

**FRANCHISE AGREEMENT
BETWEEN
THE TOWN OF FAIRFIELD, MAINE
AND
STATE CABLE TV CORPORATION**

This Agreement dated September 17, 1996, by and between the INHABITANTS OF THE TOWN OF FAIRFIELD, Somerset County, Maine, through its Town Council (hereinafter called the "Town"), and STATE CABLE TV CORPORATION, a Delaware corporation with a place of business in Augusta, Maine (hereinafter called the "Corporation");

WHEREAS, the Town through its municipal officers has enacted an ordinance pursuant to 30-A M.R.S.A. §3008 providing for the procedures, terms and conditions for granting cable television franchises, in order to adequately protect the needs and interests of the Town; and

WHEREAS, after opportunity for public comment and public hearing, the Town Council have determined and finds that it would serve the public interest to grant a franchise to the Corporation, and the Corporation voluntarily agrees to accept a franchise under the conditions and terms herein.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereby agree as follows:

1. GRANT OF AUTHORITY. The Town hereby grants to the Corporation the nonexclusive right and privilege to construct, erect, operate and maintain, within the territorial limits of the Town, in, upon, along, across, above, over and under the public ways, streets, and public places now laid out or dedicated at all extensions thereof, and additions thereto, poles, wires, cables, optical fiber, underground conduits, manholes, and other television and radio conductors and fixtures necessary for the maintenance and operation of a cable system for the interception, sale and distribution of audio, video, digital, and other forms of electronic and electric signals, subject to the terms contained herein.

2. DURATION OF FRANCHISE. The term of this franchise shall be for a period of ten (10) years commencing on the date of execution of this Agreement. The municipal officers may consent to an extension of five (5) additional years.

3. DEFINITIONS. For the purposes of this franchise, the following terms, phrases, words, abbreviations and their derivations shall have the meanings given herein. The word "shall" is always mandatory and not merely directory.

a. "Access" or "Access Cablecasting". Cablecasting on the cable system's access channels for the following purposes: (i) shared use by Town with other municipalities for governmental purposes; and (ii) shared carriage of non-commercial educational programs by local and other area public and non-profit primary and secondary schools.

b. "Basic Service". The minimum service transmitted to all subscribers, and currently referred to by Corporation as "Limited Basic Service," which includes, at a minimum, (1) all non-satellite delivered signals of domestic television broadcast stations provided to any subscriber, (2) any public educational and governmental programming required by the franchise to be carried on the basic tier, and (3) any additional video programming signals added to the basic tier by the cable operator.

c. "Cable Act". The Communications Act of 1934, as amended by the Cable Communications Policy Act of 1984; the Cable Consumer Protection and Competition Act of 1992, the Telecommunications Act of 1996 and as further amended from time to time.

d. "Cable Programming Service". Any video programming provided over a cable system, regardless of service tier, including installation or rental of equipment used for the receipt of such video programming, other than (1) video programming carried on the basic service tier, (2) video programming offered on a pay-per-channel or pay-per-program basis, or (3) a combination of multiple channels or pay-per-channel or pay-per-program video programming offered on a multiplexed or time-shifted basis so long as the combined service: (i) consists of commonly-identified video programming; and (ii) is not bundled with any regulated tier of service.

e. "Cable System". 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 (as defined in the Cable Act) which includes video programming and which is provided to multiple subscribers within the franchise area.

f. "Converter". A special tuner attached to the subscriber's television set which permits the subscriber to receive all television broadcast and all cablecast transmissions on the cable system upon payment of the applicable charges.

g. "Corporation". State Cable TV Corporation.

h. "FCC". The Federal Communications Commission.

i. "Feeder Cable". The cable, connected to trunk cable, from which cable television signal service is distributed to subscribers, as distinguished from trunk cable (which distributes cable television service throughout the franchise area) and drop cable.

j. "Headend". The electronic center through which broadcast and cablecast signals are electronically translated or modified for distribution over the cable system.

k. "Pay Cable". Optional additional program services, provided to subscribers at a monthly charge in addition to the charge for basic service.

l. "Person". Any person, firm, partnership, association, corporation, company or other entity of any kind.

m. "Street". Streets, roadways, highways, freeways, avenues, lanes, alleys, courts, places, squares, curbs, sidewalks, rights-of-way and other dedicated public ways within the franchise area, including those hereafter dedicated to public use when such dedication occurs.

n. "Subscriber". Any person lawfully receiving service from the cable system.

o. "Town". Town of Fairfield.

p. "Two-way Capability". The ability to transmit audio, video and digital signals upstream and downstream between the subscriber's location and the headend or sub-headend on the cable system.

q. Terms Defined by FCC. Any term defined in FCC rules and/or regulations as of the effective date of this franchise, but not included in the foregoing definitions, shall be incorporated herein by reference as if set forth in full, and shall be defined as appears in such rules and/or regulations.

4. SERVICE TO SUBSCRIBERS.

a. Commencement of Service. Corporation shall furnish cable service, as herein provided, to all locations in the Town, as requested by the owner or occupant at each location, within the time limits specific below.

b. Time of Installation. Service to any subscriber served by a standard aerial drop or existing underground drop requiring a basic connection shall be performed not later than seven (7) working days after service is requested; service to any subscriber requiring a standard underground drop shall commence by not later than sixty (60) days after service is requested unless additional time is required by severe weather or other circumstances outside of Corporation's control; subject, in either case, to 26(f) below. Corporation shall exert every reasonable effort to commence service to a subscriber served by a non-standard drop as expeditiously as possible. A standard drop, for which the subscriber shall be charged Corporation's standard installation fee, is a drop running not more than three hundred feet from feeder cable to the subscriber's structure; provided, that any installation which requires Corporation to cross a street underground shall be considered a non-standard installation; and provided further, that the installation of an underground drop at the customer's request, where an aerial drop is available and an underground drop is not otherwise required, shall be considered a non-standard installation.

5. EXTENSION POLICY. Construction shall be as set forth in the following paragraphs.

a. Corporation shall make service available in areas where there is a dwelling unit and/or potential subscriber (collectively called "units") "minimum density," measured from the then-nearest point on the cable system, prorated for areas less than one mile in length. "Minimum density" shall mean 15 units per mile. The Corporation shall make service available to unserved areas within one year of the date the area meets "minimum density." (SEE ATTACHMENT A) - Attachment A to show completion schedule for the 6.5 miles of the town roads not now wired.

b. Corporation shall also make service available in areas with less than minimum density ("low density extension areas") if each person requesting service in such low density extension area agrees to reimburse Corporation for the "subscriber's share" of the cost to Corporation (out-of-pocket costs and expenses, including reasonable overhead and taps, but not including drops; called "construction cost") of extending the cable system to such low density extension area. The "subscriber's share" shall be that amount which equals (i) the amount determined by dividing such construction cost by the number of subscribers per mile requesting service in such low density construction area ("the actual unit extension cost"), minus (ii) the amount determined by dividing such construction cost by its units per mile ("the nominal unit extension cost"). During the three year period following completion of construction in any low density area pursuant hereto, as new subscribers are added in that area, they shall pay a special installation charge equal to one-half of the fee paid by the original subscribers, which shall be refunded to the original subscribers, until either the initial charge to the original subscribers is reduced to one-half of the initial amount or until the three year period has elapsed, whichever occurs first. All subscribers added after the end of such three year period shall only be charged in accordance with Corporation's standard installation charges. As used herein "completion of construction" means the time at which cable television service is available throughout any area in which construction is required hereunder, on a regular daily basis, without the addition of any trunk or feeder cable to the cable system.

c. In addition, Corporation shall construct one (1) mile per year as described on Exhibit A.

d. Service to subscribers to be served pursuant to 5(b) shall commence within twelve months.

