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REC'D MAR 28 1994

TOWN OF PARIS

F R A N C H I S E

A G R E E M E N T

with

STATE CABLE TV CORP.

Effective as of:

~~January~~ _____, 1994

March 10

TOWN OF PARIS/STATE CABLE TV CORP.

FRANCHISE AGREEMENT

EFFECTIVE AS OF JANUARY _____, 1994

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FRANCHISE AGREEMENT

EFFECTIVE AS OF ~~JANUARY~~ ^{MARCH 10th} _____, 1994

THIS FRANCHISE, to be effective as of the Effective Date as defined herein, by and between the INHABITANTS OF THE TOWN OF PARIS, a body politic and corporate of Maine (hereinafter referred to as the "Town"), and STATE CABLE TV CORP., a corporation duly organized and existing under the laws of the State of Maine and having a place of business in Augusta, Maine (hereinafter referred to as the "Grantee").

WITNESSETH:

WHEREAS, the Town is authorized to grant one or more non-exclusive franchises to construct, reconstruct, operate, and maintain a Cable Television System within the Town for the benefit of the Town and all persons located therein; and

WHEREAS, the Town, after due evaluation, has determined that it is in the best interest of the Town and its residents to renew the Franchise of State Cable TV Corp.;

NOW THEREFORE, in consideration of their mutual covenants, promises and agreements contained herein, the Town and the Grantee agree as follows:

I

SHORT TITLE

This franchise shall be known and may be cited as the "State Cable TV Franchise" (also, "Franchise" or "Franchise Agreement").

II

DEFINITIONS

For the purpose of this Franchise Agreement, the following terms, phrases, words, abbreviations and their derivations shall have the meanings specified herein. When not inconsistent with the context, words in the singular number include words in the plural number. The word "shall" is always mandatory and not merely directory. Words not defined shall be given their common and ordinary meaning.

A. "Access Channel" shall mean a channel dedicated for public, educational, and governmental use by Towns.

B. "Additional Services" shall mean programming or services for which an additional charge is made beyond the charge for Basic Cable Services and any other service utilizing any facility or equipment of the Cable Television System operating pursuant to the Franchise.

C. "Area Outage" means the event in which cable or equipment is damaged, fails or otherwise malfunctions (collectively call "malfunctions") and six or more subscribers receiving service from that section of cable or that equipment receive unsatisfactory, unusable or no service as a result of that malfunction.

D. "Basic Cable Services" shall mean the services provided by the Grantee for the delivery of broadcast signals and Access Channels covered by the regular monthly charge paid by all subscribers.

E. "Broadcast" means over-the-air transmission by a radio or television station.

F. "Cable Act" means the Cable Communications Policy Act of 1984 and amendments thereto (codified at 47 U.S.C. § 521 et seq.) and the Cable Television Consumer Protection and Competition Act of 1992 and amendments thereto (codified at 47 U.S.C. § 521 et seq.).

G. "Cable Television System" shall mean "cable system" as set forth in the Cable Act and FCC's rules.

H. "Channel" shall mean a band width sufficient to carry either one standard video signal or an equivalent number of audio, digital or other non-video signals.

I. "Converter" shall mean an electronic device which converts signals to a frequency not susceptible to interference within the television receiver of a subscriber and any channel selector which permits a subscriber to view all signals delivered at designated converter dial locations at the set or by remote control.

J. "Drop" shall mean a connection from feeder cable to the subscriber/user television set, radio or other terminal.

K. "Downstream Transmissions" means signals traveling from the Headend to the subscriber's location.

L. "Effective Date" means the date on which this Franchise shall take effect (as provided in Part III(D)), and that date shall be the date stated above.

M. "Federal Communications Commission" means the present federal agency of that name as constituted by the Communications

Act of 1934, or any successor agency created by the United State Congress.

N. "Franchise Area" shall mean the entire corporate limits of the Town, including all territory thereafter annexed to the Town.

O. "Grantee" means State Cable TV Corp.

P. "Headend" means the electronic center through which broadcast and cablecast signals are electronically received, translated or modified for distribution over the Cable Television System.

Q. "Installation" shall mean the connection of the network from feeder cable to subscribers' terminals.

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

S. "Subscriber" means any person, firm, company, municipality, corporation or association receiving either Basic Cable Services or Additional Services from the Grantee under the schedule of charges filed with the Town.

T. "Subscriber Terminal" shall mean the Grantee's broadband telecommunications network's cable terminal to which the subscriber's equipment is connected. Separate terminals may be provided for delivery of television signals or FM broadcast.

U. "Upstream Transmissions" means signals traveling from subscribers or other originating points on the Cable Television System to a Headend or sub-Headend.

V. "Town" means the Town of Paris, its Municipal officers, agents and employees unless otherwise specifically designated; the area within the territorial Town limits, including all subsequent additions thereto.

W. "Towns" means the Town and the nearby Town of Norway, their Municipal officers, agents and employees unless otherwise specifically designated.

X. "Other Definitions" means any term defined in FCC rules and/or regulations, or by Federal law, as of the effective date of this Franchise, but not included in the foregoing definitions. Other 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.

III

AUTHORIZATION

A. Grant of Authority. Subject to all applicable local, state and federal laws, Town hereby grants to Grantee the non-exclusive right and privilege to construct, erect, operate and maintain in, upon, along, across, above, over and under the streets, public ways and public places now laid out or dedicated, and all extensions thereof, and additions thereto, poles, wires, cables, optical fibers, underground conduits, manholes and other television and radio conductors and fixtures necessary for the maintenance and operation of a Cable Television System. No privilege nor power of eminent domain is bestowed by this grant of authority. The area to be served shall be the Town territorial limits.

B. Term of Franchise. The Franchise granted hereby to the Grantee shall be for a period of ten (10) years from the effective date hereof.

C. Renewal. Grantee shall have the right to renew this franchise under the provisions of the Cable Communications Policy Act of 1984 and amendments thereto. The Town's reasonable attorneys' fees and costs incidental to negotiation and execution of a franchise renewal shall be paid in full by Grantee.

D. Effective Date/Effect on Existing Franchise. As of the Effective Date, all prior franchises granted to Grantee by the Town shall be superseded and have no further force and effect; provided, however, that any vested rights of either Grantee or Town relating to billings and the Town's rights to receive franchise fees shall not be affected thereby.

E. Right of the Town to Issue Franchise. Grantee acknowledges and accepts the legal right of the Town to issue this Franchise.

F. Franchise Non-Exclusive. This Franchise shall be non-exclusive and the Town reserves the right to grant at any time during the term of this Agreement or renewal thereof, if any, additional Franchises for a Cable Television System covering all or part of the Franchise Area on such terms as the Town deems appropriate.

In the event that a franchise is granted to another company with terms that the Grantee reasonably deems more favorable than those set out in this Franchise Agreement, Grantee may elect, by written notice to the Town given within ninety (90) days of the effective date of such other franchise agreement, to automatically modify the terms of Grantee's Franchise Agreement to include such provisions as are designated by Grantee;

provided, however, that this provision shall not apply to the following topics:

1. Renewal Options;
2. Public Access Channel;
3. Equipment to be provided by Grantee; and
4. Franchise Fee.

In the event that Grantee makes such election and gives such written notice, Town may elect, by written notice to Grantee given within ninety (90) days of the receipt of such written notice from Grantee, to have any other provisions of such other franchise agreement, including the entire agreement, apply to Grantee. Any notice from Grantee to Town under this subsection shall reproduce this subsection in full and cite the subsection and page number.

