17th Street NW
Suite 2100
Atlanta, GA 30363-1031

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 Town of Mount Pleasant ("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 – New York Area Channel Lineup."

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.

- (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 84% 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 ("NY 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 NY 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 franchises by the following municipalities: (1) Village of Massapequa Park (Nassau County); (2) Village of Nyack (Rockland County); (3) Village of South Nyack (Rockland County); (4) Village of Upper Nyack (Rockland County); (5) Town of Hempstead (Nassau County); (6) Village of Cedarhurst (Nassau County); (7) Town of Oyster Bay (Nassau County); (8) Village of Laurel Hollow (Nassau County); (9) Village of Grand View-on-Hudson (Rockland County); (10) Village of Lynbrook (Nassau County); (11) Town of Clarkstown (Rockland County); (12) Village of Mineola (Nassau County); (13) Village of East Rockaway (Nassau County); (14) Town of Greenburgh (Westchester County); (15) Town of Smithtown (Suffolk County); (16) Village of Irvington (Westchester County); (17) Village of Valley Stream (Nassau County); (18) Town of Huntington (Suffolk County); (19) Village of Farmingdale (Nassau County); (20) Village of Ardsley (Westchester County); (21) Village of Freeport (Nassau County); (22) Village of Dobbs Ferry (Westchester County); (23) Village of Tarrytown (Westchester County); (24) Town of Eastchester (Westchester County); (25) Town of Mount Kisco (Westchester County); (26) Village of Elmsford (Westchester County); (27) Village of Port Chester (Westchester County); (28) Village of Tuckahoe (Westchester County); (29) Town of Orangetown (Rockland County); (30) Village of Piermont (Rockland County); (31) City of White Plains (Westchester County); (32) Village of Airmont (Rockland County); (33) Village of Williston Park (Nassau County); (34) Town of North Hempstead (Nassau County); and (35) Village of Rye Brook (Westchester County).

The NY 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 18, 2006; (5) Hempstead - May 18, 2006; (6) Cedarhurst - June 22, 2006; (7) Oyster Bay - June 23, 2006; (8) Laurel Hollow - August 24, 2006; (9) Grand View-on-Hudson - August 24, 2006; (10) Lynbrook - September 21, 2006; (11) Clarkstown - September 21, 2006; (12) Mineola - September 21, 2006; (13) East Rockaway - October 19, 2006; (14) Greenburgh - October 19, 2006; (15) Smithtown - November 10, 2006; (16) Irvington - November 10, 2006; (17) Valley Stream - November 10, 2006; (18) Huntington - November 10, 2006; (19) Farmingdale - November 10, 2006; (20) Ardsley - December 15, 2006; (21) Dobbs Ferry -

December 15, 2006; (22) Freeport – December 15, 2006; (23) Tarrytown – December 15, 2006; (24) Eastchester – January 19, 2007; (25) Mount Kisco – January 19, 2007; (26) Elmsford – February 16, 2007, (27) Port Chester – March 23, 2007; (28) Tuckahoe – March 23, 2007; (29) Orangetown – April 20, 2007; and (30) Piermont – April 20, 2007.

Furthermore, other subsidiaries of Verizon Communications Inc. were awarded cable television franchises by 640 franchising authorities in California, Delaware, Florida, Maryland, Massachusetts, New Jersey, Pennsylvania, Texas, and Virginia.

- (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 2006 revenues in excess of \$88 billion. A copy of The 2006 Form 10-K of Verizon Communications Inc. can be accessed via the following internet address:

http://investor.verizon.com/sec/sec_frame.aspx?FilingID+5002107

A copy of the Verizon Communications Inc. 2006 Annual Report to Shareholders can be accessed via the following internet address:

http://investor.verizon.com/financial/quarterly/pdf/06_annual_report.pdf

- (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 six million homes with FTTP in sixteen states by the end of 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:

- Basic tier, including local and Educational and Government (EG) channels as requested by and as negotiated with the community
- Expanded Service tiers
- Premium channel tiers
- Pay Per View (PPV)
- HDTV channels
- Digital music channels
- Digital Video Recorder (DVR)

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- 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 a Basic Service tier and an Expanded Service tier. The Basic Service tier will include local, educational/government (EG) channels and select cable channels. The Expanded Service tier will include all channels carried on the Basic Service tier as well as 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. Customers will be charged a monthly recurring fee for each set top box (STB) 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.

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

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.

Connection Method – Set Top Box

The technician 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

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multiple components such as surround sound systems or other electronic equipment. This process will be followed for any boxes installed.

When a set top box is installed the technician will call the service center at which point certain 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: - PPV

The set top box provides access to the service. Customers 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

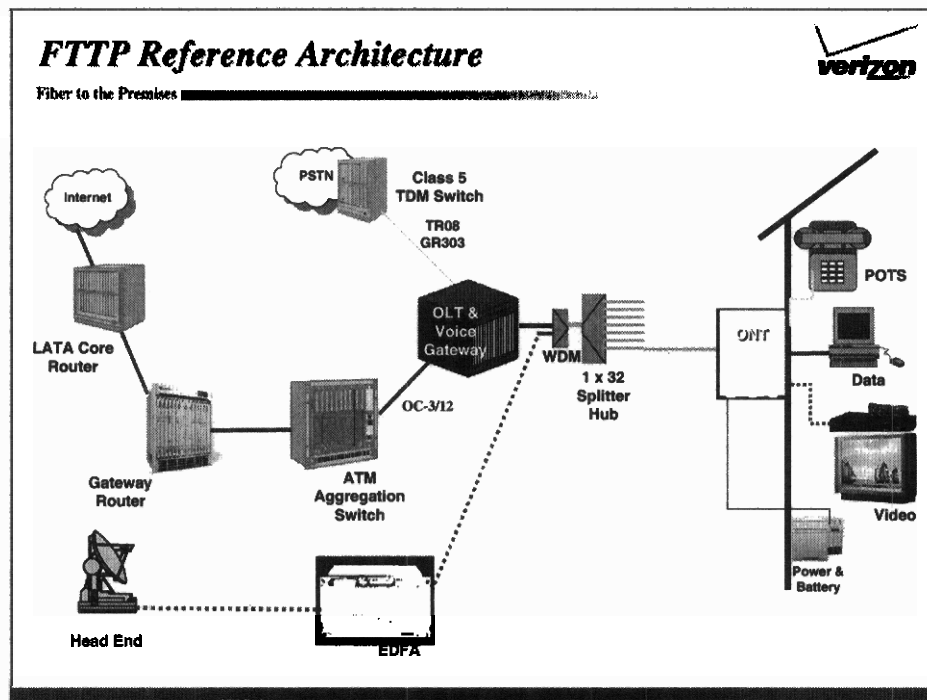
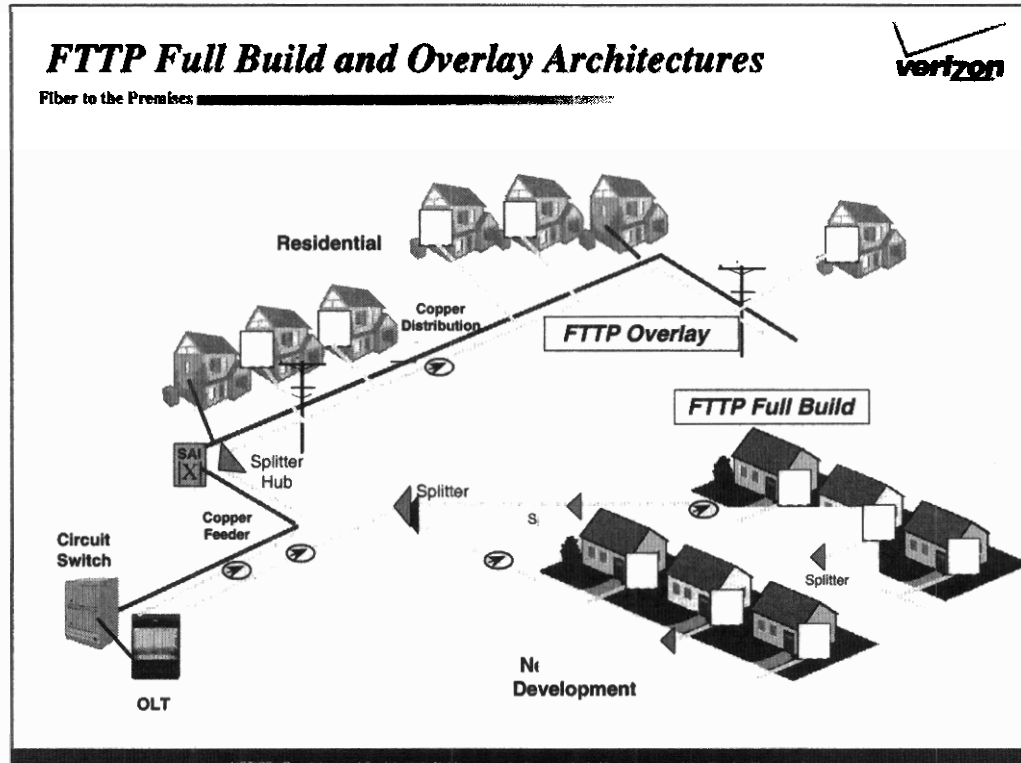


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Figure 2-FTTP Full Build and Overlay Architectures



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, educational, 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 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).

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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.

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 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.

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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, educational, & 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.

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).

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).

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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 Town of Mount Pleasant are located in Pleasantville, Ossining, Tarrytown, and White Plains New York. 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.

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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

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Commission found that unlike cable companies, Verizon already has the necessary authority 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.

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APPLICATION FOR A CABLE TELEVISION FRANCHISE
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VERIZON NEW YORK INC.

VERIZON FIOS TV – NEW YORK AREA CHANNEL LINEUP

**NOTE: ALL INFORMATION PROVIDED
IS FOR THE NEW YORK AREA
AND IS SUBJECT TO CHANGE FOR THE MUNICIPALITY**



HD

HD Broadcast

- 801 CW — WPIX HD
- 802 CBS — WCBS HD
- 803 PBS — WNET HD
- 804 NBC — WNBC HD
- 805 FOX — WNYW HD
- 807 ABC — WABC HD
- 809 My WWOR HD

HD National

- 825 TNT HD
- 826 ESPN HD
- 827 ESPN 2 HD
- 828 NFL Network HD
- 830 YES HD

- 831 SportsNet New York HD

- 833 HD Net

- 834 HD Net Movies

- 835 Universal HD

- 836 Discovery HD

- 837 Wealth TV HD

- 838 National Geographic Channel HD

- 839 MTV HD

HD Premium

- 851 HBO HD

- 852 Cinemax HD

- 853 Showtime HD

- 854 TMC HD

- 855 Starz HD

LOCAL PLUS

- 860 NBC Weather Plus
- 861 The Tube Music Network
- 864 WNBC 4.4
- 866 WRNN-Rise
- 870 WLW 21
- 871 WLW Create
- 872 13 Kids
- 873 13 World

**Subscription to corresponding premium channels and packages required.

***Not all local public, educational and governmental (PEG) channels may be available at the time of installation.

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.



VIDEO ON DEMAND**

900 FIOS On Demand

ALL FREE

Home & Leisure

Info & Education

Kids

Marketplace

Music

News

People & Culture

Pop Culture

Sports

Women

En Español

Movies

International Films

Library

Movie Trailers

New Releases

En Español

Subscriptions

Cinemax

HBO

Showtime

Starz

Sundance

The Movie Channel

Playboy

here!

Karaoke Channel

WWE 24-7

Events

Sports

Uncensored

En Español

Adult

FIOS TV Help

PUBLIC/EDUCATION/GOVERNMENT***

Ardley

- 37 Public Access

Cedarhurst

- 38 Public Access

Clarkstown

- 37 Public Access

Dobbs Ferry

- 37 Public Access

Government Access Channel

- 46 Government Access Channel

- 47 Educational Access Channel

East Rockaway

- 38 Public Access

Elmsford

- 37 Public Access

Farmingdale

- 38 Public Access

Freeport

- 38 Public Access

Grandview on Hudson

- 38 Public Access

Greenburgh

- 32 Government Access Channel

- 34 Public Access Channel 1

- 35 Government Access Channel 2

- 37 Public Access Channel 2

Hempstead

- 38 Public Access

Huntington

- 38 Public Access

Irvington

- 37 Public Access

Laurel Hollow

- 38 Public Access

Lynbrook

- 32 Lynbrook Education

- 33 Lynbrook Government 1

- 34 Lynbrook Government 2

- 38 Public Access

Massapequa Park

- 38 Public Access

Mineola

- 38 Public Access

- 40 Mineola Education & Government Access

Mount Kisco

- 37 Public Access

New Hyde Park

- 38 Public Access

Nyack

- 37 Public Access

Oyster Bay

- 38 Public Access

Scarsdale

- 37 Public Access

Smithtown

- 27 Smithtown Government

- 38 Public Access

South Nyack

- 37 Public Access

Tarrytown

- 37 Public Access

Tuckahoe

- 37 Public Access

Upper Nyack

- 37 Public Access

Valley Stream

- 38 Public Access

Verizon FiOS TV

New York Channel Lineup

EFFECTIVE APRIL 2007



FIOS TV LOCAL

- 2 CBS — WCBS-TV 2
- 4 NBC — WNBC-TV 4
- 5 FOX — WNYW-TV 5
- 6 WRNN-TV 62
- 7 ABC — WABC-TV 7
- 8 Superstation — WGN-TV
- 9 My WWOR-TV 9
- 10 WLNY-TV 55
- 11 CW — WPIX-TV 11
- 12 Telemundo — WNUJ-TV 47
- 13 PBS — WNET-TV 13
- 17 WFTY-TV 67
- 18 WMBC-TV 63
- 21 PBS — WLWJ-TV 21
- 23 PBS — WJUN-TV 50
- 25 NYC-TV
- 29 PBS — WFME-TV 66
- 31 ION-TV 31
- 32 Local Programming
- 33 Local Programming
- 34 Local Programming
- 37 Local Programming
- 38 Local Programming
- 40 Local Programming
- 41 Univision — WXTV-TV 41
- 48 TV Guide
- 49 Weatherscan Local



FIOS TV PREMIER

Entertainment

- 50 USA Network
- 51 TNT
- 52 TBS
- 53 FX
- 54 Spike TV
- 60 ESPN
- 61 ESPN Classic Sports
- 62 ESPN News
- 63 ESPN
- 64 ESPN 2
- 66 YES
- 67 SportsNet NY
- 68 MSG
- 69 Fox Sports Net NY
- 71 Speed Channel
- 76 VERSUS
- 76 Fox Soccer Channel

News

- 80 CNN
- 81 CNN Headline News
- 82 Fox News
- 83 CNBC
- 85 Bloomberg TV
- 86 CNN International
- 87 CNBC World
- 88 ABC News Now
- 89 C-SPAN
- 90 C-SPAN 2
- 91 C-SPAN 3
- 92 BBC World
- 99 The Weather Channel
- 100 Discovery Channel
- 101 National Geographic Channel
- 102 Science Channel
- 103 Discovery Times
- 104 Pentagon Channel
- 105 Military Channel
- 106 Military History Channel
- 107 History Channel International
- 108 History Channel
- 109 Biography Channel
- 110 Animal Planet
- 119 TLC (The Learning Channel)

Women

- 120 Lifetime
- 121 Lifetime Movie Network
- 122 Lifetime Real Women
- 123 SoapNet
- 124 Oxygen
- 129 Women's Entertainment

QVC

- 130 QVC

HSN

- 131 HSN

Jewelry

- 135 Jewelry

Shop NBC

- 137 Shop NBC

Home & Leisure

- 140 Style
- 141 Discovery Health
- 143 Fit TV
- 144 Food Network
- 145 HGTV (Home & Garden Television)
- 146 Fine Living
- 147 DIY (Do It Yourself)
- 148 Discovery Home
- 149 Wealth TV
- 150 Travel Channel

Pop Culture

- 160 Sci-Fi Channel
- 161 A&E
- 162 Crime & Investigation Network
- 163 Court TV
- 164 GSN
- 165 Bravo
- 166 Slouth
- 167 Logo
- 168 Ovation
- 169 BBC America
- 170 Comedy Central
- 171 G4
- 176 E! Entertainment Television
- 177 Fox Reality
- 178 Fuel
- 179 ABC Family

Music

- 180 MTV
- 181 MTV2
- 183 MTV Jams
- 184 MTV Hits
- 185 IMF (International Music Feed)
- 186 FUSE
- 187 VH1
- 188 VH1 Classic
- 189 VH1 Soul
- 190 BET Jazz
- 191 CMT
- 192 CMT Pure Country
- 193 Great American Country
- 194 Gospel Music Channel
- 195 BET Gospel
- 199 Soundtrack Channel

Movies

- 200 Turner Classic Movies
- 201 AMC
- 202 Fox Movie Channel

Family

- 210 Hallmark Channel (East)
- 212 Family Net
- 213 AmericanLife TV
- 214 TV Land

FIOS TV is frequently changing its channel offerings. To view our latest published channel lineup, please visit verizon fios.com/tv.



HD



Local Plus



VOD

Local Public/Education/
Government

4/07 VRZNFFC0804

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FIOS TV Local



Arts & Entertainment



Sports



News & Information



Lifestyle

Fios TV PREMIER (continued)	
220 Disney	221 Toon Disney
222 Nickelodeon	223 Nick Too
224 Nick Toons	225 GAS
226 Noggin	227 Cartoon Network (ESP)*
228 Boomerang (ESP)*	229 Discovery Kids
230 Versity	231 FUNimation
232 PBS KIDS Sprout	
People & Culture	
240 BET	241 TV One
242 Black Family Channel	243 MTV Tr3s
244 Galavisión	245 Mun2
246 Si TV	247 A2N Television
248 Bridges TV	
Religion	
260 EWTN	261 INSP
262 Lile	263 Church
264 JCTV	265 BYU
266 Three Angels	267 The Word Network
268 Daystar	269 Smile of a Child
270 Trinity Broadcast Network	

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 WAM!	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	383 Sundance
384 Sundance	385 Independent Film Channel

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
CineMax	
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 At Max
425 Five Star Max	426 OuterMax
Other Premiums	
430 Playboy TV	431 Playboy TV en Español
435 here!	

SPANISH LANGUAGE**	
En Español	
440 Galavisión	442 ESPN Deportes
443 Fox Sports en Español	444 GoTV
446 CNN en Español	447 Canal SUR
448 TVE Internacional	452 History Español
453 Discovery en Español	454 Viajar y Vivir
456 Infinito	457 MTV Tr3s
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)*
475 Discovery Kids en Español	477 TBN Enlace
478 EWTN Español	

INTERNATIONAL PREMIUMS**	
480 SBSN (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)
490 TVP Polonia (Polish)	491 Rang A Rang (Farsi)
492 RTN Russian	493 Channel 1 Russian

LA CONEXIÓN	
Entertainment	
500 USA Network	501 TNT
502 TBS	503 Galavisión
504 FX	505 Spike TV
Sports	
508 ESPN Deportes	511 YES
512 SportsNet NY	513 Fox Sports en Español
514 Fox Soccer Channel	515 MSG
516 GoTV	517 Fox Sports Net NY
Movies	
518 CNN en Español	519 CNN
520 CNN Headline News	521 Fox News
522 CNBC	524 C-SPAN
525 Canal SUR	
Religion	
529 TVE Internacional	530 History Español
531 Discovery Channel	532 Discovery en Español
534 Animal Planet	535 TLC (The Learning Channel)

SPORTS**	
300 Fox College Sports — Atlantic	301 Fox College Sports — Central
302 Fox College Sports — Pacific	303 Tennis Channel
305 Golf Channel	307 Outdoor Channel
308 The Sportsman Channel	311 Fox Sports en Español
313 GoTV	315 TVG (Horse Racing)
316 Horse Racing TV	318 Mav TV
319 Blackbelt TV	321 MSG 2
322 Fox Sports Net NY 2	

Women	
537 Lifetime	538 Lifetime Movie Network
Shopping	
540 QVC	541 HSN
543 Shop NBC	
Home & Leisure	
545 Discovery Health	546 Viajar y Vivir
549 Infinito	550 Food Network
551 HGTV (Home & Garden Television)	552 Travel Channel
Pop Culture	
556 A&E	557 Si TV
558 Mun2	559 Comedy Central
560 Sci-Fi Channel	
Music	
562 MTV Tr3s	563 MTV2
564 Telehit	565 VH Uno
566 CMT	
Movies	
569 De Película	570 De Película Clásico
571 Cine Mexicano	572 Cine Latino
Family	
574 ABC Family	575 La Familia
576 TV Chile	577 TV Colombia
578 TV Land	
Children	
580 Nickelodeon	581 Disney en Español
582 Toon Disney Español	583 Boomerang (ESP)*
584 Cartoon Network (ESP)*	585 Sorpresa
586 Discovery Kids en Español	588 TBN Enlace
589 EWTN Español	

MUSIC CHOICE	
Showcase	
600 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
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
630 Blue	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 Marcana
646 American	

PAY PER VIEW	
701 Events	702-707 ESPN/NCAA Sports/ GamePlan Full Court

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

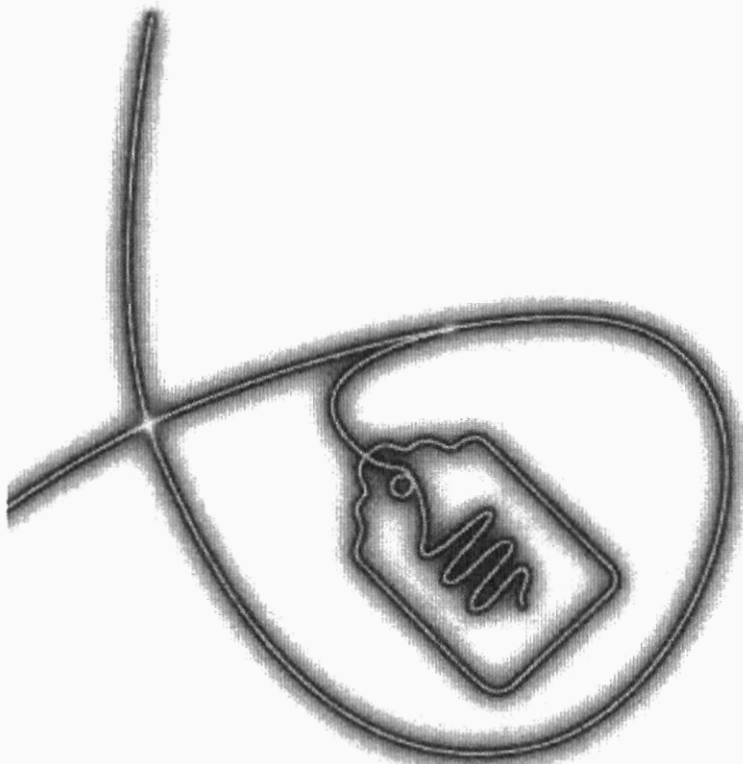
**Subscription to corresponding premium channels and packages required.

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
APPLICATION FOR A CABLE TELEVISION FRANCHISE
TOWN OF MOUNT PLEASANT/VERIZON NEW YORK INC.

Verizon FiOS TV

Rates & Packages



Get more from your
fiber-optic experience.

Here's everything you need to create your perfect FiOS TV package.
First, choose your service. Then, add to it from our selection of digital packages and premium channels below.

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

Service	Number of Channels	Monthly Price
FiOS TV Local ¹	15-35	\$12.99
Digital Service (Requires Set Top Box (STB) and Router ²)		
FiOS TV Premier ³	160 + FiOS TV Local	\$42.99
La Conexión ⁴	115 + FiOS TV Local	\$32.99

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

Packages (Requires STB)	Number of Channels	Monthly Price
Sports	13	\$7.99
Movies	44	\$12.99
Sports/Movies Combination	59	\$15.99
Spanish Language	25	\$11.99

Premiums ⁵ (Requires STB)	Number of Channels	Monthly Price
HBO ⁶	14	\$15.99
Cinemax ⁶	12	\$15.99
HBO/Cinemax Combination	26	\$25.99
Playboy TV ⁷ /Playboy TV en Español	2	\$15.99
here!	1	\$7.99

International Premiums ⁸ (Requires STB)	Number of Channels	Monthly Price
International Premium Channels	17	Individually Priced

Video On Demand (VOD) and Pay Per View (PPV) (Requires STB)	Price
---	-------

On Demand Movies

New Releases	\$3.99
Library	\$2.99

On Demand Subscriptions

WWE	\$7.99/mo.
Karaoke	\$7.99/mo.