6. PERFORMANCE STANDARDS.

a. Technical Standards. Subject to 26(f) below, all signals carried on the cable system shall be transmitted to subscribers without material degradation and with a quality no less than that prescribed by rules of any Federal or State regulatory agencies having jurisdiction. Anything contained in this franchise to the contrary notwithstanding, the technical specifications, operation and performance of the system shall, at minimum, conform at all times to the specifications established by any Federal or State regulatory agencies having jurisdiction thereof.

b. Performance Testing. At such time as the performance monitoring and testing, conducted pursuant to requirements of any Federal or State regulatory agencies having jurisdiction, provides evidence that the cable system transmissions do not meet the prescribed standards, the performance monitoring and testing shall be repeated for all segments of the cable system which do not meet such prescribed standards, upon completion of the necessary repair or adjustment, and a report of the second test submitted to Town; provided, that Corporation shall not be required to furnish any such reports with respect to technical problems discovered in the course of Corporation's routine maintenance testing, except as may be specifically requested by Town in each instance. Corporation shall have available accurately calibrated test equipment on hand at all times for testing of all services and operational standards outlined in this franchise.

7. **TECHNICAL REQUIREMENTS.**

a. Existing System Capacity to Continue. It is agreed that the Corporation shall provide, subject to Subsections 7(b), 7(c), and 8(d), below, at least the channel capacity actually being provided as of the effective date of this Franchise Agreement, and shall be in accordance with the FCC's technical standards.

b. System Modernization and Timetable. On or before June 30, 1998, Corporation shall have completed a modernization and upgrading of the cable system servicing the Town as more fully provided in Subsections 7(c) and 7(d) below.

c. System Upgrade to 550 MHZ. Modernization of the cable system shall result in a system that shall pass frequencies of at least 550 megahertz (MHZ) cable bandwidth and 80 channels of television programming. It is understood that the modernization of the cable system shall be designed, spaced, and constructed for system operation to 550 MHZ meeting all National Cable Television Association (NCTA) recommendations at full channel loading. The cable system shall use a hybrid fiber optic/coaxial trunk and coaxial feeder/distribution network or other distribution technologies of comparable or superior efficiency and quality.

d. Plans and Specifications Required. Not less than thirty (30) days prior to the date on which the Corporation intends to commence work on the system upgrade, Corporation shall present for the Town's review and approval detailed plans and specifications for the system upgrade. The modernized system shall be activated for delivery to subscribers not later than the date established in subsection 7(b) above.

e. Switching. The headend shall have the capability of accepting programming on the upstream channels of the cable system and simultaneously transmitting such programming on the downstream channels of the cable system.

f. Subscriber Network. The upgraded cable system, upon completion of reconstruction and rebuilding, shall carry outbound from the central distribution point a capacity of at least eighty (80) channels of television, at least sixty percent (60%) of which shall be initially activated and programmed, and the capability to transmit entire cable FM band of frequencies (88 MHZ to 108 MHZ) downstream to each subscriber. Nothing in the foregoing shall be construed to require carriage of particular services, including FM stations. The subscriber network shall be fully internally connected by fiber optic and coaxial cables (or a comparable distribution technology) so as to be contiguous on a hardwire basis within the Town. The subscriber system shall be designed for two-way capability so as to permit the future implementation of bi-directional signal carriage without requiring modifications to its design.

g. Two-Way Capability. The cable system resulting from the system upgrade shall have the capability throughout the entire system to transmit video, voice and/or data services in two directions simultaneously with the addition of return modules. Two-way services for subscribers shall be instituted when (i) it is consistent with Federal and State laws, and (ii) it is economically and technically feasible. It is understood that existing and proposed specific upstream uses for the local

government and educational channels will be continued or actuated in accordance with this Agreement.

h. Power Supplies. The Corporation shall maintain alterative power sources (battery back-up) so that all distribution amplifiers and each fiber optic node may be maintained at full power for at least two (2) hours beyond the time when normal power sources serving the cable system have ceased. Standby power shall also be available for all headend, tower and HVAC systems and equipment for a minimum of twenty-four (24) hours.

i. Signal Ingress Protection. The Corporation shall take all steps necessary to eliminate interference visible to subscribers, which interference is caused by, among other things, signal ingress at the Corporation's headend, trunk and distribution system or other facilities from either natural sources or from equipment of licensees of the FCC operating in compliance with its authorization. This provision shall be deemed satisfied through compliance with FCC cable television technical standards.

j. Home Subscriber Terminal Equipment - Addressable, User Friendly, Pay-Per-View Capability. The Corporation shall offer some form of addressable technology that is "user friendly" at the completion of the modernization of the system described in Subsection 7© above. Said equipment and cable system shall be designed to minimize subscriber confusion in their attempts to utilize cable-ready television sets, VCR's, cable system converters and remote control units. Subscriber terminal equipment shall permit the Corporation to change the level of service instantaneously at the subscriber request and to order single events such as first run movies, sporting events, etc.

k. Parental Control Option. The Corporation shall provide a parental control option to subscribers requesting the capability of removing objectionable video and audio programming from the cable services. The availability of this option shall be publicized at least annually by the Corporation through the use of a notice mailed to all subscribers.

l. Stereo Availability F/M Audio. The system shall offer and make available stereo audio as part of at least ten (10) satellite-received services delivered to subscribers, provided that those signals are available for reception as stereo audio signals at the Corporation's headend.

m. Advanced Telecommunication Services. Upon completion of the system modernization and upgrade, the cable system shall be designed, operated and maintained to provide state-of-the-art telecommunication services and protocols which, by example, may in the future include digital video compression technology, High Definition Television (HDTV), Personal Communication Networks (PCN), interactive video, data and audio information services ("alterative access") and Integrated Services Digital Networks (ISDN). Nothing herein shall be deemed to require Corporation to offer any of the foregoing services.

n. New Technology.

(1) Town shall have the right ("option"), effective at any time after the end of the third year of the term hereof, to require Corporation to provide technological improvements

necessary to give the cable system the capability of offering services then being offered by at least 30% of American cable systems comparable in size (number of subscribers in Fairfield and other municipalities served by Corporation; plus or minus 50%) to the Corporation's cable system.

(2) In order for Town to exercise the foregoing option, the following requirements must be met:

(a) Town must first conduct a public hearing to consider the technological improvements which are the subject of the option, on at least sixty (60) days' notice to Corporation, and all interested parties, including Corporation, are given an opportunity to be heard.

(b) Such technological improvements are technically and economically feasible. Economically feasible shall mean that Corporation will have reasonable prospects of earning a reasonable return on its net investment in the cable system after installation of equipment necessary for the provision of such technological improvements,

(c) Town may exercise any of its options by giving Corporation at least nine months' notice thereof, such notice to be given not later than six months after the date of the above-required hearing held to consider exercise of such option.

8. CONSTRUCTION.

a. Design. Subject to the standards of any Federal and State regulatory agencies having jurisdiction and subject to the system's capability of providing the services and facilities prescribed herein, the technical design of the cable system shall be at the option of Corporation. The system shall in any event be designed and built for technical quality in conformance with the current state-of-the-art in the cable television industry, for comparably sized systems in comparable markets, its being understood that this provision is not intended to require Corporation to provide technical capability greater than what is herein elsewhere specified, nor to provide equipment which is not generally available to the cable television industry.

b. Compliance with Regulations. All work, including all working conditions and facilities, associated with the construction, operation, maintenance and repair of the cable system shall comply with:

- (1) All applicable Federal and State laws, rules and regulations; and
- (2) All applicable laws, codes, ordinances, rules and regulations of Town.

c. Town Rights. Town reserves the right to inspect all construction and installation work for compliance with applicable laws, codes, ordinances and regulations and with provisions of the franchise, and may order corrections of any violations.

d. General Construction Requirements. In the construction, reconstruction, maintenance and repair of the cable system, Corporation shall utilize materials of good and durable quality and

shall perform or cause to be performed, all work so associated with the system in a safe, thorough and reliable manner.

e. Construction Schedule. Notwithstanding any other provision of this franchise, construction of the cable system in areas designated in Schedule A shall be completed within the time periods set forth in Section 5. At Corporation's option, extension of the cable system to serve any other area in response to any request for service need not extend beyond what is necessary to serve the location for which service is requested.

f. Location of Physical Facilities. Within sixty (60) days after the effective date of this Franchise Agreement, Corporation, upon request of Town, shall provide Town with street maps of the Town clearly showing the location of all trunk and feeder runs (indicating underground, where applicable), tower, headend, sub-headends and related facilities. Revised and corrected maps shall be submitted to Town, if necessary, on request of Town, on or before December 30 of each calendar year. Any new poles, trunk cable and feeder cable, and other fixtures installed by the Corporation after the date of execution of this Franchise Agreement will be placed at locations approved by the Town.