G. Use of Public Facilities. In consideration of the foregoing, there is hereby granted to the Grantee, its successors and assigns, the right to erect, maintain and operate said Cable Television System, and additions thereto, in, under, over, along, across, and upon the streets, lanes, avenues, sidewalks, alleys, bridges, and other public places in the Town so long as all such services are provided hereunder. This Franchise, however, shall not relieve the Grantee of any obligations involved in obtaining all permits of every sort that may be required, including but not limited to pole or conduit use agreements in the streets of the Town, or from obtaining easements from the Town for any new pole placements within public places in said Town. This right shall further be subject to Grantee's obligation to obtain all necessary consents, easements, etc. ("authorizations") from all appropriate persons for any private property used or affected by the Cable Television System, which authorizations can come from various public utilities allowing use of existing utility easements.

H. Approval of Selectmen. The Cable Television System, its poles, wire, and fixtures shall be placed only at such locations as may be approved in writing by the Selectmen of Town. The Grantee shall file with the Selectmen an application in writing for each line, showing in detail the location of same, and shall furnish with the application all such information as may be required by the Selectmen.

I. Police and Regulatory Powers Reserved. In executing this Franchise Agreement, Grantee acknowledges that its rights are subject to the powers of the Town to adopt and enforce general ordinances and regulations necessary to the safety and welfare of the public. Grantee shall comply with all applicable laws, ordinances and regulations now in effect or that may be enacted by the Town pursuant to any such power. Any conflict between the terms of this Franchise Agreement and any present or

future lawful exercise of such powers by the Town shall be resolved in favor of the latter.

IV

OWNERSHIP AND CONTROL

A. Ownership and Control of Franchise and Cable Television System. Except as otherwise provided herein, Grantee shall at all times during the term of the Franchise (i) be the full and complete owner, and have complete possessory rights to, the Franchise, and (ii) be the full and complete owner or lessee of, and have complete possessory rights to, all facilities and property, real and personal, of the Cable Television System. The Franchise created and granted hereby and/or all or any part of such facilities and property may be sold, leased, assigned, or otherwise transferred only with the prior written consent of the Town, which shall not be unreasonably withheld or delayed.

B. Ownership and Control of Grantee. Except as otherwise provided herein, the current owner(s) of the stock of Grantee shall at all times during the term of the Franchise be the full and complete owner(s) of, and have complete possessory rights to, all stock of Grantee. No sale, assignment, or other transfer of (a) control of Grantee, or (b) of more than forty nine percent (49%) cumulatively during the term of this Agreement may occur except with the prior written consent of the Town, which shall not be unreasonably withheld or delayed.

C. Transfers for Financing Purposes. Nothing in this Section shall be deemed to prohibit any assignment, pledge, lease, sublease, mortgage, or other transfer of all or any part of the Franchise, Cable Television System, stock of Grantee, or any right or interest therein, to any well established financial institution for financing purposes, provided that each such assignment, pledge, lease, sublease, mortgage, or other transfer shall be subject to the rights of the Town pursuant to this Agreement or applicable law. Notwithstanding any provisions to the contrary, the consent of the Town will not be required with respect to any transfer to, foreclosure by, or taking of possession by, any well established financial institution which is a secured creditor of the Company of all or any part of the System pursuant to the rights of said secured creditor under Article 9 of the Uniform Commercial Code, as in effect in the State of Maine, provided, however, that both (i) any assignment of any such right by such secured creditor, and (ii) any sale, lease, assignment, or other transfer of the Franchise, all or any portion of the Cable Television System, or stock of Grantee can be made only with the prior written consent of the Town if such assignment, sale, lease, or other transfer would have required the prior written consent of the Town under subsections A and/or

B, above, if made by Grantee or the person(s) owning Grantee's stock.

D. Transfer for Tax Purposes. To the extent the Town's rights are in no way adversely affected or diminished, no Town approval shall be required for any tax benefit transfers of the equipment comprising the Cable Television System pursuant to Section 168(f) of the Internal Revenue Code, as said Section may be amended from time to time, or comparable transactions, provided (i) that the transferee is an Affiliate, (ii) that any subsequent transfer of either any or all of such equipment or the ownership of that Affiliate shall be subject to the requirements of subsection A and/or B, above, (iii) that 30 days prior written notice of each such transfer is provided to Town, and (iv) that such notice contains a written agreement by the Affiliate to be bound by the terms of this Agreement.

E. Reasonable Inquiry. For the purpose of determining whether it shall consent to any transfer pursuant to this Section, the Town may inquire into the qualifications of the prospective controlling or foreclosing party, and the Grantee shall assist the Town in any such inquiry.

F. Bankruptcy. If there shall be filed against Grantee in any court, pursuant to any statute either of the United States or of any state, a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Grantee's property, and if, within sixty (60) days thereof, Grantee fails to secure a discharge thereof, or if Grantee shall voluntarily file any such petition or make an assignment for the benefit of creditors, or petition for or enter into an arrangement, Grantee shall notify Town of such fact within five days of its occurrence, and any subsequent sale of the Cable Television System, or any part thereof, or cable property or facilities, or the Franchise shall be treated as a change in control of Grantee, and the provisions of this Section governing approval of Town to 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.

G. Affiliate Transfers. It shall not be deemed a sale, transfer, lease, assignment or disposition under subsections A and/or B if the successor in interest is any entity controlled by more than fifty-one percent (51%) by either (a) Grantee or (b) by the owners of Grantee (in either case, an "Affiliate"), provided (i) that any subsequent transfer of either any or all of such equipment or the ownership of that Affiliate shall be subject to the requirements of subsection A and/or B, above, (ii) that 30 days prior written notice of each such transfer is provided to Town, and (iii) that such notice contains a written agreement by the Affiliate to be bound by the terms of this Agreement. Following any sale, transfer, lease, assignment or disposition

under this subsection, the Affiliate shall be subject to the same restrictions under this Section as the Grantee.

H. No Waiver of Town's Rights. The consent, approval or failure to object of the Selectmen to any transfer of the Grantee shall not constitute a waiver or release of the rights of the Town and any transfer shall, by its terms, be expressly subordinate to the terms and conditions of this Franchise.

I. Successor as Signatory to Franchise Agreement. In no event shall a transfer of ownership or control be approved without the successor in interest becoming a signatory to the Franchise Agreement and agreeing to be bound by the terms and conditions of this Franchise Agreement. If at any time a successor has not signed this Franchise Agreement, the successor shall sign this Franchise Agreement immediately upon demand of Town. If a successor refuses or fails to sign this Franchise Agreement, the Franchise Agreement shall be terminable at the Town's option.

J. Financial Capacity. Grantee shall, at the time of the execution of this Franchise Agreement, provide the Town with a written statement by a financial institution attesting to the financial ability of Grantee to perform its obligations under this Agreement. Grantee's financial capacity shall be subject to annual review pursuant to Section XII.