On Demand Adult	\$14.99/each
PPV Events	Varies
PPV Sports	Varies
ESPN GamePlan — NCAA Football	\$21.99/daily, \$129.99 season*
ESPN FullCourt — NCAA Basketball	\$14.99/daily, \$109.99 season*
Set Top Box (STB)	
Monthly Price	
Standard Definition	\$4.99
High Definition (includes HD channels)	\$9.99
High Definition Digital Video Recorder (includes HD channels)	\$12.99
Home Media DVR (features Multi-Room DVR & Media Manager)	\$19.99
Initial Installation	
One-Time Charges	
Existing Outlet Hookup (up to 3)	No Charge
Additional Outlet/Set Top Box Hookup (exceeding outlet)	\$19.99
New Outlet Installation (Existing Outlet Rework per outlet)	\$54.99
Outlet Relocation	\$54.99
Subsequent Installations/Charges	
One-Time Charges	
Set Top Box Addition or Upgrade/Downgrade	\$24.99
Premise Visit*	\$49.99
New Outlet Installation (per outlet)	\$54.99
Outlet Relocation (per outlet)	\$54.99
Setup of TV Equipment (new TV with existing STB)	\$49.99
Disconnect of Set Top Box*	\$24.99 + \$5.00/STB
Downgrade of Service from Digital to Analog	\$49.99 + \$5.00/STB
FIOS TV Service Disconnect	No Charge
Other Services and Charges	
One-Time Charges	
Seasonal Service Suspension (charged at initiation, 1-6 months)*	\$24.99
Replacement Remote — FIOS TV Universal	\$6.99 + Shipping & Handling
Replacement Remote — Basic Universal	\$5.00 + Shipping & Handling
Unreturned/Damaged STB — Standard Definition	\$240.00
Unreturned/Damaged STB — High Definition	\$350.00
Unreturned/Damaged STB — Digital Video Recorder (DVR)	\$550.00

*In addition, early subscription and half season prices are available.



- 1 In order to be eligible for Movies or Sports, FiOS TV Premier or La Conexión is required. The Spanish Language package may be added to FiOS TV Local service, but requires a Set Top Box for access. The addition of a Set Top Box with FiOS TV Local service provides access to Video On Demand (VOD) and Pay Per View (PPV), as well as the ability to order Premiums and International Premiums.
- 2 Router provided will be a new or fully inspected, tested and warranted return unit. If service is cancelled within the first 12 months, router must be returned or \$99.99 equipment fee applies. If you maintain service for twelve (12) consecutive months, ownership of the router shall transfer to you, after which time all maintenance of the router shall be at your sole cost and expense, and the risk of loss will be yours should the router be damaged or stolen.
- 3 FiOS TV Premier includes all FiOS TV Local channels, additional all-digital programming, digital music channels and access to Pay Per View and Video On Demand. 30-day minimum billing period required for all digital packages.
- 4 La Conexión includes all FiOS TV Local channels, digital programming including popular English-language networks and Spanish-language networks, digital music channels, and access to PPV and VOD. La Conexión cannot be combined with the Spanish Language package. 30-day minimum billing period required for all digital packages.
- 5 Subscription VOD is included with all Premiums at no extra charge (where applicable). 30-day minimum billing period required for all Premiums.
- 6 A premise visit charge is assessed when a technician installation is required to set up a new or additional TV with an existing FiOS TV Set Top Box. A premise visit charge is not assessed when adding new, upgrading/downgrading existing, or disconnecting Set Top Box receivers.
- 7 The Set Top Box disconnect charge is assessed only when the customer maintains at least one FiOS TV Set Top Box. If all Set Top Box receivers are disconnected, the service downgrade charge applies.
- 8 Seasonal service suspension requires a minimum suspension of one month and a maximum suspension of six months.

Programming services offered within each package are subject to change and the number of channels within each package are approximations. Not all programming services available at all times. Blackout restrictions also apply. In addition, the pricing of the packages and the terms and conditions regarding your use of Verizon FiOS TV are also subject to change. Pricing applies to residential use only within the United States. Not all services are available in all areas. Acceptance of FiOS TV Terms of Service is required in order to use FiOS TV, and a copy of the Terms of Service will be given to you at the time of installation. The customer is financially responsible for any damage to, or misuse of, any equipment or for the failure to return any equipment if service is terminated. Applicable franchise fees, regulatory fees and taxes apply. Other terms and conditions apply.

VEFIFF60157-307

Tab 2

Kulka, Sean C.

From: Kulka, Sean C.
Sent: Tuesday, May 08, 2007 1:49 PM
To: 'rmeehan@mtpleasantny.com'
Cc: John Harrington (jharrington@telecominsightgroup.com)
Subject: Mount Pleasant - Franchise Agreement dated 5-8-07



Robert-

Attached is a copy of Verizon's franchise proposal to Mount Pleasant dated May 8, 2007. I have also attached a blackline of the proposal that shows changes marked in blackline from the April 6, 2007 version of the Mount Pleasant Franchise.

Please note that Exhibit A is still being vetted internally by Verizon and remains subject to additional comments from Verizon's engineering team.

Now that the Application has been filed the attached agreement is a public document.

John and I will look forward to finalizing the agreement in advance of the May 22, 2007 public hearing on Verizon's application for a cable television franchise.

Sean



Cable Franchise Agreement
by and between
the Town of Mount Pleasant
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

Exhibit D: PEG Access Origination Point

THIS CABLE FRANCHISE AGREEMENT (the “Franchise” or “Agreement”) is entered into by and between the Town of Mount Pleasant, 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 will occupy 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 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 and disputes, 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, and such additional areas as may be annexed or acquired.

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; (iv) video on demand and pay-per-view; and (v) 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 of advertising revenue 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: 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; 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); refunds, rebates or discounts made to Subscribers or other third parties; any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law

including, without limitation, revenue received from Telecommunications Services; revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services; charges made to the public for commercial or cable television that is used for two-way communication; and any other revenues attributed by Franchisee to Non-Cable Services in accordance with federal law, rules, regulations, standards or orders as amended; 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; 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; 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; 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); 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); sales of capital assets or sales of surplus equipment; program launch fees, i.e., reimbursement by programmers to Franchisee of marketing costs incurred by Franchisee for the introduction of new programming; directory or Internet advertising revenue including, but not limited to, yellow page, white page, banner advertisement and electronic publishing; or 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 Town of Mount Pleasant New York, or the lawful successor, transferee, or assignee thereof.

1.20. *Local Law*: Town of Mt. Pleasant's Town Code A223 entitled "Cable Television Franchise," also known as "Mount Pleasant Cable Television Ordinance" adopted in 1969, superceded by Town Code 73 entitled "Cable Television" originally adopted as Local Law No. 1 for 1995 entitled "Cable Communications Local Law for the Town of Mount Pleasant, New York" and also known as "Mount Pleasant Cable Communication Regulatory Local Law, as amended from time to time.

1.21. *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.

1.22. *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.

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

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

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

1.26. *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.

1.27. *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.

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

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

1.30. *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.

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

1.32. *Transfer of the Franchise*:

1.32.1. Any transaction in which:

1.32.1.1. a fifty percent ownership or greater 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

1.32.1.2. 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.

1.32.2. However, notwithstanding Sub-subsections 1.32.1.1 and 1.32.1.2 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.

1.33. *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 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 broad new authority over the construction, placement and operation of Franchisee's mixed-use facilities; provided, however, that nothing herein shall be construed to limit the LFA's existing authority with respect to the Franchisee's mixed use facilities pursuant to Title II of the Communications Act, Section 27 of the Transportation Corporations Law, and lawful and applicable local laws, including any lawful right to compel relocation of such facilities in the event of road-widenings and other similar adjustments to the Public-Rights-of-Way, consistent with the NY PSC rules and regulations and orders.

2.3. *Effective Date and 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 fifteen (15) 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. If subsequent to the Effective Date, there is a change in federal or state law that eliminates the authority of the LFA to require, grant or maintain this Franchise, then to the extent permitted under law this Franchise shall survive such legislation and remain in effect for the term 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 lawful provisions of federal law and state law and FCC and NY PSC rules, regulations, standards and orders, as amended from time to time, 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.

2.8. *Local Authority:* Nothing in this Agreement shall be construed to prohibit the LFA's reasonable, necessary and lawful exercise of its police power including, without limitation, in addition to the implementation and enforcement of the provisions of this Agreement and existing applicable laws and regulations, the enactment, adoption, implementation and enforcement of such additional laws and regulations as the LFA may deem necessary in the exercise of its police power; provided, however, that such laws and regulations are reasonable, not materially in conflict with the privileges granted in this Franchise and consistent with all applicable federal and state laws, rules, regulations and orders. LFA finds that the terms of this Agreement are comprehensive and that it will be unnecessary for the LFA to enforce the provisions of its Local Law and, therefore, LFA expressly waives all of the provisions of the LFA's Local Law with respect to Franchisee.

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 pre-existing condition at Franchisee's expense.

2.10. *Restoration of Subscriber Premises:* The Franchisee shall ensure, at Franchisee's expense, that Subscriber's premises are restored to 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 Commitment:* 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, in accordance with NY PSC rules and regulations: (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 Franchisee cannot gain access after good faith efforts; (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, 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 respectively, 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 of the residents 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 one hundred fifty (150) feet of trunk or feeder lines not otherwise already served by Franchisee's FTTP Network. Franchisee

shall be allowed to recover, from a Subscriber that requests such connection, the actual costs incurred for residential dwelling unit connections that exceed one hundred fifty (150) 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, Franchisee shall provide, without charge within the Service Area, one 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; or as designated by the LFA in the future during the Franchise term, upon sixty (60) days prior written notice to the Franchisee; provided however that any new additional buildings added to Exhibit A cannot exceed any more than five (5) buildings per year over the life of the agreement; provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than one hundred fifty (150) 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 one hundred fifty (150) 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 outlet, or concealed inside wiring, or a service outlet requiring more than one hundred fifty (150) 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; provided, however, that if such equipment becomes defective, Franchisee shall replace it at no charge.

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 and Work:* 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 regulations 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:*

5.1.1. 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 one (1) dedicated Government Access Channel (collectively, "PEG Channels") as provided in the Cable Law.

5.1.2. 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 outside 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.

5.1.3. 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 Access Connections:*

5.2.1. LFA shall designate in its sole discretion not more than four (4) sites within the Franchise Area for the connection of PEG access facilities with the Cable System (each, a "PEG Access Origination Point"), as designated on **Exhibit D** to this Agreement.

5.2.2. Subject to the successful completion of all required site preparation work by the LFA and provision of access to Franchisee for equipment installation and provisioning, Franchisee shall, without charge to the LFA, provide upstream PEG Channel

transmission connections between its video channel aggregation point and each PEG Access Origination Point in order to permit the signals to be correctly routed from the PEG Access Origination Points to the appropriate PEG Access Channel for distribution to Subscribers as follows: (i) one (1) PEG Access Origination Point shall be operable within one hundred eighty (180) days of the Effective Date; (ii) two (2) PEG Access Origination Points shall be operable on or before the eight (8) month anniversary of the Effective Date; and (iii) one (1) PEG Access Origination Point shall be operable after the one year (1) year anniversary of the Effective Date, upon one hundred eighty (180) days written notice to Franchisee.

5.2.3. The LFA shall provide to Franchisee at each PEG Access Origination Point a suitable video signal for each PEG Channel. Franchisee, upon receipt of the suitable video signal, shall provide, install and maintain in good working order the equipment necessary for transmitting the PEG signal to the channel aggregation site for further processing for distribution to Subscribers. Franchisee's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Franchisee, of suitable required space, environmental conditions, electrical power supply, access, pathway, and other facilities and such cooperation of the LFA as is reasonably necessary for Franchisee to fulfill such obligations. Should Franchisee determine that it cannot fulfill such obligations as a result of LFA's failure to cooperate or to provide suitable required space, environmental conditions, electrical power supply, access, pathway, or other facilities, it shall so notify LFA in a writing detailing the requirements of Franchisee that will enable it to fulfill its obligations hereunder.

5.2.4. Such upstream transmission provided by Franchisee shall comply with applicable FCC standards governing the transport and distribution of PEG signals to Subscribers.

5.2.5. If Franchisee makes changes to the Cable System that require improvements to the access facilities or equipment in order to permit the PEG access equipment and facilities to continue to be used as they were intended under the terms of this Agreement, then Franchisee shall, without charge to the LFA, make such changes in either the equipment and facilities referred to in Subsection 5.2.3 or in the Franchisee's video channel aggregation point and distribution equipment and facilities in order to permit the continuation of such intended use.

5.3. *PEG Facilities:* Subject to Section 5.2, Franchisee shall design, build, and maintain all PEG upstream feeds, connections, and distribution facilities in order that such feeds function as reliably as Franchisee's Cable System as a whole within the Franchise Area, and are no more likely to fail than is Franchisee's Cable System as a whole within the Franchise Area.

5.4. *PEG Grant:*

5.4.1. Franchisee shall provide to the LFA financial contributions for use in support of the production of local PEG programming. The financial contributions shall consist of the following two grants: (a) a one-time grant in the amount of \$25,000 (the "Initial PEG Grant"); and (b) an annual grant in the amount of SIXTY CENTS (\$.60) per month, per Subscriber to Franchisee's Basic Service tier in the Service Area (the "Annual PEG Grant").

5.4.2. The Initial PEG Grant shall become due and payable thirty (30) days after the Effective Date.

5.4.3. The Annual PEG Grant shall not become due and payable unless and until the LFA (i) provides Franchisee with sixty (60) business days written notice that LFA will require the Annual PEG Grant, and (ii) imposes the same obligation to the obligations contained in this Section 5.4 on all cable service providers providing cable service to LFA.

5.4.4. The Initial PEG Grant and the Annual PEG Grant shall be used solely by the LFA for PEG access equipment, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, or for renovation or construction of PEG access facilities.

5.4.5. The LFA shall provide Franchisee with an annual report setting forth a summary of all expenditures for PEG access equipment and facilities from the PEG Grants paid to the LFA and the amounts, if any, reserved for future capital expenditures for such purposes.

5.5. *Indemnity for PEG:* The LFA shall require all local producers and users of any of the PEG facilities or Channels to agree in writing to authorize Franchisee to transmit programming consistent with this Agreement and to defend and hold harmless Franchisee and the LFA from and against any and all liability or other injury, including the reasonable cost of defending claims or litigation, arising from or in connection with claims for failure to comply with applicable federal laws, rules, regulations or other requirements of local, state or federal authorities; for claims of libel, slander, invasion of privacy, or the infringement of common law or statutory copyright; for unauthorized use of any trademark, trade name or service mark; for breach of contractual or other obligations owing to third parties by the producer or user; and for any other injury or damage in law or equity, which result from the use of a PEG facility or Channel. The LFA shall establish rules and regulations for use of PEG facilities, consistent with, and as required by, 47 U.S.C. §531.

5.6. *Recovery of Costs:* To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs of the Initial PEG Grant and an Annual PEG Grant or any other 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 and any franchise-related 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. Late payments for Franchise Fees shall be subject to interest charges computed from the due date, at the then-current rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) per annum during the period such unpaid amount is owed.

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

6.3. *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by Franchisee is due, but cannot exceed the date of records retention reflected in Section 7.

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. The parties agree that tariffed telecommunication service rates that cannot be discounted by law or by regulation are to be excluded from the bundled discount allocation basis. Where pro rata allocation of bundled discounts is commercially practical for any bundled offering, the Franchisee will allocate the bundled discount such that the discount allocated to Cable Service revenues will not exceed the amount which would be allocated to Cable Service revenue on a pro rata basis.

6.5. *Section 626 Treatment:* Upon the imposition of the same restriction upon all providers of Cable Service or cable service (as such term may be defined by other providers) in the Service Area expressed in writing in the franchise agreement of each respective cable provider, and in no event sooner than the fifth (5th) anniversary of the Effective Date, the Franchise Fee shall cease to constitute a set off against the special franchise tax, as is otherwise provided for in N.Y. Real Property Tax Law Section 626. The operation of this Section 6.5 shall be strictly limited to Franchise Fees lawfully imposed upon Cable Service, and shall not be construed to affect the Franchisee's rights under any provision of State or Federal law regarding the provision of services other than Cable Service.

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. Subject to the requirements of the New York Freedom of Information Law ("FOIL"), the LFA shall treat any information disclosed by Franchisee as proprietary and confidential under Section 87(2) (d) of the New York Public Officers Law 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. For purposes of this Section, "proprietary or confidential" information includes, but is not limited to: information related to the Cable System design; trade secrets; Subscriber lists; marketing plans; financial information; or other information that is reasonably determined by the Franchisee to be competitively sensitive. If the LFA receives a request under FOIL or similar law for the disclosure of information that Franchisee has designated as confidential, trade secret or proprietary, the LFA shall notify Franchisee of such request. If LFA determines in good faith that public disclosure of the requested information is required under FOIL, LFA shall so notify Franchisee and before making disclosure shall give Franchisee a reasonable period of time to seek to obtain judicial redress to preclude disclosure. 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 six (6) 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 six (6) 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 six (6) 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 six (6) 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. *Audit:* Subject to the confidentiality requirements set forth in Section 7.1 of this Franchise and the LFA's imposition of substantially similar obligations to those contained in this Section 7.4 on all cable service providers in the Service Area, Franchisee shall be responsible for making available to the LFA for inspection and audit, all records necessary to confirm the accurate payment of Franchise Fees, whether the records are held by the Franchisee, an Affiliate, or any other entity that collects or receives funds related to the Franchisee's Cable Services operation in the LFA subject to the payment of Franchise Fees under this Agreement, including, by way of illustration and not limitation, any entity that sells advertising on the Franchisee's behalf. Franchisee shall maintain such records for six (6) years, provided that, if the LFA commences an audit within that six (6) year period, Franchisee shall continue to maintain such records for the duration of any audit in progress at the end of that six (6) year period. The LFA shall conduct all audits expeditiously, and neither the LFA nor Franchisee shall unreasonably delay the completion of an audit. The LFA's audit expenses shall be borne by the LFA unless the audit determines that the 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, together with any additional amounts due to the LFA as a result of such audit, shall be paid by Franchisee to the LFA within sixty (60) days following written notice to Franchisee by the LFA of the underpayment, which notice shall include a copy of the audit report; provided, however, that Franchisee's obligation to pay or reimburse the LFA's audit expenses shall not exceed an aggregate of FIVE THOUSAND DOLLARS (\$5,000.00). If re-computation results in additional revenue to be paid to the LFA, such amount shall be subject to interest charges computed from the due date, at the then-current rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) per annum during the period such unpaid amount is owed. If the audit determines that there has been an overpayment by Franchisee, the Franchisee may credit any overpayment against its next quarterly payment. Said audit shall be conducted by an independent third party and no auditor so employed by the LFA shall be compensated on a success based formula, e.g., payment based on a percentage of an underpayment, if any. The LFA shall not conduct an audit more frequently than once every three (3) years.

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 five million dollars (\$5,000,000) combined single limit for property damage and bodily injury. Such insurance shall cover the construction, operation and maintenance of the Cable System, and the conduct of Franchisee's Cable Service business in 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. Employers' Liability Insurance in the following amounts: (A) Bodily Injury by Accident: \$100,000; and (B) Bodily Injury by Disease: \$100,000 employee limit; \$500,000 policy limit.

8.1.1.5. 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 insured under each of the insurance policies required in this Article 8 except Worker's Compensation Insurance, Employer's Liability Insurance, and excess liability or umbrella coverage.

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. Franchisee agrees to indemnify the LFA for, and hold it harmless 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, provided that the LFA shall give Franchisee written notice of the LFA's request for indemnification within ten (10) days of receipt of a claim or action pursuant to this Subsection. Notwithstanding the foregoing, Franchisee shall not indemnify 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 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 1.32 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 12.11 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 12.11 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 timely 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 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.

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:

The Town Supervisor
One Town Place
Valhalla, NY 10595

12.5.3. with a copy to:

The Town Attorney
One Town Place
Valhalla, NY 10595

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 materially conflict with the provisions of this Agreement are superseded by this Agreement.

12.7. *Amendments and Modifications:* Amendments and/or modifications to this Franchise shall be mutually agreed to in writing by the parties and subject to the approval of the NY PSC, pursuant to the Cable Law.

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.

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. *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.

12.12. *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.

12.13. *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.

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

12.15. *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.

12.16. *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 and regulations.

12.17. *Performance Review:* The LFA may, at its discretion but not more than once per twelve-month period, hold an informal performance evaluation session (the "Performance Review") that is not open to the public to review Franchisee's compliance with the terms and conditions of this Franchise. The information disclosed to the LFA by the Franchisee at the Performance Review shall be treated by the LFA as confidential. The LFA shall provide Franchisee with at least thirty (30) days prior written notice of the Performance Review to be held at a mutually agreeable time. Franchisee shall have the opportunity to participate in and be heard at the Performance Review. Within thirty (30) days after the conclusion of the Performance Review, the LFA shall provide Franchisee written documentation ("Performance Review Report") setting forth its determinations regarding Franchisee's compliance with the terms and conditions of this Franchise. The Performance Review Report shall not contain any confidential information disclosed by the Franchisee during the Performance Review.

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

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

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 _____, 2007.

Town of Mount Pleasant:

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 D: PEG Access Origination Point

EXHIBIT A

MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

******[EXHIBIT A REMAINS SUBJECT TO VERIZON ENGINEERING SURVEY AND
ADDITIONAL COMMENT BY VERIZON]******

1. Mount Pleasant Town Hall, Columbus Ave., Valhalla
2. Mount Pleasant Community Center, Lozza Drive, Valhalla
3. Bradhurst Community Center, Bradhurst, Ave., Hawthorne
4. Mount Pleasant Sewer Dept., Lozza Drive, Valhalla
5. Mount Pleasant Highway Dept. Building, Columbus Ave., Thornwood
6. Pocantico High School, Bedford Road Pocantico Hills
7. Valhalla, Middle/High School, Columbus Ave., Valhalla
8. Kensico School, Valhalla
9. former Valhalla elementary school building, Columbus Ave., Valhalla
10. Hawthorne Elementary, Memorial Drive, Hawthorne
11. Westlake Middle/HS, Westlake Dr., Thornwod
12. Holy Rosary School, Bradhurst Ave., Hawthorne
13. Holy Name School, Broadway, Valhalla
14. Valhalla Fire Co. #1, Entrance Way, Valhalla
15. Independent Fire Co., Columbus Ave., Valhalla
16. Valhalla Fire District Building, Columbus Ave., Valhalla
17. Thornwood Fire Dept., Commerce Street, Hawthorne
18. Hawthorne Fire Dept., Home Street, Hawthorne
19. Pocantico Hills Fire Dept., Bedford Road, Pocantico Hills
20. Archville Fire Dept, Union Street, BriarCliff Manor
21. Valhalla Ambulance Corps. Building, Westlake Drive, Valhalla
22. former Thornwood Water District Building, Garrigan Ave., Thornwood

EXHIBIT B

SERVICE AREA

The Service Area shall be the Franchise Area. A map of the Service Area is attached hereto.

The construction of the Franchisee's FTTP Network has been completed to approximately 84% of the current households in the Franchise Area. At present, Franchisee's anticipated schedule calls for 84% deployment by November 2007, 85% deployment by April 2008, 88% deployment by November 2008, 89% deployment by April 2009, 92% deployment by November 2009, 93% deployment by April 2010, 95% deployment by November 2010, 97% deployment by April 2011, 99% deployment by November 2011, and 100% deployment by April 2012. This schedule is subject to further review and modification by the Franchisee consistent with Section 895.5(b)(1) of the NY PSC rules and regulations; provided, however, that Franchisee shall provide notice to the LFA and the NY PSC of any material change in this schedule.

