

January 18, 2023

Daniel S. Cohen
Cohen Law Group
413 South Main Street
Pittsburgh, PA 15215

**RE: *Chester County Consortium: Engagement of the Cohen Law Group to Perform
Cable Franchise Renewal Services***

Dear Mr. Cohen:

This is to inform you that Calm Township has decided to engage the services of the Cohen Law Group to assist in a franchise fee audit and cable franchise renewal negotiations with Verizon. This engagement is made pursuant to the Proposal to Perform Cable Franchise Renewal Services ("Proposal") submitted to the Chester County Consortium (the "Consortium") on November 30, 2023. The Proposal includes the scope of services for this project as well as the cost of services on a flat fee basis. The flat fee includes all expenses. We understand that CLG will bill one-third of the fee by invoice upon engagement, one-third at the middle of each project, and one-third at the end of each project.

While our municipality is engaging the Cohen Law Group individually and, upon conclusion of the project, we will obtain our own individual franchise fee report and franchise renewal agreement with Verizon, we understand that the negotiation with Verizon will be in conjunction with other participating municipalities in the Consortium. This joint effort will increase our negotiating leverage and reduce our attorneys' fees. As described in the Proposal, our fee is discounted based on our municipality's population and the number of municipalities that participate. We look forward to working with your firm on this project and obtaining all of the financial and other cable-related benefits to which we are entitled.

Sincerely yours,

Name: _____

Title: _____

Date: _____



PROPOSAL TO PERFORM

VERIZON CABLE FRANCHISE RENEWAL SERVICES

submitted to the

CHESTER COUNTY CONSORTIUM

by the

COHEN LAW GROUP

**413 South Main Street
Pittsburgh, PA 15215**

www.cohenlawgroup.org

(412) 447-0130

November 30, 2023

TABLE OF CONTENTS

	<u>PAGE</u>
I. INTRODUCTION	1
II. FRANCHISE RENEWAL BENEFITS	3
III. SCOPE OF SERVICES	6
IV. PROFESSIONAL BACKGROUND	10
V. COST OF SERVICES.....	12

I. INTRODUCTION

The Cohen Law Group (“CLG”) welcomes this opportunity to submit a proposal for legal services to assist the eligible municipalities in Chester County (“Chester County Consortium”) in a franchise fee audit and cable franchise renewal negotiations with Verizon of Pennsylvania, Inc. (“Verizon”). Based on our records and the Managers who have contacted our law firm after receiving renewal notices from Verizon, our understanding is that there are approximately 25-30 municipalities in the County that are eligible to negotiate cable franchise renewal with Verizon. The cable franchise agreements for these municipalities are set to expire within the next 2-2 ½ years.

As such, now is the time to begin the franchise renewal process. Franchise renewal is the best opportunity for local governments to obtain significant benefits and to assert their legal rights with their cable company. A multi-municipal negotiation also increases the negotiating leverage of each of the municipalities and, as detailed in Section V below, reduces their attorneys’ fees. Our law firm was privileged to represent 22 Chester County municipalities in the last multi-municipal franchise renewal negotiation with Verizon in 2019-21. We would welcome the opportunity to assist the group again in this upcoming franchise renewal.

There have been changes in video technology since the commencement of the municipalities’ current franchise agreements, especially the dramatic growth of internet-based video services (also referred to as video streaming) such as Netflix, Hulu and Disney+. In addition, there have been changes in the franchise operations of Verizon as the company is experiencing even more competition today than it did when the current agreements went into effect. Finally, there have been changes in federal law and regulations applicable to cable franchising in that time period.

As described in this proposal, we recommend that the Consortium: 1) **conduct a franchise fee audit** to ensure that each municipality has received all the franchise fee revenue to which it is

entitled from Verizon; and 2) **negotiate a new franchise agreement** that addresses the changes since the last franchise and secures increased financial and legal benefits for each municipality.

Municipal officials have two critical roles when it comes to renewing (or, in the rare circumstance, not renewing) a cable franchise. First, they are effectively the landlords of their cable company. The cable company utilizes the public rights-of-way to operate its cable system. Municipal officials manage those rights-of-way as a public trust and are entitled under law to a fair return for the cable company's use of those public properties.

Second, municipal officials have an obligation to protect and advance the interests of their residents. This means not only getting the best possible services from the cable operator today, but also doing everything possible to prepare for the future. Video and internet technology changes very rapidly. A cable franchise agreement must provide for the benefits available from existing technologies as well as those that may become available from future technologies.

CLG is uniquely qualified to represent the Chester County Consortium in cable franchise renewal negotiations. For 26 years, our firm has specialized in cable franchise matters on behalf of local governments, and we have negotiated more franchise agreements than any other law firm in Pennsylvania and surrounding states. We have represented over 500 municipalities in six states in negotiations with their cable companies. We have also negotiated over 200 franchise agreements with Verizon. We know Verizon's negotiators, their corporate policies, and their negotiating tactics.

The principal of the firm is Dan Cohen. Aside from his work as a telecommunications attorney, Mr. Cohen is especially qualified to represent municipalities because he was a municipal official himself. He has first-hand knowledge of the challenges and opportunities confronting municipal governments. With twelve years' experience in municipal government, he understands the practical needs and the financial constraints facing municipal officials. In addition, the Cohen Law

Group has a strong team that includes attorney Stacy Browdie, attorney Phil Fraga, attorney Mike Roberts, attorney Joel Winston, and Office Manager Victoria Novak.

CLG has developed a three-step approach to cable franchise renewal projects. The first step is identifying the clients' specific needs. Since these needs often become better defined as the negotiation progresses, we maintain flexibility throughout the process to achieve a franchise agreement that accomplishes the client's specific goals. Second, we negotiate firmly and deliberately to reach agreement in a timely fashion. Third and finally, our attorneys work efficiently in a manner that is cost effective for our clients. We are keenly aware of the fiscal constraints facing municipalities, and focus, therefore, on keeping attorneys' fees and costs as low as possible.

II. POTENTIAL FRANCHISE BENEFITS

There are significant benefits available to municipalities in a cable franchise renewal agreement. The key to receiving these benefits is to know the law and regulations relating to each benefit and to negotiate firmly to obtain them from Verizon. The following is a list of some of the more important potential benefits:

1. Franchise Fee Revenue

Under federal law, municipalities may assess a franchise fee of up to five percent (5%) of the cable company's "gross revenues" for cable services derived from their municipality. The central subject of negotiation with the cable operator is the specific revenue sources to be included in the definition of "gross revenues." **CLG has developed a comprehensive list that now includes 27 eligible revenue sources. The addition of new revenue sources in the definition of "gross revenues" would increase franchise fee revenue to the municipalities provided their subscriber levels remain steady.** Please note that all franchise fees are passed through to cable subscribers as a separate line item on their bills.

2. Franchise Fee Accountability

In addition to franchise fee revenue, it is essential for the municipalities to require franchise fee protection and accountability. In a franchise agreement, these include detailed franchise fee reports, the right to conduct franchise fee audits without unreasonable impediments, penalties for franchise fee underpayments, and new protections against fee reductions due to bundled service packages (also referred to as the “triple play” of television, internet, and phone).

3. Service to Unserved Areas

Depending on whether there are areas that are unserved by Verizon in certain municipalities, it is important to include requirements that the cable operator extend the cable system to those areas. These include, but are not limited to, negotiating an expansion of the cable system within a specified time frame, inserting a low density number (the number of homes per mile necessary for Verizon to extend the system to those homes) in the franchise agreement, and securing a strong line extension requirement for homes with long setbacks.

4. Legal Protections of the Rights-of-Way

Because cable companies place wires and equipment in the public rights-of-way, it is critical that a franchise agreement include legal protections for any damages or injuries that may occur. These protections include requirements for repair and restoration of property damage within a specified time frame, access to service area maps, emergency removal of equipment, disconnection of wires and equipment, indemnification of the municipality and full insurance coverage.

5. Customer Service Standards

In a franchise agreement, municipalities may impose customer service standards on the cable company to which the company must adhere. It is important to include comprehensive and enforceable standards, including but not limited to, telephone answering time limits for customer

service representatives, refunds for service interruptions, rules for resolving customer disputes, appointment windows for cable technicians to arrive at your home, and a prohibition against the premature application of late fees.

6. Services to Community Facilities

It is common in a franchise agreement for cable companies to agree to provide complimentary cable services to municipal facilities, schools and libraries. The major subjects of negotiation are the number of facilities (including municipal buildings, fire stations, public and private schools, and public libraries) that obtain the service, and the level of service obtained. Please note that this benefit will be significantly impacted by the FCC's 2019 *Third Report and Order*.

7. PEG Channels and PEG Financial Support

Municipalities have a legal right to dedicated channel space for public, educational and governmental ("PEG") programming. A PEG channel may be used to inform citizens by cablecasting government meetings, public safety alerts, local announcements and/or athletic events. Depending on whether a municipality currently administers a PEG channel, the renewal agreement may require improvements such as high definition (HD) or it may reserve the right for a channel in the future. A cash grant may also be available from Verizon for capital costs related to the channel.

8. Reporting Requirements

It can be helpful for municipalities to obtain periodic information from the cable operator related to financial and customer service issues. Depending on the municipalities' specific needs, a franchise agreement may require the cable operator to provide written reports to the municipality on such matters as franchise fee verification, customer complaints, service interruptions, and construction activity in the public rights-of-way.