K. Past Due Franchise Fees. Any person who operates the Cable Television System under this Franchise Agreement shall be responsible for all unpaid franchise fees of every prior person operating under this Franchise Agreement. Payment of such past due fees shall be a condition precedent to the continued operation of such person under this Franchise Agreement or any subsequent Franchise Agreement that may be issued to such person.

L. Payment of Town's Expenses. The Grantee and any person who operates the Cable Television System under this Franchise Agreement shall be responsible for the Town's reasonable expenses incidental to either (i) review of any request for written consent under this Section or (ii) other enforcements of the Town's rights under this Section.

V

CONSTRUCTION AND SYSTEM DESIGN

A. Design. Subject to the standards of any Federal and State regulatory agencies having jurisdiction (including Federal Communications Commission Regulations Part 76, Subpart K) and subject to the system's capability of providing the services and facilities prescribed herein, the technical design of the Cable Television System shall be at the option of Grantee. The Cable

Television System shall in any event be designed and built, as required in this Franchise, for technical quality (i.e., quality of signals, not numbers of channels, etc.) in conformance with industry standards in comparably sized markets shall comply in all respects with the technical performance requirements of the FCC. It is the Grantee's and the Town's intent that new developments in the art be incorporated into the Cable Television System whenever it would be in the subscribers' best interest to do so, taking into consideration all relevant economic and technological factors. The technical design of the Cable Television System shall be subject to annual review pursuant to Section XII.

B. Channel Capacity. The Cable Television System shall have a minimum capacity of 35 channels. Full utilization of the 35 channel system shall be accomplished within 180 days of the effective date of the Franchise Agreement. The Cable Television System shall have a minimum capacity of 42 channels by 1994 and shall utilize all 42 channels by 1996. At the time of the annual franchise review conducted pursuant to Section XII, Grantee and Town shall consider, based upon the extent of subscriber interest and economic feasibility, whether additional channels and technical enhancements should be added to the Cable Television System.

C. Town's Right to Inspect Construction. The Town reserves the right to inspect all construction or installation work performed subject to the provisions of this Agreement and to perform network measurements to insure compliance with the terms of this Franchise.

D. Subscriber Antennae. Notwithstanding a required disconnection of subscribers' existing antennae and downloads to receivers connected to the cable system, the Cable Television System shall be so designed that the provision of cable television service will not require the physical removal of such antennae and downloads from the structure so that subscribers may utilize such antennae and downloads in place of the Cable Television System connection. Grantee shall furnish to each subscriber so requesting at cost (including labor, reasonable overhead, and a reasonable profit) a switch permitting the subscriber to change from cable reception to home antennae reception, and back, at the option of the subscriber.

E. Emergency Power. The Cable Television System shall incorporate equipment capable of providing standby powering of the Headend for a minimum of four hours upon failure of the power furnished by the utility company. Grantee's obligations under this subsection shall be suspended during any period in which, for reasons beyond Grantee's control, the power failure is such that, even with the availability of emergency power at the Headend, 90% or more of subscribers would be unable to receive and view the Cable Service.

F. General Construction Requirements. In the construction, reconstruction, maintenance and repair of the cable system, Grantee shall utilize materials of good and durable quality and shall perform or cause to be performed, all work so associated with the Cable Television System in a safe, thorough and reliable manner.

G. Compliance With Regulations. All work, including 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 (including Federal Communications Commission Regulations Part 76, Subpart K) and the National Electrical Safety Code; and

2. All applicable laws, codes, ordinances, rules and regulations of Town.

H. Restoration of Damage. Grantee, 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 Television System. 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 Town and in accordance with the municipal building permit.

I. Public Way Hazards. Any openings or obstructions in streets, public ways, or other municipal or public property made by Grantee 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 Grantee. During the periods of dusk and darkness, the protective devices shall be clearly designated by warning lights.

J. Disclosure of Location of Physical Facilities. Grantee shall make available to Town, for inspection and copying by Town, on request and after reasonable notice, maps, plans, drawings, blueprints and other papers and documents which show the location of the physical elements comprising the cable system, including, but not limited to, antennae or other electromagnetic wave receivers, Headend and sub-Headend, trunk and feeder cable runs and business office.

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

1. In all areas of Town where the cable or wire facilities of the public utilities are installed underground, Grantee shall install its cable distribution system underground. Vaults and pedestals shall be suitably

landscaped, such landscaping to be subject to the approval of Town, which approval shall not unreasonably be withheld or delayed.

2. In all areas of Town where public utility lines are aerially placed at the time of construction of the cable system, if subsequently during the term of the Franchise such utility lines are relocated underground, Grantee shall similarly relocate its cable distribution system at its sole expense.

If Town elects to prepare an underground trench for the utilities, it shall prepare the trench in such manner that it will accommodate the Cable Television System's cable. If Town elects to trench, Grantee shall place its cable in the trench at such hours, on such dates, and in such manner as Town may direct. Town shall give Grantee such notice thereof as is reasonable in the circumstances. Town shall be relieved of any further obligation under this subsection of Grantee fails to promptly and diligently begin and complete its work in accordance with Town's directions.

3. Wherever possible, Grantee's Cable Television System shall use the existing facilities of the public utilities. Poles shall not be installed for the sole purpose of supporting a portion of Grantee's Cable Television System without written justification and prior written approval of Town pursuant to Town's laws, ordinances, rules and regulations. Such approval shall not be unreasonably withheld or delayed.

4. Grantee shall have the right to attach its wires to existing poles owned by Town or any agency of Town, provided Grantee shall pay in advance for all costs of rearrangement of existing wires necessary to achieve clearances as specified by the National Electrical Safety Code and any other State or local requirements, and provided further that all such poles are identified and inspected by Town prior to any attachments. Town may charge a fee based on the FCC's rate formula for the use of any of Town's poles by Grantee.

L. Location of Construction. All lines, cables and distribution structures, and equipment, including poles and towers, erected by Grantee within Town shall be located so as not to obstruct or interfere with the proper use of streets, alleys and other public ways and places ("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. Grantee shall have no vested right in any location, and such construction shall be removed by Grantee at its own cost and expense whenever the same restricts or obstructs or interferes with any other entity wishing to share such

location or with the operation or location or any future operation or location of said streets.

M. 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, Grantee shall, upon reasonable notice by Town, remove and relocate its poles, wires, cables, conduits, manholes and other fixtures at its own expense and in each instance comply with the standards and specifications of Town.

N. No Interference. Grantee shall not place poles, wires, conduits, or other fixtures above or below ground where the same will interfere with any gas, electricity, telephone fixtures, water hydrants, other utility use or other cable television systems, and all such poles, wires, conduits, or other fixtures placed in or upon any street shall be placed as to comply with all requirements of Town or other applicable authority, and comply with local regulations, including the aesthetic provisions thereof.

O. Temporary Relocation. Grantee shall, on request of any person holding a permit issued by Town or other appropriate authority, temporarily move its wires or fixtures to permit the moving of buildings or other objects, with the estimated expense of any such temporary removal to be paid in advance by the person requesting same, and Grantee shall be given not less than fourteen days' advance notice to arrange for such temporary relocation. Grantee may require that payment of such expense be made by certified check at least seven full working days in advance of such relocation. Adjustment of estimated expense to actual expense shall be made upon completion of Grantee's work connected with such relocation.