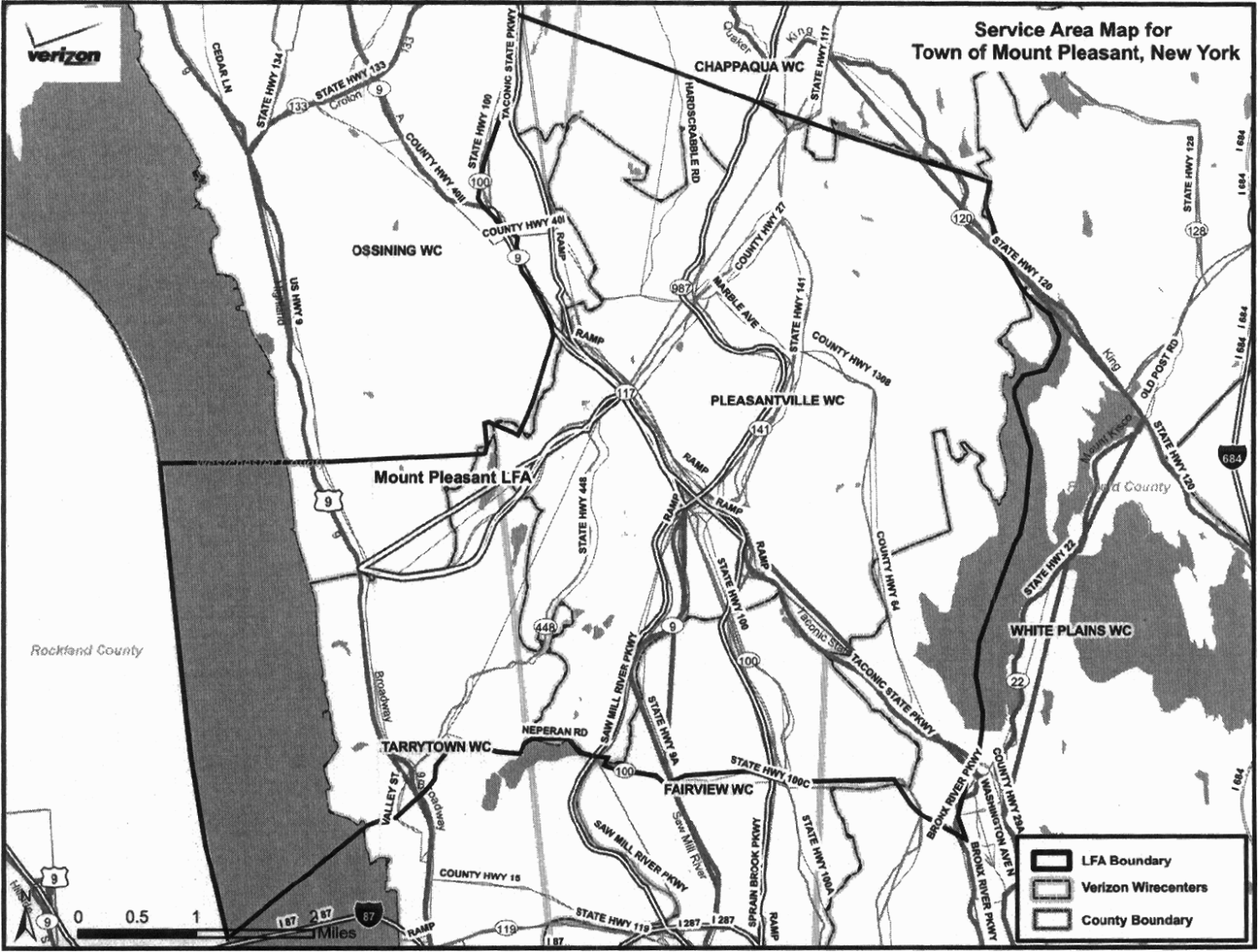


EXHIBIT C

PEG CHANNELS

The Franchisee will transmit PEG Programming as provided by the LFA and the public, as directed.

EXHIBIT D

PEG ACCESS ORIGATION POINTS

Subject to the requirements set forth in Subsection 5.2.2 of the Agreement, the following Government Access Channel PEG Access Origination Point shall be operable within one hundred eighty (180) days of the Effective Date:

Mount Pleasant Town Hall

Subject to the requirements set forth in Subsection 5.2.2 of the Agreement, the following Educational Access Channel PEG Access Origination Points shall both be operable on or before the eight (8) month anniversary of the Effective Date:

Site #1 Westlake High School

The Educational Access Channel PEG Access Origination Point identified above shall serve as the aggregation point for those PEG Access Origination Points designated to feed signals to the Education Access Channel, as listed in this Exhibit D. For purposes of permitting LFA to select and switch feeds coming into the aggregation point, Franchisee shall provide the LFA, without charge, such capability at the aggregation point.

Site #2 Valhalla High School

Subject to the requirements set forth in Subsection 5.2.2 of the Agreement, the following Public Access Channel PEG Access Origination Point shall be operable after one year (1) year anniversary of the Effective Date, upon an additional one hundred eighty (180) days written notice to Franchisee:

Location to be announced by LFA

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~~**DRAFT NUMBER 3**~~

~~**VERIZON PROPRIETARY AND CONFIDENTIAL INFORMATION**~~

~~**NOT FOR EXTERNAL DISTRIBUTION**~~

~~**EXEMPT FROM DISCLOSURE PURSUANT TO N.Y. PUB. OFF. LAW §§87(2)(e) & (d)**~~

~~**ARNALL GOLDEN GREGORY LLP DRAFT 4/6/07**~~

Cable Franchise Agreement

by and between

the Town of Mount Pleasant

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

Exhibit D: PEG Access Origination Point

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THIS CABLE FRANCHISE AGREEMENT (the "Franchise" or "Agreement") is entered into by and between the Town of Mount Pleasant, 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 will occupy 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 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.

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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.

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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 and disputes, 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, and such additional areas as may be annexed or acquired.

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; (iv) video on demand and pay-per-view; and (v) 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

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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 of advertising revenue 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: 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; 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); refunds, rebates or discounts made to Subscribers or other third parties; any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law including, without limitation, revenue received from Telecommunications Services; revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services; charges made to the public for commercial or cable television that is used for two-way communication; and any other revenues attributed by Franchisee to Non-Cable Services in accordance with federal law, rules, regulations, standards or orders as amended; 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; 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; 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; 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); 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); sales of capital assets or sales of surplus equipment; program launch fees, i.e., reimbursement by programmers to Franchisee of marketing costs incurred by Franchisee for the introduction of new programming; directory or Internet advertising revenue including, but not limited to, yellow page, white page, banner advertisement and electronic publishing; or any fees or charges collected from Subscribers or other third parties for any PEG Grant payments.

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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 Town of Mount Pleasant -New York, or the lawful successor, transferee, or assignee thereof.

1.20. *Local Law*: Town of Mt. Pleasant's Town Code A223 entitled "Cable Television Franchise," also known as "Mount Pleasant Cable Television Ordinance" adopted in 1969, superceded by Town Code 73 entitled "Cable Television" originally adopted as Local Law No. 1 for 1995 entitled "Cable Communications Local Law for the Town of Mount Pleasant, New York" and also known as "Mount Pleasant Cable Communication Regulatory Local Law, as amended from time to time.

~~1.20.1.21.~~ *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.

~~1.21.1.22.~~ *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.

~~1.22.1.23.~~ *NY PSC*: The New York Public Service Commission.

~~1.23.1.24.~~ *PEG*: Public, Educational, and Governmental.

~~1.24.1.25.~~ *Person*: An individual, partnership, association, joint stock company, trust, corporation, or governmental entity.

~~1.25.1.26.~~ *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.

~~1.26.1.27.~~ *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.

~~1.27.1.28.~~ *Service Area*: All portions of the Franchise Area where Cable Service is being offered, as described in **Exhibit B** attached hereto.

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~~1.28.1.29.~~ *Subscriber*: A Person who lawfully receives Cable Service over the Cable System with Franchisee's express permission.

~~1.29.1.30.~~ *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.

~~1.30.1.31.~~ *Title VI*: Title VI of the Communications Act, Cable Communications, as amended.

~~1.31.1.32.~~ *Transfer of the Franchise*:

~~1.31.1.1.32.1.~~ Any transaction in which:

~~1.31.1.1.1.32.1.1.~~ a fifty percent ownership or greater 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

~~1.31.1.2.1.32.1.2.~~ 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.

~~1.31.2.1.32.2.~~ However, notwithstanding Sub-subsections 1.32.1.1 and 1.32.1.2 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.

~~1.32.1.33.~~ *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 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 broad new authority over the construction, placement and operation of Franchisee's mixed-use facilities; provided, however, that nothing

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herein shall be construed to limit the LFA's existing authority with respect to the Franchisee's mixed use facilities pursuant to Title II of the Communications Act, Section 27 of the Transportation Corporations Law, and lawful and applicable local laws, including any lawful right to compel relocation of such facilities in the event of road-widenings and other similar adjustments to the Public-Rights-of-Way, consistent with the NY PSC rules and regulations and orders.

2.3. *Effective Date and 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 fifteen (15) 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. If subsequent to the Effective Date, there is a change in federal or state law that eliminates the authority of the LFA to require, grant or maintain this Franchise, then to the extent permitted under law this Franchise shall survive such legislation and remain in effect for the term 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 lawful provisions of federal law and state law and FCC and NY PSC rules, regulations, standards and orders, as amended from time to time, 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

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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.

2.8. *Local Authority:* Nothing in this Agreement shall be construed to prohibit the LFA's reasonable, necessary and lawful exercise of its police power including, without limitation, in addition to the implementation and enforcement of the provisions of this Agreement and existing applicable laws and regulations, the enactment, adoption, implementation and enforcement of such additional laws and regulations as the LFA may deem necessary in the exercise of its police power; provided, however, that such laws and regulations are reasonable, not materially in conflict with the privileges granted in this Franchise and consistent with all applicable federal and state laws, rules, regulations and orders. LFA finds that the terms of this Agreement are comprehensive and that it will be unnecessary for the LFA to enforce the provisions of its Local Law and, therefore, LFA expressly waives all of the provisions of the LFA's Local Law with respect to Franchisee. ~~unnecessary to enforce the provisions of LFA's Local Law~~ ~~[INSERT REFERENCE TO APPROPRIATE LOCAL ORDINANCE]~~, and LFA expressly waives all of the provisions and powers of LFA's Local Law. ~~[INSERT REFERENCE TO APPROPRIATE LOCAL ORDINANCE]~~.

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 pre-existing condition at Franchisee's expense.

2.10. *Restoration of Subscriber Premises:* The Franchisee shall ensure, at Franchisee's expense, that Subscriber's premises are restored to 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 Commitment:* 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

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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, in accordance with NY PSC rules and regulations: (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 Franchisee cannot gain access after good faith efforts; (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, 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 respectively, 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 of the residents 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 one hundred fifty (150) feet of trunk or feeder lines not otherwise already served by Franchisee's FTTP Network. Franchisee shall be allowed to recover, from a Subscriber that requests such connection, the actual costs incurred for residential dwelling unit connections that exceed one hundred fifty (150) 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, Franchisee shall provide, without charge within the Service Area, one service outlet activated for Basic Service to each public school and public library, and such other buildings used for municipal

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purposes as may be designated by the LFA as provided in Exhibit A attached hereto; or as designated by the LFA in the future during the Franchise term, upon sixty (60) days prior written notice to the Franchisee; provided however that any new additional buildings added to Exhibit A cannot exceed any more than five (5) buildings per year over the life of the agreement; provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than one hundred fifty (150) 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 one hundred fifty (150) 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 outlet, or concealed inside wiring, or a service outlet requiring more than one hundred fifty (150) 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; provided, however, that if such equipment becomes defective, Franchisee shall replace it at no charge.

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 and Work:* 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.

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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 regulations 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:*

5.1.1. 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") as provided in the Cable Law.

5.1.2. 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 outside 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.

5.1.3. 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 Access Connections:*

5.2.1. LFA shall designate in its sole discretion not more than four (4) sites within the Franchise Area for the connection of PEG access facilities with the Cable System (each, a "PEG Access Origination Point"), as designated on Exhibit D to this Agreement.

5.2.2. Subject to the successful completion of all required site preparation work by the LFA and provision of access to Franchisee for equipment installation and provisioning, Franchisee shall, without charge to the LFA, provide upstream PEG Channel transmission connections between its video channel aggregation point and each PEG Access Origination Point in order to permit the signals to be correctly routed from the PEG Access Origination Points to the appropriate PEG Access Channel for distribution to Subscribers as follows: (i) one (1) PEG Access Origination Point shall be operable within one hundred eighty

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(180) days of the Effective Date; (ii) two (2) PEG Access Origination Points shall be operable on or before the eight (8) month anniversary of the Effective Date; and (iii) one (1) PEG Access Origination Point shall be operable after the one year (1) year anniversary of the Effective Date, upon one hundred eighty (180) days written notice to Franchisee.

5.2.3. The LFA shall provide to Franchisee at each PEG Access Origination Point a suitable video signal for each PEG Channel. Franchisee, upon receipt of the suitable video signal, shall provide, install and maintain in good working order the equipment necessary for transmitting the PEG signal to the channel aggregation site for further processing for distribution to Subscribers. Franchisee's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Franchisee, of suitable required space, environmental conditions, electrical power supply, access, pathway, and other facilities and such cooperation of the LFA as is reasonably necessary for Franchisee to fulfill such obligations. Should Franchisee determine that it cannot fulfill such obligations as a result of LFA's failure to cooperate or to provide suitable required space, environmental conditions, electrical power supply, access, pathway, or other facilities, it shall so notify LFA in a writing detailing the requirements of Franchisee that will enable it to fulfill its obligations hereunder.

5.2.4. Such upstream transmission provided by Franchisee shall comply with applicable FCC standards governing the transport and distribution of PEG signals to Subscribers.

5.2.5. If Franchisee makes changes to the Cable System that require improvements to the access facilities or equipment in order to permit the PEG access equipment and facilities to continue to be used as they were intended under the terms of this Agreement, then Franchisee shall, without charge to the LFA, make such changes in either the equipment and facilities referred to in Subsection 5.2.3 or in the Franchisee's video channel aggregation point and distribution equipment and facilities in order to permit the continuation of such intended use.

[UNDER REVIEW BY VERIZON ENGINEERING]

5.3. PEG Facilities: Subject to Section 5.2, Franchisee shall design, build, and maintain all PEG upstream feeds, connections, and distribution facilities in order that such feeds function as reliably as Franchisee's Cable System as a whole within the Franchise Area, and are no more likely to fail than is Franchisee's Cable System as a whole within the Franchise Area.
[UNDER REVIEW BY VERIZON ENGINEERING]

5.4. PEG Grant:

5.4.1. Franchisee shall provide to the LFA financial contributions for use in support of the production of local PEG programming. The financial contributions shall consist of the following two grants: (a) a one-time grant in the amount of \$25,000~~[AMOUNT UNDER REVIEW BY VERIZON]~~ (the "Initial PEG Grant"); and (b) an annual grant in the

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amount of SIXTY CENTS (\$.60) ~~[AMOUNT UNDER REVIEW BY VERIZON]~~ per month, per Subscriber to Franchisee's Basic Service tier in the Service Area (the "Annual PEG Grant").

5.4.2. The Initial PEG Grant shall become due and payable thirty (30) days after the Effective Date.

5.4.3. The Annual PEG Grant shall not become due and payable unless and until the LFA (i) provides Franchisee with sixty (60) business days written notice that LFA will require the Annual PEG Grant, and (ii) imposes the same obligation to the obligations contained in this Section 5.4 on all cable service providers providing cable service to LFA.

5.4.4. The Initial PEG Grant and the Annual PEG Grant shall be used solely by the LFA for PEG access equipment, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, or for renovation or construction of PEG access facilities.

5.4.5. The LFA shall provide Franchisee with an annual report setting forth a summary of all expenditures for PEG access equipment and facilities from the PEG Grants paid to the LFA and the amounts, if any, reserved for future capital expenditures for such purposes.

5.5. *Indemnity for PEG:* The LFA shall require all local producers and users of any of the PEG facilities or Channels to agree in writing to authorize Franchisee to transmit programming consistent with this Agreement and to defend and hold harmless Franchisee and the LFA from and against any and all liability or other injury, including the reasonable cost of defending claims or litigation, arising from or in connection with claims for failure to comply with applicable federal laws, rules, regulations or other requirements of local, state or federal authorities; for claims of libel, slander, invasion of privacy, or the infringement of common law or statutory copyright; for unauthorized use of any trademark, trade name or service mark; for breach of contractual or other obligations owing to third parties by the producer or user; and for any other injury or damage in law or equity, which result from the use of a PEG facility or Channel. The LFA shall establish rules and regulations for use of PEG facilities, consistent with, and as required by, 47 U.S.C. §531.

5.6. *Recovery of Costs:* To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs of the Initial PEG Grant and an Annual PEG Grant or any other 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 and any franchise-related 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. Late payments for Franchise Fees shall be subject to interest charges computed from the due date, at the then-current rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) per annum during the period such unpaid amount is owed.

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

6.3. *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by Franchisee is due, but cannot exceed the date of records retention reflected in Section 7.

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. The parties agree that tariffed telecommunication service rates that cannot be discounted by law or by regulation are to be excluded from the bundled discount allocation basis. Where pro rata allocation of bundled discounts is commercially practical for any bundled offering, the Franchisee will allocate the bundled discount such that the discount allocated to Cable Service revenues will not exceed the amount which would be allocated to Cable Service revenue on a pro rata basis.

6.5. *Section 626 Treatment:* Upon the imposition of the same restriction upon all providers of Cable Service or cable service (as such term may be defined by other providers) in the Service Area expressed in writing in the franchise agreement of each respective cable provider, and in no event sooner than the fifth (5th) anniversary of the Effective Date, the Franchise Fee shall cease to constitute a set off against the special franchise tax, as is otherwise provided for in N.Y. Real Property Tax Law Section 626. The operation of this Section 6.5 shall be strictly limited to Franchise Fees lawfully imposed upon Cable Service, and shall not be

construed to affect the Franchisee's rights under any provision of State or Federal law regarding the provision of services other than Cable Service.

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. Subject to the requirements of the New York Freedom of Information Law ("FOIL"), the LFA shall treat any information disclosed by Franchisee as proprietary and confidential under Section 87(2) (d) of the New York Public Officers Law 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. For purposes of this Section, "proprietary or confidential" information includes, but is not limited to: information related to the Cable System design; trade secrets; Subscriber lists; marketing plans; financial information; or other information that is reasonably determined by the Franchisee to be competitively sensitive. If the LFA receives a request under FOIL or similar law for the disclosure of information that Franchisee has designated as confidential, trade secret or proprietary, the LFA shall notify Franchisee of such request. If LFA determines in good faith that public disclosure of the requested information is required under FOIL, LFA shall so notify Franchisee and before making disclosure shall give Franchisee a reasonable period of time to seek to obtain judicial redress to preclude disclosure. 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 six (6) 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;

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7.2.2. Records of outages for a period of six (6) 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 six (6) 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 six (6) 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. *Audit:* Subject to the confidentiality requirements set forth in Section 7.1 of this Franchise and the LFA's imposition of substantially similar obligations to those contained in this Section 7.4 on all cable service providers in the Service Area, Franchisee shall be responsible for making available to the LFA for inspection and audit, all records necessary to confirm the accurate payment of Franchise Fees, whether the records are held by the Franchisee, an Affiliate, or any other entity that collects or receives funds related to the Franchisee's Cable Services operation in the LFA subject to the payment of Franchise Fees under this Agreement, including, by way of illustration and not limitation, any entity that sells advertising on the Franchisee's behalf. Franchisee shall maintain such records for six (6) years, provided that, if the LFA commences an audit within that six (6) year period, Franchisee shall continue to maintain such records for the duration of any audit in progress at the end of that six (6) year period. The LFA shall conduct all audits expeditiously, and neither the LFA nor Franchisee shall unreasonably delay the completion of an audit. The LFA's audit expenses shall be borne by the LFA unless the audit determines that the 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, together with any additional amounts due to the LFA as a result of such audit, shall be paid by Franchisee to the LFA within sixty (60) days following written notice to Franchisee by the LFA of the underpayment, which notice shall include a copy of the audit report; provided, however, that Franchisee's obligation to pay or reimburse the LFA's audit expenses shall not exceed an aggregate of FIVE THOUSAND DOLLARS (\$5,000.00). If re-computation results in additional revenue to be paid to the LFA, such amount shall be subject to interest charges computed from the due date, at the then-current rate set forth in Section 5004 of the New York

Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) per annum during the period such unpaid amount is owed. If the audit determines that there has been an overpayment by Franchisee, the Franchisee may credit any overpayment against its next quarterly payment. Said audit shall be conducted by an independent third party and no auditor so employed by the LFA shall be compensated on a success based formula, e.g., payment based on a percentage of an underpayment, if any. The LFA shall not conduct an audit more frequently than once every three (3) years.

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 five million dollars (\$5,000,000) ~~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. Employers' Liability Insurance in the following amounts: (A) Bodily Injury by Accident: \$100,000; and (B) Bodily Injury by Disease: \$100,000 employee limit; \$500,000 policy limit.

8.1.1.5. Excess liability or umbrella coverage of not less than ten million dollars (\$10,000,000) ~~five million dollars (\$5,000,000)~~.

8.1.2. The LFA shall be designated as an additional insured under each of the insurance policies required in this Article 8 except Worker's Compensation Insurance, Employer's Liability Insurance, and excess liability or umbrella coverage.

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.

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~~**DRAFT NUMBER 3**~~
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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. Franchisee agrees to indemnify the LFA for, and hold it harmless 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, provided that the LFA shall give Franchisee written notice of the LFA's request for indemnification within ten (10) days of receipt of a claim or action pursuant to this Subsection. Notwithstanding the foregoing, Franchisee shall not indemnify 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 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

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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 1.324 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 12.11 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,

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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 12.11 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.

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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 timely 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 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.

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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.

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:

The Town Supervisor _____
One Town Place _____
Valhalla, NY 10595 _____

12.5.3. with a copy to:

The Town Attorney _____
One Town Place _____
Valhalla, NY 10595 _____

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 materially conflict with the provisions of this Agreement are superseded by this Agreement.

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12.7. *Amendments and Modifications:* Amendments and/or modifications to this Franchise shall be mutually agreed to in writing by the parties and subject to the approval of the NY PSC, pursuant to the Cable Law.

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.

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. *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.

12.12. *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.

12.13. *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.

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

12.15. *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,

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conditions, or privileges of employment because of age, race, creed, color, national origin, or sex.

12.16. *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 and regulations.

12.17. *Performance Review:* The LFA may, at its discretion but not more than once per twelve-month period, hold an informal performance evaluation session (the "Performance Review") that is not open to the public to review Franchisee's compliance with the terms and conditions of this Franchise. The information disclosed to the LFA by the Franchisee at the Performance Review shall be treated by the LFA as confidential. The LFA shall provide Franchisee with at least thirty (30) days prior written notice of the Performance Review to be held at a mutually agreeable time. Franchisee shall have the opportunity to participate in and be heard at the Performance Review. Within thirty (30) days after the conclusion of the Performance Review, the LFA shall provide Franchisee written documentation ("Performance Review Report") setting forth its determinations regarding Franchisee's compliance with the terms and conditions of this Franchise. The Performance Review Report shall not contain any confidential information disclosed by the Franchisee during the Performance Review.

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

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

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 _____, 2007.

Town of Mount Pleasant:

By: _____
[Title]

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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 D: PEG Access Origination Point

EXHIBIT A

MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

******[EXHIBIT A REMAINS SUBJECT TO VERIZON ENGINEERING SURVEY AND
ADDITIONAL COMMENT BY VERIZON]******

1. Mount Pleasant Town Hall, Columbus Ave., Valhalla
2. Mount Pleasant Community Center, Lozza Drive, Valhalla
3. Bradhurst Community Center, Bradhurst, Ave., Hawthorne
4. Mount Pleasant Sewer Dept., Lozza Drive, Valhalla
5. Mount Pleasant Highway Dept. Building, Columbus Ave., Thornwood
6. Pocantico High School, Bedford Road Pocantico Hills
7. Valhalla, Middle/High School, Columbus Ave., Valhalla
8. Kensico School, Valhalla
9. former Valhalla elementary school building, Columbus Ave., Valhalla
10. Hawthorne Elementary, Memorial Drive, Hawthorne
11. Westlake Middle/HS, Westlake Dr., Thornwod
12. Holy Rosary School, Bradhurst Ave., Hawthorne
13. Holy Name School, Broadway, Valhalla
14. Valhalla Fire Co. #1, Entrance Way, Valhalla
15. Independent Fire Co., Columbus Ave., Valhalla
16. Valhalla Fire District Building, Columbus Ave., Valhalla
17. Thornwood Fire Dept., Commerce Street, Hawthorne
18. Hawthorne Fire Dept., Home Street, Hawthorne

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19. Pocantico Hills Fire Dept., Bedford Road, Pocantico Hills
20. Archville Fire Dept, Union Street, BriarCliff Manor
21. Valhalla Ambulance Corps. Building, Westlake Drive, Valhalla
22. former Thornwood Water District Building, Garrigan Ave., Thornwood

EXHIBIT B

SERVICE AREA

The Service Area shall be the Franchise Area. A map of the Service Area is attached hereto.