9. Competitive Equity

Cable operators typically request that, if the municipality grants a franchise to another cable company (e.g. Comcast), then that franchise agreement cannot be more favorable or less burdensome to the competitor than the new agreement is to Verizon. While in theory this is a fair principle, in practice it can have the effect of impeding cable and internet competition. We will ensure that any such provision does not result in such an outcome.

10. Enforcement

Once the cable operator agrees to provide certain benefits, the municipalities must be able to enforce these obligations. It is important to include practical enforcement tools to ensure the company's faithful performance of its obligations under the agreement. These may include, but are not limited to, predetermined monetary fines (also known as liquidated damages), a substantial performance bond, and the right to revoke the franchise in extreme circumstances.

11. Length of Term

Because cable technology changes so rapidly, municipalities typically seek a shorter length of term in the franchise renewal agreement and cable companies typically seek longer terms to protect their capital investment in the cable system. Verizon, however, does not embrace this industry standard and, to date, has sought shorter terms due to business conditions and changes in video technology. This issue will be resolved through negotiation.

III. SCOPE OF SERVICES

The following is the scope of services that the Cohen Law Group will perform if hired to assist the Chester County Consortium municipalities in cable franchise renewal with Verizon.

A. Preliminary Setting of Priorities

We will first arrange an initial kickoff meeting (either in-person or virtual) with at least one representative from each participating municipality. During the meeting, we will describe the franchise fee audit and franchise renewal process, including both the formal and informal processes prescribed by the federal Cable Act. We will inform the officials regarding their legal rights, including the substantive areas in which they have legal authority over the cable operator and those areas in which their legal authority is limited. We will also outline the potential benefits available to the municipalities as well as solicit the concerns of the officials with respect to Verizon.

In addition, we will provide the municipalities with public notice and written talking points for a public hearing on cable franchise renewal. Section 626 of the Cable Act includes a “notice and comment” requirement, and we typically recommend that this requirement be satisfied by a public hearing inviting citizen comment. We will also advise the municipalities with respect to any other legal and regulatory requirements pertaining to franchise renewal.

B. Franchise Fee Audit

During the preliminary stage, we recommend a franchise fee audit of Verizon for each of the municipalities. Our firm conducts such audits on a regular basis. In 2021-23, we conducted over 120 audits and discovered underpayments approximately 65% of the time. Of course, we cannot guarantee that we will find franchise fee underpayments for every municipality in the Consortium. It will depend on the specific financial records that Verizon maintains for each municipality. **Note that we did not conduct franchise fee audits as part of the last Verizon franchise renewal.**

Section 626 of the federal Cable Act requires that municipalities, as part of cable franchise renewal, review the cable operator’s past performance. A franchise fee audit is a key component of assessing past performance. It is the best method to hold the operator accountable for past franchise

fees and to ensure the municipality receives the future revenues to which it is entitled.

The federal Cable Act allows municipalities to assess up to five percent 5% of the cable operator's "gross revenues" for cable services derived from the municipality. "Gross revenues" consists of numerous revenue sources, including both subscriber and non-subscriber revenues, that the cable operator collects from cable customers. We will prepare a written Request for Information and Documents ("RFID") to Verizon for specific franchise fee information and worksheets relevant to each municipality. CLG will then undertake the following activities:

- Make a determination of all eligible revenue sources for each municipality based upon the municipality's current definition of "gross revenues." There are currently 27 eligible revenue categories and many sub-categories.
- Review Verizon's supporting documentation for franchise fee revenue, including quarterly spreadsheets, worksheets, and other revenue reports for each municipality.
- Identify the revenue sources that Verizon has included in its franchise fee documentation for each municipality. Determine whether the cable operator has applied the fee to all eligible revenue sources. Identify any revenue sources that the cable operator did not include in calculating "gross revenues."
- Ensure that all eligible revenues recorded in Verizon's financial records are accurately included in the franchise fee payments in accordance with each municipality's franchise agreement.
- Determine whether non-subscriber revenues, such as advertising and home shopping commissions, which are typically recorded on a regional rather than a local basis, have been properly calculated and properly apportioned to each municipality.
- Review certain special revenue sources, such as "trouble call" fees, video downgrade fees, broadcast retransmission fees, franchise fee-on-fees, and others to determine proper inclusion in the determination of franchise fees for the time period under review.
- Re-perform a select number of cable operator calculations determining franchise fee revenues for the period under review. These calculations include, but are not limited to, figures underlying the amounts reported for revenue sources and calculations on specific items comprising general franchise fee categories such as "miscellaneous revenues" and "installation revenues" (which include, for example, installation, disconnection, reconnection, relocation and change-in-service fees).

- Ascertain trends of major revenue categories to spot discrepancies and/or inconsistencies in the reporting of revenues over time and making inquiries with the cable operator to explain such discrepancies and/or inconsistencies.
- Report trends in the number of Verizon subscribers in each municipality for the period under review.
- Determine whether there are franchise fee underpayments to the municipalities for the period under review, the amount of any underpayment, and whether any penalties and/or interest apply in accordance with each municipality's franchise agreement.

We expect to review four (4) years' worth of financial information, which is the period permitted by the current franchise agreements we have in our possession. Typically, our investigation includes follow-up requests for further information and discussions with the cable operator. Once the audit is completed, we will prepare a report that summarizes the results of the audit, including any franchise fee underpayments, describes the areas of inquiry, and provides charts showing subscriber and revenue trends. While CLG is fully qualified to file legal action against Verizon to collect underpayments, the flat fee for this project does not include litigation (or mediation or arbitration). Such actions would require a separate engagement.

C. Drafting of Proposed Agreement

After the setting of priorities stage is completed, we will draft a proposed master franchise agreement with Verizon (or redline Verizon's proposed agreement) to provide the municipalities with all of the benefits and legal protections to which they are entitled under current law and technology. The agreement will include the results of the setting of priorities stage discussed above, as well as our judgment as to the legal provisions that would advance the municipalities' interests and meet their future cable-related needs. We will then submit the draft agreement to the municipalities for informal review and comment. Suggested changes will be incorporated into the agreement and the proposed agreement will be presented to representatives of Verizon.

D. Negotiation with Cable Operator

The most important stage in the process is negotiating a franchise renewal agreement with representatives of Verizon. CLG has negotiated over 200 franchise renewal agreements with Verizon. We know Verizon attorney assigned to Chester County and the company's franchise policies. The working document for the negotiations will be the draft franchise agreement informally approved by the Consortium. We will preserve the municipalities' legal rights under the formal process, but negotiate with Verizon under the informal process outlined in the federal Cable Act.

The negotiation typically consists of many negotiation sessions with representatives of the cable operator, status conferences with the clients, multiple revisions of the proposed franchise agreement, redrafting specific franchise agreement provisions, and editing the final draft of the master agreement. We will then proceed to customize the master agreement to each municipality.

E. Consideration by the Municipal Governing Bodies

After tentative agreement with Verizon has been reached, CLG will report to each municipality on the substantive provisions of the deal. Specifically, we will present each municipality with its final customized franchise agreement negotiated by the parties and recommended by CLG. We will also draft an executive summary of the final agreement. Finally, we will draft an approval ordinance or resolution (depending on the classification of the municipality) for consideration by each Township Board and Borough Council.

IV. PROFESSIONAL BACKGROUND

For 26 years, the Cohen Law Group has specialized in representing municipalities in cable, wireless, and broadband matters. Collectively, our attorneys have worked on cable franchise issues on behalf of municipalities for over 70 years. CLG has represented over 500 local governments in

six states in negotiations with cable companies. CLG's full array of legal services includes the following:

- Drafting cable franchise agreements
- Review of current and proposed franchise agreements/ordinances
- Cable franchise renewal negotiations with cable companies
- Franchise fee audits
- Cable compliance reviews
- Broadband expansion planning and implementation
- Drafting of wireless facilities ordinances and design standards
- Negotiation with cellular tower and antenna companies
- Wireless facility litigation
- Drafting of right-of-way ordinances and development of right-of-way fees
- Drafting of pole attachment agreements and pole attachment negotiations

As an active member of the National Association of Telecommunications Officers and Advisors (NATOA) and other professional organizations, CLG stays current with frequent changes in cable, wireless, and broadband law. Dan Cohen served on the NATOA Board of Directors from 2017-21 and was Co-Chair of NATOA's Policy and Legal Committee from 2021-22. CLG attorneys have written articles on cable and wireless matters that have been published in the *Pennsylvania Township News*, *Pennsylvania Borough News*, and the *Pennsylvania Municipal Reporter*. They are also frequent speakers at municipal conferences.

Mr. Cohen is especially qualified to represent municipalities because he was a municipal official himself. He served as an elected official on the Pittsburgh City Council for 12 years. He has firsthand knowledge of the challenges and opportunities confronting municipal governments. Mr. Cohen served as Chair of City Council's Cable Television Committee for 10 years and also served on the Mayor's Telecommunications Committee. Mr. Cohen led Pittsburgh's efforts to regulate cable rates, which resulted in a refund ordered by the FCC for all City of Pittsburgh cable customers. Mr. Cohen graduated from Yale University and Stanford Law School.