P. Tree Trimming. Grantee shall have the authority to trim any trees upon and overhanging the streets or public easements of Town to prevent the branches of such trees from coming in contact with the wires and cables of Grantee, except that, at the option of Town, such trimming may be done by it, or under its supervision and direction, at the expense and cost of Grantee.

Q. Drops. In areas where Grantee's Cable Television System 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, Grantee 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.

R. Zoning and Building Codes. Any and all construction performed by or under the auspices of Grantee, and any and all facilities used or operated by Grantee, shall comply with all applicable Town laws and regulations.

S. Town's right to Inspect Physical Property. At all reasonable times, the Grantee shall permit examination by any duly authorized representative of the Town of all of Grantee's physical property, together with any appurtenant property of the Grantee situated within or without the Town.

T. Contractors, Subcontractors and Affiliates. All contractors, subcontractors and affiliates of Grantee must be properly licensed under all applicable federal, state, and local laws and regulations. Grantee shall be directly responsible for all acts or omissions of any such contractor or subcontractor in the construction, reconstruction, installation, maintenance, or operation of Grantee's Network.

U. Construction Notice. Grantee shall give appropriate notice to the Town and residents within a reasonable period of time of proposed construction, reconstruction, excavation, or laying or stringing of cable under streets or on poles. Except in case of emergency, such notice shall not be given less than seven (7) days before commencement of such work.

V. Technical Plan. Grantee shall, at the time of the execution of this Agreement, provide Town with a three-year plan detailing technical improvements projected to be made by Grantee. Grantee shall update the plan at least once per year and shall discuss the plan with the Town during the annual review of the franchise conducted pursuant to Section XII of this Agreement.

W. Grantee agrees to negotiate in good faith with the Town the regarding incorporation into the system of any new and useful design, equipment and capacity features desired by the Town. Grantee further agrees to incorporate any design or equipment changes needed to ensure continued compliance with any changes enacted during the term of this agreement in the technical specifications set forth in all relevant provisions of law or applicable regulations, including, but not limited to FCC Regulations, Part 76, Subpart K.

VI

OPERATIONS

A. Operations to be in Accordance with Rules. The Grantee shall maintain and operate its Cable Television System in

accordance with this Franchise Agreement, the present and/or future rules and regulations of the Federal Communications Commission, the State of Maine, and the Town. Notwithstanding this Section VI, Subscriber charges shall be applied in accordance with Section XIII.

B. Public Lines. Grantee shall provide free Basic Service to each public school and other public buildings located in the Town, and all designated PEG access center(s).

VII

ACCESS CHANNELS

A. Access Channels. Grantee shall provide at its expense an Access Channel(s) for the exclusive use of the Towns. Initially, Grantee shall provide one Access Channel. Should the Towns reasonably need additional Access Channels, Grantee shall provide additional Access Channels upon 6 months notice from the Town, provided however that Grantee shall not be required to provide more than a total of three (3) such Access Channels. Full utilization of all channels by Grantee shall not be grounds for refusal to provide at least three (3) Access Channels. Said Access Channels shall be channel 2 and other channels to be determined, and may be changed only with the prior written consent of the Town, not to be unreasonably withheld. The Access Channels shall be dedicated to transmissions permitted by either of the Towns. The Access Channels shall be used by the Towns for non-commercial public, educational or governmental purposes.

B. Downstream Transmissions. Within 120 days of the effective date of this Franchise Agreement, Grantee shall provide at its expense the capability for downstream receipt of audio-video signals from the Cable Television System for each of the locations listed below. The point of cable entry to each building shall be determined by Town, except the point of entry at school buildings, which shall be determined by the School District. Each input point shall be plug compatible with a modulator. The locations are as follows:

- Town Hall
- Police Department
- Fire Department (all locations)
- Public Schools (all locations)
- Public Library (all locations)
- Designated PEG access center(s) (all locations)

C. Upstream Transmissions. Within 120 days of the effective date of this Franchise Agreement, Grantee shall provide at its expense the capability for upstream audio-video signal input into the Cable Television System from any two (2) of the locations listed above to be designated by Town. Thereafter, on

every other anniversary of the effective date of this Franchise Agreement (i.e., after 2, 4, 6 years, etc.) Grantee shall provide at its expense the capability for upstream audio-video signal input into the Cable Television System from any additional one (1) of the locations listed above to be designated by Town. The point of cable entry to each building shall be determined by Town, except the point of entry at school buildings, which shall be determined by the School District. Each input point shall be plug compatible with a modulator.

D. Equipment. Grantee shall immediately pay to the Towns FIFTY THOUSAND DOLLARS (\$50,000) to be used by the Towns in connection with the operation of Access Channels, including the purchase of equipment. Anything purchased with these funds shall be the exclusive property of the Towns. Grantee shall assist Towns in the selection and acquisition of equipment and the start-up of Access Channel broadcasting. From time to time, Grantee shall provide training to persons designated by either of the Towns concerning the operation, maintenance and repair of the Access Channel equipment and related equipment. Grantee shall annually provide the Towns a Maintenance Amount for the maintenance, repair and replacement of such equipment so long as an Access Channel is in fact being utilized. The Maintenance Amount each year shall be as follows:

Year 1	\$500
Year 2	\$540
Year 3	\$580
Year 4	\$620
Year 5	\$660
Year 6	\$700
Year 7	\$740
Year 8	\$780
Year 9	\$820
Year 10	\$850

These Maintenance Amounts shall accumulate and any portions of these funds not spent in a given year shall be available to cover expenses in subsequent years.

E. Use. The Access Channel(s) shall be available for use by the Towns and their inhabitants. During periods the Towns are not using the Access Channel(s), Waterford may use the Channel(s). Waterford may use the Towns' equipment and facilities only on such terms and conditions as agreed to by Norway and Paris.

F. Regulation. Except as expressly permitted in this provision, there shall be no regulation of the use or content of the Access Channels. Consistent with the First Amendment of the United States Constitution, use of the Access Channels shall be subject to applicable State and federal laws and to such rules as Town may establish. In addition, there shall be no carriage on

the Access Channels of (i) any significant amount of advertising material designed to promote the sale of commercial products or services, (ii) any advertising by or on behalf of candidates for public office, (iii) lottery information and (iv) any material which is obscene or otherwise unprotected by the Constitution of the United States.

VIII

PERFORMANCE STANDARDS

A. Technical Standards. The signal of any broadcast television or radio station retransmitted on the Cable Television System shall be carried 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 (all transmissions: broadcast retransmissions or otherwise) shall, at minimum, conform at all times to the specifications established by any Federal or State regulatory agencies having jurisdiction thereof. Should there be any occasion during the term of this franchise when, for whatever reason, there are no Federal or State rules or guidelines specifying technical and performance standards governing the cable system operated hereunder, or there are such rules or guidelines but they do not cover all of the technical and performance aspects covered by such rules or guidelines in effect on the effective date of this franchise, then and in such event Town may establish such standards to the extent permitted by law. Any such standards established by the Town may be adopted only after being considered in a public hearing, with due notice and an opportunity for all interested parties to be heard, and shall bear some reasonable relation to Federal standards previously in force.