g. Location of Construction. All lines, cables and distribution structures, and equipment, including poles and towers, erected by Corporation within the franchise area shall be located so as not to obstruct or interfere with the proper use of streets and to cause minimum interference with the rights of property owners who abut any of the said streets, and not to interfere with existing public utility installations. Corporation shall have no vested right in any location, and such construction shall be removed by Corporation at its own cost and expense whenever the same restricts or obstructs or interferes with the operation or location or any future operation or location of said streets.

h. Use of Public Ways. The right to use and occupy the streets, public ways and public places shall not be exclusive, and Town reserves the right to grant similar or other uses of the said streets, public ways and public places to any persons at any time during the term of the franchise. Any such use shall be granted on terms no more favorable nor less burdensome than those imposed upon the Company.

i. Conflict With Public Works. The rights and privileges granted hereby shall not be in preference or hindrance to the right of Town, or other governmental agency, improvement district or other authority having jurisdiction, to perform or carry on any public works or public improvement. Should the Corporation's cable system in any way interfere with the construction, maintenance or repair of such public works or improvements, Corporation shall, at its own expense, protect or relocate its system or part thereof, as directed by Town or other authority having jurisdiction.

j. Public Way Hazards. Any openings or obstructions in streets or other municipal or public property made by Corporation shall be guarded and protected at all times by the placement of adequate barriers, fences, boardings or other protective devices at the sole expense of Corporation. During the periods of dusk and darkness, the protective devices shall be clearly designated by warning lights. In the event the Town Manager determines that the Corporation's operations at a site

upon, or adjacent to, a public way causes a hazard to vehicular traffic, the Corporation, upon request of the Town Manager, shall provide special police officers or other qualified personnel to direct traffic at the site.

k. Cable Location. Insofar as practicable, the distribution system (trunk and feeder cable) shall run along public rights-of-way.

(1) Where the cable or wire facilities of the public utilities are installed underground, Corporation shall install its cable distribution system underground. Vaults and pedestals shall be suitably landscaped, such landscaping to be subject to the approval of the owner or tenant in possession, which approval shall not unreasonably be withheld.

(2) In all areas where public utility lines are aerially placed, if subsequently during the term of the franchise such utility lines are relocated underground, Corporation shall similarly relocate its cable distribution system at its sole expense.

(3) Wherever possible, the distribution system shall use the existing facilities of the public utilities. Poles shall not be installed for the sole purpose of supporting a portion of the distribution system without written justification and approval of Town, which approval shall not be unreasonably withheld, pursuant to Town's law, ordinances, rules and regulations.

l. Grade or Location Changes. If at any time during the term of this franchise Town shall elect to alter, or change the grade or location of any street, or shall engage in any construction or other public works in, on or under the streets, Corporation shall, upon reasonable notice by Town, remove and relocate its poles, wires, cables, conduits, manholes and other fixtures ("fixtures") at its own expense, and in each instance comply with the Town's standards and specifications.

m. No Interference. Corporation shall not place fixtures above or below ground where the same will interfere with any gas, electricity, telephone fixtures, water hydrants, or other utility use, and all such fixtures placed in or upon any street shall be so placed as to comply with all requirements of Town or other applicable authority, and fully comply with local regulations, including the zoning codes.

n. Temporary Relocation. Corporation shall, on request of any person holding a permit issued by Town or other appropriate authority, temporarily move its fixtures to permit the moving of buildings or other objects, with the expense of any such temporary removal to be paid in advance by the person requesting same, and Corporation shall be given not less than seven (7) days' advance notice to arrange for such temporary relocation.

o. Tree Trimming. Corporation shall have the authority to trim any trees upon and overhanging Town's streets or public easements to prevent the branches of such trees from coming in contact with the wires and cables of Corporation, except that at Town's option, such trimming may be done by it, or under its supervision and direction, at the expense and cost of Corporation; provided, that except for incidental trimming done by Corporation employees in the course of performing their other duties, any tree trimming done by Corporation shall be subject, in all respects, to Town's prior approval.

p. Drops. In areas where the cable distribution is located underground, drop connections to the subscriber's structure shall be underground; in other areas the drop connections shall be aerial unless the subscriber requests underground installation and elects to pay the cost thereof.

(1) Insofar as practicable, Corporation shall adhere to the subscriber's desire with regard to point of entry of the drop connection into the structure.

(2) Within the subscriber's structure, drop or cable runs shall be made as unobtrusively as possible.

(3) Each drop shall be grounded at the subscriber's structure, or, at Corporation's option, at the water utility service point for the subscriber's structure or at such other location as may be specified in the National Electrical Safety Code.

q. Subscriber Antennae. Notwithstanding a required disconnection of subscribers' existing antennae and downleads to receivers connected to the cable system, Corporation shall not remove such antennae and downleads. Corporation shall furnish to each subscriber so requesting a switch permitting the subscriber to change from cable reception to home antenna reception, and back, at the option of the subscriber. Corporation may require that the antenna connected to any such switch be grounded. Nothing in this Agreement shall prohibit a resident of the Town from installing and operating an earth receiving station in compliance with the Cable Act and the rules and regulations of the FCC.

r. Restoration of Damage. Corporation, at its sole expense, shall restore all damage to property, both public and private, caused by the construction, operation, maintenance or repair of the cable system.

(1) Such restoration shall be made as soon as practicable after completion of work necessitating the restoration, and shall be done in a manner approved by the owner or tenant in possession.

(2) In no event shall such restoration be made later than ten (10) days, weather permitting, after Corporation's receipt of notification from the owner of the property so damaged unless otherwise mutually agreed by Corporation and the property owner; provided, that if any such damage involves (i) curbs, sidewalks or driveways, the damage shall be repaired to the satisfaction of Town (curbs and sidewalks) or the owner or tenant in possession of the property (driveways) within five (5) days; or (ii) streets, water-mains, storm or sanitary sewers, or other public facilities, such damage shall be repaired to the Town's satisfaction within 48 hours.

9. MAINTENANCE AND REPAIR.

a. Maintenance Policy. Corporation shall promulgate and adhere to a preventive maintenance policy directed toward maximizing the reliability (mean-time-between malfunctions) and maintainability (mean-time-to-repair) of the cable system with respect to its delivery of service to subscribers at or above the performance standard set forth herein. Whenever it is necessary to interrupt service for the purpose of making repairs, adjustments, installations or other maintenance

activities, Corporation shall do so at such time as will cause the least inconvenience to subscribers. Except in an emergency, and except for insignificant interruptions of five minutes or less which may occur during the course of normal maintenance, service is to be interrupted only between the hours of midnight and 6:00 a.m.

b. Repair. Corporation shall maintain a repair department comprising qualified technicians, service vehicles and equipment to provide prompt and efficient repair service within the parameters set forth below.

c. Notice. Except in an emergency, Corporation shall give subscribers at least 24 hours' notice of any interruption of service for purposes of maintenance or repair. In an emergency, Corporation shall give such notice as is reasonable in the circumstances. Notice given on the alphanumeric channels on basic service shall be considered sufficient.

d. Repair Procedure. Corporation shall have a toll free or local listed telephone so operated that requests for repairs or adjustments can be received at any time, twenty-four (24) hours per day, seven (7) days per week. A recording device or answering service may be used during non-business hours. Under normal operating circumstances, Corporation responses to such requests shall occur on the same day for requests received before 12:00 noon, but in no event shall such responses occur later than the next business day after Corporation's receipt of such a request; provided, the response time for service complaints other than complaints of no or unusable service shall be computed excluding Sundays and holidays. Corporation shall respond within four hours to any area outage which occurs between the hours of 7:00 a.m. and 10:00 p.m. of any day, and by not later than the following 11:00 a.m. to any area outage which occurs between 10:00 p.m. and 7:00 a.m. If Corporation responds to a service complaint as herein required and the subscriber is not satisfied that the problem giving rise to the original complaint has been resolved, the subscriber shall notify Corporation thereof within 48 hours of the repair visit by Corporation personnel, and Corporation shall have an additional period of 24 hours within which to correct the problem. If such second complaint is made to Town instead of Corporation, Corporation shall have a period of 24 hours after receipt of oral or written notice from Town within which to make the correction.