In addition to Mr. Cohen, CLG has a strong team that includes attorney Stacy Browdie, attorney Phil Fraga, attorney Mike Roberts and attorney Joel Winston. Our office Manager is Victoria Novak.

V. COST OF SERVICES

The following represents CLG's cost of services to perform **both franchise fee audits and franchise renewal negotiations with Verizon**. We propose to perform these services on a flat fee basis, because our significant experience in performing these projects lends predictability to our efforts on behalf of the Chester County Consortium. In addition, a flat fee provides "price certainty" to the municipalities. We are offering our services to the Consortium municipalities at a discounted rate depending on the population of each municipality and the number of municipalities that participate. The chart below shows our standard single-municipality flat fees based on population followed by discounts based on the number of municipalities that participate in the project.

FLAT FEES FOR FRANCHISE FEE AUDIT AND FRANCHISE RENEWAL NEGOTIATIONS WITH VERIZON

Standard Single Municipality Fees (based on population prior to discount)

< 5,000	\$8,000
5,001-10,000	\$9,500
10,001-15,000	\$10,500
> 15,001	\$11,500

Consortium Discounted Fees (by population and number of participating municipalities)

20+ Municipalities - 20% Discount from the Single Municipality Fee

< 5,000	\$6,400
5,001-10,000	\$7,600
10,001-15,000	\$8,400
> 15,001	\$9,200

14-19 Municipalities - 15% Discount from the Single Municipality Fee

< 5,000	\$6,800
5,001-10,000	\$8,075
10,001-15,000	\$8,925
> 15,001	\$9,775

8-13 Municipalities - 10% Discount from the Single Municipality Fee

< 5,000	\$7,200
5,001-10,000	\$8,550
10,001-15,000	\$9,450
> 15,001	\$10,350

2-7 Municipalities - 5% Discount from the Single Municipality Fee

< 5,000	\$7,600
5,001-10,000	\$9,025
10,001-15,000	\$9,975
> 15,001	\$10,925

The flat fees above include all expenses. They do not include the unlikely possibility of extraordinary services outside the scope of services contained in this proposal or any significant unforeseeable developments. In the event of such extraordinary or unforeseeable developments, CLG will contact the affected municipality to discuss such developments prior to rendering services related to them. If such services were authorized, CLG would charge a fee of \$320 per hour, including travel time. Please note that our normal billing policy is to bill one-third of the fee at the commencement of the project, one-third at the middle of each project, and one-third at the conclusion of each project. Thank you for the opportunity to submit this proposal.

July 10, 2021
to
July 9, 2026
Franchise
Agreement

CABLE FRANCHISE RENEWAL AGREEMENT

BETWEEN

TOWNSHIP OF CALN

AND

VERIZON PENNSYLVANIA LLC

TOWNSHIP OF CALN

TABLE OF CONTENTS

	<u>Page</u>
1. DEFINITIONS.....	2
2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS	8
3. PROVISION OF CABLE SERVICE	11
4. SYSTEM FACILITIES	12
5. EG SERVICES	13
6. FRANCHISE FEES	15
7. CUSTOMER SERVICE	17
8. REPORTS AND RECORDS	17
9. INSURANCE AND INDEMNIFICATION	18
10. TRANSFER OF FRANCHISE	19
11. RENEWAL OF FRANCHISE	20
12. ENFORCEMENT AND TERMINATION OF FRANCHISE	20
13. MISCELLANEOUS PROVISIONS	22
EXHIBIT A – MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE	27
EXHIBIT B – CUSTOMER SERVICE STANDARDS	28

THIS CABLE FRANCHISE RENEWAL AGREEMENT (the "Franchise" or "Agreement") is entered into on this 21st July, 2021 (the "Effective Date" as set forth in Section 2.3) by and between the TOWNSHIP OF CALN, Chester County, a validly organized and existing political subdivision of the Commonwealth of Pennsylvania (the "Township"), and VERIZON PENNSYLVANIA LLC, a limited liability company duly organized under the applicable laws of the Commonwealth of Pennsylvania (the "Franchisee").

WHEREAS, the Franchisee is a "cable operator" and the Township is a "local franchising authority" in accordance with Title VI of the Communications Act (*see* 47 U.S.C. § 522(5), (10)) and the Township is authorized to grant one or more nonexclusive cable franchises to operate a Cable System within the Township pursuant to Title VI of the Communications Act;

WHEREAS, the Township granted to the Franchisee, effective as of September 14, 2006, a nonexclusive initial Franchise to install, maintain, extend, and operate a Cable System in the Township for a term of ten (10) years with an automatic five (5) year renewal (the "Initial Franchise");

WHEREAS, the Franchisee has operated a Cable System in accordance with the Initial Franchise as of the Effective Date on its existing Telecommunications Facilities consisting of a Fiber to the Premises Telecommunications Network ("FTTP Network") in the Township which also transmits Non-Cable Services pursuant to authority granted by applicable state law and Title II of the Communications Act, and which are not subject to Title VI of the Communications Act or this Agreement;

WHEREAS, the Franchisee has requested that the Township renew the Franchisee's Franchise to provide Cable Service to residents of the Township;

WHEREAS, pursuant to and in accordance with applicable federal and state law, the Township undertook a process to determine whether it should renew the Initial Franchise and the terms for such a renewal;

WHEREAS, the Township has examined the past performance of the Franchisee and has identified the Township's future cable-related needs and interests;

WHEREAS, following good faith negotiations between the parties, the Township and the Franchisee have agreed on the terms for a Franchise Renewal Agreement under which the Franchisee will continue to operate its Cable System in the Township; and

WHEREAS, the Township has determined that this Agreement and the process for consideration of this Agreement complies with all applicable federal, state and local laws and regulations.

NOW, THEREFORE, in consideration of the Township's grant of a renewal franchise to the Franchisee, the Franchisee's promise to continue to provide Cable Service to residents of the Service Area pursuant to and consistent with the Communications Act (as hereinafter defined), pursuant to the terms and conditions set forth herein, the promises and undertakings herein, and

other good and valuable consideration, the receipt and the adequacy of which are hereby acknowledged,

THE SIGNATORIES DO HEREBY AGREE AS FOLLOWS:

1. DEFINITIONS

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

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

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 that includes the retransmission of local television broadcast signals as well as the EG Channel(s) required by this Franchisee.

1.4 *Cable Service or Cable Services*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(6), as may be amended, which currently states: "the one-way transmission to subscribers of video programming or other programming service, and Subscriber interaction, if any, which is required for the selection or use of such video programming or other programming service."

1.5 *Cable System or System*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7), as may be amended, which currently states "a facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide cable service which includes video programming and which is provided to multiple subscribers within a community, but such term does not include (A) a facility that serves only to retransmit the television signals of 1 or more television broadcast stations; (B) a facility that serves subscribers without using any public right-of-way; (C) a facility of a common carrier which is subject, in whole or in part, to the provisions of [Title II of this Act], except that such facility shall be considered a cable system (other than for purposes of section 621(c)) to the extent such facility is used in the transmission of video programming directly to subscribers, unless the extent of such use is solely to provide interactive on-demand services; (D) an open video system that complies with section 653 of this title; or (E) any facilities of any electric utility used solely for operating its electric utility system." The Cable System shall be limited to the optical spectrum wavelength(s), bandwidth, or future technological capacity that is used for the transmission of Cable Services directly to Subscribers within the Township and shall not include the tangible network facilities of a common carrier subject in whole or in part to Title II of the Communications Act or of an Information Services provider.

1.6 *Channel*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(4), as may be amended, which currently states "a portion

TOWNSHIP OF CALN

of the electromagnetic frequency spectrum which is used in a Cable System and which is capable of delivering a television channel (as television channel is defined by the FCC by regulation)."

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

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

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

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

1.11 *Educational Access Channel*: An Access Channel available for the use of the local schools in the Township.

1.12 *EG*: Educational or Governmental.

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

1.14 *Fiber to the Premise Telecommunications Network ("FTTP Network")*: The Franchisee's network that transmits Non-Cable Services pursuant to the authority granted under the laws of the Commonwealth of Pennsylvania and under Title II of the Communications Act, which Non-Cable Services are not subject to Title VI of the Communications Act, and provides Cable Services from the operation of a Cable System.

1.15 *Force Majeure*: An event or events reasonably beyond the ability of the Franchisee to anticipate and control. This includes, but is not limited to the following: severe or unusual weather conditions, labor strikes, slowdowns, stoppages, and lockouts, war or act of war (whether an actual declaration of war is made or not), insurrection, riots, act of public enemy, including terrorist attacks, orders of the government of the United States or the Commonwealth of Pennsylvania, actions or inactions of any government instrumentality or public utility other than Franchisee (including condemnation to the extent not foreseeable), accidents for which the Franchisee is not responsible, fire, flood, or other acts of God, or work delays caused by waiting for utility providers to service or monitor utility poles to which the Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary to the extent that such unavailability of materials and/or qualified labor was reasonably beyond the ability of the Franchisee to foresee or control.

1.16 *Franchisee*: Verizon Pennsylvania LLC, and its lawful and permitted successors, assigns, and transferees.

1.17 *Government Access Channel*: An Access Channel available for the use of the Township for governmental purposes.