The construction of the Franchisee's FTTP Network has been completed to approximately 84% of the current households in the Franchise Area. At present, Franchisee's anticipated schedule calls for 84% deployment by November 2007, 85% deployment by April 2008, 88% deployment by November 2008, 89% deployment by April 2009, 92% deployment by November 2009, 93% deployment by April 2010, 95% deployment by November 2010, 97% deployment by April 2011, 99% deployment by November 2011, and 100% deployment by April 2012. This schedule is subject to further review and modification by the Franchisee consistent with Section 895.5(b)(1) of the NY PSC rules and regulations; provided, however, that Franchisee shall provide notice to the LFA and the NY PSC of any material change in this schedule.

~~{VERIZON IS PREPARING NEW LANGUAGE REFLECTING THE STATUS OF THE BUILD}~~

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EXHIBIT C

PEG CHANNELS

The Franchisee will transmit PEG Programming as provided by the LFA and the public, as directed.

EXHIBIT D
PEG ACCESS ORIGATION POINTS

[UNDER REVIEW BY VERIZON ENGINEERING]

[SECTION 5.2 AND EXHIBIT D REMAIN SUBJECT TO VERIZON ENGINEERING SURVEY AND ADDITIONAL COMMENT BY VERIZON]

Subject to the requirements set forth in Subsection 5.2.2 of the Agreement, the following Government Access Channel PEG Access Origination Point shall be operable within one hundred eighty (180) days of the Effective Date:

Mount Pleasant Town Hall

Subject to the requirements set forth in Subsection 5.2.2 of the Agreement, the following Educational Access Channel PEG Access Origination Points shall both be operable on or before the eight (8) month anniversary of the Effective Date:

Site #1 Westlake High School

The Educational Access Channel PEG Access Origination Point identified above shall serve as the aggregation point for those PEG Access Origination Points designated to feed signals to the Education Access Channel, as listed in this Exhibit D. For purposes of permitting LFA to select and switch feeds coming into the aggregation point, Franchisee shall provide the LFA, without charge, such capability at the aggregation point.

Site #2 Valhalla High School

Subject to the requirements set forth in Subsection 5.2.2 of the Agreement, the following Public Access Channel PEG Access Origination Point shall be operable after one year (1) year anniversary of the Effective Date, upon an additional one hundred eighty (180) days written notice to Franchisee:

Location to be announced by LFA

Tab 3

Kulka, Sean C.

From: Kulka, Sean C.
Sent: Monday, May 14, 2007 2:12 PM
To: 'rmeehan@mtpleasantny.com'
Cc: John Harrington (jharrington@telecominsightgroup.com); Covell, Matthew T.
Subject: Mount Pleasant - Requested Free Cable Service to Public Buildings



Robert-

Could you please provide us with building numbers for the list of free cable television drops that was requested by Mount Pleasant. I have placed the list below.

Sean

1. Mount Pleasant Town Hall, Columbus Ave., Valhalla
2. Mount Pleasant Community Center, Lozza Drive, Valhalla
3. Bradhurst Community Center, Bradhurst, Ave., Hawthorne
4. Mount Pleasant Sewer Dept., Lozza Drive, Valhalla
5. Mount Pleasant Highway Dept. Building, Columbus Ave., Thornwood
6. Pocantico High School, Bedford Road Pocantico Hills
7. Valhalla, Middle/High School, Columbus Ave., Valhalla
8. Kensico School, Valhalla
9. former Valhalla elementary school building, Columbus Ave., Valhalla
10. Hawthorne Elementary, Memorial Drive, Hawthorne
11. Westlake Middle/HS, Westlake Dr., Thornwod
12. Holy Rosary School, Bradhurst Ave., Hawthorne
13. Holy Name School, Broadway, Valhalla
14. Valhalla Fire Co. #1, Entrance Way, Valhalla
15. Independent Fire Co., Columbus Ave., Valhalla

5/14/2007

16. Valhalla Fire District Building, Columbus Ave., Valhalla
17. Thornwood Fire Dept., Commerce Street, Hawthorne
18. Hawthorne Fire Dept., Home Street, Hawthorne
19. Pocantico Hills Fire Dept., Bedford Road, Pocantico Hills
20. Archville Fire Dept, Union Street, BriarCliff Manor
21. Valhalla Ambulance Corps. Building, Westlake Drive, Valhalla
22. former Thornwood Water District Building, Garrigan Ave., Thornwood



Tab 4

May 15, 2007

Via Overnight Mail

Robert F. Meehan
Town Supervisor
Town of Mount Pleasant
One Town Hall Plaza
Valhalla, NY 10595

*Re: Cable Franchise Agreement by and between the Town of Mount Pleasant
and Verizon New York Inc. (the "Verizon Franchise")*

Dear Mr. Meehan:

On behalf of Verizon New York Inc. ("Verizon"), thank you for affording Verizon the opportunity to appear before you at the upcoming May 22, 2007 public hearing (the "Public Hearing") regarding its application (the "Application") to the Town of Mount Pleasant ("Mount Pleasant" or the "Town") for a cable television franchise.

EXECUTIVE SUMMARY

- The Town and Verizon have worked diligently to introduce the benefits of cable competition to Mount Pleasant residents. The incumbent cable service provider will lobby to protect its pecuniary interest by denying Mount Pleasant residents the ability to choose an alternate cable provider.
- A level playing field analysis requires a review of competitive franchises "taken as a whole." Cablevision continues to raise level playing field objections despite the NY PSC's recent multiple repudiations of the same.
- Verizon has independent authority to conduct activities in the public rights-of-way. Cablevision's sole authority to conduct activities in the public rights-of-way is exclusively through its "communications system" franchise.
- Verizon's "Force Majeure" definition is sufficiently narrow.

- Verizon's "Gross Revenue" definition is comprehensive and unambiguous.
- Verizon cannot abandon cable service without the Town's prior written consent.
- The Verizon Franchise is the result of a lengthy, rigorous negotiation.
- Verizon is required to comply with the stringent customer service regulations that the NY PSC imposes on cable service providers. Further, as a competitive provider, Verizon will be held to a higher standard by consumers seeking improved customer service.

INTRODUCTION AND BACKGROUND

The Town and Verizon have worked diligently to introduce the benefits of cable competition to Mount Pleasant residents. The incumbent cable service provider will lobby to protect its pecuniary interest by denying Mount Pleasant residents the ability to choose an alternate cable provider.

The Public Hearing represents the culmination of a substantial effort on the part of the Town and Verizon to introduce cable competition and its attendant benefits to Mount Pleasant. Verizon has made the significant capital investments necessary to upgrade its telecommunications network to enable it to deliver a new generation of ultra-high-speed broadband data services, including video service, to Mount Pleasant residents over a "fiber to the premises" network (the "FTTP Network"). The FTTP Network is an innovative new technology that uses fiber-optic cable and optical electronics to link homes and businesses *directly* to Verizon's network. The FTTP Network enables Verizon to provide Mount Pleasant residents with lightning-fast internet access and superior telephone service. Additionally, the FTTP Network provides next-generation technology that has virtually limitless capacity to deliver *state-of-the art* cable television service to Town residents, which will open the market to unprecedented competition.

The Town has demonstrated a strong commitment to benefit its residents through the introduction of cable competition. In numerous negotiation sessions, you labored industriously with Verizon to reach an agreement that is legally sound, fulfills Mount Pleasant's cable-related needs and interests, and will enable Verizon to compete with the incumbent on a competitively-neutral basis.

While the Town and Verizon have worked closely to advance the public interest by introducing the benefits of cable competition, the incumbent cable service provider Cablevision most likely will engage in a vigorous campaign designed to thwart the creation of a competitive market in the Town, as they have done elsewhere. This campaign is designed to intimidate the Town in order to prevent, or at least delay, the introduction of cable competition and to deprive your constituents of the opportunity to choose a real alternative video service provider. This is a self-serving effort *designed solely to protect Cablevision's pecuniary interest* and market dominance. Cablevision's objections are not offered in the spirit of championing the Town's interests but rather to preclude Mount Pleasant residents from having the opportunity to switch providers. It is essential that the Town evaluate the merits of Cablevision's complaints and objections against this backdrop.

Cablevision's tactics violate the spirit of the fundamentally pro-competitive federal and state laws, which are designed to reduce regulatory barriers to market entry and to *encourage* companies like Verizon to make the significant capital investments necessary to deliver a new generation of services.

DISCUSSION

Verizon anticipates that Cablevision will propound the same arguments to the Town that it has repeatedly propounded throughout the process in each municipality where Verizon jeopardizes its monopoly position. Cablevision insinuates, contrary to multiple NY PSC orders, that the Verizon Franchise violates the level playing field requirement due to perceived deficiencies in the following primary areas – rights of way management and local authority, build out, force majeure, indemnification, enforceability, and customer service. Cablevision further intimates that the definition of “gross revenues” contained in the Verizon Franchise is deficient. 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 Town's commitment to deliver competition to its residents. This information also includes discussion to address any level playing field concerns that the Town may have.

LEVEL PLAYING FIELD

A level playing field analysis requires a review of competitive franchises “taken as a whole.” Cablevision continues to raise level playing field objections despite the NY PSC's recent multiple repudiations of same.

The NY PSC renumbered and amended cable television rules last year, intending to “reflect a more competitive environment and changes in federal law that

occurred in 1984 and 1996.”¹ The amended 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.” 16 NYCRR § 895.3 (emphasis added). 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 competitive companies while ensuring fairness to all companies competing in an area.²

Cablevision will likely assert that NY PSC regulations contemplate a role for the incumbent cable operator because it is entitled to a level playing field.”³ Most significantly, however, the NY PSC has overruled Cablevision’s identical claim by holding on multiple occasions that Verizon’s proposed franchise agreement for various municipalities “does not violate the Commission’s level playing field rule.”⁴ 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

¹ Case 01-V-0381, “Memorandum and Resolution Adopting 16 NYCRR Parts 890 Through 899” (Issued and Effective April 4, 2005) at 1.

² *Id.* at 4 (emphasis added).

³ See, e.g., Transcript of Grand View-on-Hudson Public Hearing on Proposed Verizon Franchise Agreement at 95 (June 19, 2006).

⁴ 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, Case 05-V-1571, “Order and Certificate of Confirmation” (Issued and Effective February 8, 2006) (the “South Nyack Order”) at 13, and Case No. 06-V-0875, “Order and Certificate of Confirmation” (Issued and Effective September 21, 2006) (the “Lynbrook Order”) at 7.

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.⁵

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.⁶

Notwithstanding the foregoing, Cablevision attempts to muddy the waters by conveniently ignoring the NY PSC's level playing field analyses and conclusions. Cablevision merely tries to couch its objections in a different light so as not to implicate the NY PSC's dispositive determinations on this issue.

LOCAL RIGHT OF WAY AUTHORITY; INDEMNIFICATION

Verizon has independent authority to conduct activities in the public rights-of-way. Cablevision's sole authority to conduct activities in the public rights-of-way is exclusively through its "communications system" franchise.

In an attempt to create an appearance of inequality between the Verizon Franchise and its current franchise,⁷ Cablevision will 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 Expired Franchise. This argument 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,

⁵ *Id.*

⁶ *Nyack Order* at 13 and *South Nyack Order* at 13. See also *Massapequa Park Order* at 23 and *Lynbrook Order* at 7-8.

⁷ A Franchise Renewal Agreement between the Town of Mount Pleasant, Westchester County, State of New York and Cablevision of Southern Westchester, Inc. (10/30/06) (the "Cablevision Franchise").

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 mixed-use facilities that will be used to provide video services.⁸

In these confirmation orders, the Commission cited its Declaratory Ruling⁹ 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 concluded, "[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."¹⁰ Consistent with this regulatory guidance, Section 2.2 of the Verizon Franchise provides:

The FTTP Network: Upon delivery of Cable Service, by 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 Franchisee's mixed-use facilities; provided, however, that nothing herein shall be construed to limit the LFA's existing authority with respect to the Franchisee's mixed use facilities pursuant to Title II of the Communications Act, Section 27 of the Transportation Corporations Law, and the lawful and applicable local laws, including any lawful right to compel relocation of such facilities in the event of road-widenings and other similar adjustments to the Public-Rights-of-Way,

⁸ *Nyack Order at 8 and South Nyack Order at 8.*

⁹ 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*").

¹⁰ *Nyack Order at 7-8, South Nyack Order at 7-8.*

consistent with the NY PSC rules and regulations and orders.

Cablevision will doubtlessly object to this language, as it has objected to identical language in other municipalities (without success).¹¹ For example, in the case of the Town of Hempstead, the NY PSC emphatically rejected Cablevision's position with respect to Section 2.2 as a non-issue:

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.*¹²

Therefore, Cablevision's suggestions that the Verizon Franchise imposes significant limitations on a municipality's management of right-of-way authority are improper and misleading.

In a similar vein, Cablevision will likely recommend to the Town that it should demand that Verizon add to the indemnification provisions of the Verizon Franchise an acknowledgement that "construction and maintenance of its FTTP Network is conduct undertaken pursuant to this Franchise." This 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

¹¹ See, e.g., Section 2.2 of Verizon's franchise with the Town of Hempstead, which provides: "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."

¹² Case 06-V-0427, "Order and Certificate of Confirmation" (Issued and Effective May 18, 2006) (the "*Hempstead Order*") at 6-7 (emphasis added).

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.¹³

Further, the NY PSC established 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."¹⁴

Unlike Cablevision, which has authority to utilize the public rights of way exclusively through its cable 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*. As Verizon noted in its Application, construction of the FTTP Network in the Town is almost complete. Verizon maintains the network routinely. Cablevision's anticipated proposal represents an unseemly and deceitful attempt to ensnare the full range of activities related to the FTTP Network in the Verizon Franchise. Cablevision's suggestion will likely be artfully designed to imply that Verizon's indemnification obligation is deficient by failing to adequately protect the Town; a transparent objective to create a level playing field violation where none exists. Verizon's indemnification obligations exceed the NY PSC's minimum indemnification requirements and fully protect the Town. Any argument by Cablevision to the contrary is disingenuous.

BUILDOUT

Consistent with its practice in other municipalities, Cablevision will probably challenge Verizon's commitment to serve every Town resident with false allegations that the Verizon Franchise does not require Verizon to provide ubiquitous service. This argument has no basis in fact. Verizon has already constructed its FTTP Network to serve nearly the entire Town, has installed eighty-four (84%) of its aerial trunk lines throughout the footprint of the Town, and has plans to complete the remaining lines in the immediate future. Once the franchise is approved by the Town and confirmed by the NY PSC, Verizon will offer cable television service to each Town resident within the

¹³ *Declaratory Ruling* at 20-21.

¹⁴ *Nyack Order* at 8, *South Nyack Order* at 8.

built out area. Any additional construction consists of feeder lines to individual properties that require permits or are the ongoing subject of property access negotiations with third parties (such as multiple dwelling unit owners), a process over which Verizon has little control.

Verizon complies with the law and does not engage in redlining or other illegal discriminatory practices. Verizon makes this unequivocal commitment to the Town in Section 3.2 of the Verizon Franchise. Discriminatory conduct violates Verizon's deployment practices. Moreover, it only makes financial sense for Verizon to exercise its best efforts to serve every Town resident as soon as possible. Toward that end, Verizon is actively seeking access to all private and public multi-dwelling units in the Town and other locations where property access must be negotiated. Once property access negotiations are successfully concluded and all required permits and easements have been granted, subject to the conditions set forth in the Verizon Franchise, Verizon will be able to offer service to each Town resident. Verizon is committed to ensuring that the benefits of cable competition will be made available to *all* Town residents.

FORCE MAJEURE

Verizon's "force majeure" definition is sufficiently narrow.

Section 1.12 of the Verizon Franchise narrowly defines "Force Majeure" as:

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 and disputes, 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.

Verizon's definition is sufficiently narrow because it contemplates Verizon's ability to "*anticipate and control*" a situation. Cablevision may urge the Village to revise the "Force Majeure" definition by deleting 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." Nevertheless, such descriptive circumstances are highly appropriate.

First, the majority of utility poles in Westchester County are owned by the power company Con Edison ("Con Ed"). If Con Ed fails to service, monitor or maintain its poles, there is a possibility that Verizon may encounter work delays. Second, Verizon is a telecommunications company, not an equipment manufacturer. Unlike Verizon, traditional cable companies have influence over the engineering and design of their products because of their long-standing relationships with those companies responsible for design and distribution of cable hardware and equipment. Furthermore, as the June 2006 merger announcement of Nokia Corp. and Siemens AG suggests, there is a wave of consolidation in the electronics equipment manufacturing industry. As a result of changes in the industry, it may be possible that materials become unavailable from time to time. Additionally, the FTTP Network is cutting-edge technology, so there is the likelihood that, as the technology evolves, the industry may experience 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.

GROSS REVENUE

Verizon's "Gross Revenue" definition is comprehensive and unambiguous.

Cablevision will likely try to manufacture a level playing field violation by insinuating that the definition of "Gross Revenue" in the Verizon Franchise is not as far-reaching as the "gross annual revenue" term contained in the Cablevision Franchise. This argument is incorrect. Consistent with federal law, Verizon defines "Gross Revenue" as "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." Verizon Franchise §1.16. This definition is comprehensive and unambiguous.

EVASION OF PERFORMANCE

Verizon cannot abandon cable service without the Town's prior written consent.

Cablevision will likely imply 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. Section 11.6 of the Verizon Franchise

provides "[f]ranchisee shall not abandon any Cable Service or portion thereof without the LFA's prior written consent as provided in the Cable Law."

As it has done in the case of each effective Verizon Franchise, Cablevision will predictably campaign for the deletion of Verizon Franchise § 12.4.1. Cablevision has raised this issue at both the local level and during NY PSC confirmation proceedings, alleging that this provision is an "escape clause" that Verizon may use to avoid inconvenient franchise obligations. Cablevision wrongly asserts that Verizon is exempt from monetary sanctions or possible termination due to its failure to comply with franchise obligations that would cause Verizon "practical difficulties" or "hardship." Cablevision presents this provision in a purposefully misleading and deceptive manner.

The referenced section, 12.4.1, is hardly an 'escape clause.' Instead, it only protects Verizon from a situation in which the Town attempts to rely on a minor failure as a basis for imposing the ultimate sanction of "forfeiture or revocation of the Franchise." Section 12.4.1 of the Verizon Franchise provides:

[f]urthermore, 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.

The Town may still avail itself of the remedy of revocation in the event of "substantial noncompliance with a material provision of" the Verizon Franchise pursuant to Section 11.4.3:

Enforcement: Subject to Section 12.11 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....

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.

Verizon Franchise, §§ 11.4 and 11.4.3.

As a practical matter, Section 12.4.1 is unlikely to be a significant factor in the overall burdens imposed upon Verizon by the franchise. It is difficult to imagine a circumstance severe enough to warrant Town action under Section 11.4.3, which would nevertheless be insignificant enough to warrant a Verizon claim to relief under Section 12.4.1. Thus, although Section 12.4.1 may provide some benefit to Verizon in rare circumstances, the likelihood that such circumstances will materialize during the term of the franchise is *de minimis*, and the provision does not materially alleviate Verizon's burdens under the franchise.

Most significantly, however, and not disclosed by Cablevision, the NY PSC has rejected Cablevision's objection to Section 12.4.1, ordering that "no modification or conditioning" of this provision was required "because no Commission rule prevents the parties from agreeing to such a provision."¹⁵

CONSTRUCTION OF AGREEMENT

The Verizon Franchise is the result of a lengthy, rigorous negotiation.

The Verizon Franchise was rigorously negotiated as an arms-length transaction, and, during the course of negotiations, the Town proposed language that was ultimately incorporated into the Verizon Franchise.

The NY PSC *routinely* states in all cable television franchise confirmation orders that

[t]he 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 recent orders approving the applications of Cablevision and Time Warner for renewal franchises, the NY PSC determined:

[t]he 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

¹⁵ *Hempstead Order* at 6.

¹⁶ *Id.* at 7-8.

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

CUSTOMER SERVICE

Verizon is required to comply with the stringent customer service regulations that the NY PSC imposes on cable service providers. Further, as a competitive provider, Verizon will be held to a higher standard by consumers seeking improved customer service.

Cablevision will probably recommend that the Town seek to include a provision 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)." This 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 and state law as it may be amended, including but not limited to the Communications Act." Second, Mount Pleasant 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.

Finally, as a competitive market entrant, Verizon will be held to a higher standard by consumers seeking improved customer service. If Verizon's customer service is not exemplary, subscribers will return to the incumbent. At the present time, Town residents are left with no choice. As a result of competition, customer service will improve across the board, and all Town consumers will benefit.

CONCLUSION

Verizon is eager to introduce cable competition to Mount Pleasant and to offer Mount Pleasant residents the opportunity to choose among cable providers. To fulfill their commitment to bring choice to Town residents, the Town and Verizon have worked diligently to negotiate an agreement that is fair and that complies with all applicable laws. As explained in greater detail above, Cablevision's anticompetitive tactics are designed solely to protect its market dominance by denying Mount Pleasant residents the benefits of a competitive alternative. The self-serving assertions relate not to the

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.

inherent fairness of permitting Verizon to compete head-to-head for video subscribers in Mount Pleasant, 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 Town review Cablevision's grievances in this very narrow context.

Verizon anticipates the Board's approval of its franchise at the Public Hearing and is excited to benefit Town residents through the introduction of cable competition. In the meantime, we remain available to answer any questions that you may have.

Sincerely yours,

ARNALL GOLDEN GREGORY LLP

A handwritten signature in black ink, appearing to read "Matthew T. Covell". The signature is fluid and cursive, with the first name "Matthew" and last name "Covell" being clearly legible.

Matthew T. Covell
Outside Counsel to Verizon

MTC:sw

cc: Verizon New York Inc.

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 212 791-0528
monica.f.azare@verizon.com

May 16, 2007

The Honorable Robert F. Meehan
Town of Mount Pleasant
One Town Hall Plaza
Valhalla, NY 10595

Dear Supervisor Meehan:

Verizon is looking forward to the public hearing on Tuesday, May 22 in the Town of Mount Pleasant 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 Mount Pleasant.

I respect and thank you and those who negotiated on behalf of the Town of Mount Pleasant for your determined efforts in reaching this high point in the franchise process. 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 prepare 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 Mount Pleasant. I trust that the franchising team has answered all of your questions. Please feel free to contact me at the number above if there is additional information that you need.

I have enclosed information outlining the extraordinary benefits of Verizon FiOS TV - the service that awaits the approval of you and your council.

Again, thank you for your commitment to bringing cable choice and a new video technology to the Town of Mount Pleasant.

Sincerely,

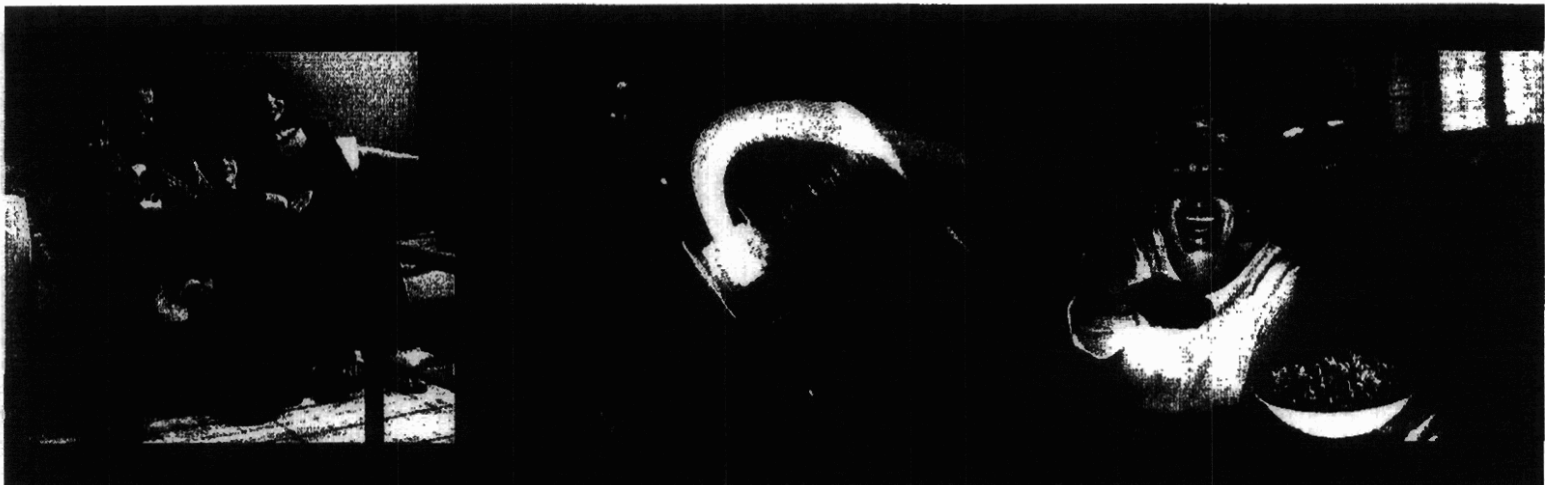


Monica Azare

cc: **The Honorable Stephen V. DeMicco**
The Honorable Peter DeMillo
The Honorable Joan A. Maybury
The Honorable Thomas A. Sialiano
David C. Dempsey, Town Attorney

Verizon FiOS TV

Town of Mount Pleasant, NY



www.verizon.com/ny



We never stop working for you.