e. Receivers Excluded. The requirements for maintenance and repair shall not apply to subscriber television or radio receivers or other subscriber-owned equipment.

f. Rebate for Service Loss. For every loss of service in excess of 6 continuous hours, Corporation shall grant a pro rata rebate of the regular monthly charge to each subscriber so affected. The credit shall be pro-rated by multiplying the applicable monthly service rate by a fraction whose numerator equals the number of hours of the outage and whose denominator equals the number of hours in the month of the outage. In no case shall the refund be less than 6 hours' credit. For purposes of this paragraph, loss of basic service shall be considered a subscriber's receipt of less than two-thirds of the respective available channels, and loss of pay cable service shall be considered the loss of signal on any pay channel. Such rebate shall be made by Corporation following notification to Corporation by the subscriber, identifying the loss of service by channel description and date and time; provided, that Corporation may, if it so elects, make such rebate by way of a credit on the affected subscriber's next bill.

g. Records. Corporation shall maintain records of all written complaints regarding quality of service, equipment malfunctions, billing procedure, employee attitude and similar matters. Such records shall show the exact date and time of receipt of all such customer complaints, identifying the subscriber (by name, address and telephone number), the nature of the complaint and the exact time action was taken by Corporation in response thereto, together with a description of such action. Such records shall be available at Corporation's local office for at least two (2) years, for inspection by Town as it may from time to time request, during regular business hours and upon reasonable notice, subject to any restriction on the release of personally identifiable information under federal law or regulations.

10. SERVICES TO LOCAL GOVERNMENT AND EDUCATIONAL INSTITUTIONS.

a. One Downstream Access Channel Required on Subscriber Network. The Corporation shall upon completion of the eighty (80) channel system expansion and upon request of the Town, provide one (1) downstream access channel to be used by the Town on a shared basis with other municipalities for local governmental and educational purposes.

b. Usage.

(1) Subject to paragraph (3) below, the Town shall share use of the local governmental and educational channel with local public and non-profit primary and secondary schools. Such sharing shall be done on an equitable basis pursuant to such rules as the Town adopts, which rules shall be subject to the prior approval of the Corporation, which approval shall not be unreasonably withheld. The Corporation shall fully cooperate with the Town for access to the local governmental and educational channel and will meet the Town's program scheduling requirements.

(2) The local governmental and educational channel shall be included in the basic service and shall be used only for noncommercial purposes.

(3) Corporation may use the local governmental and educational access channel for any purpose during such periods as they are not being used for access purposes, provided that access use shall have priority at all times. During such periods as Corporation is using the Town's local access channel it shall not transmit "R" or "X" or other adult age-restricted movies on such channel. Corporation shall not, when using the Town's access channel, carry any commercial announcements within 15 minutes of any governmental or educational program carried on that access channel.

c. Upstream Channels. The cable system shall, upon ninety (90) days written notice by the Town to the Corporation, be capable of upstream channel origination from public buildings such as schools and municipal buildings, which may include Town Hall, the Library, Police and Fire Departments, or such other municipal, educational, and general interest locations as may be designated by the Town. The Town will designate up to three (3) such locations, one (1) of which shall be on line within one (1) year from the date of this agreement. The remaining two (2) locations will be on line within five (5) years from the date of this agreement.

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d. Standard Service Drops Required at Each Public Facility. A standard service drop shall be provided from the subscriber network to a point determined by the Town in each municipal or school building and shall include one outlet and one converter (if needed) at no monthly service charge for each connection or drop, and with additional outlets to be provided to any public facilities at the request of the Town Manager, at the Corporation's standard hourly installation costs.

e. Emergency Override. Franchisee shall provide a state-of-the-art emergency alert system for use by the Town in accordance with, and as specified by, FCC regulations. The Franchisee shall not be held responsible for any failure of the emergency alert system to operate during any emergency nor be held liable for Town's use of the emergency alert system. The Town agrees to indemnify and hold harmless the Franchisee from any and all actions, demands, claims, suits, damages, awards and costs arising out of the Town's use of the emergency alert system.

f. Grant to Town. The Corporation shall provide a grant to the Town of \$15,000 for video and/or data equipment payable in three installments during the franchise period. An initial payment of \$5,000 shall be made within ninety (90) days of the effective date of this Agreement. A second payment of \$5,000 shall be made five (5) years after said effective date. A third payment of \$5,000 shall be made ten (10) years after said effective date, if this contract is extended. The grant money provided by the Corporation to the Town shall be used to support and facilitate governmental and educational use of telecommunications technology by the Town and local schools.

11. RESERVED.

12. SUBSCRIBER RIGHTS.

a. Consumer Service Requirements and Standards. The Corporation shall immediately initiate and conform its customer service activities to be in compliance with FCC requirements adopted in March, 1993 and thereafter, in response to the Cable Television Consumer Protection and Competition Act of 1992. The Corporation, at minimum, shall comply with the following local requirements:

(1) Telephone. The Corporation office shall have a listed toll-free telephone and be capable of receiving complaints, request for adjustments and service calls as provided in Section 9(d) above.

(2) Office Access. The Corporation's office shall be open for business during regular business hours during the week. Additionally, the front counter may be open for at least four (4) hours on Saturdays as warranted by customer demand.

(3) Repair Response. The Corporation agrees to provide an immediate, or at least a same day, response to all "no picture" complaints that are received, regardless of the time of day or day of the week they are received. A next day or sooner response is the policy for all other service quality complaints.

(4) Installation Work Order Policies. Between the time a new customer is signed up for service and the time service is installed, the customer shall be afforded a right of rescission.

All new standard installations, reconnects, service upgrades or downgrades shall be done within seven (7) working days of the date the order is placed by the customer.

(5) Installation and Service Visit Schedules. Subscribers shall be given the schedule option of morning, afternoon or Saturday appointments.

(6) Rebates. Upon request, subscribers shall be compensated through the use of a pro-rata rebate or credit for cable service outages as provided in Section 9(f) above.

b. Complaint Procedure. The Corporation shall provide notice to subscribers as to subscribers' rights concerning quality of service in accordance with 30-A M.R.S.A. §3010, sub-§2, as enacted by Public Law Chapter 352 of 1989.

c. Records of Complaint. Recording of subscriber complaints shall be as follows:

(1) The corporation shall keep a record or log of all written complaints received regarding quality of service, equipment malfunctions, billing procedure, employee attitude and similar matters. These records shall be maintained for a period of two (2) years.

(2) The record shall contain the following information for each complaint:

(a) Date, time and nature of complaint;

(b) Name, address and telephone number of the person complaining;

(c) Investigation of the complaint;

(d) Manner and time of resolution of the complaint;

(e) If the complaint regards equipment malfunction or the quality of reception, a report indicating corrective steps taken, with the nature of the problem stated; and

(f) Consistent with subscriber privacy provisions contained in the Cable Act, the Corporation shall make aggregate information compiled from the logs of records of complaints available to any authorized agent of the Town upon request during normal business hours for on-site review.

d. Installation of Equipment. No cable, line, wire, amplifier, converter or other piece of equipment owned or controlled by Corporation shall be installed on private property by Corporation without first securing the permission of the owner or tenant in possession of such property or, if required by law, the written permission of the holder of any easement for utility lines or similar purposes.

e. Identification. Corporation shall ensure that all of its vehicles, employees, and the employees of any of its agents and contractors who enter upon private property are clearly identified to the general public as being associated with Corporation.

f. Non-Discrimination. Corporation shall not deny service or access, or otherwise discriminate against subscribers, programmers or other residents in violation of the Constitution of either the United States or the State of Maine, or in violation of any rule, regulation, statute, or ordinance of Town, the State of Maine or the United States. Nothing herein shall be deemed to require Corporation to offer cable service in any area which it is not otherwise required to serve hereunder.

g. Protection of Privacy.

(1) Corporation shall maintain due vigilance with regard to possible abuses of the right of privacy of any subscriber, programmer or resident resulting from any device or signal associated with the cable system, and shall take all reasonable steps necessary to prevent and terminate any such abuses should they occur.