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

- (1) Basic Service fees;
- (2) fees charged to Subscribers for any service tier other than Basic Service;
- (3) fees charged to Subscribers for premium Cable Services;
- (4) fees for video-on-demand and pay-per-view;
- (5) fees charged to Subscribers for any optional, per-channel or per-program Cable Services;
- (6) revenue from the provision of any other Cable Services;
- (7) charges for installation, additional outlets, relocation, disconnection, reconnection and change-in-service fees for video programming;
- (8) fees for changing any level of Cable Service programming;
- (9) fees for service calls;
- (10) early termination fees (solely to the extent such early termination fee can be proportionately attributable to Cable Service);
- (11) fees for leasing of Channels;
- (12) rental of any and all Subscriber equipment, including digital video recorders, converters and remote control devices;
- (13) advertising revenues (on a pro rata basis) as set forth herein;
- (14) revenue from the sale or rental of Subscriber lists;
- (15) revenues or commissions received from the carriage of home shopping channels (on a pro rata basis as set forth herein) subject to Section 1.18.5 below;
- (16) fees for music services that are Cable Services over the Cable System;
- (17) fees for DVR;
- (18) regional sports programming fees;
- (19) late payment fees;

- (20) NSF check charges;
- (21) Franchise Fees for the provision of Cable Services over the Cable System in the Township; and
- (22) foregone revenue that the Franchisee chooses not to receive in exchange for trades, barter, services, or other items of value consistent with Section 1.18.8, below.

For the avoidance of doubt, advertising revenues shall include the amount of the Franchisee's gross advertising revenue calculated in accordance with generally accepted accounting principles (i.e., without deducting commissions paid to independent third parties). Advertising and home shopping revenue, as described in Sections 1.18(13) and (15) above, is based upon the ratio of the number of Subscribers as of the last day of the period for which Gross Revenue is being calculated to the number of the Franchisee's subscribers within all areas covered by the particular revenue source as of the last day of such period. By way of illustrative example, the Franchisee sells two ads: Ad "A" is broadcast nationwide; Ad "B" is broadcast only within Pennsylvania. The Franchisee has 100 Subscribers in the Township, 500 subscribers in Pennsylvania, and 1,000 subscribers nationwide. Gross Revenue as to the Township from Ad "A" is 10% of the Franchisee's revenue therefrom. Gross Revenue as to the Township from Ad "B" is 20% of the Franchisee's revenue.

Gross Revenue shall not include:

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

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

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

1.18.4 Any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law including, without limitation, revenue received from Telecommunications Services; revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, internet-derived electronic bulletin board service, or similar online computer services; charges made to the public for commercial or cable television that is used for two-way communication that are classified as Non-Cable Services; and any other revenues classified as Non-Cable Services in accordance with applicable laws or regulations;

1.18.5 Any revenue of the Franchisee or any other Person that is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, notwithstanding that portion of such revenue which represents or can be attributed to a Subscriber

fee or a payment for the use of the Cable System for the sale of such merchandise, which portion shall be included in Gross Revenue;

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

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

1.18.8 Any forgone revenue that the 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 the Franchisee and public institutions or other institutions designated in the Franchise; provided, however, that such forgone revenue that the Franchisee chooses not to receive in exchange for trades, barter, services, or other items of value shall be included in Gross Revenue;

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

1.18.10 Program launch fees;

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

1.18.12 Any fees or charges collected from Subscribers or other third parties for any EG grant.

1.19 *Information Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. §153(20), as may be amended in the future, which states "the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information via telecommunications, and includes electronic publishing, but does not include any use of any such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service."

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

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

1.22 *Normal Operating Conditions*: Those service conditions that are within the control of the Franchisee. Those conditions that are not within the control of the Franchisee include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages, and severe or unusual weather conditions. Those conditions that are ordinarily within the control of the Franchisee include, but are not limited to, special promotions, pay-per-TOWNSHIP OF CALN

view events, rate increases, regular peak or seasonal demand periods, and maintenance or rebuild of the Cable System. See 47 C.F.R. § 76.309(c)(4)(ii).

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

1.24 *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 Township. Public Rights-of-Way do not include the airwaves above a right-of-way with regard to cellular or other non-wire communications or broadcast services.

1.25 *Service Area*: All portions of the Township where Cable Service is being offered.

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

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

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

1.29 *Telecommunication Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. § 153(46), as may be amended in the future, which states "the offering of telecommunications for a fee directly to the public, or such classes of users as to be effectively available directly to the public, regardless of the facilities used."

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

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

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

1.33 *Transfer of the Franchise*:

1.33.1 Any transaction in which:

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

1.33.1.2 at least thirty percent (30%) of the equitable ownership of the Franchisee is transferred or assigned; or

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

1.33.2 However, notwithstanding subsections 1.33.1.1, 1.33.1.2, and 1.33.1.3, a *Transfer of the Franchise* shall not include transfer of an ownership or other interest in the Franchisee to the parent of the Franchisee or to another Affiliate of the Franchisee; transfer of an interest in the Franchise or the rights held by the Franchisee under the Franchise to the parent of the Franchisee or to another Affiliate of the Franchisee; any action that is the result of a merger of the parent of the Franchisee; or any action that is the result of a merger of another Affiliate of the Franchisee.

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

1.35 *Video Service Provider or VSP*: Any entity using wired facilities occupying a substantial portion of the Public Rights-of-Way as the primary means of delivery to provide Video Programming services to multiple subscribers within the territorial boundaries of the Township, for purchase, barter, or free of charge, regardless of the transmission method, facilities or technologies used. A VSP shall include, but is not limited to, any entity that provides Cable Services, Video Programming services or internet-protocol based services within the territorial boundaries of the Township.

2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

2.1 *Grant of Authority*: Subject to the terms and conditions of this Agreement and applicable laws and regulations, the Township hereby grants to the Franchisee the right to own, construct, operate, and maintain a Cable System to provide Cable Services along the Public Rights-of-Way within the Township. No privilege or power of eminent domain is bestowed or waived by this grant. Furthermore, consistent with Section 2.2 below, the Township's grant of authority to provide Cable Services pursuant to this Franchise does not include the authority to provide any Non-Cable Services.

2.2 *Township's Regulatory Authority*: The parties recognize that the Franchisee's FTTP Network has been constructed and is operated and maintained as an upgrade to and/or extension of its existing Telecommunications Facilities for the provision of Non-Cable Services. The jurisdiction of the Township over the Franchisee's Telecommunications Facilities is governed by federal and state law, and the Township will not assert jurisdiction over the Franchisee's FTTP Network in contravention of those laws. Therefore, as provided in Section 621 of the Communications Act, 47 U.S.C. § 541, the Township's regulatory authority under Title VI of the Communications Act is not applicable to the construction, installation, maintenance, or operation of the Franchisee's FTTP Network to the extent the FTTP Network is constructed, installed, maintained, or operated for the purpose of upgrading and/or extending Verizon's existing

Telecommunications Facilities for the provision of Non-Cable Services. This Agreement shall not be construed to limit whatever existing regulatory authority the Township may have under federal and state law with respect to the FTTP Network facilities.

2.3 *Term:* This Franchise shall become effective on July 10, 2021 (the "Effective Date"). The term of this Franchise shall be five (5) years from the Effective Date until July 9 2026 unless the Franchise is earlier terminated by Franchisee pursuant to the terms of Sections 2.4 or 2.5 of this Agreement or revoked by the Township pursuant to Section 12.4 of this Agreement.

2.4 *Termination Generally:* If, at any time during the renewal Term, Franchisee experiences a net decline of six percent (6%) or greater of its Subscribers in the Franchise Area in any prior twelve (12) month period (for purposes of clarification, any such twelve (12) month evaluation period shall not commence prior to the Effective Date), Franchisee shall thereafter have the right to terminate the Franchise upon twelve (12) months' written notice to the Township.

2.5 *Modification/Termination Based on VSP Requirements/Competitive Equity:*

2.5.1 If there is a change in federal, state, or local law that reduces any material financial and/or operational obligation that the Township has required from or imposed upon a VSP, or if the Township enters into any franchise, agreement, license, or grant of authorization to a VSP to provide Video Programming services to residential subscribers in the Township and the agreement, license or grant of authorization, taken as a whole upon consideration of all of its material obligations, is less burdensome than those imposed by this Franchise, Franchisee and the Township shall, within sixty (60) days of the Township's receipt of Franchisee's written notice, commence negotiations to modify this Franchise to create reasonable competitive equity between Franchisee and such other VSPs.

2.5.2 Franchisee's notice pursuant to Section 2.5.1. shall specify the change in law and the resulting change in obligations. Franchisee shall respond to reasonable information requests from the Township, as may be necessary to review the change in obligations resulting from the cited law.

2.6 *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 Township 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 that are granted shall not materially interfere with existing facilities of the Cable System or the Franchisee's FTTP Network.

2.7 *Franchise Subject to Federal, State, and Local Law:* Notwithstanding any provision to the contrary herein, this Franchise is subject to and shall be governed by all applicable provisions of federal, state, and local laws and regulations.

2.8 *No Waiver:*

2.8.1 The failure of the Township on one or more occasions to exercise a right or to require compliance or performance under this Franchise, the Communications Act, or any other applicable state or federal law shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance by the Township, nor to excuse the Franchisee from complying or performing, unless such right or such compliance or performance has been specifically waived in writing.