The Town of Mount Pleasant Can Advance New York's Broadband Revolution.

Favorable action on Verizon's proposed cable franchise agreement positions Mount Pleasant to be among the first group of communities in New York to open the doors to the robust competition underway in New York's television and video marketplace.

A win for the community -- and its residents.

- **Benefits to the community:** The competitive cable TV franchise agreement under consideration will deliver:
 - **Homebuyers who actively seek out Mount Pleasant** – Fiber to the home has become an important criterion to customers in the housing market. In communities where Verizon has deployed its fiber optic network, homebuyers favor properties served by it.
 - **Competitive Consumer Prices** – Cable rates increase less in places where cable operators face real wireline competition.
 - According to the FCC, rates for basic and expanded basic cable TV service rose by about 5% in 2005, to \$43. Those rates are up 93% over the past decade.
 - The remedy? Competition! The FCC's December 2006 report shows that in areas where there is land-based competition like Verizon FiOS TV, prices are 17% below average.
 - And in areas where Verizon is offering FiOS TV, Cablevision has offered freebies, like free DVR service or free HBO, and steep discounts to keep customers from disconnecting. And they're offering new customers the triple play bundle for \$89.95 monthly with a one year contract. It's amazing what a little competition can do for consumers!

The Town of Mount Pleasant is among the first.

- **Deployment Commitment:** Mount Pleasant is among the first communities in New York to benefit from Verizon's fiber-to-the-premises (FTTP) initiative. Today, this network offers Mount Pleasant the largest ever voice, data, and video pipeline into the home, resulting in clearer, more reliable voice connections and lightning-fast Internet connections - far faster than the most powerful cable modem connections.
- **Personnel and Resource Commitment:** Verizon has hired new full-time employees and contractors to deliver fiber to the home in the area.
- **Quality Commitment:** Verizon is delivering the best video offering on the market to downstate New York – and intends to do the same for the residents of Mount Pleasant.

Broadband. The Town of Mount Pleasant has a lot riding on it.



We never stop working for you.

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 that's important. The FCC has found that cable television rates have increased 93 percent over the last decade.
- 9 It's state-of-the-art.** Verizon's programming rides over an all-digital fiber-optic network to the home – with the fastest connections available in the industry.
- 8 It's in demand.** FiOS TV was available to about 2.4 million homes at the end of 2006, and the company expects to attract 3-4 million customers by 2010.
- 7 It comes with other great services.** Customers in parts of our service territory are surfing the web at up to 50 Mbps 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 Lots of HDTV.** There's nearly unlimited high-definition channel capacity on the FiOS TV network. FiOS TV customers today have access to twice as many HD channels as many cable providers.
- 4 It's diverse.** FiOS TV offers one of the most diverse and exciting multicultural channel lineups in the industry.
- 3 Lots of channels.** Verizon's channel lineup offers more than 400 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 cable'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.** We offer the most advanced and reliable network in the country along with a legacy of providing outstanding service in New York 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 your Internet Service Provider. You should have the same freedom of choice for cable TV. It's choice and competition that benefit you the most.

When a true wireline television competitor challenges cable, prices for basic and expanded basic cable TV service are 17% below average.
(Source: FCC Report on Cable Industry Prices, Dec 2006)

Delaying video entry by one year would cost New Yorkers \$458 million in lost 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% in some areas where FiOS TV is available.
(Source: Bank of America Equity Research: Consumer Wireline Services Pricing, Jan 2006)

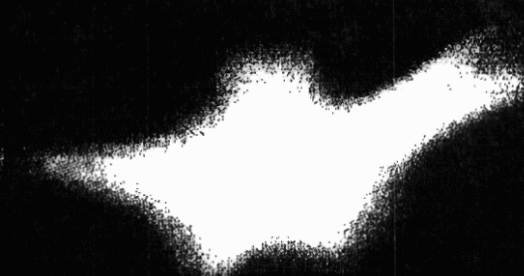
Support change. Let's bring true cable TV competition to New York now – not years from now. Let your voice be heard. Urge your local elected officials to vote "YES" in favor of TV choice and competition!

**For more information, visit:
www.verizon.com/ny**



verizon

Power to the people who have fiber-optic TV!



Verizon FiOS TV takes entertainment to a level you never imagined.

More Value

FiOS TV is all about simple packages and competitive prices. FiOS TV Premier delivers an unmatched lineup with more than 200 channels of television and music entertainment. It's an even better value when bundled with our FiOS Internet Service.

A Superior Network

Our 100% fiber optic network delivers an all digital experience with better picture and sound quality, more choices and more control. The FiOS network has far more capacity than cable's and is less vulnerable to weather outages and electrical interference - advantages that add up to a vast new dimension of bandwidth, speed and power.

On Demand

With FiOS TV, you have instant access to a library of approximately 8,600 of the latest titles; blockbuster movies, kids' shows, sporting events and much more, all at a touch of a button.

HDTV

FiOS TV offers more than two dozen high definition channels, with all of your favorite channels like ESPN, Discovery, HD Net and more!

More Control

Parental Controls allow you to block access to shows either by channel, rating or category. You can also selectively block Pay Per View and On Demand purchases, and choose to show or hide programs from the TV Listings. And these easy to use features come at no additional charge to digital service customers.

Dual-tuner, Home Media DVRs, and FiOS TV Widgets

FiOS TV gives you the freedom to pause and rewind live TV, record one show while watching another - and fast forward to your favorite part - all without a VCR, tapes or DVDs. And our Home Media DVR allows you to view recorded programs from any room in the house with a television and set-top box and easily access photos and music from your personal computer and play them on your entertainment center. FiOS TV Widgets gives you local weather and traffic on your TV screen at the touch of a button, without interrupting what you're watching.

Global Reach

FiOS TV's multicultural lineup is unmatched in the industry. Whether you choose our Spanish language tier, La Conexión, or any of the popular international premium channels, you stay connected to the world.

More channels. More choices. Verizon FiOS TV.

* Programming and prices are subject to change. Applicable franchise fees, regulatory fees and taxes apply. Other terms and conditions apply.

Verizon FiOS TV — New York Channel Lineup

Effective 2/07

Local	
2	CBS — WCBS-TV 2
4	NBC — WNBC-TV 4
5	FOX — WNYW-TV 5
6	WRNN-TV 62
7	ABC — WABC-TV 7
8	Superstation — WGN-TV
9	My WWOV-TV 9
10	WLNY-TV 55
11	CW — WPIX-TV 11
12	Telemundo — WNUJ-TV 47
13	PBS — WNET-TV 13
17	WFTY-TV 67
18	WMBC-TV 63
21	PBS — WLIW-TV 21
23	PBS — WUNJ-TV 50
25	NYC-TV
29	PBS — WFME-TV 66
31	WUPXN-TV 31
32	Local Programming
33	Local Programming
34	Local Programming
37	Local Programming
38	Local Programming
40	Local Programming
41	Univision — WXTV-TV 41
48	TV Guide
49	WeatherScan Local
Entertainment	
50	USA Network
51	TNT
52	TBS
53	FX
54	Spice TV
Sports	
60	ESPN
61	ESPN Classic Sports
62	ESPN News
63	ESPNU
64	ESPN 2
66	YES
67	SportsNet NY
68	MSG
69	Fox Sports Net NY
71	Speed Channel
72	NFL Network
75	VERSUS
News	
80	CNN
81	CNN Headline News
82	Fox News
83	CNBC
85	Bloomberg TV
86	CNN International
87	CNBC World
88	ABC News Now
89	C-SPAN
90	C-SPAN 2
91	C-SPAN 3
99	The Weather Channel
Information	
100	Discovery Channel
101	National Geographic Channel
102	Science Channel
103	Discovery Times
104	Pentagon Channel
105	Military Channel
106	Military History Channel
107	History Channel International

Fios TV Premier	
108	History Channel
109	Biography Channel
110	Animal Planet
118	TLC (The Learning Channel)
Women	
120	Lifetime
121	Lifetime Movie Network
122	Lifetime Real Women
123	SoapNet
124	Oxygen
129	Women's Entertainment
Shopping	
130	QVC
131	HSN
133	America's Store
135	Jewelry
137	Shop NBC
Home & Leisure	
140	Style
141	Discovery Health
142	LIME
143	Fit TV
144	Food Network
145	HGTV (Home & Garden Television)
146	Fine Living
147	DIY (Do It Yourself)
148	Discovery Home
149	Wealth TV
150	Travel Channel
Pop Culture	
160	Sol-Fi Channel
161	A&E
162	Crime & Investigation Network
163	Court TV
164	GSN
165	Bravo
166	Sleuth
167	Logo
168	Ovation
169	BBC America
170	Comedy Central
171	G4
176	E! Entertainment Television
177	Fox Reality
178	Fuel
179	ABC Family
Music	
180	MTV
181	MTV2
183	MTV Jams
184	MTV Hits
185	IMF (International Music Feed)
186	FUSE
187	VH1
188	VH1 Classic
189	VH1 Soul
190	BET Jazz
191	CMT
192	CMT Pure Country
193	Great American Country
194	Gospel Music Channel
195	BET Gospel
199	Soundtrack Channel
Movies	
200	Turner Classic Movies
201	AMC
202	Fox Movie Channel

Fios TV Premier	
Family	
210	Hallmark Channel (East)
212	Family Net
213	AmericanLife TV
214	TV Land
Children	
220	Disney
221	Toon Disney
222	Nickelodeon
223	Nick Too
224	Nick Toons
225	GAS
226	Noggin
227	Cartoon Network (ESP)*
228	Boomerang (ESP)*
229	Discovery Kids
230	Varsity
231	FUNimation
232	PBS Kids Sprout
People & Culture	
240	BET
241	TV One
242	Black Family Channel
243	MTV Tr3s
244	Galavision
245	Mun2
246	Si TV
247	AZN Television
248	Bridges TV
Religion	
260	EWTN
261	INSP
262	L-Life
263	Church
264	JCTV
265	BYU
266	Three Angels
268	Daystar
269	Smile of a Child
270	Trinity Broadcast Network
Sports	
300	Fox College Sports — Atlantic
301	Fox College Sports — Central
302	Fox College Sports — Pacific
303	Tennis Channel
305	Golf Channel
307	Outdoor Channel
308	The Sportsman Channel
311	Fox Sports on Español
312	Fox Soccer Channel
313	Go!TV
315	TVG (Horse Racing)
316	Horse Racing TV
318	Mav TV
319	Blackbelt TV
321	MSG 2
322	Fox Sports Net NY 2
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

Fios TV Premier	
Movies	
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 WAM!
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
385	Independent Film Channel
HBO**	
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
Cinemax**	
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	At Max
425	Five Star Max
426	OuterMax
Other Premiums**	
430	Playboy TV
431	Playboy TV en Español
435	here!

*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. To view our latest published channel lineup, please visit verizonfios.com/tv.

Why stroll through a video store when you can scroll through one?

Scroll through a library of approximately 8,600 movies and shows that are waiting for you to watch. Use your remote and the Interactive Programming Guide to browse, then make your selection - it's that easy. Need to pause to get more popcorn? Fast forward to skip the scary part or rewind to see it again? No problem! You can do it all from your remote any time you want, day or night.

Free On Demand	Choose from a selection of free programming -- sports, home & leisure, music, pop culture and more -- from our FIOS TV library. Channels include Disney, Discovery, ESPN, Home & Garden, MTV and many others.
Movies On Demand	Find the blockbuster movies and your old favorites at the press of a button for a fraction of the cost of a movie ticket.
Premium On Demand	When you subscribe to HBO, Cinemax or the Movie Package, you automatically have access to original programming and shows. Not to mention, the hottest movie releases - anytime you want.
Pay Per View	Get a front row seat (your couch) to the most anticipated sporting events, concerts, movies and much more in entertainment with our Pay Per View listings.

You got the killer high def TV. Now get the killer high def channels to go with it.

Brilliant picture. Room-shaking sound. Abundance of HD choices. The stunning capacity of fiber optic cable delivers more of the high def programming you love, with spectacular picture, hyper-real color, and amazing clear sound. Watch your favorite sports, movies, and TV shows come alive on your screen.

FIOS TV with HDTV programming offers:

- Images up to 5x sharper than regular TV
- Unparalleled picture/sound quality and a wide-screen format
- An expansive and growing list of HDTV channels
- Easy installation from the FIOS TV HD Set Top Box
- Dolby 5.1 digital surround sound

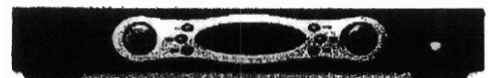
To get started with HDTV, you'll need a HD ready television and a FIOS TV HD Set Top Box.

Finally, regularly scheduled programs for your irregularly scheduled life.

FIOS TV brings you so many choices, you'll probably find yourself wanting to watch more than one show at a time. Or you might have seen something so incredible, you just have to hit instant replay to see it again. (Sports fans take note.) No tapes. No discs. No hassle. The days of waiting for a commercial break to get a snack are long gone with the FIOS TV DVR.

With a FIOS TV DVR you can:

- Rewind, pause or record live TV
- Record up to 85 hours of standard definition programming
- Record one show while watching another or record two shows at the same time while watching a third recorded show



Home Media DVR with Media Manager

- Lets customers view recorded programs from any room in the house with a television and set-top box
- Supports up to six additional televisions, with simultaneous viewing of up to three recorded shows
- Easily access photos and music from your personal computer and play them on your entertainment center where they look and sound the best

Verizon FiOS TV

Here's everything you need to create your perfect FiOS TV package. First, choose your service. Then, add to it from our selection of digital packages and premium channels below.

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

Service	Number of Channels	Monthly Price
FiOS TV Local¹	15-35	\$12.99
Digital Service (Requires Set Top Box (STB) and Router ²)		
FiOS TV Premier³	160 + FiOS TV Local	\$42.99
La Conexión⁴	115 + FiOS TV Local	\$32.99

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

Packages (Requires STB)	Number of Channels	Monthly Price
Sports	15	\$7.99
Movies	44	\$12.99
Sports/Movies Combination	69	\$16.99
Spanish Language	25	\$11.99

Premiums (Requires STB)	Number of Channels	Monthly Price
HBO⁵	14	\$15.99
Cinemax⁶	12	\$15.99
HBO/Cinemax Combination	26	\$25.99
Playboy TV⁷/Playboy TV en Español⁸	2	\$15.99
herald	1	\$7.99

International Premiums (Requires STB)	Number of Channels	Monthly Price
International Premium Channels	17	Individually Priced

Video On Demand (VOD) and Pay Per View (PPV) (Requires STB)	Price
---	-------

On Demand Movies	
New Releases	\$3.99
Library	\$2.99
On Demand Subscriptions	
WWE	\$7.99/mo.
Karaoke	\$7.99/mo.
On Demand Adult	\$14.99/each
PPV Events	Varies
PPV Sports	Varies
ESPN GamePlan — NCAA Football	\$21.99/daily, \$129.99 season ⁹
ESPN FullCourt — NCAA Basketball	\$14.99/daily, \$109.99 season ⁹

Set Top Box (STB)	Monthly Price
Standard Definition	\$4.99
High Definition (includes HD channels)	\$9.99
High Definition Digital Video Recorder (includes HD channels)	\$12.99
Home Media DVR (features Multi-Room DVR & Media Manager)	\$19.99

Initial Installation	One-Time Charges
Existing Outlet Hookup (up to 3)	No Charge
Additional Outlet/Set Top Box Hookup (existing outlet)	\$19.99
New Outlet Install/Existing Outlet Rewire (per outlet)	\$54.99
Outlet Relocation	\$54.99

Subsequent Installations/Charges	One-Time Charges
Set Top Box Addition or Upgrade/Downgrade	\$24.99
Premise Visit ¹	\$49.99
New Outlet Installation (per outlet)	\$54.99
Outlet Relocation (per outlet)	\$54.99
Setup of TV Equipment (new TV with existing STB)	\$49.99
Disconnect of Set Top Box ⁷	\$24.99 + \$5.00/STB
Downgrade of Service from Digital to Analog	\$49.99 + \$5.00/STB
FiOS TV Service Disconnect	No Charge
FiOS TV Service Reconnect (up to 3 outlets) ⁸	\$49.99

Other Services and Charges	One-Time Charges
Seasonal Service Suspension (charged at initiation, 1-6 months) ⁹	\$24.99
Replacement Remote — Basic Universal	\$5.00 + Shipping & Handling
Replacement Remote — FiOS TV Universal	\$6.99 + Shipping & Handling
Unreturned/Damaged STB — Standard Definition	\$240.00
Unreturned/Damaged STB — High Definition	\$350.00
Unreturned/Damaged STB — Digital Video Recorder (DVR)	\$550.00

¹In addition, early subscription and half season prices are available.



We never stop working for you.

¹ In order to be eligible for Movies or Sports, FiOS TV Premier or La Conexión is required. The Spanish Language package may be added to FiOS TV Local service, but requires a Set Top Box for access. The addition of a Set Top Box with FiOS TV Local service provides access to Video On Demand (VOD) and Pay Per View (PPV), as well as the ability to order Premiums and International Premiums.

² Router provided will be a new or fully inspected, tested and warranted return unit. If service is cancelled within the first 12 months, router must be returned or \$99.99 equipment fee applies. If you maintain service for twelve (12) consecutive months, ownership of the router shall transfer to you, after which time all maintenance of the router shall be at your sole cost and expense, and the risk of loss will be yours should the router be damaged or stolen.

³ FiOS TV Premier includes all FiOS TV Local channels, additional all-digital programming, digital music channels and access to Pay Per View and Video On Demand. 30-day minimum billing period required for all digital packages.

⁴ La Conexión includes all FiOS TV Local channels, digital programming including popular English-language networks and Spanish-language networks, digital music channels, and access to PPV and VOD. La Conexión cannot be combined with the Spanish Language package. 30-day minimum billing period required for all digital packages.

⁵ Subscription VOD is included with all Premiums at no extra charge (where applicable). 30-day minimum billing period required for all Premiums.

⁶ A premise visit charge is assessed when a technician installation is required to set up a new or additional TV with an existing FiOS TV Set Top Box. A premise visit charge is not assessed when adding new, upgrading/downgrading existing, or disconnecting Set Top Box receivers.

⁷ The Set Top Box disconnect charge is assessed only when the customer maintains at least one FiOS TV Set Top Box. If all Set Top Box receivers are disconnected, the service downgrade charge applies.

⁸ The reconnect fee applies when establishing service after a service disconnect.

⁹ Seasonal service suspension requires a minimum suspension of one month and a maximum suspension of six months.

Programming services offered within each package are subject to change and the number of channels within each package are approximations. Not all programming services available at all times. Blackout restrictions also apply. In addition, the pricing of the packages and the terms and conditions regarding your use of Verizon FiOS TV are also subject to change. Pricing applies to residential use only within the United States. Not all services are available in all areas. Acceptance of FiOS TV Terms of Service is required in order to use FiOS TV, and a copy of the Terms of Service will be given to you at the time of installation. The customer is financially responsible for any damage to, or misuse of, any equipment or for the failure to return any equipment if service is terminated. Applicable franchise fees, regulatory fees and taxes apply. Other terms and conditions apply.

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VEFIFF70013-1/07

Tab 6

Message

Kulka, Sean C.

From: Kulka, Sean C.
Sent: Friday, May 18, 2007 2:30 PM
To: 'rmeehan@mtpleasantny.com'
Cc: 'John Harrington (jharrington@telecominsightgroup.com)'; Covell, Matthew T.; Mitchell, Richard A.
Subject: Mount Pleasant - Franchise Agreement dated 5-8-07



Robert-

Attached is a copy of Verizon's franchise proposal to Mount Pleasant dated May 18, 2007. I have also attached a blackline of the proposal that shows changes marked in blackline from the May 8, 2007 version of the Mount Pleasant Franchise. Please note that one of the 23 locations Exhibit A is still being vetted internally by Verizon (the other 22 are approved), and that location remains subject to additional comments from Verizon's engineering team. We expect to have that caveat lifted by Monday or Tuesday at the latest.

John and I will look forward to seeing you at the May 22, 2007 public hearing on Verizon's application for a cable television franchise and remain hopeful for a positive vote on the franchise.

Sean



5/18/2007

Cable Franchise Agreement
by and between
the Town of Mount Pleasant
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

Exhibit D: PEG Access Origination Point

THIS CABLE FRANCHISE AGREEMENT (the "Franchise" or "Agreement") is entered into by and between the Town of Mount Pleasant, 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 will occupy 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 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 and disputes, 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, and such additional areas as may be annexed or acquired.

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; (iv) video on demand and pay-per-view; and (v) 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 of advertising revenue 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: 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; 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); refunds, rebates or discounts made to Subscribers or other third parties; any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law

including, without limitation, revenue received from Telecommunications Services; revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services; charges made to the public for commercial or cable television that is used for two-way communication; and any other revenues attributed by Franchisee to Non-Cable Services in accordance with federal law, rules, regulations, standards or orders as amended; 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; 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; 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; 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); 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); sales of capital assets or sales of surplus equipment; program launch fees, i.e., reimbursement by programmers to Franchisee of marketing costs incurred by Franchisee for the introduction of new programming; directory or Internet advertising revenue including, but not limited to, yellow page, white page, banner advertisement and electronic publishing; or 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 Town of Mount Pleasant New York, or the lawful successor, transferee, or assignee thereof.

1.20. *Local Law*: Town of Mt. Pleasant's Town Code A223 entitled "Cable Television Franchise," also known as "Mount Pleasant Cable Television Ordinance" adopted in 1969, superseded by Town Code 73 entitled "Cable Television" originally adopted as Local Law No. 1 for 1995 entitled "Cable Communications Local Law for the Town of Mount Pleasant, New York" and also known as "Mount Pleasant Cable Communication Regulatory Local Law, as amended from time to time.

1.21. *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.

1.22. *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.

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

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

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

1.26. *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.

1.27. *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.

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

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

1.30. *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.

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

1.32. *Transfer of the Franchise*:

1.32.1. Any transaction in which:

1.32.1.1. a fifty percent ownership or greater 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

1.32.1.2. 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.

1.32.2. However, notwithstanding Sub-subsections 1.32.1.1 and 1.32.1.2 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.

1.33. *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 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 broad new authority over the construction, placement and operation of Franchisee's mixed-use facilities; provided, however, that nothing herein shall be construed to limit the LFA's existing authority with respect to the Franchisee's mixed use facilities pursuant to Title II of the Communications Act, Section 27 of the Transportation Corporations Law, and lawful and applicable local laws, including any lawful right to compel relocation of such facilities in the event of road-widenings and other similar adjustments to the Public-Rights-of-Way, consistent with the NY PSC rules and regulations and orders.

2.3. *Effective Date and 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 fifteen (15) 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. If subsequent to the Effective Date, there is a change in federal or state law that eliminates the authority of the LFA to require, grant or maintain this Franchise, then to the extent permitted under law this Franchise shall survive such legislation and remain in effect for the term 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 lawful provisions of federal law and state law and FCC and NY PSC rules, regulations, standards and orders, as amended from time to time, 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.

2.8. *Local Authority:* Nothing in this Agreement shall be construed to prohibit the LFA's reasonable, necessary and lawful exercise of its police power including, without limitation, in addition to the implementation and enforcement of the provisions of this Agreement and existing applicable laws and regulations, the enactment, adoption, implementation and enforcement of such additional laws and regulations as the LFA may deem necessary in the exercise of its police power; provided, however, that such laws and regulations are reasonable, not materially in conflict with the privileges granted in this Franchise and consistent with all applicable federal and state laws, rules, regulations and orders. LFA finds that the terms of this Agreement are comprehensive and that it will be unnecessary for the LFA to enforce the provisions of its Local Law and, therefore, LFA expressly waives all of the provisions of the LFA's Local Law with respect to Franchisee.

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 pre-existing condition at Franchisee's expense.