(2) Corporation shall not permit the transmission of any signal, aural, visual or digital, including "polling" the channel selection, from any subscriber's premises, unless requested by the subscriber, without first obtaining the written consent of the subscriber; provided however, that Corporation may engage in monitoring or polling of channel selection if performed in a way that data is available to Corporation on an aggregate basis and Corporation is not able to identify individual subscribers. (This provision is not intended to prohibit the use of transmission signals useful only for the control or measurement of signal performance.) Corporation shall not permit the installation of any special terminal equipment in any subscriber's premises of two-way services utilizing any type of signal, unless requested by the subscriber, without first obtaining written permission from the subscriber. This provision is not intended to restrict installation or use of interactive television service made available by Corporation and requested by subscribers.

(3) Monitoring. Neither Corporation nor any of its officers, employees or agents shall tap, monitor or arrange for the tapping or monitoring of any subscriber drop, outlet or receiver for any purpose whatsoever other than legitimate technical testing, monitoring for theft of service or monitoring of subscriber service status, without the prior written consent of all affected parties.

(4) Subscriber Lists or Information. Corporation shall not sell, disclose, or otherwise make available, or permit the use of, lists of the names or addresses of its subscribers, or any list or other information which identifies by name or address, subscribers or subscriber viewing habits, to any person or agency for any purpose whatsoever without the consent of the subscriber; provided, that Corporation may make such lists available to persons performing services for Corporation in connection with its operations hereunder (e.g., a billing service) where the availability of such lists is necessary to the performance of such services; on condition, in either case, that the persons receiving such lists will not permit them to be made available to any other party; and provided further that Corporation may release subscriber viewing habit information presented on an aggregate basis and in a fashion that does not permit the identification of individual subscribers.

13. SUBSCRIBER RATES AND CHARGES.

a. Regulation. Town shall have the right, as provided by Maine law and the Cable Act and FCC regulations, as the same may be amended, to regulate charges to subscribers, including

charges for basic service and equipment used by subscribers to receive basic service, and may require that all such charges, and any changes therein, be subject to Town approval. Corporation shall have such right to increase charges to subscribers as may be provided in the Cable Act.

b. Rate or Service Discriminations; Special Classifications. Corporation shall not subject any person to any prejudice or disadvantage, preference or advantage in connection with rates, charges, service facilities, rules or regulations. Nothing herein shall prohibit the establishment of a graduated scale of rates for classified schedules to which any subscriber within such classification shall be entitled.

c. Rate Changes. Corporation shall give Town and each subscriber at least thirty (30) days' notice of any change in subscriber rates, and at Town's request, exercised by Town giving Corporation at least seven (7) days' notice thereof, shall attend, and respond to questions, at any public hearing held by Town to consider the rate increase. If the Town elects to regulate rates for cable services and equipment, the foregoing provisions on notice and public hearing shall be superseded by any applicable provisions of the Cable Act, FCC regulations, Maine law and any local ordinance.

d. Programming Changes. The Corporation shall give the Town and each subscriber at least thirty (30) days notice of any change, including additions and deletion, in the programming carried on the cable television system, as well as any re-tiering of such programming. The Corporation agrees to maintain throughout the term of this Franchise Agreement programming on the basic service tier and cable programming services tier of substantially equivalent mix, quality and quantity. The Corporation shall periodically poll its subscribers as to programming preferences, and shall respond to the results of such polling to the greatest extent reasonable, in making changes in programming. Upon notifying the Town of a proposed change in programming, the Corporation will, at the request of the Town, with at least seven (7) days notice, attend a public hearing on the proposed programming change to hear comments and concerns of the Town and subscribers.

14. BILLING PRACTICES, INFORMATION AND PROCEDURES.

a. Notice of Policies. Corporation shall annually set forth in writing and provide to the Town and all subscribers, complete information with respect to billing and collection procedures, procedures for ordering changes in or termination of services, refund and credit policies, and shall provide the same information to prospective subscribers upon solicitation of service and prior to the consummation of any agreement for installation of service. Such information shall be provided to subscribers in easy-to-understand language.

b. Billing Procedures. Billing procedures shall be as follows:

(1) Corporation shall bill all subscribers to its cable system in a uniform, non-discriminatory manner, regardless of subscriber's level of service. All subscribers shall be given the option to be billed in advance for services on an annual or semi-annual basis but in no case shall any subscriber be required to pay for services in excess of thirty (30) days prior to receipt of such service. There shall be a minimum of ten (10) days from date of the postmark on billing statements, to the payment due date.

(2) Corporation agrees that as of the effective date of this Agreement it will not make a monthly charge for Basic Service provided to multiple cable outlets (in the same living unit) over and above the one initial outlet provided a subscriber upon receipt of cable service. Any such charge for programming services above the Basic Service level provided to additional outlets shall be limited to the programmer-imposed incremental costs, in accordance with FCC regulations. The additional initial installation cost of multiple cable outlets shall be paid at the time the cost of initial installation charges are assessed.

(3) Corporation further agrees that it will not itemize copyright fees on the subscriber's bill but will include such fees as part of the cost of doing business, and like other expenses, such costs shall be included as part of the rates charged to subscribers or other users of the cable system.

(4) Corporation shall provide all subscribers with an itemized bill or statement of account that contains, at a minimum, the following information:

(a) A list of each service or package received for that billing period showing individual charges for the "Basic Service" tier, satellite tier, each pay-per-view usage, each pay TV channel and each remote control or other devices, etc.;

(b) The period of time over which said services are billed;

(c) The total charges due for the billing period, separate from any previous balance due;

(d) A specific date by which payment is required; and

(e) Specific information on complaint procedures that are available to subscribers.

c. Automatic Termination of Limited-Term Premium Channel Offerings. At the conclusion of any no cost or discounted premium channel promotional offering, Corporation shall not impose any charges for such unless the subscriber has affirmatively requested to retain and agreed to pay for such service.

d. Pro-Rated Service. In the event a subscriber's service is terminated, monthly charges for service shall be pro-rated on a daily basis and, where advance payment has been made a subscriber, the appropriate refund shall be made by Corporation to the subscriber.

e. Rebate for Service Loss. Rebates due subscribers as a result of loss of service, pursuant to 9(f) above, shall be made to the affected subscribers by Corporation either by direct payment or by appropriate credit entry on the next subsequent billing.

f. Disconnection for Non-Payment. Corporation shall have the right to disconnect a subscriber for failure to pay an overdue account; provided, that:

(1) Corporation billing practices and policy statement set forth the conditions under which an account will be considered overdue; and

(2) Corporation mails at least fifteen (15) days prior to the proposed disconnection written notice of intent to disconnect for delinquency in payment; and

(3) The subscriber's account is at least thirty (30) days delinquent at the time said notice is mailed.

15. REPRESENTATIONS AND WARRANTIES OF THE CORPORATION.

Corporation hereby warrants, represents, acknowledges and agrees that:

a. The Corporation is duly organized, validly existing, and in good standing under the laws of the State of Maine;

b. The Corporation has the requisite power and authority under applicable law and its bylaws and articles of incorporation or other organizational documents, is authorized by resolutions of its Board of Directors or other governing body, and has secured all consents which are required to be obtained as of the effective date of this Agreement, to enter into and legally bind the Corporation to this Agreement and to take all actions necessary to perform all of its obligations pursuant to this Agreement;

c. The Corporation, upon accepting this Franchise, does so relying upon its own investigation and understanding of the power and authority of the Town to grant the Franchise;

d. The Corporation has carefully read the terms and conditions of this Franchise and the Cable Ordinance and is willing to and does accept all of the risks of the meaning of such terms and conditions;

e. To the best of its knowledge, there is no action or proceeding pending or threatened against the Corporation which questions its performance under this Agreement;

f. Insofar as the legal capacity of the Corporation to carry out any obligation pursuant to this Agreement is concerned, the execution of, and performance pursuant to, this Agreement will not result in the breach or violation of any provision of the articles of incorporation or bylaws of the Corporation or of any statute, regulation, agreement, judgment, or decree to which it is subject;

g. None of the officers, directors, general partners, or managers of the Corporation has any ownership interests that would be a violation of Section 613 of the Communications Act of 1934, 47 U.S.C. 553, and amendments thereto; and

h. The Corporation enters into this Franchise Agreement willingly and without coercion, undue influence, or duress, has not misrepresented or omitted material facts, has not entered into this Agreement with the intent to act contrary to their provisions, and represents and warrants that, so

long as it operates the cable system, it will be bound by the terms and conditions of this Agreement and the Cable Ordinance.