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

2.9 *Construction of Agreement:*

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

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

2.9.3 Should any change to federal or state law have the lawful effect of materially altering the terms and conditions of this Agreement making it commercially impracticable for Franchisee to continue the provision of Cable Services in the Township, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on the Franchisee and the Township of the material alteration. Any modification to this Franchise shall be in writing and signed by both parties. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then upon either party's initiative, the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

2.10 *Police Powers:* Nothing in this Franchise shall be construed to prohibit the reasonable, necessary, and lawful exercise of the police powers of the Township. The Township shall not subject the Franchisee to any ordinances or regulations that are that are in conflict with this Franchise.

2.11 *Compliance with Federal and State Privacy Laws:* Franchisee shall comply with the privacy provisions of Section 631 of the Communications Act, 47 U.S.C. §551, and all other applicable federal and state privacy laws and regulations. The parties agree that, during the term hereof, Franchisee shall not be subject to any local laws or ordinances which, directly or indirectly, conflict with or exceed the scope of such applicable federal and/or state privacy laws.

2.12 *Permits:* Nothing herein shall be construed to limit the Township's lawful authority to require permits and applicable fees for certain activities in the Public Rights-of-Way;

provided, however, that the Franchisee shall not be required to obtain permits for Cable Service drops for individual Subscribers.

3. PROVISION OF CABLE SERVICE

3.1 *Service Area:*

3.1.1 *Service Area:* Subject to the issuance of all necessary permits by the Township, the Franchisee shall offer Cable Service to all residential households in the Service Area and may make Cable Service available to businesses in the Service Area, except: (A) for periods of Force Majeure; (B) for periods of unreasonable delay caused by the Township; (C) for periods of delay resulting from the Franchisee's inability to obtain authority to access rights-of-way in the Service Area; (D) in areas where developments, buildings or other residential dwelling units are subject to claimed exclusive arrangements with other providers; (E) in areas, developments, buildings or other residential dwelling units where the Franchisee cannot gain access under reasonable terms and conditions after good faith negotiation, as reasonably determined by the Franchisee; (F) in areas, developments, buildings or other residential dwelling units where the Franchisee is unable to provide Cable Service for technical reasons or which require non-standard facilities which are not available on a commercially reasonable basis, including, but not limited to, circumstances where the Franchisee cannot access the areas, developments, buildings or other residential dwelling units by using the Franchisee's existing network pathways and which would thus require the construction of new trunk, feeder, or distribution lines; (G) in areas where the occupied residential household density does not meet the density requirements set forth in subsection 3.1.1.1; and (H) in areas, developments, buildings or other residential dwelling units that are not habitable or have not been constructed as of the Effective Date.

3.1.1.1 *Density Requirement:* Subject to Section 3.1.1, above, the Franchisee shall make Cable Services available to residential dwelling units in all areas of the Township where the minimum density is thirty (30) occupied residential dwelling units per mile as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line.

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, the Franchisee shall not discriminate between or among any individuals in the availability of Cable Service. In the areas in which the Franchisee shall provide Cable Service, the Franchisee shall be required to connect, at the Franchisee's expense, other than a standard installation charge, all residential dwelling units that are within two hundred (200) feet of trunk or feeder lines not otherwise already served by the Franchisee's FTTP Network. The Franchisee shall be allowed to recover, from a Subscriber that requests such connection, no more than the actual costs incurred in excess of two hundred (200) feet for residential dwelling unit connections that exceed two hundred (200) feet and actual costs incurred to connect any non-residential dwelling unit Subscriber.

3.3 *Cable Service to Public Buildings:* If there is final determination or ruling of any agency or court having jurisdiction, after exhaustion of all appeals related thereto, that the
TOWNSHIP OF CALN

provision of free or discounted Cable Service to public buildings pursuant to a cable franchise should no longer be included in the calculation of franchise fees subject to the five percent (5%) statutory cap under the Communications Act, then, subject to Section 3.1 if requested by the Township pursuant to written notice to Franchisee, Verizon shall provide, without charge, one service outlet activated for Basic Service to the following:

3.3.1 Each current municipal building, fire station, and public library as may be designated by the Township in Exhibit A; provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than two hundred (200) feet solely to provide service to any such public building, the Township shall have the option either of paying Franchisee's direct costs for such extension in excess of two hundred (200) feet, or of releasing Franchisee from the obligation to provide service to such public building. Furthermore, Franchisee shall be permitted to recover, from any public building owner entitled to free service, the direct cost of installing, when requested to do so, more than one outlet, or concealed inside wiring, or a service outlet requiring more than two hundred (200) feet of drop cable; provided, however, that Franchisee shall not charge for the provision of Basic Service to the additional service outlets once installed.

3.3.2 Each public K-12 school, and each non-public K-12 school that (a) receives funding pursuant to Title I of the Elementary and Secondary Education Act of 1965, 20 U.S.C. § 6301 et seq. and (b) is considered a Non-public, Non-Licensed Schools under the Pennsylvania Private Academic Schools Act, 24 P.S. §§ 6702-6721, located in the Township, as may be designated by the Township in Exhibit A; provided, however, that Franchisee shall not be obligated to provide any service outlets activated for Basic Service to home schools; also provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than two hundred (200) feet solely to provide service to any such school building, the Township shall have the option either of paying Franchisee's direct costs for such extension in excess of two hundred (200) feet, or of releasing Franchisee from the obligation to provide service to such school building. Furthermore, Franchisee shall be permitted to recover, from any school building owner entitled to free service, the direct cost of installing, when requested to do so, more than one outlet, or concealed inside wiring, or a service outlet requiring more than two hundred (200) feet of drop cable; provided, however, that Franchisee shall not charge for the provision of Basic Service to the additional service outlets once installed.

4. SYSTEM FACILITIES

4.1 *Technical Requirement:* The Cable System shall meet or exceed any and all applicable technical performance standards of the FCC, the National Electrical Safety Code, the National Electric Code and any other applicable federal laws and the laws of the Commonwealth of Pennsylvania, to the extent not in conflict with federal law and regulations.

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

4.2.1 The Cable System shall be operated with operated with an initial digital carrier passband between 57 and 861 MHz.

4.2.2 The Cable System shall be operated as an active two-way system that allocates sufficient portion of said bandwidth to deliver reliable two-way Cable Services.

4.2.3 The Cable System must conform to all applicable FCC technical performance standards, as amended from time to time, and any other future applicable technical performance standards, and shall comply with all technical standards of the following:

4.2.3.1 National Electrical Code (NEC);

4.2.3.2 National Electrical Safety Code (NEBC).

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

4.4 *No Interference:* The Cable System shall be operated in such a manner as to comply with all applicable FCC requirements regarding (i) consumer electronic equipment and (ii) interference with the reception of off-the-air signals of licensed FCC operators.

4.5 *Standby Power:* The System shall incorporate equipment capable of providing standby powering of the System.

4.6 *Emergency Alert System:* The Franchisee shall comply with the applicable requirements of the FCC with respect to the operation of an Emergency Alert System ("EAS") requirements of the FCC and applicable state and local EAS plans in order that emergency messages may be distributed over the Cable System.

5. EG SERVICES

5.1 *EG Set Aside; Interconnection:*

5.1.1 In order to ensure universal availability of Educational and Government Access programming, Franchisee shall reserve on the Basic Service Tier capacity for the use of one (1) dedicated Educational Access Channel and one (1) dedicated Government Access Channel (collectively, "EG Channels") for exclusive use by the Township or its designee. The Township will comply with all laws and regulations related to use of the EG Channels. The parties agree that Franchisee shall retain the right to utilize all such reserved EG Channel capacity, in its sole discretion, during the Term of this Franchise until such time as the Township begins using the EG Channel pursuant to Section 5.1.2 for educational and/or governmental purposes and/or if the Township ceases to use the Access Channel(s) during the term of this Agreement.

5.1.2 The Township reserves the right to obtain from the Franchisee, upon one hundred and twenty (120) days written notice, one EG Channel for exclusive use by the Township. Such notification shall constitute authorization to the Franchisee to transmit such programming within and without the Township. The Franchisee shall assign the EG Channel number to the extent such channel number assignments do not interfere with the Franchisee's existing or planned channel number line-up and contractual obligations, provided it is understood that the Franchisee specifically reserves the right to make such assignments in its sole discretion.

TOWNSHIP OF CALN

The EG Channel shall be used for community programming related to educational and/or governmental activities. The Township shall have complete control over the content, scheduling, and administration of the EG Channel and may delegate such functions, or a portion of such functions, to an appropriate designee. The Franchisee shall not exercise any editorial control over EG Channel programming. If an EG Channel provided under this Article is not being utilized by the Township, the Franchisee may utilize such EG Channel, in its sole discretion, after receiving written approval by the Township until such time as the Township elects to utilize the EG Channel for its intended purpose. In the event that the Township decides to exercise its right to use EG capacity, the Township shall provide the Franchisee with ninety (90) days' prior written notice of such request.