B. No Interference. The Cable Television System shall be operated so that there will be no interference with television reception, radio reception, telephone communications, or other electronic or communication installations which are now or may in the future be used by any person in Town.

C. 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 Cable Television System transmissions do not meet the prescribed standards, the relevant performance monitoring and testing shall be repeated upon completion of necessary repair or adjustment, notwithstanding the lack of such requirement by the Federal or State agencies, and a report of the second test submitted to Town. In any event, Grantee shall monitor the Headend at least once per week. Grantee shall have

available accurately calibrated test equipment for the testing of all services and operational standards outlined in this franchise, and shall conduct such specific tests as may be from time to time reasonably requested by Town in response to complaints in order to establish the level of performance of the system. Any additional testing may be performed by the Town at its own expense.

IX

MAINTENANCE AND REPAIR

A. Maintenance Policy. Grantee shall promulgate and adhere to a preventative 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, Grantee shall do so at such time as will cause the least inconvenience to subscribers.

B. Repair. Grantee 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.

1. Notice. Except in an emergency, Grantee shall give subscribers at least 24 hours' notice of any interruption of service for purposes of maintenance or repair. In an emergency, Grantee shall give such notice as is reasonable in the circumstances.

2. Service Interruption and Notification. Whenever it is necessary to interrupt service for an extended period of time over the Cable Television System for the purpose of maintenance, alteration or repair, Grantee shall do so at such time as will cause the least amount of inconvenience to its subscribers, preferably between the hours of 12:00 a.m. and 5:00 a.m. If an interruption of service to any subscriber exists for over seventy-two (72) hours after registration of complaint, other than as may be due to circumstances beyond the reasonable control of the Grantee, the Town shall have the right to (a) require the Grantee to secure competent assistance, at the expense of the Grantee, or (b) to invoke other remedies as provided in this Franchise.

3. Repair Procedure. Grantee shall have a locally listed toll-free eight hundred number telephone so operated that requests for repairs can be received at any time, 24 hours per day, seven days per week. A recording device or

answering service may be used during non-business hours. Grantee responses to such requests shall occur on the same day to the extent reasonably possible, but in no event shall such responses occur later than the next business day after Grantee's receipt of such a request. Grantee 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.

C. Rebate For Service Loss. For every loss of service of 24 or more continuous hours (measured from the time a complaint is received by the Grantee, Grantee, upon request, shall rebate one-thirtieth of the regular monthly charge to each subscriber who has complained (or other fraction, depending upon the number of days in the month). The credit shall be pro-rated by multiplying the applicable monthly service rate by a fraction whose numerator equals the number of days (or portion thereof) of the outage and whose denominator equals the number of days in the month of the outage. In no case shall the refund be less than 24 hours' credit. For purposes of this paragraph, a subscriber shall be deemed to have lost service if he/she is unable to receive more than two-thirds of the respective available channels, and a subscriber shall be deemed to have lost premium cable service if the subscriber is unable to receive any premium channel. It is understood that, if the Cable Television System is functioning, a subscriber's inability to receive service due to failure of the utility to deliver power to a subscriber's location shall not be deemed loss of service under this subsection C.

D. Notification. No rebate shall be required to be made by Grantee as provided in subsection C until notification to Grantee by the subscriber, identifying the loss of service by channel description and date and time. Grantee shall notify subscribers, in writing, of the basis for obtaining a rebate and the procedure to be followed.

X

SERVICE TO SUBSCRIBERS, BASIC SERVICE

A. Commencement of Service. Grantee shall furnish cable service, as herein provided, as requested by the owner or occupant at each location, within the time limits specified below.

1. Time of Installation. Service to any subscriber served by an aerial drop shall commence by not later than seven days after service is requested, except that such seven day period may be extended during promotional periods or

similar instances causing an unusually large number of installation requests. Service to any subscriber served by an underground drop shall commence by not later than 120 days after service is requested. In either case, Grantee shall not be deemed in violation of the requirements of this subparagraph A(1) if it is unable to perform because of force majeure, Act of God, strike, weather, or other reason beyond Grantee's control. The time periods within which Grantee is obligated to make installations pursuant to this subparagraph in areas to which service is extended pursuant to section XVI below shall commence running in each such extension area on the date upon which Grantee completes construction in such extension area. Grantee shall maintain records of all requests for service showing the date upon which service was requested and the date of installation of service. Such records shall be available at Grantee's local office for at least three (3) years for inspection by Town as it may at any time and from time to time request, during regular business hours and upon reasonable notice.

2. Nature of Service Request. With respect to a service request made either by a tenant or lessee or for an underground drop installation, Grantee may require that service requests be set forth in writing and may further require that such requests provide permission for installation of Grantee equipment and agreement to make payment of the appropriate rates and charges.

B. Basic Cable Services. Basic Cable Services shall at all times include at least those channels and services required from time to time by the federal and state laws and regulations (including the Cable Act). By written notice, Grantee shall bring to the Towns' attention any changes in federal or state laws or regulations of which Grantee is aware and which materially may affect basic service or this subsection.

C. Changes in Service and Programming.

1. The Grantee reserves the right to add to and change its program and service offerings, except as provided above.

2. Grantee shall maintain the mix, quality and quantity of the program services offered to subscribers throughout the term of the Franchise.

3. Grantee shall provide Town thirty (30) days' written notice of any change in programming.

XI

SUBSCRIBER CHARGES

A. Regulation. Town is hereby authorized to regulate all rates and charges charged by Grantee for the use of its Cable Television System to the extent permitted by federal law. Such regulation shall be in accordance with such Town ordinances as now, or in the future, are applicable to cable television rate regulation. In no event shall the Grantee be required to charge less than a reasonable rate.

Town and Grantee recognize that under the Cable Act as of October 1, 1992, Town's authority to regulate Grantee's rates and charges for its Cable Television System is limited. In the event that subsequent to October 1, 1992, federal law permits expanded regulation of Grantee's rates and charges by Town, Town may expand its regulation of Grantee's rates and charges to the extent then permitted by federal law.

B. Notification of Rates and Charges. Grantee shall file with the Town schedules which shall describe all services offered, all rates and charges of any kind, and all terms and conditions relating thereto. No rates or charges shall be effective except as they appear on a schedule so filed. Any changes in rates and charges by Grantee shall be preceded by a 30-day notice of the proposed change to Town and all subscribers.

C. Rights of Individuals; Special Classifications. Grantee may not deny service, access or otherwise discriminate against subscribers, channel users or general citizens on the basis of age, race, religion, sex, physical handicap or country of natural origin. 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, nor shall it prohibit reduced rates for senior citizens and charitable institutions.

D. Billing Practices. Grantee shall set forth in writing its billing practices and policies and shall furnish a copy thereof to each new subscriber and to Town and thereafter to any subscribers upon request, and to Town and all subscribers at such time as there is a change in such policies.