16. COVENANTS OF CORPORATION.

a. The Corporation accepts and agrees to all of the provisions of the Cable Ordinance and the obligation imposed upon it thereby, to the same degree and extent as if each and every such provision were repeated herein, and irrespective of whether any such provision be so repeated.

b. Cable service shall be extended and provided at standard rates and charges, upon the request of any would-be subscriber, in accordance with the line extension policy provided herein. The Corporation shall also maintain universal coverage of the Town's residential units meeting said line extension policy, making service available upon demand at the time of first occupancy for all new residential structures.

c. The Corporation agrees to use its best efforts, at its own expense, actively and diligently to conduct the prosecution of all applications to the FCC or other governmental regulatory bodies necessary to permit continuation and extension of its operations in accordance with this Franchise Agreement and the Cable Ordinance.

d. The Corporation agrees that it shall at all times during the term of this Franchise by subject to all lawful exercise of the police power of the Town and to the absolute right of the Town to maintain control over its streets and public ways.

e. Corporation shall not hire, or refuse to hire or employ, nor bar or discharge from employment nor discriminate for or against any person in compensation or in terms, conditions or privileges of employment because of race, color, sex, physical or mental disability, religion, age, ancestry, or national origin. In carrying out the construction, operation, maintenance, service and repair of the cable system, Corporation shall not refuse to hire or employ nor bar or discharge from employment, nor discriminate against any person in compensation or in terms, conditions or privileges of employment in violation of any Federal or State statute or the Constitution of either the United States or the State of Maine.

17. OWNERSHIP AND CONTROL OF CABLE SYSTEM.

a. Corporation Ownership. Corporation shall at all times during the term of the franchise have rights to utilize all essential facilities and property, real and personal, of the cable system. Nothing herein shall be construed to prevent Corporation from entering into a lease of or for such property.

b. Information Required. At any time after the grant of the franchise, Corporation shall upon request by the Town immediately file with Town an affidavit (i) listing all directors, officers, stockholders, and other principals (collectively called "principals") who directly or indirectly own, operate, control or have an interest in Corporation; (ii) stating the exact relationship between Corporation and the principals and any other person who could affect, directly or indirectly, Corporation's performance hereunder, including number and class of shares owned by each

shareholder; (iii) listing all creditors of the Corporation holding evidence of debt in any amount over \$100,000, and whether such debt is secured by assets of the Corporation; and identifying all assets of the Corporation within the Town that are subject to a mortgage, security, interest, or other lien, and the persons holding such liens. Such affidavit shall be updated upon request by Town not more often than once each year, or upon any change in information last submitted.

c. Other Reports. In addition to the reports herein elsewhere required, Town shall have the right to require the submission of such other reports as it deems necessary to review Corporation compliance with the terms of the franchise.

d. Change of Control.

(1) Thirty (30) days' prior notice to Town and prior written approval by Town of continuation of the franchise shall be required for any transfer which changes effective majority control of Corporation, or in which direct or indirect ownership or control of fifty percent (50%) or more of the right of control of Corporation or a Parent is acquired by one or more persons who, upon the effective date of the franchise, did not already control or own fifty percent (50%) or more of such right of control, singularly or collectively, or when ownership or control of fifty percent (50%) or more of the right of control of Corporation is sold by any person. Town shall not unreasonably withhold its approval of any change of control.

(2) If, in Town's opinion, information furnished to it in connection with a request for approval of a transfer pursuant to this paragraph is not sufficient to enable Town to make a fully informed decision with respect thereto, it may request such additional information concerning the proposed transfer and transferee as Town may determine, such request to be made within thirty (30) days after receipt by Town of notice of such proposed transfer. All such requested information shall be furnished to Town within thirty (30) days after receipt by Corporation of such a request from Town. Notwithstanding any other provision of this franchise, specifically including 26(f) below, Town shall be under no obligation to act on any request for approval of any such transfer unless and until it receives all of the information requested.

(3) If Town fails to act on a request for approval of a transfer (i.e., approve or disapprove) within thirty (30) days of receipt by it of a request for such approval, such request shall be deemed approved unless Town requests additional information as provided in (b) above, in which latter case such request for approval of a transfer shall be deemed approved only if Town fails to act on the request within thirty (30) days after receipt of all of the information requested.

e. Foreclosure. Upon the foreclosure, other judicial sale or reversion of all or a substantial part of the cable system, Corporation shall notify Town of such fact within five (5) days of its occurrence, and such notification shall be treated as a notification that a change in ownership of the cable system has taken place.

f. Receivership. In the event of the appointment of a receiver or trustee, or debtor in possession, to take over and conduct the business of Corporation, or a Parent, whether in receivership, reorganization, bankruptcy, or other action or proceeding, Corporation shall notify Town of such fact within five (5) days of its occurrence, and such notification shall be treated as a

notification that a change in control of Corporation has taken place, and the provisions of 17(c) hereof governing Town approval of such change shall apply. The term "bankruptcy" as used herein shall include an assignment for the benefit of creditors and a petition for rearrangement or other similar procedure.

18. INSURANCE.

a. Corporation Insurance. Corporation shall maintain during the full term of the franchise such insurance as will protect it and Town from any claims which may arise directly or indirectly or result from its acceptance of the franchise or Town's activities under this franchise, whether such activities are performed by Corporation, or by any one for whose acts Corporation may be liable, including, but not limited to the following:

(1) Worker's Compensation and any other legally required employee benefits, shall be supplied in statutory amounts;

(2) Property insurance, all risk, replacement costs basis, on all Corporation assets;

(3) General Liability insurance shall be supplied the following amount: combined single limit for bodily injury, personal injury, death or property damage in the amount of \$3,000,000 per occurrence and Corporation's liability insurance shall be endorsed to include the full indemnity specified in 18(b) below, except that part of the indemnity which covers claims arising out of the award of the franchise and processes leading thereto, and except that part of the indemnity which covers "any suit or claim for royalties, license fees, or infringement of copyright or patent rights."

b. Indemnification. Corporation hereby indemnities and holds Town, its councilors, officers, agents, employees, members of boards and commissions and any other parties to the franchise or connected with its award, with respect to the installation, operation and maintenance of the cable system, harmless from and against all expenses, losses and claims, demands, payments, suits, actions, recoveries, and judgments of any nature and description resulting from claims arising out of the award of this franchise, or the procedures leading thereto, any act or omission of Corporation, its agents or employees, in the construction, operation, maintenance, repair or service of its cable system in the Franchise area, or of any failure to comply with any law, ordinance, or regulations, or by reason of any suit or claim for royalties, license fees, or infringement of copyright or patent rights arising from Corporation's performance under this franchise. In the event of the commencement of any action against Town, or its officers, agents or employees, which is within the scope of this indemnification, Town will give notice thereof to Corporation within fifteen (15) business days after Town is formally served in any such action, and Corporation will have the right to select and furnish counsel for the defense of any such action, at no cost or expense to Town. Corporation shall have the absolute right to settle any such action or claim without the approval of Town. Town will cooperate with Corporation as reasonably required for the defense of any such action.

c. Named Insured. The liability insurance policy shall bear the name of both Corporation and Town as named insureds.

d. Cancellation Notice. All such Corporation insurance policies and certificates of insurance shall stipulate that the coverages afforded by the policies will not be canceled, modified or not renewed until at least thirty (30) days' prior notice has been given to Town.

e. Evidence of Insurance. By not later than thirty (30) days after the franchise is granted to Corporation, and thereafter throughout the duration of the franchise, Corporation shall furnish to Town current certificates of insurance, which shall include the indemnity set forth in 18(b) above. Failure to furnish and maintain said insurance shall constitute a violation of a material provision within the meaning of 22 below.

f. Approval. All insurance coverage shall be with a company authorized to do business in the State of Maine.

g. Changes in Limits. Town shall have the right, effective at the end of the fifth year of the term hereof, and, if the term is extended pursuant to the Cable Ordinance, effective at the end of the tenth year, to require an increase in the amounts of insurance specified in 18(a); provided, that Town gives Corporation at least ninety (90) days' notice of any such increase and provided further that the increase bears some reasonable relation to increases in the cost of living since the grant of this franchise.