5.1.3 The Township shall comply with the law regarding the non-commercial use of EG Channels.

5.2 The Township and/or its designee shall be solely responsible for operating its switching equipment and the picture and audio quality of all EG Channel programming up to the demarcation points and for ensuring all EG Channel programming is inserted on the appropriate upstream EG Channel. All EG Channel programming shall be transmitted to the Franchisee in baseband or SD-SDI format with either mono or stereo audio signals, and with signals received by Franchisee in stereo cablecast by Franchisee in stereo. Notwithstanding the foregoing, the Franchisee shall not be obligated to provide the Township or its designee with either cablecast equipment and facilities or the personnel responsible for maintaining and operating equipment and facilities on the Township's side of the demarcation point and used to generate or administer any EG Channel access signals, except as necessary to implement the Franchisee's responsibilities specified herein. The Township and the Franchisee shall work together in good faith to resolve any connection issues. If the Township issues a franchise to, or renews a franchise with, a competing VSP, the competing VSP may not connect its system to Franchisee's System for the purposes of obtaining EG Channel programming from the EG Channels transmitted on Franchisee's System without Franchisee's prior written consent.

5.2.1 Franchisee may, in its sole discretion, use reasonable efforts to interconnect its Cable System with the existing cable operator(s). If interconnection is pursued, Franchisee may, in its sole discretion, use reasonable efforts to interconnect its Cable System with the existing cable operator(s). If interconnection is pursued, for purposes of providing EG Channels, no earlier than twelve (12) months after written notice by the Township to activate an EG channel, the Township may require the Franchisee to provide a video link, without charge to the Township, to a location within the Township where EG Access programming is originated for the purpose of cablecasting EG programming; provided, however, that the Franchisee shall not be obligated to provide the Township with either cablecast equipment and facilities or personnel responsible for maintaining and operating such equipment and facilities or generating any such EG programming.

5.3 *Indemnity for EG:* The Township shall require all local producers and users of any of the EG facilities or Channels to agree in writing to authorize the Franchisee to transmit programming consistent with this Agreement and to defend and hold harmless the Franchisee and the Township from and against any and all liability or other injury, including the reasonable cost of defending claims or litigation, arising from or in connection with claims regarding an EG

TOWNSHIP OF CALN

programming facility, not including the actual FTTP Network, or Channel or EG Channel programming, including claims for failure to comply with applicable federal laws, rules, regulations or other requirements of local, state, or federal authorities; for claims of libel, slander, invasion of privacy, or the infringement of common law or statutory copyright; for unauthorized use of any trademark, trade name, or service mark; for breach of contractual or other obligations owing to third parties by the producer or user; and for any other injury or damage in law or equity. The Township shall establish rules and regulations for use of EG facilities, consistent with, and as required by, Section 611 of the Communications Act, 47 U.S.C. § 531. Notwithstanding the foregoing, the Township shall not indemnify the Franchisee for any damages, liability, or claims resulting from acts of willful misconduct or negligence of the Franchisee, its officers, employees, or agents.

5.3.1 *Recovery of Costs:* The Franchisee shall be allowed to recover any costs arising from the provision of EG services as set forth in 47 U.S.C. § 622, and to include such costs as a separately billed line item on each Subscriber's bill. Without limiting the foregoing, if allowed under state and federal laws, Franchisee may externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

6. FRANCHISE FEES

6.1 *Payment to the Township:* The Franchisee shall pay to the Township a franchise fee of five percent (5%) of annual Gross Revenue. In accordance with Title VI of the Communications Act, the twelve (12) month period applicable under the Franchise for the computation of the Franchise fee shall be a calendar year. Such payments shall be made no later than forty-five (45) days following the end of each calendar quarter. Specifically, payments shall be due and payable on or before May 15 (for the first quarter), August 15 (for the second quarter), November 15 (for the third quarter), and February 15 (for the fourth quarter). In the event that any Franchise Fee payment is not made on or before the applicable dates, then interest shall be added at the rate of six percent (6%) of the amount of Franchise Fee revenue due to the Township. No acceptance of any payment shall be construed as an accord that the amount paid is the correct amount. The Franchisee shall be allowed to submit or correct any payments that were incorrectly omitted, and shall credit 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. If the Township issues or renews any cable franchise(s) after the Effective Date that provide(s) for a lower percentage of a Franchise Fee, then the percentage of the Franchisee's Franchise Fee payments shall be immediately thereafter reduced to match such lower percentage over that same time period.

6.2 *Supporting Information:* Each Franchise Fee payment shall be accompanied by a brief report that provides line items for revenue sources and the amount of revenue received from each source and is verified by a financial manager of the 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 forty-eight (48) months from the date on which the applicable payment by the Franchisee is due.

6.4 Audits:

6.4.1 The Township may audit or conduct a Franchise Fee review of the Franchisee's books and records pertaining directly to the Franchisee's payment of Franchise Fees in the Township no more than once every three (3) years during the Term. Any audit shall be initiated through written notice to the Franchisee by the Township, and the Township or any auditor employed by the Township shall submit its complete request for records within sixty (60) days of the Township's notice; provided, however, that the parties shall work cooperatively on an ongoing basis during the audit review in the event the Township or its designated auditor identifies reasonable follow-up records requests to the extent necessary to complete the audit. Subject to the confidentiality provisions of Section 8.1, and execution of a non-disclosure agreement with the Township or an auditor employed by the Township, all records reasonably necessary for any such audit shall be made available by the Franchisee to the Township, in accordance with Section 8.1 hereof, at a designated office of the Franchisee or such other location in the eastern region of the Commonwealth of Pennsylvania mutually agreed upon by the parties.

6.4.2 The Franchisee shall provide the records reasonably necessary for the audit and requested by the Township in a timely manner. Any such audit conducted by the Township or auditor employed by the Township shall be completed in a timely manner. If upon completion of the audit, the Township does not make a claim for additional payments, then the Township shall provide the Franchisee with written documentation of closure of the audit. The Township's claim for additional Franchise Fee payments or its written notice of the audit closure shall be provided to the Franchisee within sixty (60) days from the date on which the audit is completed by the Township or its auditor in accordance subsection 6.4.1, above, or by such other date as is mutually agreed to by the parties.

6.4.3 Each party shall bear its own costs of an audit; provided, however, that if the results of any audit indicate that the Franchisee underpaid the Franchise Fees by five percent (5%) or more, then the Franchisee shall pay the reasonable, documented, out-of-pocket costs of the audit up to three thousand dollars (\$3,000).

6.4.4 If the results of an audit indicate an underpayment of franchise fees, the parties agree that such underpayment shall be remitted to the Township within forty-five (45) days; provided, however, that the Franchisee shall be required to remit underpayments to the Township together with interest at six percent (6%) of the amount correctly due from the date such underpayment would have been due.

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

6.5 *Bundled Services:* If Cable Services are provided to Subscribers in conjunction with Non-Cable Services, then the calculation of Gross Revenues shall be adjusted, if needed, to include only the value of the Cable Services billed to Subscribers, as reflected on the books and records of the Franchisee in accordance with FCC rules, regulations, standards, or

orders. Franchisee agrees that it will not intentionally or unlawfully allocate such revenue for the purpose of evading payments under this Franchise. The parties agree that tariffed Telecommunications Services that cannot be discounted by state or federal law or regulation are to be excluded from the bundled discount allocation basis.

7. **CUSTOMER SERVICE**

Customer Service Requirements are set forth in Exhibit B. Such Requirements may be amended by written consent of the parties.

8. **REPORTS AND RECORDS**

8.1 *Open Books and Records:* Upon thirty (30) days' written notice to the Franchisee, the Township shall have the right to inspect the Franchisee's books and records pertaining to this Agreement or the Franchisee's provision of Cable Service in the Township at any time during Franchisee's regular business hours as are reasonably necessary to ensure compliance with the terms of this Franchise. Such notice shall specifically reference the section or subsection of the Franchise that is under review, so that the Franchisee may organize the necessary books and records for appropriate access by the Township. The books and records to be made available for inspection by the Township shall be made available for inspection at a designated office of the Franchisee or such other location in the eastern region of the Commonwealth of Pennsylvania mutually agreed upon by the parties. The Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than forty-eight (48) months. Notwithstanding anything to the contrary set forth herein, the Franchisee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature, nor disclose any of its or an Affiliate's books and records not relating to this Agreement or to the provision of Cable Service in the Township. If the Franchisee claims any information to be proprietary or confidential, it shall identify the information and provide an explanation as to the reason it is claimed to be confidential or proprietary. The Township shall treat any information disclosed by the Franchisee as confidential so long as it is permitted to do so under applicable law, and shall only disclose it to employees, representatives, and agents thereof that have a need to know, or in order to enforce the provisions hereof. The Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. § 551.

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

8.2.1 Records of all Complaints for a period of forty-eight (48) months after receipt by the Franchisee. Complaints recorded will not be limited to complaints requiring an employee service call;

8.2.2 Records of Significant Outages (as defined in the Customer Service Standards attached as Exhibit B) for a period of forty-eight (48) months after occurrence, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

8.2.3 Records of service calls for repair and maintenance for a period of forty-eight (48) months after resolution by the 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; and

8.2.4 Records of installation/reconnection and requests for service extension for a period of forty-eight (48) months after the request was fulfilled by the Franchisee, indicating the date of request, date of acknowledgment, and the date and time service was extended.