2.10. *Restoration of Subscriber Premises:* The Franchisee shall ensure, at Franchisee's expense, that Subscriber's premises are restored to 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 Commitment:* 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, in accordance with NY PSC rules and regulations: (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 Franchisee cannot gain access after good faith efforts; (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, 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 respectively, 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 of the residents 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 one hundred fifty (150) feet of trunk or feeder lines not otherwise already served by Franchisee's FTTP Network. Franchisee

shall be allowed to recover, from a Subscriber that requests such connection, the actual costs incurred for residential dwelling unit connections that exceed one hundred fifty (150) 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, Franchisee shall provide, without charge within the Service Area, one 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; or as designated by the LFA in the future during the Franchise term, upon sixty (60) days prior written notice to the Franchisee; provided however that any new additional buildings added to Exhibit A cannot exceed any more than five (5) buildings per year over the life of the agreement; provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than one hundred fifty (150) 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 one hundred fifty (150) 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 outlet, or concealed inside wiring, or a service outlet requiring more than one hundred fifty (150) 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; provided, however, that if such equipment becomes defective, Franchisee shall replace it at no charge.

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 and Work:* 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 regulations 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:*

5.1.1. 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 one (1) dedicated Government Access Channel (collectively, "PEG Channels") as provided in the Cable Law.

5.1.2. 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 outside 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.

5.1.3. 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 Access Connections:*

5.2.1. LFA shall designate in its sole discretion not more than four (4) sites within the Franchise Area for the connection of PEG access facilities with the Cable System (each, a "PEG Access Origination Point"), as designated on Exhibit D to this Agreement.

5.2.2. Subject to the successful completion of all required site preparation work by the LFA and provision of access to Franchisee for equipment installation and provisioning, Franchisee shall, without charge to the LFA, provide upstream PEG Channel

transmission connections between its video channel aggregation point and each PEG Access Origination Point in order to permit the signals to be correctly routed from the PEG Access Origination Points to the appropriate PEG Access Channel for distribution to Subscribers as follows: (i) one (1) PEG Access Origination Point shall be operable within one hundred eighty (180) days of the Effective Date; (ii) two (2) PEG Access Origination Points shall be operable on or before the eight (8) month anniversary of the Effective Date; and (iii) one (1) PEG Access Origination Point shall be operable after the one year (1) year anniversary of the Effective Date, upon one hundred eighty (180) days written notice to Franchisee.

5.2.3. The LFA shall provide to Franchisee at each PEG Access Origination Point a suitable video signal for each PEG Channel. Franchisee, upon receipt of the suitable video signal, shall provide, install and maintain in good working order the equipment necessary for transmitting the PEG signal to the channel aggregation site for further processing for distribution to Subscribers. Franchisee's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Franchisee, of suitable required space, environmental conditions, electrical power supply, access, pathway, and other facilities and such cooperation of the LFA as is reasonably necessary for Franchisee to fulfill such obligations. Should Franchisee determine that it cannot fulfill such obligations as a result of LFA's failure to cooperate or to provide suitable required space, environmental conditions, electrical power supply, access, pathway, or other facilities, it shall so notify LFA in a writing detailing the requirements of Franchisee that will enable it to fulfill its obligations hereunder.

5.2.4. Such upstream transmission provided by Franchisee shall comply with applicable FCC standards governing the transport and distribution of PEG signals to Subscribers.

5.2.5. If Franchisee makes changes to the Cable System that require improvements to the access facilities or equipment in order to permit the PEG access equipment and facilities to continue to be used as they were intended under the terms of this Agreement, then Franchisee shall, without charge to the LFA, make such changes in either the equipment and facilities referred to in Subsection 5.2.3 or in the Franchisee's video channel aggregation point and distribution equipment and facilities in order to permit the continuation of such intended use.

5.3. *PEG Facilities:* Subject to Section 5.2, Franchisee shall design, build, and maintain all PEG upstream feeds, connections, and distribution facilities in order that such feeds function as reliably as Franchisee's Cable System as a whole within the Franchise Area, and are no more likely to fail than is Franchisee's Cable System as a whole within the Franchise Area.

5.4. *PEG Grant:*

5.4.1. Franchisee shall provide to the LFA financial contributions for use in support of the production of local PEG programming. The financial contributions shall consist of the following two grants: (a) a one-time grant in the amount of \$25,000 (the "Initial PEG Grant"); and (b) an annual grant in the amount of SIXTY CENTS (\$.60) per month, per Subscriber to Franchisee's Basic Service tier in the Service Area (the "Annual PEG Grant").

5.4.2. The Initial PEG Grant shall become due and payable thirty (30) days after the Effective Date.

5.4.3. The Annual PEG Grant shall not become due and payable unless and until the LFA (i) provides Franchisee with sixty (60) business days written notice that LFA will require the Annual PEG Grant, and (ii) imposes the same obligation to the obligations contained in this Section 5.4 on all cable service providers providing cable service to LFA.

5.4.4. The Initial PEG Grant and the Annual PEG Grant shall be used solely by the LFA for PEG access equipment, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, or for renovation or construction of PEG access facilities.

5.4.5. The LFA shall provide Franchisee with an annual report setting forth a summary of all expenditures for PEG access equipment and facilities from the PEG Grants paid to the LFA and the amounts, if any, reserved for future capital expenditures for such purposes.

5.5. *Indemnity for PEG:* The LFA shall require all local producers and users of any of the PEG facilities or Channels to agree in writing to authorize Franchisee to transmit programming consistent with this Agreement and to defend and hold harmless Franchisee and the LFA from and against any and all liability or other injury, including the reasonable cost of defending claims or litigation, arising from or in connection with claims for failure to comply with applicable federal laws, rules, regulations or other requirements of local, state or federal authorities; for claims of libel, slander, invasion of privacy, or the infringement of common law or statutory copyright; for unauthorized use of any trademark, trade name or service mark; for breach of contractual or other obligations owing to third parties by the producer or user; and for any other injury or damage in law or equity, which result from the use of a PEG facility or Channel. The LFA shall establish rules and regulations for use of PEG facilities, consistent with, and as required by, 47 U.S.C. §531.

5.6. *Recovery of Costs:* To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs of the Initial PEG Grant and an Annual PEG Grant or any other 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 and any franchise-related 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. Late payments for Franchise Fees shall be subject to interest charges computed from the due date, at the then-current rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) per annum during the period such unpaid amount is owed.

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

6.3. *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by Franchisee is due, but cannot exceed the date of records retention reflected in Section 7.

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. The parties agree that tariffed telecommunication service rates that cannot be discounted by law or by regulation are to be excluded from the bundled discount allocation basis. Where pro rata allocation of bundled discounts is commercially practical for any bundled offering, the Franchisee will allocate the bundled discount such that the discount allocated to Cable Service revenues will not exceed the amount which would be allocated to Cable Service revenue on a pro rata basis.

6.5. *Section 626 Treatment:* Franchisee agrees that it will cease to apply the Franchise Fee as an offset against the special franchise tax provided for in N.Y. Real Property Tax Law Section 626 in the next full calendar month following the issuance by the NY PSC of an order confirming the renewal franchise agreement of the existing provider of Cable Service or cable service (as such term may be defined by that provider) in the Service Area, provided, however, that such renewal franchise agreement contain the same full and complete waiver of the special franchise tax offset. Further, the LFA agrees that it shall impose the same special franchise tax offset waiver restriction upon all new providers of Cable Service or cable service (as such term may be defined by other providers) in the Service Area expressed in writing in the franchise agreement of each respective cable provider. The operation of this Section 6.5 shall be strictly limited to Franchise Fees lawfully imposed upon Cable Service, and shall not be construed to affect the Franchisee's rights under any provision of State or Federal law regarding the provision of services other than Cable Service.

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. Subject to the requirements of the New York Freedom of Information Law ("FOIL"), the LFA shall treat any information disclosed by Franchisee as proprietary and confidential under Section 87(2) (d) of the New York Public Officers Law 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. For purposes of this Section, "proprietary or confidential" information includes, but is not limited to: information related to the Cable System design; trade secrets; Subscriber lists; marketing plans; financial information; or other information that is reasonably determined by the Franchisee to be competitively sensitive. If the LFA receives a request under FOIL or similar law for the disclosure of information that Franchisee has designated as confidential, trade secret or proprietary, the LFA shall notify Franchisee of such request. If LFA determines in good faith that public disclosure of the requested information is required under FOIL, LFA shall so notify Franchisee and before making disclosure shall give Franchisee a reasonable period of time to seek to obtain judicial redress to preclude disclosure. 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 six (6) 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 six (6) 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 six (6) 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 six (6) 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. *Audit:* Subject to the confidentiality requirements set forth in Section 7.1 of this Franchise and the LFA's imposition of substantially similar obligations to those contained in this Section 7.4 on all cable service providers in the Service Area, Franchisee shall be responsible for making available to the LFA for inspection and audit, all records necessary to confirm the accurate payment of Franchise Fees, whether the records are held by the Franchisee, an Affiliate, or any other entity that collects or receives funds related to the Franchisee's Cable Services operation in the LFA subject to the payment of Franchise Fees under this Agreement, including, by way of illustration and not limitation, any entity that sells advertising on the Franchisee's behalf. Franchisee shall maintain such records for six (6) years, provided that, if the LFA commences an audit within that six (6) year period, Franchisee shall continue to maintain such records for the duration of any audit in progress at the end of that six (6) year period. The LFA shall conduct all audits expeditiously, and neither the LFA nor Franchisee shall unreasonably delay the completion of an audit. The LFA's audit expenses shall be borne by the LFA unless the audit determines that the 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, together with any additional amounts due to the LFA as a result of such audit, shall be paid by Franchisee to the LFA within sixty (60) days following written notice to Franchisee by the LFA of the underpayment, which notice shall include a copy of the audit report; provided, however, that Franchisee's obligation to pay or reimburse the LFA's audit expenses shall not exceed an aggregate of FIVE THOUSAND DOLLARS (\$5,000.00). If re-computation results in additional revenue to be paid to the LFA, such amount shall be subject to interest charges computed from the due date, at the then-current rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) per annum during the period such unpaid amount is owed. If the audit determines that there has been an overpayment by Franchisee, the Franchisee may credit any overpayment against its next quarterly payment. Said audit shall be conducted by an independent third party and no auditor so employed by the LFA shall be compensated on a success based formula, e.g., payment based on a percentage of an underpayment, if any. The LFA shall not conduct an audit more frequently than once every three (3) years.

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 five million dollars (\$5,000,000) combined single limit for property damage and bodily injury. Such insurance shall cover the construction, operation and maintenance of the Cable System, and the conduct of Franchisee's Cable Service business in 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. Employers' Liability Insurance in the following amounts: (A) Bodily Injury by Accident: \$100,000; and (B) Bodily Injury by Disease: \$100,000 employee limit; \$500,000 policy limit.

8.1.1.5. 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 insured under each of the insurance policies required in this Article 8 except Worker's Compensation Insurance, Employer's Liability Insurance, and excess liability or umbrella coverage.

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. Franchisee agrees to indemnify the LFA for, and hold it harmless 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, provided that the LFA shall give Franchisee written notice of the LFA's request for indemnification within ten (10) days of receipt of a claim or action pursuant to this Subsection. Notwithstanding the foregoing, Franchisee shall not indemnify 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 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 1.32 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 12.11 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 12.11 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 timely 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 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.

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:

The Town Supervisor
One Town Place
Valhalla, NY 10595

12.5.3. with a copy to:

The Town Attorney
One Town Place
Valhalla, NY 10595

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 materially conflict with the provisions of this Agreement are superseded by this Agreement.

12.7. *Amendments and Modifications:* Amendments and/or modifications to this Franchise shall be mutually agreed to in writing by the parties and subject to the approval of the NY PSC, pursuant to the Cable Law.

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.

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. *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.

12.12. *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.

12.13. *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.

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

12.15. *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.

12.16. *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 and regulations.

12.17. *Performance Review:* The LFA may, at its discretion but not more than once per twelve-month period, hold an informal performance evaluation session (the "Performance Review") that is not open to the public to review Franchisee's compliance with the terms and conditions of this Franchise. The information disclosed to the LFA by the Franchisee at the Performance Review shall be treated by the LFA as confidential. The LFA shall provide Franchisee with at least thirty (30) days prior written notice of the Performance Review to be held at a mutually agreeable time. Franchisee shall have the opportunity to participate in and be heard at the Performance Review. Within thirty (30) days after the conclusion of the Performance Review, the LFA shall provide Franchisee written documentation ("Performance Review Report") setting forth its determinations regarding Franchisee's compliance with the terms and conditions of this Franchise. The Performance Review Report shall not contain any confidential information disclosed by the Franchisee during the Performance Review.

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

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

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 _____, 2007.

Town of Mount Pleasant:

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 D: PEG Access Origination Point

EXHIBIT A

MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

1. Mount Pleasant Town Hall, Columbus Ave., Valhalla
2. Mount Pleasant Community Center, 125 Lozza Drive, Valhalla
3. Bradhurst Community Center, Bradhurst, Ave., Hawthorne
4. Mount Pleasant Sewer Dept., 119 Lozza Drive, Valhalla
5. Mount Pleasant Highway Dept. Building, 596 Columbus Ave., Thornwood
6. Pocantico Hills School, 599 Bedford Road Pocantico Hills
7. Valhalla, Middle/High School, 300 Columbus Ave., Valhalla
8. Kensico School, 320 Columbus Ave., Valhalla
9. former Valhalla elementary school building, 580 Columbus Ave., Valhalla
10. Hawthorne Elementary, 225 Memorial Drive, Hawthorne
11. Westlake Middle/HS, 825 Westlake Dr., Thornwod
12. Holy Rosary School, 170 Bradhurst Ave., Hawthorne
13. Holy Name School, 2 Broadway, Valhalla
14. Valhalla Fire Co. #1, Entrance Way, Valhalla
15. Independent Fire Co., 14 Columbus Ave., Valhalla
16. Valhalla Fire District Building, 14 Columbus Ave., Valhalla
17. Thornwood Fire Dept., 770 Commerce Street, Hawthorne
18. Hawthorne Fire Dept., 25 Home Street, Hawthorne
19. Pocantico Hills Fire Dept., Bedford Road, Tarrytown
20. Archville Fire Dept, One Union Street, BriarCliff Manor
21. Valhalla Ambulance Corps. Building, One Westlake Drive, Valhalla
22. former Thornwood Water District Building, Garrigan Ave., Thornwood
23. Columbus Elementary School - 580 Columbus Avenue, Thornwood, NY (*****This Location Remains Subject to Final Approval by Verizon**)

EXHIBIT B

SERVICE AREA

The Service Area shall be the Franchise Area. A map of the Service Area is attached hereto.

The construction of the Franchisee's FTTP Network has been completed to approximately 84% of the current households in the Franchise Area. At present, Franchisee's anticipated schedule calls for 84% deployment by November 2007, 85% deployment by April 2008, 88% deployment by November 2008, 89% deployment by April 2009, 92% deployment by November 2009, 93% deployment by April 2010, 95% deployment by November 2010, 97% deployment by April 2011, 99% deployment by November 2011, and 100% deployment by April 2012. This schedule is subject to further review and modification by the Franchisee consistent with Section 895.5(b)(1) of the NY PSC rules and regulations; provided, however, that Franchisee shall provide notice to the LFA and the NY PSC of any material change in this schedule.

EXHIBIT C

PEG CHANNELS

The Franchisee will transmit PEG Programming as provided by the LFA and the public, as directed.

EXHIBIT D

PEG ACCESS ORIGINATION POINTS

Subject to the requirements set forth in Subsection 5.2.2 of the Agreement, the following Government Access Channel PEG Access Origination Point shall be operable within one hundred eighty (180) days of the Effective Date:

Mount Pleasant Town Hall

Subject to the requirements set forth in Subsection 5.2.2 of the Agreement, the following Educational Access Channel PEG Access Origination Points shall both be operable on or before the eight (8) month anniversary of the Effective Date:

Site #1 Westlake High School

The Educational Access Channel PEG Access Origination Point identified above shall serve as the aggregation point for those PEG Access Origination Points designated to feed signals to the Education Access Channel, as listed in this Exhibit D. For purposes of permitting LFA to select and switch feeds coming into the aggregation point, Franchisee shall provide the LFA, without charge, such capability at the aggregation point.

Site #2 Valhalla High School

Subject to the requirements set forth in Subsection 5.2.2 of the Agreement, the following Public Access Channel PEG Access Origination Point shall be operable after one year (1) year anniversary of the Effective Date, upon an additional one hundred eighty (180) days written notice to Franchisee:

Location to be announced by LFA

Cable Franchise Agreement
by and between
the Town of Mount Pleasant
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

Exhibit D: PEG Access Origination Point

THIS CABLE FRANCHISE AGREEMENT (the "Franchise" or "Agreement") is entered into by and between the Town of Mount Pleasant, 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 will occupy 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 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 and disputes, 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, and such additional areas as may be annexed or acquired.

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; (iv) video on demand and pay-per-view; and (v) 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 of advertising revenue 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: 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; 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); refunds, rebates or discounts made to Subscribers or other third parties; any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law

including, without limitation, revenue received from Telecommunications Services; revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services; charges made to the public for commercial or cable television that is used for two-way communication; and any other revenues attributed by Franchisee to Non-Cable Services in accordance with federal law, rules, regulations, standards or orders as amended; 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; 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; 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; 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); 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); sales of capital assets or sales of surplus equipment; program launch fees, i.e., reimbursement by programmers to Franchisee of marketing costs incurred by Franchisee for the introduction of new programming; directory or Internet advertising revenue including, but not limited to, yellow page, white page, banner advertisement and electronic publishing; or 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 Town of Mount Pleasant New York, or the lawful successor, transferee, or assignee thereof.

1.20. *Local Law*: Town of Mt. Pleasant's Town Code A223 entitled "Cable Television Franchise," also known as "Mount Pleasant Cable Television Ordinance" adopted in 1969, superseded by Town Code 73 entitled "Cable Television" originally adopted as Local Law No. 1 for 1995 entitled "Cable Communications Local Law for the Town of Mount Pleasant, New York" and also known as "Mount Pleasant Cable Communication Regulatory Local Law, as amended from time to time.

1.21. *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.

1.22. *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.

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

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

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

1.26. *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.

1.27. *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.

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

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

1.30. *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.

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

1.32. *Transfer of the Franchise*:

1.32.1. Any transaction in which:

1.32.1.1. a fifty percent ownership or greater 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

1.32.1.2. 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.

1.32.2. However, notwithstanding Sub-sections 1.32.1.1 and 1.32.1.2 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.

1.33. *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 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 broad new authority over the construction, placement and operation of Franchisee's mixed-use facilities; provided, however, that nothing herein shall be construed to limit the LFA's existing authority with respect to the Franchisee's mixed use facilities pursuant to Title II of the Communications Act, Section 27 of the Transportation Corporations Law, and lawful and applicable local laws, including any lawful right to compel relocation of such facilities in the event of road-widenings and other similar adjustments to the Public-Rights-of-Way, consistent with the NY PSC rules and regulations and orders.

2.3. *Effective Date and 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 fifteen (15) 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. If subsequent to the Effective Date, there is a change in federal or state law that eliminates the authority of the LFA to require, grant or maintain this Franchise, then to the extent permitted under law this Franchise shall survive such legislation and remain in effect for the term 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 lawful provisions of federal law and state law and FCC and NY PSC rules, regulations, standards and orders, as amended from time to time, 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.

2.8. *Local Authority:* Nothing in this Agreement shall be construed to prohibit the LFA's reasonable, necessary and lawful exercise of its police power including, without limitation, in addition to the implementation and enforcement of the provisions of this Agreement and existing applicable laws and regulations, the enactment, adoption, implementation and enforcement of such additional laws and regulations as the LFA may deem necessary in the exercise of its police power; provided, however, that such laws and regulations are reasonable, not materially in conflict with the privileges granted in this Franchise and consistent with all applicable federal and state laws, rules, regulations and orders. LFA finds that the terms of this Agreement are comprehensive and that it will be unnecessary for the LFA to enforce the provisions of its Local Law and, therefore, LFA expressly waives all of the provisions of the LFA's Local Law with respect to Franchisee.

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 pre-existing condition at Franchisee's expense.

2.10. *Restoration of Subscriber Premises:* The Franchisee shall ensure, at Franchisee's expense, that Subscriber's premises are restored to 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 Commitment:* 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, in accordance with NY PSC rules and regulations: (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 Franchisee cannot gain access after good faith efforts; (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, 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 respectively, 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 of the residents 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 one hundred fifty (150) feet of trunk or feeder lines not otherwise already served by Franchisee's FTTP Network. Franchisee

shall be allowed to recover, from a Subscriber that requests such connection, the actual costs incurred for residential dwelling unit connections that exceed one hundred fifty (150) 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, Franchisee shall provide, without charge within the Service Area, one 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; or as designated by the LFA in the future during the Franchise term, upon sixty (60) days prior written notice to the Franchisee; provided however that any new additional buildings added to Exhibit A cannot exceed any more than five (5) buildings per year over the life of the agreement; provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than one hundred fifty (150) 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 one hundred fifty (150) 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 outlet, or concealed inside wiring, or a service outlet requiring more than one hundred fifty (150) 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; provided, however, that if such equipment becomes defective, Franchisee shall replace it at no charge.

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 and Work:* 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 regulations 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:*

5.1.1. 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 one (1) dedicated Government Access Channel (collectively, "PEG Channels") as provided in the Cable Law.

5.1.2. 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 outside 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.

5.1.3. 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 Access Connections:*

5.2.1. LFA shall designate in its sole discretion not more than four (4) sites within the Franchise Area for the connection of PEG access facilities with the Cable System (each, a "PEG Access Origination Point"), as designated on **Exhibit D** to this Agreement.

5.2.2. Subject to the successful completion of all required site preparation work by the LFA and provision of access to Franchisee for equipment installation and provisioning, Franchisee shall, without charge to the LFA, provide upstream PEG Channel

transmission connections between its video channel aggregation point and each PEG Access Origination Point in order to permit the signals to be correctly routed from the PEG Access Origination Points to the appropriate PEG Access Channel for distribution to Subscribers as follows: (i) one (1) PEG Access Origination Point shall be operable within one hundred eighty (180) days of the Effective Date; (ii) two (2) PEG Access Origination Points shall be operable on or before the eight (8) month anniversary of the Effective Date; and (iii) one (1) PEG Access Origination Point shall be operable after the one year (1) year anniversary of the Effective Date, upon one hundred eighty (180) days written notice to Franchisee.

5.2.3. The LFA shall provide to Franchisee at each PEG Access Origination Point a suitable video signal for each PEG Channel. Franchisee, upon receipt of the suitable video signal, shall provide, install and maintain in good working order the equipment necessary for transmitting the PEG signal to the channel aggregation site for further processing for distribution to Subscribers. Franchisee's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Franchisee, of suitable required space, environmental conditions, electrical power supply, access, pathway, and other facilities and such cooperation of the LFA as is reasonably necessary for Franchisee to fulfill such obligations. Should Franchisee determine that it cannot fulfill such obligations as a result of LFA's failure to cooperate or to provide suitable required space, environmental conditions, electrical power supply, access, pathway, or other facilities, it shall so notify LFA in a writing detailing the requirements of Franchisee that will enable it to fulfill its obligations hereunder.

5.2.4. Such upstream transmission provided by Franchisee shall comply with applicable FCC standards governing the transport and distribution of PEG signals to Subscribers.

5.2.5. If Franchisee makes changes to the Cable System that require improvements to the access facilities or equipment in order to permit the PEG access equipment and facilities to continue to be used as they were intended under the terms of this Agreement, then Franchisee shall, without charge to the LFA, make such changes in either the equipment and facilities referred to in Subsection 5.2.3 or in the Franchisee's video channel aggregation point and distribution equipment and facilities in order to permit the continuation of such intended use.

5.3. *PEG Facilities:* Subject to Section 5.2, Franchisee shall design, build, and maintain all PEG upstream feeds, connections, and distribution facilities in order that such feeds function as reliably as Franchisee's Cable System as a whole within the Franchise Area, and are no more likely to fail than is Franchisee's Cable System as a whole within the Franchise Area.

5.4. *PEG Grant:*

5.4.1. Franchisee shall provide to the LFA financial contributions for use in support of the production of local PEG programming. The financial contributions shall consist of the following two grants: (a) a one-time grant in the amount of \$25,000 (the "Initial PEG Grant"); and (b) an annual grant in the amount of SIXTY CENTS (\$.60) per month, per Subscriber to Franchisee's Basic Service tier in the Service Area (the "Annual PEG Grant").