19. RECORDS AND REPORTS.

a. Maintenance and Access. Corporation shall at all times maintain complete and accurate books of account and records of its business and operations and all other records required by this franchise, shall allow Town to inspect and/or audit all gross annual receipts records upon not less than seven (7) working days' notice, and shall allow Town to inspect such other records as are required to be maintained. Town may inspect all of Corporation's accounting and financial records as to revenues in connection with any proposed extension or renewal of the franchise. Any audit by Town hereunder shall be at its expense unless such audit shall disclose an underpayment of more than three percent (3%) of the total franchise fees payable for the period of the audit, in which event Corporation shall reimburse Town for the expense of such audit. Town's right to examine Corporation's records shall be limited to records covering the two year period immediately preceding the date of any such examination, except examinations conducted in connection with franchise renewal proceedings, and provided, that if any such examination discloses a material discrepancy in information supplied to Town pursuant to any of the provisions of this franchise, Town may inspect such records without regard to such two year inspection restriction. Corporation shall keep financial information and records and make all financial reports therefrom, in accordance with generally accepted accounting principles and generally accepted auditing standards in the cable television industry.

b. Location. Any records not maintained at the Corporation's local business office shall be made available to Town at such location upon request affording reasonable notice therefor.

c. Financial Reports. At the request of the municipal officers or a designated municipal official, the Corporation shall file annually with the Town not later than three (3) months after the end of its fiscal year during which a franchise was accepted and within three (3) months after the end

of each subsequent fiscal year, two (2) copies of an operational report, including the following information, specific to the Town: number of homes passed, number of cable plant miles, number of subscribers for each type of cable service offered, penetration rates, and the gross revenue from each revenue source attributable to the operations of Corporation from within the Town. This report shall be certified as being correct by a responsible officer of the company and there shall be submitted along with them such other reasonable information as the Town shall request.

d. Examination. Upon reasonable notice to Corporation, Town shall have the right to examine any officer or management employee of Corporation or Corporation's parent as to the correctness, completeness or accuracy of any record or report required hereunder.

e. Quarterly Operational Status Reports. Corporation agrees upon request of the Town to provide quarterly reports of the following statistical information:

- (1) Number of repair service requests received in the past period.
- (2) Breakdown by type of complaint received (ex. "complete outage" or "snowy picture" etc.)
- (3) Breakdown by cause of problem (ex. "subscriber equipment" or "drop/converter" or "system" etc.).
- (4) Breakdown by time of response or resolution (ex. "within twenty-four (24) hours" or "same day" etc.).
- (5) Subscribers disconnected for each tier and for each premium service.
- (6) Telephone activity; time to answer, calls abandoned and percent of time busy.

f. Governmental Communications. Upon request by the Town, the Corporation agrees to provide to the Town Manager or designee copies of all pleadings, petitions, applications, communications, reports and documents of any kind submitted by the Corporation to the FCC or any other federal or state regulatory commissions, agencies, or courts having jurisdiction in respect to any matters directly affecting construction or operation, or regulation of Corporation's cable television system or services provided through such system within the Town. Copies of such responses, decisions, correspondence or any other communications from such entities to the Corporation relating to or affecting its cable television operation with the Town shall likewise, if requested by the Town, be filed immediately on receipt with the Town Manager or designee.

20. RESERVATION OF TOWN'S RIGHTS. It is explicitly understood that this Franchise Agreement may be amended in any manner necessary to comply with the franchise standards of the State of Maine and/or the requirements of federal law. The Franchise is subject to the right of the Town:

a. To revoke or cancel the Franchise for failure to comply with the provisions of this Franchise Agreement, the Cable Ordinance or any other local, state or federal laws, or FCC rules or regulations.

b. To require proper and adequate extension of plant and service and maintenance thereof at the highest practicable and commercially feasible standard of efficiency, and specifically to require extension of subscriber service to all existing structures in the Town meeting line extension policy requirements set out herein within ninety (90) days, third-party permit obtainment and weather permitting.

c. To prevent unlawful discrimination in service or rates.

d. To require continuous service to the public in accordance with the terms of the Franchise throughout the entire period thereof.

e. To impose such other regulations as may be determined by the Town to be conducive to the health, safety, and welfare of and service to the public and the Town.

f. To control and regulate the use of its public ways and public places. The Corporation shall pay such part of the costs of repair or maintenance of the public ways and public places as shall arise from its use thereof and shall protect, defend and hold the Town harmless from all damages arising from the Corporation's use. The Town shall not be responsible for any costs incurred by Corporation in removing or relocating its facilities to accommodate any improvement or maintenance of the public ways and public places.

g. To install and maintain at fair and reasonable rates to be negotiated by the parties its own equipment upon the Corporation's poles and conduits upon the condition that the Town's equipment shall not interfere with the operations of the Corporation.

h. To inspect, through its appropriately designated representatives, all construction or installation work performed subject to the provision of this Franchise Agreement and the Cable Ordinance and make such inspections as it shall find necessary to insure compliance with the terms of this Franchise Agreement, the Cable Ordinance and other pertinent provisions of law.

i. To require the Corporation upon the expiration of the term and non-renewal of the Franchise or upon its termination or cancellation as provided herein or in the Cable Ordinance, to remove at its own expense any and all visible portions of the system from the public ways within the Town as designated by the Town.

21. LIQUIDATED DAMAGES. The Corporation understands and agrees that failure to comply with any time and performance requirements as stipulated in this Franchise Agreement or the Cable Ordinance will result in damage to the Town, and that it is and will be impracticable to determine the actual amount of such damage in the event of delay or non-performance; therefore, the parties hereby agree to the liquidated damages specified below. If, after notice to the Corporation and opportunity for the Corporation to respond, the Town determines that this Agreement has been breached by the Corporation, the Town may assess liquidated damages as follows:

a. For failure to complete system construction or reconstruction in accordance with this Franchise Agreement, unless the Town Council by resolution specifically approves the delay; the Corporation shall pay five hundred dollars (\$500.00) per day for each day, or part thereof, the delinquency continues;

b. For failure to provide, upon written request, data, documents, reports or information; the Corporation shall pay fifty dollars (\$50.00) per day for each day, or part thereof, that each violation occurs or continues;

c. For failure to test, analyze and report on the performance of the system as required herein and in the Cable Ordinance; the Corporation shall pay one hundred dollars (\$100.00) per day for each day, or part thereof, that such non-compliance continues;

d. For failure to provide in a continuing manner the types of services set forth in this Franchise Agreement and the Cable Ordinance, unless the Town Council specifically approves a delay or change or the Corporation has obtained modification of its obligation; the Corporation shall pay five hundred dollars (\$500.00) per day for each day, or part thereof, that each noncompliance continues;

e. Thirty (30) days following adoption of a resolution by the Town Council determining a failure of the Corporation to comply with operation, maintenance or technical standards, the Corporation shall pay five hundred dollars (\$500.00) per day for each day, or part thereof, that such non-compliance continues; and

f. For breach of any consumer service standard, as set forth in Subsection 12(f) above, the Corporation shall pay one hundred dollars (\$100.00) per day for each day, or part thereof, that such non-compliance continues. A breach shall be interpreted to mean that the Town has evidence of repetitive failure to comply with the service standards.

All damages assessed by the Town shall be paid by the Corporation only if the violation remains unremedied thirty (30) days after the Corporation has received written notice from the Town detailing the nature of the violation and its intent to assess liquidated damages if the violation is not remedied within thirty (30) days. In the event that the Town successfully brings legal action against Corporation to complete performance of, or to recover for breach of any covenant, agreement or condition contained in this franchise, Corporation shall pay to the Town such reasonable attorney's fees as are fixed by the court.

22. REVOCATION, TERMINATION.

a. Cause for Revocation. In addition to all other rights and powers of Town by virtue of this franchise, Town may revoke the franchise and all rights and privileges of Corporation in the event that:

(1) The Corporation violates any material provision of this franchise or any lawful rule, order or determination of Town made pursuant hereto;

- (2) The Corporation practices any fraud or deceit upon Town; or
- (3) A petition is filed by or against the Corporation under the Bankruptcy Code or any other insolvency or creditor's rights law, state or federal, and the Corporation shall fail to have it dismissed.
- (4) A receiver, trustee or liquidator of the Corporation is applied for or appointed for all or part of its assets and the receiver, trustee or liquidator does not unconditionally agree to be bound by all terms and conditions of this franchise.
- (5) The Corporation fails to receive any FCC certification required for the continued operation of the cable system unless such cause is directly attributable to an action or condition imposed by the Town.