E. Pro-Rated Service. In the event subscriber's service is terminated, monthly charges for service shall be pro-rated on a daily basis and, where advance payment has been made by a subscriber, the appropriate refund shall be made by Grantee to the subscriber within thirty days of such termination or the next billing cycle, whichever is later.

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

1. Grantee's billing practices and policy statement set forth the conditions under which an account will be considered overdue;

2. Grantee mails at least 10 days prior to the proposed disconnection written notice of intent to disconnect for delinquency in payment;

3. The subscriber's account is at least 45 days delinquent; and

4. Grantee does not assess the subscriber a fee or charge for disconnecting the service. Notwithstanding the provisions of this subsection, upon payment in full of the delinquent monthly subscriber fee, and a reasonable fee for reinstatement, the Grantee shall promptly reinstate the subscriber's cable services.

XII

ANNUAL FRANCHISE REVIEW

A. Annual Notice. During the last week of June of each year, Grantee shall notify the Town's Manager of the Town's right (1) to have Grantee conduct an Annual Subscriber Survey (pursuant to Sub-Part D, below) and/or (2) to conduct an Annual Franchise Review (pursuant to Sub-Parts B and C, below). The Town may elect either or both of these rights by notice to Grantor by August 1 of the same year. In the event the Town elects to have Grantor perform an Annual Subscriber Survey, Town may specify in its notice to Grantee questions Grantee shall include in the Survey. Grantee shall then complete the survey and provide tabulated results to the Town by October 1 of the same year.

B. Annual Franchise Review. The Town and the Grantee shall, at the discretion of the Town, hold scheduled performance evaluation sessions annually for the purpose of discussing service rates, service quality, programming, complaints, financial capacity, system design, extensions, annual subscriber survey, implementation of all state and federal laws enacted during the year and any other section of this Agreement.

Additional special evaluation sessions may be held at any time at the request of either party during the term of the Franchise. All such evaluation sessions shall be open to the public. Public notice of such evaluation sessions shall be given, and the Grantee shall notify subscribers of all such evaluation sessions by announcement on all Access Channels and at

least one additional channel of the system between the hours of 11:00 a.m. and 9:00 p.m. for five (5) consecutive days preceding each session.

During any Annual Review or evaluation by the Town, the Grantee shall fully cooperate with the Town and shall, consistent with the terms and limitations of this Franchise Agreement, provide such information and documents as the Town may need to reasonably perform its review or evaluation.

C. Consequences of Such Review. The failure of Grantee to fully participate in this annual review or to promptly commence and diligently work to complete any changes necessary to cure any substantial defects noted during such review shall constitute a substantial violation of this Franchise Agreement.

D. Subscriber Survey. If the Town so elects, Grantee shall conduct an annual survey of subscribers in the Town for the purpose of collecting subscriber views on services, rates, programs, and other matters relating to the services of Grantee under this Franchise Agreement (the "Subscriber Survey"). The subscriber Survey shall include such questions, if any, as Town shall reasonably request. If the Subscriber Survey is not a written survey of all subscribers in the Town, the survey shall be conducted by a qualified independent polling company experienced in conducting CATV polls of this type hired by Grantee, after consultation with Town, and shall canvass a statistically valid sample of all Town subscribers. At the request of the Town, but not more often than once every three years, the Subscriber Survey shall be a written survey of all subscribers. Grantee shall provide a copy of the Subscriber Survey and the survey results to Town. The Subscriber Survey shall be subject to the Annual Franchise Review. Subscriber Survey responses and results shall be preserved by Grantee for five years.

XIII

SUBSCRIBER COMPLAINTS

A. Complaint Policy. Grantee shall promulgate a written policy statement setting forth the procedure for reporting and resolving subscriber complaints, a copy of which will be delivered to Town within 60 days of the effective date of this Franchise Agreement. For each new subscriber, and annually thereafter, Grantee shall cause to be mailed to each of its subscribers a notice that:

1. Informs subscribers of how to communicate their views and complaints to the cable company, the proper municipal official and the Attorney General;

2. States the responsibility of the Department of the Attorney General to receive consumer complaints concerning matters other than channel selection and rates; and
3. States the policy regarding and method by which subscribers may request rebates or pro rata credits as described in section XIII, subsection E.

The notice shall be in non-technical language, understandable by the general public and in a convenient format. On or before January 30th of each year, the Grantee shall notify to the Selectmen and to the Department of the Attorney General that it has distributed the notice during the previous calendar year as required by this section.

B. Grantee Response. Grantee shall receive all subscriber complaints at its business office serving Town and shall handle all such complaints promptly but in no event later than as set forth in 1 through 3, below.

1. Billing Complaints. In the case of a billing complaint, Grantee shall respond to the complainant by no later than five business days following receipt of the complaint.

2. Service Complaints. In the case of a service complaint not requesting repair or adjustment, Grantee shall respond to the complainant as soon as practicable and in any event within five business days following receipt of the complaint.

3. Service Requests. Response to service requests for repair or adjustment shall be made pursuant to section XII, subsection B, paragraph 3, above.

4. Notification of Complaints. Town shall make a reasonable effort to notify Grantee of any written complaint with respect to service and billings within 30 days of receipt of complaint by Town.

C. Records. Subscriber complaints shall be recorded by Grantee as follows:

1. Grantee shall keep a copy of all written complaints together with a written record or log of all written and verbal complaints received regarding quality of service, equipment malfunctions, billing procedure, employee attitude and similar matters. These records shall be maintained for a period of five years at Grantee's office.

2. The records shall contain the following information for each complaint received:
 - a. Date, time and nature of the complaint;
 - b. Name, address and telephone number of the person complaining and whether the complaint was written or oral;
 - 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, Grantee shall make the logs or records of complaints available to any authorized agent of the Town.

XIV

INSURANCE

A. Grantee Insurance. Grantee 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 this Franchise Agreement or Grantee's operations under this Franchise Agreement, whether such operations are performed by Grantee, or by anyone for whose acts Grantee may be liable, including, but not limited to, the following:

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

2. General Liability Insurance shall be supplied in the following amounts:

Bodily injury or death--	\$1,000,000 per person
	\$5,000,000 per occurrence

Property damage	\$1,000,000
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and Grantee's liability insurance shall be endorsed to include the full indemnity specified in paragraph B below.

B. Indemnification. Grantee hereby indemnifies and holds harmless the Town, its officers, agent, employees and any other parties to the franchise or connected with its award, with respect to the installation, operation and maintenance of the Cable Television System, from and against all expenses, losses and claims, demands, payments, suits, actions, recoveries, and judgements of any nature and description resulting from claims arising out of any act or omission of Grantee, its agents or employees, in the construction, operation, maintenance, repair or service of its cable system in Town, or any portion thereof, 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 for infringement of copyright or patent rights, arising from Grantee'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, and hold harmless agreement, Town will promptly give notice thereof to Grantee, and Grantee will have the right to select and furnish counsel for the defense of any such action, at no cost or expense to Town. No settlement of any such action, or any claim therein, shall be made by Grantee or by counsel selected by Grantee without the consent of Town, which consent will not unreasonably be withheld. Town will cooperate with Grantee as reasonably required for the defense of any such action.

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

D. Cancellation Notice. All such Grantee insurance policies and certificates of insurance shall stipulate that the coverages afforded by the policies will not be cancelled, modified or not renewed until at least ten days' prior notice has been given to Town.