5.4.2. The Initial PEG Grant shall become due and payable thirty (30) days after the Effective Date.

5.4.3. The Annual PEG Grant shall not become due and payable unless and until the LFA (i) provides Franchisee with sixty (60) business days written notice that LFA will require the Annual PEG Grant, and (ii) imposes the same obligation to the obligations contained in this Section 5.4 on all cable service providers providing cable service to LFA.

5.4.4. The Initial PEG Grant and the Annual PEG Grant shall be used solely by the LFA for PEG access equipment, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, or for renovation or construction of PEG access facilities.

5.4.5. The LFA shall provide Franchisee with an annual report setting forth a summary of all expenditures for PEG access equipment and facilities from the PEG Grants paid to the LFA and the amounts, if any, reserved for future capital expenditures for such purposes.

5.5. *Indemnity for PEG:* The LFA shall require all local producers and users of any of the PEG facilities or Channels to agree in writing to authorize Franchisee to transmit programming consistent with this Agreement and to defend and hold harmless Franchisee and the LFA from and against any and all liability or other injury, including the reasonable cost of defending claims or litigation, arising from or in connection with claims for failure to comply with applicable federal laws, rules, regulations or other requirements of local, state or federal authorities; for claims of libel, slander, invasion of privacy, or the infringement of common law or statutory copyright; for unauthorized use of any trademark, trade name or service mark; for breach of contractual or other obligations owing to third parties by the producer or user; and for any other injury or damage in law or equity, which result from the use of a PEG facility or Channel. The LFA shall establish rules and regulations for use of PEG facilities, consistent with, and as required by, 47 U.S.C. §531.

5.6. *Recovery of Costs:* To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs of the Initial PEG Grant and an Annual PEG Grant or any other 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 and any franchise-related 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. Late payments for Franchise Fees shall be subject to interest charges computed from the due date, at the then-current rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) per annum during the period such unpaid amount is owed.

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

6.3. *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by Franchisee is due, but cannot exceed the date of records retention reflected in Section 7.

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. The parties agree that tariffed telecommunication service rates that cannot be discounted by law or by regulation are to be excluded from the bundled discount allocation basis. Where pro rata allocation of bundled discounts is commercially practical for any bundled offering, the Franchisee will allocate the bundled discount such that the discount allocated to Cable Service revenues will not exceed the amount which would be allocated to Cable Service revenue on a pro rata basis.

6.5. *Section 626 Treatment:* Franchisee agrees that it will cease to apply the Franchise Fee as an offset against the special franchise tax provided for in N.Y. Real Property Tax Law Section 626 in the next full calendar month following the issuance by the NY PSC of an order confirming the renewal franchise agreement of the existing provider of Cable Service or cable service (as such term may be defined by that provider) in the Service Area, provided, however, that such renewal franchise agreement contain the same full and complete waiver of the special franchise tax offset. Further, the LFA agrees that it shall impose the same special franchise tax offset waiver restriction upon all new providers of Cable Service or cable service (as such term may be defined by other providers) in the Service Area expressed in writing in the franchise agreement of each respective cable provider. The operation of this Section 6.5 shall be strictly limited to Franchise Fees lawfully imposed upon Cable Service, and shall not be construed to affect the Franchisee's rights under any provision of State or Federal law regarding the provision of services other than Cable Service.~~Upon the imposition of the same restriction upon all providers of Cable Service or cable service (as such term may be defined by other providers) in the Service Area expressed in writing in the franchise agreement of each respective cable provider, and in no event sooner than the fifth (5th) anniversary of the Effective Date, the Franchise Fee shall cease to constitute a set off against the special franchise tax, as is otherwise provided for in N.Y. Real Property Tax Law Section 626. The operation of this Section 6.5 shall be strictly limited to Franchise Fees lawfully imposed upon Cable Service, and shall not be construed to affect the Franchisee's rights under any provision of State or Federal law regarding the provision of services other than Cable Service.~~

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. Subject to the requirements of the New York Freedom of Information Law ("FOIL"), the LFA shall treat any information disclosed by Franchisee as proprietary and confidential under Section 87(2) (d) of the New York Public Officers Law 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. For purposes of this Section, "proprietary or confidential" information includes, but is not limited to: information related to the Cable System design; trade secrets; Subscriber lists; marketing plans; financial information; or other information that is reasonably determined by the Franchisee to be competitively sensitive. If the LFA receives a request under FOIL or similar law for the disclosure of information that Franchisee has designated as confidential, trade secret or proprietary, the LFA shall notify Franchisee of such request. If LFA determines in good faith that public disclosure of the requested information is required under FOIL, LFA shall so notify Franchisee and before making disclosure shall give Franchisee a reasonable period of time to seek to obtain judicial redress to preclude disclosure. 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 six (6) 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 six (6) 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 six (6) 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 six (6) 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. *Audit:* Subject to the confidentiality requirements set forth in Section 7.1 of this Franchise and the LFA's imposition of substantially similar obligations to those contained in this Section 7.4 on all cable service providers in the Service Area, Franchisee shall be responsible for making available to the LFA for inspection and audit, all records necessary to confirm the accurate payment of Franchise Fees, whether the records are held by the Franchisee, an Affiliate, or any other entity that collects or receives funds related to the Franchisee's Cable Services operation in the LFA subject to the payment of Franchise Fees under this Agreement, including, by way of illustration and not limitation, any entity that sells advertising on the Franchisee's behalf. Franchisee shall maintain such records for six (6) years, provided that, if the LFA commences an audit within that six (6) year period, Franchisee shall continue to maintain such records for the duration of any audit in progress at the end of that six (6) year period. The LFA shall conduct all audits expeditiously, and neither the LFA nor Franchisee shall unreasonably delay the completion of an audit. The LFA's audit expenses shall be borne by the LFA unless the audit determines that the 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, together with any additional amounts due to the LFA as a result of such audit, shall be paid by Franchisee to the LFA within sixty (60) days following written notice to Franchisee by the LFA of the underpayment, which notice shall include a copy of the audit report; provided, however, that Franchisee's obligation to pay or reimburse the LFA's audit expenses shall not exceed an aggregate of FIVE THOUSAND DOLLARS (\$5,000.00). If re-computation results in additional revenue to be paid to the LFA, such amount shall be subject to interest charges computed from the due date, at the then-current rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) per annum during the period such unpaid amount is owed. If the audit determines that there has been an overpayment by Franchisee, the Franchisee may credit any overpayment against its next quarterly payment. Said audit shall be conducted by an independent third party and no auditor so employed by the LFA shall be compensated on a success based formula, e.g., payment based on a percentage of an underpayment, if any. The LFA shall not conduct an audit more frequently than once every three (3) years.

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 five million dollars (\$5,000,000) combined single limit for property damage and bodily injury. Such insurance shall cover the construction, operation and maintenance of the Cable System, and the conduct of Franchisee's Cable Service business in 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. Employers' Liability Insurance in the following amounts: (A) Bodily Injury by Accident: \$100,000; and (B) Bodily Injury by Disease: \$100,000 employee limit; \$500,000 policy limit.

8.1.1.5. 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 insured under each of the insurance policies required in this Article 8 except Worker's Compensation Insurance, Employer's Liability Insurance, and excess liability or umbrella coverage.

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. Franchisee agrees to indemnify the LFA for, and hold it harmless 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, provided that the LFA shall give Franchisee written notice of the LFA's request for indemnification within ten (10) days of receipt of a claim or action pursuant to this Subsection. Notwithstanding the foregoing, Franchisee shall not indemnify 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 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 1.32 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 12.11 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 12.11 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 timely 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 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.

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:

The Town Supervisor
One Town Place
Valhalla, NY 10595

12.5.3. with a copy to:

The Town Attorney

One Town Place
Valhalla, NY 10595

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 materially conflict with the provisions of this Agreement are superseded by this Agreement.

12.7. *Amendments and Modifications:* Amendments and/or modifications to this Franchise shall be mutually agreed to in writing by the parties and subject to the approval of the NY PSC, pursuant to the Cable Law.

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.

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. *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.

12.12. *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.

12.13. *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.

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

12.15. *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.

12.16. *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 and regulations.

12.17. *Performance Review:* The LFA may, at its discretion but not more than once per twelve-month period, hold an informal performance evaluation session (the "Performance Review") that is not open to the public to review Franchisee's compliance with the terms and conditions of this Franchise. The information disclosed to the LFA by the Franchisee at the Performance Review shall be treated by the LFA as confidential. The LFA shall provide Franchisee with at least thirty (30) days prior written notice of the Performance Review to be held at a mutually agreeable time. Franchisee shall have the opportunity to participate in and be heard at the Performance Review. Within thirty (30) days after the conclusion of the Performance Review, the LFA shall provide Franchisee written documentation ("Performance Review Report") setting forth its determinations regarding Franchisee's compliance with the terms and conditions of this Franchise. The Performance Review Report shall not contain any confidential information disclosed by the Franchisee during the Performance Review.

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

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

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 _____, 2007.

Town of Mount Pleasant:

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 D: PEG Access Origination Point

EXHIBIT A

MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

~~***EXHIBIT A REMAINS SUBJECT TO VERIZON ENGINEERING SURVEY AND
ADDITIONAL COMMENT BY VERIZON***~~

1. Mount Pleasant Town Hall, Columbus Ave., Valhalla
- | 2. Mount Pleasant Community Center, 125 Lozza Drive, Valhalla
3. Bradhurst Community Center, Bradhurst, Ave., Hawthorne
- | 4. Mount Pleasant Sewer Dept., 119 Lozza Drive, Valhalla
- | 5. Mount Pleasant Highway Dept. Building, 596 Columbus Ave., Thornwood
- | 6. Pocantico ~~Hills~~ High School, 599 Bedford Road Pocantico Hills
- | 7. Valhalla, Middle/High School, 300 Columbus Ave., Valhalla
- | 8. Kensico School, 320 Columbus Ave., Valhalla
- | 9. former Valhalla elementary school building, 580 Columbus Ave., Valhalla
- | 10. Hawthorne Elementary, 225 Memorial Drive, Hawthorne
- | 11. Westlake Middle/HS, 825 Westlake Dr., Thornwod
- | 12. Holy Rosary School, 170 Bradhurst Ave., Hawthorne
- | 13. Holy Name School, 2 Broadway, Valhalla
14. Valhalla Fire Co. #1, Entrance Way, Valhalla
- | 15. Independent Fire Co., 14 Columbus Ave., Valhalla
- | 16. Valhalla Fire District Building, 14 Columbus Ave., Valhalla
- | 17. Thornwood Fire Dept., 770 Commerce Street, Hawthorne
- | 18. Hawthorne Fire Dept., 25 Home Street, Hawthorne
- | 19. Pocantico Hills Fire Dept., Bedford Road, ~~Tarrytown~~ Pocantico Hills
- | 20. Archville Fire Dept, One Union Street, BriarCliff Manor
- | 21. Valhalla Ambulance Corps. Building, One Westlake Drive, Valhalla
- | 22. former Thornwood Water District Building, Garrigan Ave., Thornwood

23. Columbus Elementary School - 580 Columbus Avenue, Thornwood, NY (**This Location Remains Subject to Final Approval by Verizon)

EXHIBIT B

SERVICE AREA

The Service Area shall be the Franchise Area. A map of the Service Area is attached hereto.

The construction of the Franchisee's FTTP Network has been completed to approximately 84% of the current households in the Franchise Area. At present, Franchisee's anticipated schedule calls for 84% deployment by November 2007, 85% deployment by April 2008, 88% deployment by November 2008, 89% deployment by April 2009, 92% deployment by November 2009, 93% deployment by April 2010, 95% deployment by November 2010, 97% deployment by April 2011, 99% deployment by November 2011, and 100% deployment by April 2012. This schedule is subject to further review and modification by the Franchisee consistent with Section 895.5(b)(1) of the NY PSC rules and regulations; provided, however, that Franchisee shall provide notice to the LFA and the NY PSC of any material change in this schedule.

EXHIBIT C

PEG CHANNELS

The Franchisee will transmit PEG Programming as provided by the LFA and the public, as directed.

EXHIBIT D

PEG ACCESS ORIGATION POINTS

Subject to the requirements set forth in Subsection 5.2.2 of the Agreement, the following Government Access Channel PEG Access Origination Point shall be operable within one hundred eighty (180) days of the Effective Date:

Mount Pleasant Town Hall

Subject to the requirements set forth in Subsection 5.2.2 of the Agreement, the following Educational Access Channel PEG Access Origination Points shall both be operable on or before the eight (8) month anniversary of the Effective Date:

Site #1 Westlake High School

The Educational Access Channel PEG Access Origination Point identified above shall serve as the aggregation point for those PEG Access Origination Points designated to feed signals to the Education Access Channel, as listed in this Exhibit D. For purposes of permitting LFA to select and switch feeds coming into the aggregation point, Franchisee shall provide the LFA, without charge, such capability at the aggregation point.

Site #2 Valhalla High School

Subject to the requirements set forth in Subsection 5.2.2 of the Agreement, the following Public Access Channel PEG Access Origination Point shall be operable after one year (1) year anniversary of the Effective Date, upon an additional one hundred eighty (180) days written notice to Franchisee:

Location to be announced by LFA

Tab 7

Covell, Matthew T.

From: Covell, Matthew T.
Sent: Monday, May 21, 2007 11:03 AM
To: rmeehan@mtpleasantny.com
Cc: Kulka, Sean C.
Subject: 47 CFR 76.952
Attachments: 47cfr76.952.pdf

Mr. Meehan,

I'm attaching a PDF of the above statute per your request. Please let me know if you have problems opening the attachment.

Matt Covell
Amall Golden Gregory LLP
171 17th Street, NW, Suite 2100
Atlanta, Georgia 30306
Tel: (404) 873-8754
Fax: (404) 873-8755
matt.covell@agg.com
www.agg.com

5/21/2007

complaint and the date the complainant received notification from the Commission that the prior complaint was defective;

(6) A certification that a copy of the complaint, including all attachments, is being served contemporaneously via certified mail on the cable operator;

(7) An indication that the complainant franchising authority received more than one subscriber complaint within 90 days of the operator's imposition of the rate in question; and

(8) A certification that, to the best of the complainant's knowledge, the information provided on the form is true and correct.

[61 FR 18979, Apr. 30, 1996]

§ 76.952 Information to be provided by cable operator on monthly subscriber bills.

All cable operators must provide the following information to subscribers on monthly bills:

(a) The name, mailing address and phone number of the franchising authority, unless the franchising authority in writing requests the cable operator to omit such information.

(b) The FCC community unit identifier for the cable system.

[58 FR 29753, May 21, 1993, as amended at 59 FR 17960, Apr. 15, 1994; 64 FR 33650, July 2, 1999]

§ 76.953 Limitation on filing a complaint.

(a) *Complaint regarding a rate change.* A complaint alleging an unreasonable rate for cable programming service or associated equipment may be filed against a cable operator only in the event of a rate change, including an increase or decrease in rates, or a change in rates that results from a change in a system's service tiers. A rate change may involve an implicit rate increase (such as deleting channels from a tier without a corresponding lowering of the rate for that tier). A complaint regarding a rate change for cable programming service or associated equipment may be filed against a cable operator only in the event of a rate change.

(b) Late-filed complaints will be dismissed with prejudice.

[58 FR 29753, May 21, 1993, as amended at 58 FR 46736, Sept. 2, 1993; 59 FR 17960, 17974, Apr. 15, 1994; 60 FR 35868, July 12, 1995; 61 FR 18979, Apr. 30, 1996]

§ 76.954 Initial review of complaint; minimum showing requirement; dismissal of defective complaints.

(a) The Commission will conduct an initial review of a complaint to determine if it meets the minimum showing required to allow the complaint to go forward. The minimum showing shall be satisfied if the complaint is filed using the standard complaint form described in § 76.951 and includes all information and attachments required by that form. A complainant will not be required, as part of the minimum showing, to provide the underlying information and calculations necessary to judge the cable programming service rate in question against the Commission's rate standards.

(b) A complaint that does not meet the minimum showing requirement described in paragraph (a) of this section will be considered defective. A defective complaint will be dismissed without prejudice to filing a corrected complaint as provided by § 76.955. The Commission will notify the complainant by mail of the dismissal. The filing of a complaint on the applicable form, but which is otherwise defective, will toll the limitation period established by § 76.953.

§ 76.955 Additional opportunity to file corrected complaint.

(a) If the Commission dismisses an initial complaint without prejudice pursuant to § 76.954, the complainant shall have one additional opportunity to cure the defect and file a corrected complaint.

(b) For a complaint filed on the applicable form but is otherwise defective, the complainant must cure the defect and file a corrected complaint with the Commission within 30 days from the date of the Commission's dismissal notice. Failure to cure the defect and file a corrected complaint within this time period will result in dismissal of the complaint with prejudice.

Tab 8



Direct phone: 404.873.8754
Direct fax: 404.873.8755
E-mail: matt.covell@agg.com
www.agg.com

May 21, 2007

Via Overnight Mail

Robert F. Meehan
Town Supervisor
Town of Mount Pleasant
One Town Hall Plaza
Valhalla, NY 10595

Re: *Cable Franchise Agreement by and between the Town of Mount Pleasant
and Verizon New York Inc. (the "Verizon Franchise")*

Dear Mr. Meehan:

I am sending you a binder for entry into the public record in anticipation of the hearing tomorrow night. The binder contains a record of the draft franchise agreements and correspondence exchanged between the parties during the negotiation process. It also contains the New York Public Service Commission Orders and Certificates of Confirmation for other communities in New York where a franchise has been approved. Please feel free to give me a call if you have any questions or concerns.

Sincerely yours,

ARNALL GOLDEN GREGORY LLP

A handwritten signature in black ink, appearing to read "Matthew T. Covell". The signature is written in a cursive, flowing style.

Matthew T. Covell
Outside Counsel to Verizon

MTC:sw
Enclosures
cc: Sean C. Kulka, Esq.

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

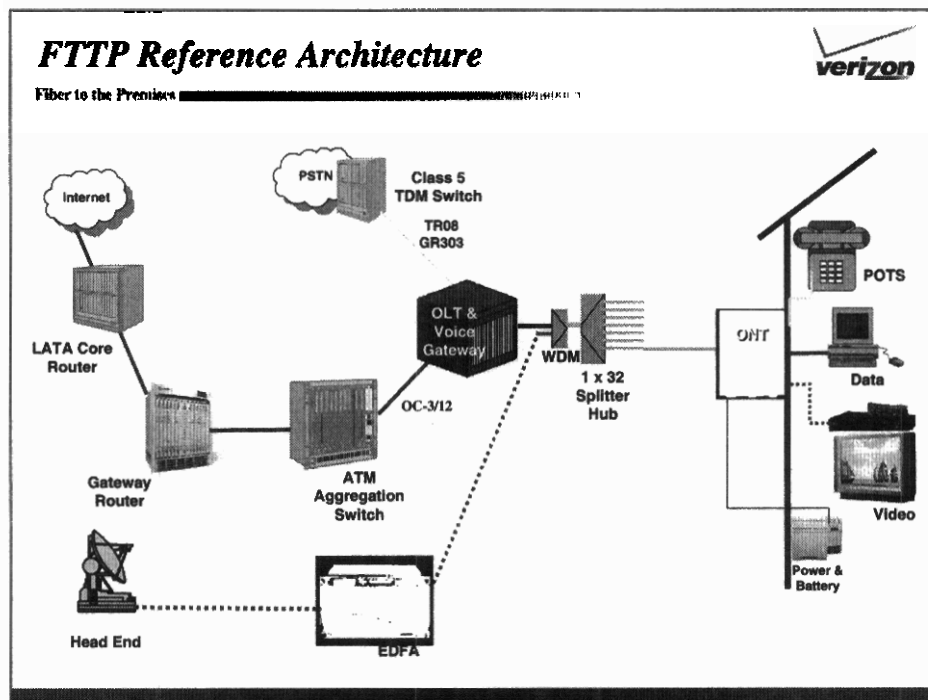
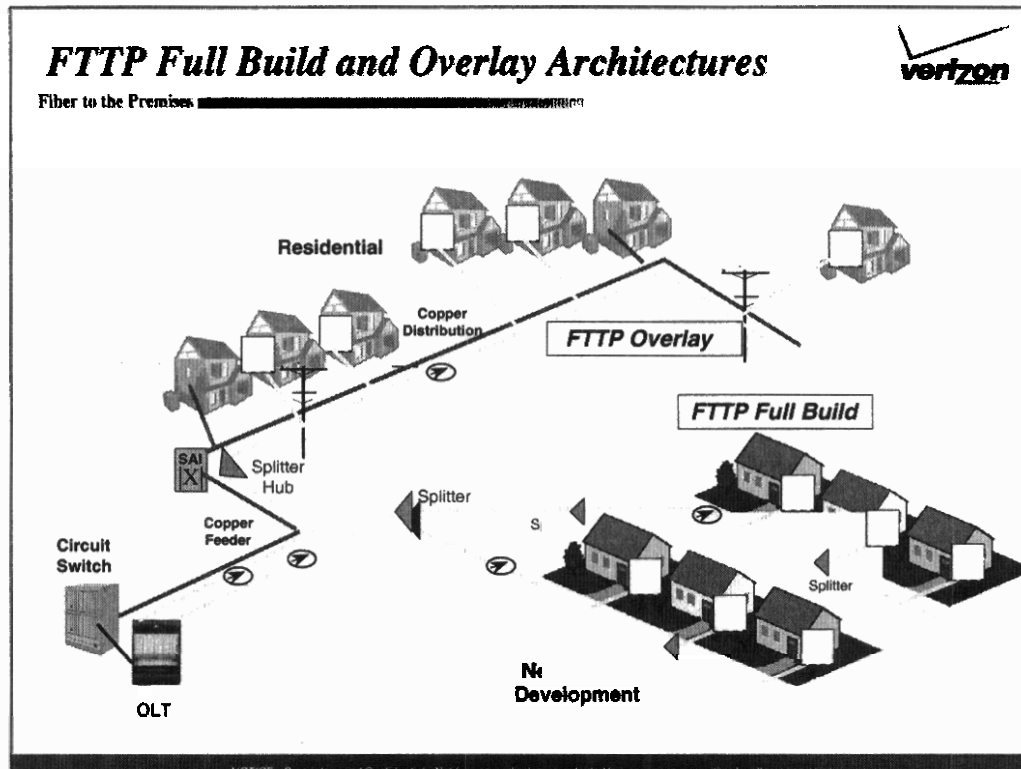


EXHIBIT 1
APPLICATION FOR A CABLE TELEVISION FRANCHISE
TOWN OF MOUNT PLEASANT/VERIZON NEW YORK INC.

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, educational, 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 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).

EXHIBIT 1
APPLICATION FOR A CABLE TELEVISION FRANCHISE
TOWN OF MOUNT PLEASANT/VERIZON NEW YORK INC.

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.

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 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.

EXHIBIT 1
APPLICATION FOR A CABLE TELEVISION FRANCHISE
TOWN OF MOUNT PLEASANT/VERIZON NEW YORK INC.

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, educational, & 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.

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).

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).

EXHIBIT 1
APPLICATION FOR A CABLE TELEVISION FRANCHISE
TOWN OF MOUNT PLEASANT/VERIZON NEW YORK INC.

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 Town of Mount Pleasant are located in Pleasantville, Ossining, Tarrytown, and White Plains New York. 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.

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 Town of
Mount Pleasant, New York (Westchester
County)**

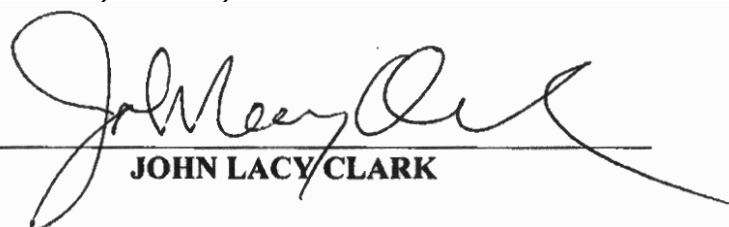
Case 07-V-_____

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 Patricia June Scova, Town Clerk, on May 24, 2007, by overnight mail addressed to her at Town of Mount Pleasant, One Town Hall Plaza, Valhalla, New York 10595.



JOHN LACY CLARK

**Sworn to before me
this 24th day of May, 2007.**



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**

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 Town of
Mount Pleasant, New York (Westchester
County)**

Case 07-V-_____

AFFIDAVIT OF PUBLICATION

**STATE OF NEW YORK)
)
COUNTY OF NEW YORK)** **ss.:**

JOHN LACY CLARK, being duly sworn, deposes and says:


I certify that a notice with the following text will be published on May 30, 2007 in The Journal News. The Journal News is a newspaper of general circulation in the Town of Mount Pleasant. 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 Town of Mount Pleasant, 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 24th day of May, 2007**



**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**

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 Mount Pleasant, 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

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 was obtained from the U.S. Fish & Wildlife Service National Wetlands Inventory (*see* <http://www.fws.gov/nwi/>) and the Cornell University Geospatial Information Repository (*see* <http://cugir.mannlib.cornell.edu/mapbrowse.jsp?series=counties>). Information on 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.