Upon the occurrences of any or all of these events, the Town may, after hearing, upon thirty (30) days written notice to the Corporation citing the reasons alleged to constitute cause for revocation, set a reasonable time of not less than thirty (30) days in which the Corporation must remedy the cause. If, during the cure period established, the cause shall be cured to the satisfaction of the Town, the Town may declare the notice to be null and void. If the Corporation fails to remedy the cause within the time specified, the Town may revoke the franchise. In any event, before the franchise may be terminated, the Corporation must be provided with an opportunity to be heard before the Town.

b. Option to Purchase. Upon termination or revocation of the term of the franchise, prior to expiration of its term, Town shall have the option to purchase the cable system at fair market value. If Town does not purchase the cable system upon termination or revocation, or upon expiration and non-renewal of the franchise, Town shall have the power to require Corporation to remove, at its own expense, all portions of the cable system from all public ways and places within the franchise area; provided, that Corporation may not be required to remove its cable system pursuant hereto earlier than two (2) years after the effective date of any such revocation, expiration and non-renewal or termination.

c. Town Purchase Price. If Town exercises its option under 22(b) to purchase the cable system, price shall be determined as provided in subsection (b), above.

d. Corporation Removal. If after expiration, termination or revocation (collectively "termination") of this franchise, Town exercises its option to require Corporation to remove this cable system, upon failure of Corporation to complete such removal within two (2) years of the effective date of such termination, Town may deem any property not removed to have been abandoned, and title thereto shall vest in Town, or Town may remove such property at Corporation's expense.

23. RESERVED.

24. REIMBURSEMENT OF EXPENSE. The Corporation shall pay to the Town all reasonable incidental costs which the Town may incur in connection with any transfer or renegotiation of this Agreement initiated by the Corporation, and any amendment of this Agreement

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required by law or initiated by the Corporation, or any other modification of this Agreement initiated by the Corporation, at such time and in such manner as the Corporation and the Town shall mutually determine.

25. FRANCHISE FEE. During the term of the Franchise, the Corporation shall pay the Town annually in accordance with the Cable Ordinance for the use of its public ways, public places, and other facilities as well as the maintenance, improvements, and supervision thereof, a franchise fee in an amount equal to three percent (3%) of its annual gross revenues for Limited Basic Service. The Town may at its option and pursuant to ordinances require the Corporation to collect from subscribers and annually pay to Town a fee in an amount up to five percent (5%) of gross revenues. The fee shall be paid on or before the 31st day of January following the calendar year on which the fee is based. The Corporation's obligation to collect the franchise fee pursuant to this section shall commence one year following receipt of written notice from the Town exercising its option to impose a franchise fee.

26. MISCELLANEOUS PROVISIONS.

a. Severability. All terms and conditions of the franchise are subject to the rules and regulations of the FCC. If any provision of this franchise is held by any court or Federal or State agency of competent jurisdiction to be invalid as conflicting with any Federal or State law, rule or regulation now or hereafter in effect, or is held by such court or agency to be modified in any way in order to conform to the requirements of any such law, rule or regulation, said provision shall be considered a separate, distinct and independent part of this franchise, and such holding shall not affect the validity and enforceability of all other provisions hereof. Notwithstanding the foregoing, if any part of this franchise is declared or found to be invalid by the FCC or any court of competent jurisdiction, such part shall, at the option of Corporation, be renegotiated. In the event that such law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed, so that the provision hereof which had been held invalid or modified is no longer in conflict with the laws, rules and regulations then in effect and shall thereafter be binding on the parties hereto.

b. Time is of the Essence. Time shall be deemed of the essence and any failure of the Corporation to perform within the time allotted, or within a reasonable time if a period is not specified, shall be sufficient grounds for the Town to invoke liquidated damages or revocation of this Franchise after Corporation is provided with reasonable notice and opportunity to cure.

c. Town Delegation. Town may delegate to any official, employee, agency, board or commission the authority to exercise any of Town's rights and authorities hereunder which may lawfully be so delegated.

d. Governing Law. This franchise shall be governed by, and be subject to, the Cable Act, and, to the extent not inconsistent therewith, all applicable FCC Rules and Regulations and the laws of the State of Maine. This Franchise Agreement is further subject to and shall be governed by all terms, conditions and provisions of the Cable Ordinance and any amendments thereto, in addition to the terms, conditions and provisions set forth herein. Corporation shall be subject to the jurisdiction of the courts of the State of Maine in any suit arising out of this franchise.

e. Proprietary Information. All reports filed pursuant to this Franchise are public records, except to the extent any proprietary information contained therein may be designated confidential by, or pursuant to, statute.

Prior to filing any report required to be filed with the Town, the Corporation may request the Town to permit that certain specified information not be disclosed in such report. The Town may agree to such request, provided that the Corporation certifies that:

(1) It believes in good faith that the specified information to be included in such report is proprietary and that its public disclosure would impair the Corporation's competitive advantage;

(2) The specified information has not been provided in any tangible format in a report or communication given to another municipality or public agency; and

(3) The Corporation agrees to permit the Town's designated officials, attorneys, accountants, or other agents to inspect and review all such information that would have otherwise appeared in the report.

f. Force Majeure. With respect to any provisions of this Franchise Agreement, the violation or non-compliance with which could result in the imposition of a financial penalty, forfeiture or other sanction upon the Corporation, such violation or non-compliance shall be excused where such violation or non-compliance is the result of Acts of God, war, civil disturbance, strike or other labor unrest, or similar events, the occurrence of which was not reasonably foreseeable by Corporation or is beyond its reasonable control.

g. Notices. Notices required to be sent to Town shall be in writing and shall be delivered by hand, or shall be sent by certified mail, return receipt requested, in either case to Town Manager, Town of Fairfield, 19 Lawrence Ave., P.O. Box 149, Fairfield, ME 04937, or such other address as may be designated by Town in writing. Notices required to be sent to Corporation shall be in writing and shall be delivered by hand, or shall be sent by certified mail, return receipt requested, to Corporation at its office at 261 State Street, Augusta, Maine 04330 or such other address as may be designated by the Corporation in writing filed with the Town Clerk.

h. Rights and Remedies Cumulative. The rights and remedies of the parties pursuant to this Agreement are cumulative, except as otherwise provided in this Agreement, and shall be in addition to and not in derogation of any other rights or remedies which the parties may have with respect to the subject matter of this Agreement. A waiver of any right or remedy by a party at one time shall not affect the exercise of said right or remedy or any other right or other remedy by such party at any other time.

i. Headings for Reference Only. The headings contained in this Agreement are to facilitate reference only, and do not form a part of the Ordinance or this Agreement, and shall not in any way affect the construction or interpretation hereof.

j. Failure of Town to Enforce Franchise, No Waiver of the Terms Thereof. The Corporation shall not be excused from complying in the future with any of the terms and conditions

of a Franchise or Cable Ordinance by any failure of the Town upon any one or more previous occasions to insist upon or to seek compliance with any such terms or conditions.

k. Amendment or Modification. This franchise shall not be amended or modified except by written agreement executed in the same manner as this franchise, except as provided in the Cable Ordinance.

l. General. The agreement expressed herein, in writing, constitutes the entire agreement between the parties and no oral statement shall add to or supersede any of its provisions.


m. Prior Agreements Superseded. This Agreement replaces and supersedes all previous agreements between Corporation and Town.

IN WITNESS WHEREOF, the parties hereto have executed this Franchise Agreement as of the day and year first written above.

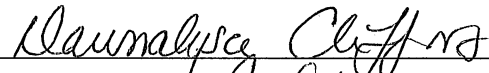
STATE CABLE TV CORPORATION

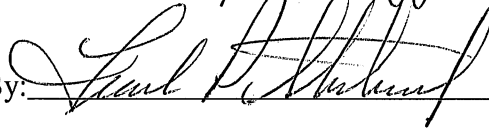
TOWN OF FAIRFIELD

By Resolve of its Town Council:


By: 
Michael J. Angelakis
Its President

By: 

By: 

By: 

By: 

By: 

(SEAL)

(SEAL)