E. Evidence of Insurance. By not later than the effective date of this franchise, and thereafter throughout the duration of the franchise, Grantee shall furnish to Town current certificates of insurance, which shall include the indemnity set forth in paragraph B above. Failure to furnish and maintain said insurance shall constitute a substantial violation within the meaning of Section XXI of this Agreement covering Termination.

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

XV

FRANCHISE FEE

A. Franchise Fee. The Grantee shall pay to Town an annual franchise fee equal to five percent (5%) of Grantee's total gross revenues derived from all subscriber rates charged to its

subscribers in the Town. Grantee may separately charge for, and may separately state or identify, the franchise fee on subscriber bills or other routine correspondence with subscribers, provided that if the franchise fee is separately stated or identified, it shall be listed as, and only as, "franchise fee."

If (i) any payments or reimbursements by Grantee of any costs or expenses of Town are classified as Franchise Fees by applicable federal law, and (ii) as a result of such classification the total Franchise Fees paid by Grantee to Town exceed any applicable maximum for a given year, then (a) Grantee shall nevertheless make such payments without any reduction in any other payments also classified as Franchise Fees, (b) subject to Grantee's right at year end to deduct 25% of the amount of such excess from the amount of Franchise Fees otherwise payable under the preceding paragraph in the calendar year that such overpayment was made and in each of the three (3) subsequent calendar years.

B. Payment. The Town shall be furnished, on an annual basis, with a statement by a Certified Public Accountant reflecting the total annual gross subscriber revenue as defined above in subsection A of this section for the payment period. The fee shall be due and payable on or before April 30 for the first quarter, July 30 for the second quarter, October 30 for the third quarter and January 30 of the next calendar year for the fourth quarter of the preceding calendar year.

If the Town reasonably believes that the franchise fee paid by Grantee is not accurate, Town may designate a representative to consult with the Grantee's Certified Public Accountant to examine those revenue and subscriber records of the Grantee which are necessary to determine the accuracy of the statement submitted by Grantee's Certified Public Accountant. If the fee is not paid when due, interest therein shall accrue at the rate allowable by the State for past-due real property taxes.

C. Acceptance by Town; No Release. No acceptance of any payment by the Town shall be construed as a release or as an accord and satisfaction of any claim the Town may have for further or additional sums payable as a franchise fee under this chapter or for the performance of any other obligation of the Grantee.

XVI

EXTENSION POLICY

A. By December 31, 1993, Grantee shall complete all extensions of cable service as described in the December 11, 1991 Memo from Michael Angelakis to the "Norway/Paris/Waterford Cable

TV Committee" concerning State Cable's "Present Construction Plan." (See Memo, Attachment A.)

B. In addition to the above, Grantee shall be required to make cable service available in any area where there is an average dwelling unit and/or potential subscriber (collectively called "units") density of either fifteen (15) units per mile or eight (8) units per half-mile, in either case measured from the then nearest point of the cable system.

C. Grantee shall also provide service as provided under this subsection. Grantee shall make service available to any area with a density of less than fifteen (15) units, provided that subscribers in such areas pay a Special Installation Fee (defined below) to partially reimburse Grantee for the actual cost to Grantee of extending the cable system to such areas. Grantee shall construct such extension as soon as practicable but no later than twelve months after receipt of the extension request, unless such extensions cannot be accomplished for reasons beyond Grantee's control.

The Special Installation Fee shall be calculated and administered as follows. After receipt of a request for service, Grantee shall prepare a reasonable cost estimate of the extension (the "Cost Estimate") and calculate the Cost Estimate/Mile by dividing the Cost Estimate by the distance (in miles) of the proposed extension, i.e.:

$$\text{Cost Estimate/Mile} = \frac{\text{Cost Estimate}}{\text{Distance of proposed extension}}$$

Upon request, Grantee shall provide to Town, Subscribers or potential Subscribers documentation and other materials supporting the Cost Estimate and Cost Estimate/Mile. Any disputes concerning a Cost Estimate or Cost Estimate/Mile shall be resolved by Town.

Grantee shall next calculate the Base Cost/Unit by dividing the Cost Estimate/Mile by 15 Units/Mile (the minimum required density), i.e.:

$$\text{Base Cost/Unit} = \frac{\text{Cost Estimate/Mile}}{15 \text{ Units/Mile}}$$

Grantee shall next calculate the Actual Cost/Unit by dividing the Cost Estimate by the number of units then actually requesting

services within the proposed extension ("Original Subscribers"),
i.e.:

$$\text{Actual Cost/Unit} = \frac{\text{Cost Estimate}}{\text{Original Subscribers}}$$

The Special Installation Fee shall be the difference between the Actual Cost/Unit and the Base Cost/Unit, i.e.:

$$\text{Special Installation Fee} = \text{Actual Cost/Unit} - \text{Base Cost/Unit}$$

In any such existing extension area, Grantee shall also provide service to new applicants for service ("Applicants") who pay a Revised Special Installation Fee as described below. The Revised Special Installation Fee shall be calculated in the same manner as the Special Installation Fee, except the Revised Actual Cost/Unit shall be substituted for the Actual Cost/Unit. The Revised Actual Cost/Unit shall be calculated using the sum of (a) the Original Subscribers plus (b) the number of subscribers added to the extension area since service began (if any) ("Subsequent Subscribers"), plus (c) the number of applicants then requesting to be added ("Applicants"), i.e.:

$$\text{Revised Actual Cost/Unit} = \frac{\text{Cost Estimate}}{\text{Original Subscribers} + \text{Subsequent Subscribers} + \text{Applicants}}$$

$$\text{Revised Special Inst. Fee} = \text{Revised Actual Cost/Unit} - \text{Base Cost/Unit}$$

Upon connection of Applicants, Grantee shall promptly pay pro rata to both the Original Subscribers and Subsequent Subscribers (if any) a Total Refund calculated as follows:

$$\text{Total Refund} = (\text{Revised Special Installation Fee} + \text{Base Cost/Unit}) \times \text{Applicants}$$

Any portion of the Total Refund which cannot be paid to either an Original Subscriber or a Subsequent Subscriber shall be paid to and become the property of Town for use in connection with the Access Channel(s).

The obligations of Applicants to pay a Revised Special Installation Fee and of Grantee to pay a Refund in a given extension area shall apply unless the request for service is made more than five years from the beginning of service in that extension area.

D. In addition to the above, Grantee shall extend at its own expense cable service in the Town at the rate of no less than two (2) miles per year, such extension areas each year to be subject to approval of the Town, for the term of this Agreement or until all public streets have received cable service or as otherwise agreed upon by Town and Grantee. All such extensions shall comply with this Franchise Agreement, including Section V.

XVII

ENFORCEMENT BY TOWN

State Cable shall pay to Town \$250 for each substantial violation of this Franchise Agreement where reasonable curative action has not commenced within five (5) business days from written notice to Grantee by the Town Manager of such violation. In the case of a continuing substantial violation, each day in which the violation persists shall be deemed a separate violation except in cases where by reason of force majeure or circumstances beyond its control the Grantee is unable to commence curative action within the five business-day period. Town may not both seek to recover under this section and also terminate the Franchise as provided below (Part XXI) for the same substantial violation; provided however that the Town may pursue both remedies simultaneously and in the alternative. Any action by Town under this Section shall be subject to arbitration under Section XX, below, at the written request of Grantee.