9. INSURANCE AND INDEMNIFICATION

9.1 *Insurance:*

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

9.1.1.1 Commercial General Liability Insurance in the amount of three million dollars (\$3,000,000) per occurrence for property damage and bodily injury. Such insurance shall cover the construction, operation, and maintenance of the Cable System, and the conduct of the Franchisee's Cable Service business in the Township.

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

9.1.1.3 Workers' Compensation Insurance meeting all legal requirements of the Commonwealth of Pennsylvania and Employers' Liability Insurance in the following amounts: (A) Bodily Injury by Accident: one hundred thousand dollars (\$100,000); and (B) Bodily Injury by Disease: one hundred thousand dollars (\$100,000) employee limit; five hundred thousand dollars (\$500,000) disease policy limit.

9.1.2 The Township shall be included as an additional insured as its interest may appear under this Franchise on Commercial General Liability and Automobile Liability insurance policies.

9.1.3 Upon receipt of notice of cancellation from its insurer, the Franchisee shall provide the Township with thirty (30) days' prior written notice of such cancellation.

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

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

9.2 *Indemnification:*

9.2.1 The Franchisee agrees to indemnify, save and hold harmless, and defend the Township, its elected and appointed officials, officers, agents, boards, and employees, from and against any and all claims for injury, loss, liability, cost or expense arising in whole or in part from, incident to, or connected with any act or omission of the Franchisee, its officers, agents, or employees, including the acts or omissions of any contractor or subcontractor of the Franchisee, arising out of the construction, operation, upgrade, or maintenance of its Cable System. The obligation to indemnify, save, hold harmless and defend the Township shall include the obligation to pay judgments, injuries, liabilities, damages, penalties, expert fees, court costs and Franchisee's own attorney's fees. The Township shall give the Franchisee timely written notice of the Township's request for indemnification within (a) thirty (30) days of receipt of a claim or action pursuant to this subsection or (b) ten (10) days following service of legal process on the Township or its designated agent of any action related to this subsection. The Township agrees that it will take all necessary action to avoid a default judgment. Notwithstanding the foregoing, the Franchisee shall not indemnify the Township for any damages, liability, or claims resulting from, and Township shall be responsible for, Township's own acts of willful misconduct, the Township's breach of obligation under the Franchise, or negligence of the Township, or its elected and appointed officials, officers, agents, boards, and employees.

9.2.2 With respect to the Franchisee's indemnity obligations set forth in subsection 9.2.1, the Franchisee shall provide the defense of any claims brought against the Township by selecting counsel of the Franchisee's choice to defend the claim, subject to the consent of the Township, which shall not unreasonably be withheld. Nothing herein shall be deemed to prevent the Township 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 Township, the Franchisee shall have the right to defend, settle, or compromise any claim or action arising hereunder, and the 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 include the release of the Township, and the Township does not consent to the terms of any such settlement or compromise, the Franchisee shall not settle the claim or action, but its obligation to indemnify the Township shall in no event exceed the amount of such settlement.

10. TRANSFER OF FRANCHISE

Transfer: Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, and applicable federal regulations, no Transfer of the Franchise shall occur without the prior consent of the Township, provided that such consent shall not be unreasonably conditioned or withheld. 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 1.33 above.

11. **RENEWAL OF FRANCHISE**

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

12. **ENFORCEMENT AND TERMINATION OF FRANCHISE**

12.1 *Notice of Non-Compliance:* If at any time the Township believes that the Franchisee has not complied with the terms of the Franchise, the Township shall informally discuss the matter with the Franchisee. If these discussions do not lead to resolution of the problem in a reasonable time, the Township shall then notify the Franchisee in writing of the exact nature of the alleged noncompliance (for purposes of this Article, the "Noncompliance Notice"). If the Township does not notify the Franchisee of any alleged noncompliance, it shall not operate as a waiver of any rights of the Township hereunder or pursuant to applicable law.

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

12.3 *Liquidated Damages:* After the time period set forth in Sections 12.1-12.2 above, in the event that the Township finds that an alleged noncompliance continues to exist and that the Franchisee has not corrected the same in a satisfactory manner or has not diligently commenced correction of such violation, the Franchisee agrees that the Township may recover liquidated damages from the Franchisee in the amounts set forth below following the notice and opportunity to cure provisions set forth in Sections 12.1-12.2 above; provided, however, that if the Franchisee disputes the assessment of any liquidated damages hereunder, the Franchisee may request and the Township agrees to schedule a public hearing with regard to such dispute. Following the notice and opportunity to cure periods in Sections 12.1-12.2 above, the Township shall provide the Franchisee with written notice that it intends to elect the liquidated damage remedies set forth herein. If the Township elects to recover liquidated damages for any item set forth in this Section 12.3 (including customer service violations), the Township agrees that such recovery shall be its exclusive remedy for the time period in which liquidated damages are assessed; provided, however, once the Township has ceased to assess its liquidated damages remedy as set forth in Section 12.3.2, it may pursue other available remedies.

12.3.1 Pursuant to Section 12.2, the following monetary damages shall apply:

For failure to provide Cable Service as set forth
in Sections 3.1-3.3.....\$150/day for each day the violation
continues;

TOWNSHIP OF CALN

For failure to maintain the FCC technical standards as set forth in Section 4.....	\$150/day for each day the violation continues;
For failure to provide EG Services to the community specified in Section 5.1.....	\$150/day for each day the violation continues;
For failure to comply with Franchise Fee audit requirements as set forth in Section 6.4.....	\$150/day for each day the violation continues;
For failure to provide the Township with any reports or records required by the Agreement within the time period required.....	\$150/day for each day the violation continues;
For failure to meet customer service requirements with regard to Sections 2, 3, and 4 of the Customer Service Standards set forth in Exhibit B	\$450 for each quarter in which such standards were not met;
For failure to carry the insurance specified in Section 10.1.1.....	\$150/day for each day the violation continues; and
For a Transfer specified in Section 11 without required approval.....	\$150/day for each day the violation continues.

12.3.2 The amount of all liquidated damages per annum shall not exceed fifteen thousand dollars (\$15,000) in the aggregate. All similar violations or failures from the same factual events affecting multiple subscribers shall be assessed as a single violation, and a violation or a failure may only be assessed under any one of the above-referenced categories. Violations or failures shall not be deemed to have occurred or commenced until they are not cured as provided in Section 12.

12.3.3 Except as otherwise provided herein, any liquidated damages assessed pursuant to this section shall not be a limitation upon any other provisions of this Franchise and applicable law, including revocation.

12.4 *Additional Enforcement Measures:* Subject to applicable federal, state and local law, in the event the Township determines that the Franchisee is in default of any provision of this Franchise, the Township may:

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

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

12.5 *Revocation:* Should the Township seek to revoke this Agreement, and the Township chooses not to impose liquidated damages or ceases to impose liquidated damages, the TOWNSHIP OF CALN

Township shall give written notice to the Franchisee of such intent. The notice shall set forth the specific nature of the noncompliance. The Franchisee shall have sixty (60) days from receipt of such notice to object in writing and to state its reasons for such objection. In the event the Township has not received a satisfactory response from the Franchisee, it may then seek termination of this Agreement at a public hearing. The Township shall cause to be served upon the Franchisee, at least thirty (30) days prior to such public hearing, a written notice specifying the time and place of such hearing.

12.5.1 At any designated public hearing at which the Township has informed the Franchisee that revocation is a possible consequence in accordance with the written notice requirements, the Franchisee shall be provided a fair opportunity for full participation, including the rights to be represented by legal counsel, to introduce relevant evidence, and to require the production of evidence. A complete verbatim record and transcript shall be made of such hearing at the Franchisee's sole cost and expense.

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

13. MISCELLANEOUS PROVISIONS

13.1 *Actions of Parties:* In any action by the Township or the Franchisee that is mandated or permitted under the terms hereof, such party shall act in a reasonable, expeditious, and timely manner.

13.2 *Binding Acceptance:* This Agreement shall bind and benefit the parties hereto and their respective receivers, trustees, successors, and assigns.

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

13.3.1 *Good Faith Error:* The parties hereby agree that it is not the Township's intention to subject the Franchisee to penalties, fines, forfeitures, or revocation of the

Franchise for violations of the Agreement where the violation was a good faith error that resulted in no or minimal negative impact on Subscribers.

13.4 *Delivery of Payments*: The Franchisee may use electronic funds transfer to make any payments to the Township required under this Agreement.

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

13.5.1 Notices to the Franchisee shall be mailed to:

President
Verizon Pennsylvania LLC
900 Race Street, 6th Floor
Philadelphia, PA 19107

With a copy to:

Verizon Legal Department
140 West Street, 6th Floor
New York NY 10007
Attention: Monica Azare, Vice President and Deputy
General Counsel

13.5.2 Notices to the Township shall be mailed to:

Caln Township
253 Municipal Drive
Thorndale, PA 19372
Attention: Township Secretary

With a copy to:

Cohen Law Group
413 S. Main Street
Pittsburgh, PA 15215

13.6 *Entire Agreement*: This Franchise and the Exhibits hereto constitute the entire agreement between the Franchisee and the Township and supersedes all prior or contemporaneous agreements, representations, or understanding (whether written or oral) of the parties regarding the subject matter hereof. Any lawful ordinances or parts of ordinances related to the provision of Cable Services over the Cable System in the Township that conflict with the provisions of this Agreement are superseded by this Agreement.