¹ See Full Environmental Assessment Form at 2.

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.

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 Town of Mount Pleasant, 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 FTTP facilities constructed in the franchise area to date have an approximate length of 117 miles. The width of the right-of-way varies by location, and Verizon cannot readily determine at this time the average width (and therefore the area) of the right-of-way used by Verizon.

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)

5. Approximate percentage of proposed project site with slopes: N/A

☐ 0-10% _____ % ☐ 10- 15% _____ % ☐ 15% or greater _____ %

** Parts of Verizon's FTTP network in the franchise area pass historic sites. See Addendum.

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 *See Addendum

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	_____	_____	_____	_____
Ultimately	_____	_____	_____	_____

- 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 FFTP 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	Town of Mount Pleasant	
		Award Franchise	05/22/07*
		* Franchise was awarded on this date.	
City, Town, Village Planning Board	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
City, Town Zoning Board	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
City, County Health Department	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Other Local Agencies	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Other Regional Agencies	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
State Agencies	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Public Service Commission	
		Confirmation	05/24/07
Federal Agencies	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

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

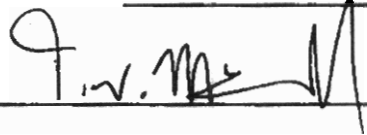
I certify that the information provided above is true to the best of my knowledge.

Applicant/Sponsor Name Verizon New York Inc.

Date

5/24/07

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)

- 1 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.
- 1 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.
- 1 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.
- 1 The number of examples per question does not indicate the importance of each question.
- 1 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 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
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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%.

☐
☐
☐

Yes ☐ No ☐

Construction on land where the depth to the water table is less than 3 feet.

☐
☐
☐

Yes ☐ No ☐

Construction of paved parking area for 1,000 or more vehicles.

☐
☐
☐

Yes ☐ No ☐

Construction on land where bedrock is exposed or generally within 3 feet of existing ground surface.

☐
☐
☐

Yes ☐ No ☐

Construction that will continue for more than 1 year or involve more than one phase or stage.

☐
☐
☐

Yes ☐ No ☐

Excavation for mining purposes that would remove more than 1,000 tons of natural material (i.e., rock or soil) per year.

☐
☐
☐

Yes ☐ 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

• 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

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Can Impact Be
Mitigated by
Project Change

5. Will Proposed Action affect surface or groundwater quality or quantity?

☐ NO ☐ YES

Examples that would apply to column 2

• Proposed Action will require a discharge permit

☐
☐

☐ Yes ☐ No

Proposed Action requires use of a source of water that does not have approval to serve proposed (project) action.

☐
☐

☐ Yes ☐ No

Proposed Action requires water supply from wells with greater than 45 gallons per minute pumping capacity.

☐
☐

☐ Yes ☐ No

Construction or operation causing any contamination of a water supply system.

☐
☐

☐ Yes ☐ No

Proposed Action will adversely affect groundwater.

☐
☐

☐ Yes ☐ No

Liquid effluent will be conveyed off the site to facilities which presently do not exist or have inadequate capacity.

☐
☐

☐ Yes ☐ No

Proposed Action would use water in excess of 20,000 gallons per day.

☐
☐

☐ Yes ☐ 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.

☐
☐

☐ Yes ☐ No

Proposed Action will require the storage of petroleum or chemical products greater than 1,100 gallons.

☐
☐

☐ Yes ☐ No

Proposed Action will allow residential uses in areas without water and/or sewer services.

☐
☐

☐ Yes ☐ No

Proposed Action locates commercial and/or industrial uses which may require new or expansion of existing waste treatment and/or storage facilities.

☐
☐

☐ Yes ☐ No

Other impacts:

☐
☐

☐ Yes ☐ 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

☐ ☐ ☐ Yes ☐ No

Proposed Action may cause substantial erosion.

☐ ☐ ☐ Yes ☐ No

- Proposed Action is incompatible with existing drainage patterns.

☐ ☐ ☐ Yes ☐ No

- Proposed Action will allow development in a designated floodway.

☐ ☐ ☐ Yes ☐ No

- Other impacts:

☐ ☐ ☐ Yes ☐ 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.

☐ ☐ ☐ Yes ☐ No

- Proposed Action will result in the incineration of more than 1 ton of refuse per hour.

☐ ☐ ☐ Yes ☐ 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.

☐ ☐ ☐ Yes ☐ No

- Proposed Action will allow an increase in the amount of land committed to industrial use.

☐ ☐ ☐ Yes ☐ No

- Proposed Action will allow an increase in the density of industrial development within existing industrial areas.

☐ ☐ ☐ Yes ☐ No

- Other impacts:

☐ ☐ ☐ Yes ☐ 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.

☐ ☐ ☐ Yes ☐ No

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Can Impact Be
Mitigated by
Project Change |
|---|-------------------------------------|-----------------------------------|--|
| • 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

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Can Impact Be
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Project Change |
|--|-------------------------------------|-----------------------------------|--|
| • 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

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|--|-------------------------------------|-----------------------------------|--|
| • 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 |

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
• 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

- | | 1
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Can Impact Be
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Project Change |
|---|-------------------------------------|-----------------------------------|--|
| • 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

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Project Change |
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| • 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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Impact | 3
Can Impact Be
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Project Change |
|------------------|-------------------------------------|-----------------------------------|--|
| • 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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Can Impact Be
Mitigated by
Project Change

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

1	2	3
Small to Moderate Impact	Potential Large Impact	Can Impact Be Mitigated by Project Change

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.

☐
☐
☐ Yes

☐ No

Proposed Action may result in the burial of "hazardous wastes" in any form (i.e. toxic, poisonous, highly reactive, radioactive, irritating, infectious, etc.)

☐
☐
☐ Yes

☐ No

- Storage facilities for one million or more gallons of liquefied natural gas or other flammable liquids.

☐
☐
☐ Yes

☐ 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

☐
☐
☐ Yes

☐ No

- Other impacts:

☐
☐
☐ Yes

☐ 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%.

☐
☐
☐ Yes

☐ No

- The municipal budget for capital expenditures or operating services will increase by more than 5% per year as a result of this project.

☐
☐
☐ Yes

☐ No

Proposed Action will conflict with officially adopted plans or goals.

☐
☐
☐ Yes

☐ No

- Proposed Action will cause a change in the density of land use.

☐
☐
☐ Yes

☐ No

- Proposed Action will replace or eliminate existing facilities, structures or areas of historic importance to the community.

☐
☐
☐ Yes

☐ No

- Development will create a demand for additional community services (e.g. schools, police and fire, etc.)

☐
☐
☐ Yes

☐ No

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
• 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
TOWN OF MOUNT PLEASANT (WESTCHESTER COUNTY), NEW YORK**

Setting

The Town of Mount Pleasant is located in the central portion of Westchester County. As of the 2000 Census, the Town had a population of 26,837 within a total area of 25.76 square miles.

The Town is not within an agricultural district, nor is it substantially contiguous to a National Natural Landmark. The Town may contain or be substantially contiguous to critical environmental areas.¹ A list of historic sites, historic districts, and national historic landmarks in the Town 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.

The Town of Mount Pleasant is located above aquifers. The Town is within a coastal area. The Town has designated wetlands areas and designated 100-year flood plains. Verizon's FTTP extensions and drop wires will be placed only to serve existing or future 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 over 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.

Three maps are included with this addendum. The first map shows the franchise area, wetlands, the coastal boundary and historical sites and districts. The second map shows the location of the 100-year flood plains in this area. The third map shows the locations of the aquifers in this area.

Description of Potential Construction Activities

The Commission is being asked to approve the Town'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

¹ Attached is a page from the State Department of Environmental Conservation web site that lists critical environmental areas designated by the County of Westchester. We do not know which, if any, of the County-designated areas include land within the Town.

providing the following information concerning work on Verizon's FTTP facilities that may be undertaken in the Town subsequent to the Commission's approval of the franchise.

Extensions of Verizon's FTTP network may take place in the Town of Mount Pleasant following the award of the franchise. FTTP construction in the Town'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 Town will be located in Verizon's central offices.) Verizon has completed the construction of its FTTP network to approximately 80% of the current 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 is run to the subscriber's home. There are 8,048 households within the Town of Mount Pleasant that could potentially be served with fiber drops.² 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.

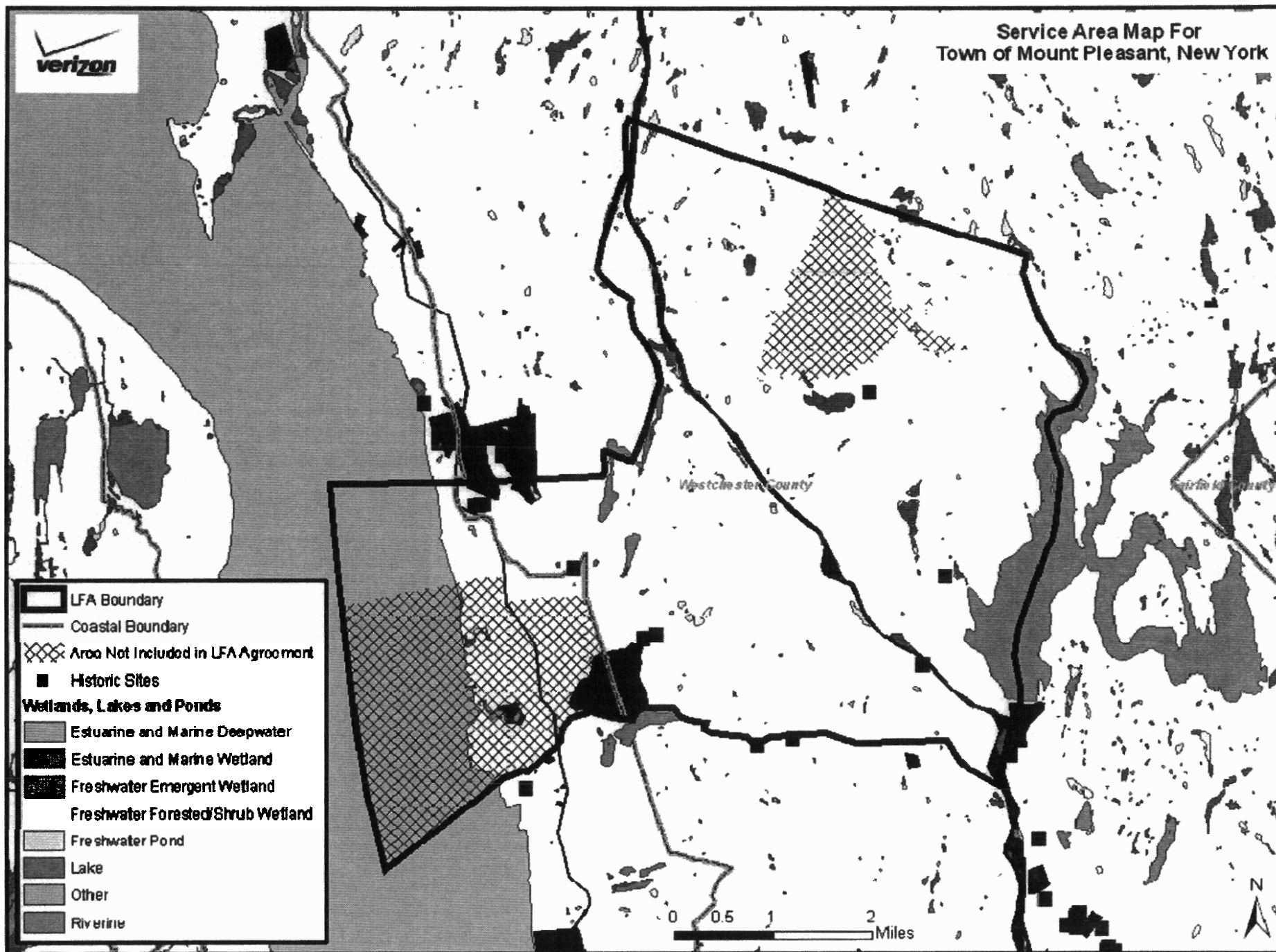
In general, Verizon's outside plant may include both aerial and underground facilities. Some of the work related to the extension of FTTP facilities and the placement of drops may therefore be underground.

USN	Class.	BF	Street Address/Location/Bldg. Name	Deter.	NR Ref. No.	SR Date	NR Date	NHL Date
11908.000333			DEP Water Treatment Precontact Site Grasslands Road	Individually Eligible				
11908.000234			ALBANY POST RD U S RTE 9 GATE HOUSES-SLEEPY HOLLOW	Listed	90NR02457	8/6/1984	9/7/1984	
11908.000231			ALBANY POST RD U S RTE 9 LOGAN MEMORIAL RIDING RING-	Listed	90NR02457	8/6/1984	9/7/1984	
11908.000233			ALBANY POST RD U S RTE 9 RESIDENCE-SLEEPY HOLLOW	Listed	90NR02457	8/6/1984	9/7/1984	
11908.000232			ALBANY POST RD U S RTE 9 SQUASH HOUSE-SLEEPY HOLLOW	Listed	90NR02457	8/6/1984	9/7/1984	
11908.000230			ALBANY POST RD U S RTE 9 STABLE-SLEEPY HOLLOW COUNTRY	Listed	90NR02457	8/6/1984	9/7/1984	
11908.000228			BEDFORD RD JOHN D ROCKEFELLER SR POCANTICO HILLS; BEDFORD, LAKE	Listed	90NR02442	6/23/1980	5/11/1976	5/11/1976
11908.000329			555 BEDFORD RD UNION CHURCH OF POCANTICO HILLS POCANTICO HILLS	Listed	02NR01899	3/9/2002	5/6/2002	
11908.000147			1035 BROADWAY DIMATTEO RESIDENCE THORNWOOD	Individually Eligible				
11908.000249			BRONX RIVER PKWY BRONX RIVER PKY: BRIDGE OVER	Listed	91NR03356	10/31/1990	1/11/1991	
11908.000014	B		BRONX RIVER PKWY VALHALLA RAILROAD STATION- VALHALLA: AT HIGH ST	Individually Eligible				
11908.000002			GRASSLANDS RD HAMMOND HOUSE NORTH SIDE; EAST OF ROUTE 9A	Listed	90NR02444	6/23/1980	5/6/1980	
11908.000334	S		Kensico Reservoir Kensico Aerator #1, Catskill Water System Kensico Reservoir Campus	Individually Eligible				
11908.000335	S		Kensico Reservoir Kensico Aerator #2, Delaware Water Kensico Reservoir Campus	Individually Eligible				

11908.000305		273 LAKEVIEW AVE KENSICO CEMETERY	Individually Eligible				
11908.000012		NY 117 CROTON AQUEDUCT VENT #11 OLD CROTON AQUEDUCT: NORTH	Listed	90NR02435	6/23/1980	12/2/1974	
11908.000012		NY 117 CROTON AQUEDUCT VENT #11 OLD CROTON AQUEDUCT: NORTH	Listed	92NR00428		4/27/1992	4/27/1992
11908.000013	B	SCARBOROUGH STATION RD SCARBOROUGH RAILROAD STATION - SCARBOROUGH: AT KERNEY'S AVE	Individually Eligible				

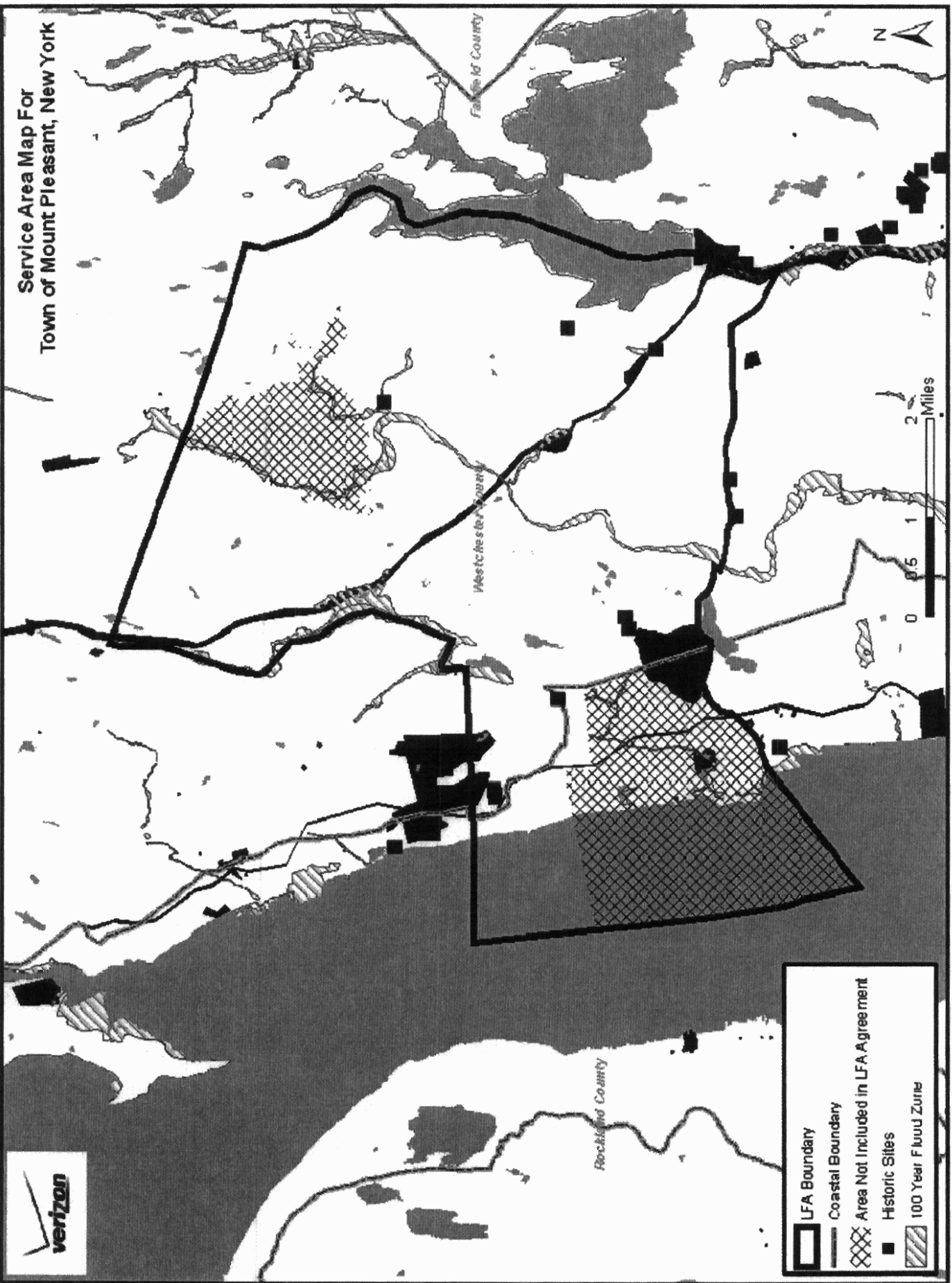


Service Area Map For Town of Mount Pleasant, New York





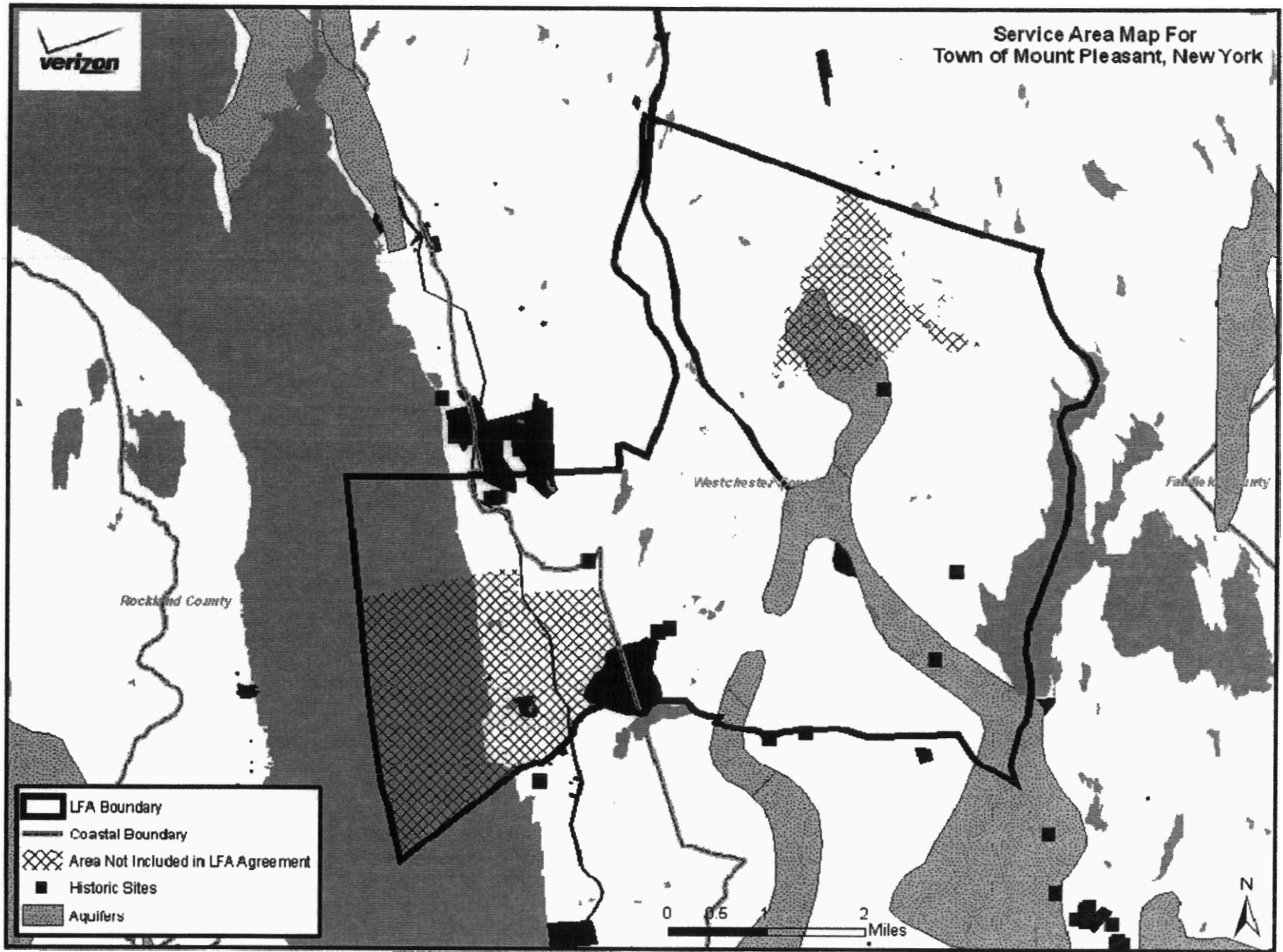
Service Area Map For
Town of Mount Pleasant, New York



- LFA Boundary
- Coastal Boundary
- Area Not Included in LFA Agreement
- Historic Sites
- 100 Year Flood Zone



Service Area Map For Town of Mount Pleasant, New York



- LFA Boundary
- Coastal Boundary
- Area Not Included in LFA Agreement
- Historic Sites
- Aquifers

0 0.5 1 2 Miles



Designating Agency:	Critical Environmental Area	Recorded Date	Effective Date
Westchester, County of	Westchester County Airport 60Ldn Noise Contour	1-2-90	1-31-90
	Croton Point Park	1-2-90	1-31-90
	Byram Lake	1-2-90	1-31-90
	Tarrytown Lakes Reservoirs	1-2-90	1-31-90
	Long Island Sound	1-2-90	1-31-90
	County and State Park Lands	1-2-90	1-31-90
	Mianus River	1-2-90	1-31-90
	Mianus Gorge Preserve	1-2-90	1-31-90
	Indian Brook Reservoir	1-2-90	1-31-90
	Larchmont Reservoir & J.G. Johnson Jr. Conservancy	1-2-90	1-31-90
	Poncantico Lakes & Watershed Property	1-2-90	1-31-90
	Hudson River	1-2-90	1-31-90
	Peekskill Hollow Brook	1-2-90	1-31-90
	All Land 500' Peripheral to Amawalk Reservoir Boundary	1-2-90	1-31-90
	County Designated Watershed Properties	1-2-90	1-31-90