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

TOWNSHIP OF CALN

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

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

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

13.11 *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 the Franchisee from providing Cable Services, shall the Franchisee or its assignees be required to sell any right, title, interest, use, or control of any portion of the Franchisee's FTTP Network including, without limitation, the Cable System and any capacity used for Cable Service or otherwise, to the Township or any third party. The 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 the Franchisee from providing Cable Services. This provision is not intended to contravene leased access requirements under Title VI or EG requirements set out in this Agreement.

13.12 *Publishing Information:* The Township hereby requests that the Franchisee omit publishing information specified in 47 C.F.R. § 76.952 from Subscriber bills.

13.13 *Parental Control:* The Franchisee shall comply with all applicable requirements of federal law(s) governing Subscribers' capability to control the reception of any channels being received on their television sets.

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

13.15 If the Township exercises its reasonable, necessary, and lawful police power rights and such exercise results in a material alteration of the terms and conditions of this Agreement that makes it commercially impracticable for Franchisee to continue the provision of Cable Services in the Township, then the parties shall modify this Agreement to the mutual satisfaction of both parties to ameliorate the negative effects of the Township's exercise of its police power rights on the Franchisee. Any modification to this Agreement shall be in writing and signed by both parties. If the parties cannot reach agreement on how to ameliorate the negative effects of the Township's exercise of its police power rights, then the parties agree to submit the

matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

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

13.17 *Counterparts:* This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and the parties may become a party hereto by executing a counterpart hereof. This Agreement and any counterpart so executed shall be deemed to be one and the same instrument. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.

[SIGNATURE PAGE FOLLOWS]

TOWNSHIP OF CALN

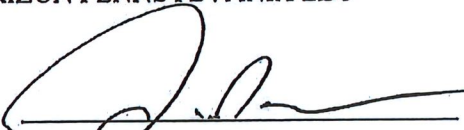
By: 

Print: Paul Mullin

Title: President, Caln Township Board of Commissioners

Date: July 10, 2021

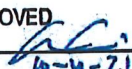
VERIZON PENNSYLVANIA LLC

By: 

Print: Robert P. Sullivan

Title: President, Verizon Pennsylvania LLC

Date: 10 / 13 / 2021

FORM APPROVED
Attorney 
Date 10-14-21

EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Customer Service Standards

EXHIBIT A

PUBLIC BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

Municipal Building
253 Municipal Drive
Thorndale, PA 19372

Police Station
253 Municipal Drive
Thorndale, PA 19372

Township Garage
253 Municipal Drive
Thorndale, PA 19372

Sewer Building
(off New Jersey Avenue near Kings Highway)
Caln, PA 19320

Parks Building
(off New Jersey Avenue near Kings Highway)
Caln, PA 19320

Thorndale Fire Co.
3611 E Lincoln Highway
Thorndale, PA 19372

Griffith Homestead
3400 Kings Highway
Caln, PA 19320

EXHIBIT B

CUSTOMER SERVICE STANDARDS

These standards shall apply to the Franchisee to the extent it is providing Cable Services over the Cable System in the Township.

SECTION 1: DEFINITIONS

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

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

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

D. Standard Installation: Installations where the Subscriber is within two hundred (200) feet of trunk or feeder lines.

SECTION 2: OFFICE HOURS AND TELEPHONE AVAILABILITY

A. The Franchisee shall maintain a toll-free number to receive all calls and inquiries from Subscribers in the Township and/or residents regarding Cable Service. The Franchisee representatives trained and qualified to answer questions related to Cable Service in the Service Area must respond to customer telephone inquiries during Normal Business the Franchisee's regular business hours. The Franchisee representatives shall identify themselves by name when answering this number. After Normal Business Hours, the toll-free number may be answered by an Automated Response Unit ("ARU") or a Voice Response Unit ("VRU"), including an answering machine. Inquiries received after Normal Business Hours shall be responded to by a trained company representative on the next business day.

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

C. The Franchisee may, at any time, use an ARU or a VRU to distribute calls. If a foreign language routing option is provided, and the Subscriber does not enter an option, the menu will default to the first tier menu of English options.

After the first tier menu (not including a foreign language rollout) has run through three (3) times, if customers do not select any option, the ARU or VRU will forward the call to a queue for a live representative. The Franchisee may reasonably substitute this requirement with another method of handling calls from customers who do not have touch-tone telephones.

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

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

F. At the Franchisee's option, the measurements above may be changed from calendar quarters to billing or accounting quarters. The Franchisee shall notify the Township of such a change at least thirty (30) days in advance of any implementation. The Franchisee shall not be required to acquire equipment or perform surveys to measure compliance with the telephone answering standards above unless a historical record of complaints indicates a clear failure to comply.

SECTION 3: INSTALLATIONS AND SERVICE APPOINTMENTS

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

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

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

C. The Franchisee will offer Subscribers "appointment window" alternatives for arrival to perform installations, Service Calls, and other activities of a maximum four (4) hour scheduled time block during Normal Business Hours. At the Franchisee's discretion, the Franchisee may offer Subscribers appointment arrival times other than these four (4) hour time blocks, if agreeable to the Subscriber. These hour restrictions do not apply to weekends. The Franchisee may not cancel an appointment with a Subscriber after the close of business on the business day prior to the scheduled appointment. If a technician is running late for an appointment with a Subscriber and will not be able to keep the appointment as scheduled, the Subscriber will be contacted. The appointment will be rescheduled, as necessary, at a time which is convenient for the Subscriber.

SECTION 4: SERVICE INTERRUPTIONS AND OUTAGES

A. The Franchisee shall exercise commercially reasonable efforts to limit any Significant Outage for the purpose of maintaining, repairing, or constructing the Cable System. Except in an emergency or other situation necessitating a more expedited or alternative notification procedure, the Franchisee may schedule a Significant Outage for a period of more than four (4) hours during any twenty-four (24) hour period only after the Township and each affected Subscriber in the Service Area have been given fifteen (15) days' prior notice of the proposed Significant Outage. Notwithstanding the foregoing, the Franchisee may perform modifications, repairs, and upgrades to the Cable System between 12:01 a.m. and 6:00 a.m. which may interrupt service.

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

(1) Within twenty-four (24) hours, including weekends, of receiving Subscriber calls respecting Service Interruptions in the Service Area and shall diligently pursue to completion.

(2) The Franchisee must begin actions to correct all other Cable Service problems the next business day after notification by the Subscriber or the Township of a Cable Service problem and shall diligently pursue to completion.

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

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

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

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

G. Under Normal Operating Conditions, if a Significant Outage affects all Video Programming Cable Services for more than twenty-four (24) consecutive hours, the Franchisee shall issue an automatic credit to the affected Subscribers in the amount equal to their monthly

recurring charges for the proportionate time the Cable Service was out, or a credit to the affected Subscribers in the amount equal to the charge for the basic plus enhanced basic level of service for the proportionate time the Cable Service was out, whichever is technically feasible or, if both are technically feasible, as determined by the Franchisee provided such determination is non-discriminatory. Such credit shall be reflected on a subsequent Subscriber billing statement.

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

J. The Franchisee may provide all notices identified in this Section electronically or on-screen.

SECTION 5: CUSTOMER COMPLAINTS

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

SECTION 6: BILLING

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

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

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

(1) The Subscriber pays all undisputed charges;

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

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

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

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

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

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

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

SECTION 7: RATES, FEES, AND CHARGES

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

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

SECTION 8: DISCONNECTION /DENIAL OF SERVICE

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

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

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

information or refusal to allow the Franchisee to validate the identity, credit history, and credit worthiness via an external credit agency.

SECTION 9: COMMUNICATIONS WITH SUBSCRIBERS

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

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

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

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

(2) A separate electronic notification;

(3) A separate on-screen notification; or

(4) Any other reasonable written means.

D. The Franchisee shall provide reasonable notice to Subscribers of any pricing changes or additional changes (excluding sales discounts, new products, or offers) and, subject to the foregoing, any changes in Cable Services, including channel line-ups. Such notice must be given to Subscribers and the Township a minimum of thirty (30) days in advance of such changes if within the control of the Franchisee, and the Franchisee shall provide a copy of the notice to the Township including how and where the notice was given to Subscribers.

E. The Franchisee shall provide information to all Subscribers about each of the following items at the time of installation of Cable Services, annually to all Subscribers, at any time upon request, and, subject to Subsection 9.D., at least thirty (30) days prior to making significant changes in the information required by this Section if within the control of the Franchisee:

(1) Products and Cable Services offered;

(2) Prices and options for Cable Services and condition of subscription to Cable Services. Prices shall include those for Cable Service options, equipment rentals, program guides,

installation, downgrades, late fees, and other fees charged by the Franchisee related to Cable Service;

(3) Installation and maintenance policies including, when applicable, information regarding the Subscriber's in-home wiring rights during the period Cable Service is being provided;

(4) Channel positions of Cable Services offered on the Cable System;

(5) Complaint procedures, including the name, address, and telephone number of the Township, but with a notice advising the Subscriber to initially contact the Franchisee about all complaints and questions;

(6) Procedures for requesting Cable Service credit;

(7) The availability of a parental control device;

(8) Franchisee practices and procedures for protecting against invasion of privacy; and

(9) The address and telephone number of the Franchisee's office to which complaints may be reported.

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

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

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

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

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

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