XVIII

FAILURE TO ENFORCE PROVISIONS

The Grantee shall not be excused from complying with any of the terms and conditions of this Franchise Agreement by any failure of the Town upon one or more occasions to insist upon or to seek compliance with any such terms or conditions.

XIX

RECOVERY OF ENFORCEMENT COSTS

Reasonable costs shall be reimbursed to the Town by the Grantee for any successful efforts by the Town to enforce against the Grantee either this Franchise Agreement or any cable television ordinance adopted by the Town. Such costs shall include filing fees, costs of depositions, discovery and expert witnesses, all other expenses of suit and reasonable attorneys' fees. The reimbursement of such costs shall be required whether the enforcement efforts result in settlement, arbitration award, court order or otherwise.

XX

ARBITRATION

A. Right to Arbitration. Either party may demand arbitration as a means of resolving any dispute arising under this Franchise Agreement, including action by the Town under Section XVII, above, but excluding any dispute concerning extension or renewal of the Franchise or negotiation of a new franchise agreement. Decisions as to any matters referred to arbitration hereunder shall be made by a board of three arbitrators, appointed as hereinafter provided.

B. Procedure.

1. The party requesting arbitration shall send the other party written notice thereof, such notice to include the name of one arbitrator selected by the party requesting arbitration;

2. The party to whom such notice is sent shall select one arbitrator, and shall notify the requesting party of that person's name, within 30 days after receipt of the notice requesting arbitration;

3. Within 30 days after the requesting party has been notified of the name of the second arbitrator, the two arbitrators thus selected shall select a third arbitrator who shall also act as chairman of the arbitrators;

4. If the two arbitrators are unable to agree on, and obtain the services of, a third arbitrator by the end of the 30 day period, either Town or Grantee may request the American Arbitration Association to appoint the third arbitrator;

5. Within 30 days after appointment of the third arbitrator the three arbitrators so appointed shall conduct a hearing(s) in Town, at which each party may present evidence and be heard;

6. The hearings shall be conducted, and evidence heard, in accordance with the rules and procedures of the American Arbitration Association;

7. Each party may present such evidence as it may elect;

8. The arbitrators shall render and publish a decision, to be determined by majority vote, within 45 days after the 30 day period during which the hearing(s) is held;

9. Any decision shall be final and binding on both parties, and shall be fully enforceable as if it were a part of this franchise; and;

10. As an initial matter, each party shall pay the costs of the arbitrator appointed by it and one-half of all other costs of arbitration. If the Town prevails, it shall be awarded all reasonable costs and attorney fees expended in connection with the arbitration.

C. Judicial Relief. In the event that neither party requests arbitration, either party may seek judicial relief. The right to arbitration shall terminate as to any matter covered by such litigation (a) with respect to the party bringing the litigation at the time such litigation is commenced, and (b) with respect to the other party either (i) if the right to arbitration is not affirmatively pleaded with the first responsive pleading filed to such litigation (other than a motion for extension of time), or if after such right to arbitration is pleaded, the party seeking arbitration does not send the notice required under subsection XX.B.1, above, within ten (10) days of the filing of such responsive pleading in such litigation.

XXI

TERMINATION

A. Termination. In addition to all other rights and powers of Town by virtue of this Franchise Agreement, Town may terminate the Franchise Agreement and all rights and privileges of Grantee hereunder if all of the following conditions exist or are met:

1. Grantee substantially violates any material provision of this Franchise Agreement or any legal and enforceable rule, order or determination of Town made pursuant hereto; and

2. Grantee fails to cure such violation within fifteen (15) days of receipt of notice from Town that, due to the fault or neglect of Grantee, such violation is deemed to exist, or, if such cure cannot be completed within such fifteen (15) day period, Grantee commences such cure within such fifteen (15) day period and diligently pursues the cure to completion.

B. Excused Performance. Notwithstanding the foregoing, Town may not terminate the Franchise Agreement if failure to complete construction is the result of Act of God, labor dispute, force majeure or other reason beyond the control of Grantee. A fault shall not be deemed to be beyond the Grantee's control solely because it was committed by a corporation or other

business entity in which the Grantee holds a controlling interest whether held directly or indirectly.

XXII

TOWN'S OPTIONS UPON EXPIRATION OR TERMINATION

A. Town Option Upon Expiration. At the end of the term of this Agreement under subsection III(B) above, and subject to any renewal rights under subsection III(C) above, or which Grantee may have under applicable law, Town shall have the option (i) to require Grantee to remove, at its own expense, all portions of the Cable Television System from all public ways and places within the franchise area; (ii) to require Grantee to maintain and operate in accordance with this Franchise Agreement its Cable Television System for an extended period of time not to exceed six (6) months; or (iii) to require Grantee to sell at fair market value as a going concern (but with no value added for the value of the franchise itself) the Cable Television System facilities located within the Town. Grantee shall in any event be bound by this Franchise Agreement so long as it operates the Cable Television System.

B. Town Option Upon Termination. Upon termination of the Franchise Agreement under Section XXI, Town shall have the option (i) to require Grantee to remove, at its own expense, all portions of the Cable Television System from all public ways and places within the franchise area; (ii) to require Grantee to maintain and operate in accordance with this Franchise Agreement its Cable Television System for an extended period of time not to exceed six (6) months; or (iii) to require Grantee to sell at an equitable price the Cable Television System facilities located within the Town. Grantee shall in any event be bound by this Franchise Agreement so long as it operates the Cable Television System. The rights of Town following election by Town of the sale option provided in this paragraph shall not expire on the basis that the Term of this Franchise Agreement may have expired either (i) after Town has begun proceedings to terminate this Agreement under Section XXI, or (ii) before the sale has been consummated following election of this option.

C. Grantee Removal. If, upon expiration without renewal, or termination of this Franchise Agreement, Town exercises its option to require Grantee to remove the Cable Television System, upon failure of Grantee to complete such removal within six months of the expiration, termination or revocation date, either (i) Town may deem any property not removed to have been abandoned, and title thereto shall vest in Town, or (ii) Town may remove and dispose of any or all such property at Grantee's expense.

D. Sale of Cable Television System. If Town exercises its option, pursuant to Sub-Parts A or B above, to require Grantee to sell the Cable Television System facilities within the Town, all proceeds shall first be paid to the Town to cover any amount owed by Grantee, including any operational expenses, penalties, or expenses or costs related to such sale, and reasonable attorney fees, provided however that if the Town purchases the Cable Television System, the Town shall bear customary buyer's costs. The remaining balance of the proceeds shall accrue to Grantee.

E. Restoration of Property. If required by the Town to remove any of its plant, structures and equipment, the Grantee shall refill at its own expense any excavation that shall be made by it and shall leave all public ways and places in as good a condition as that prevailing prior to the Grantee's removal of its equipment and appliances, without affecting the electrical or telephone cable wires or attachments. Such restoration of property shall not be considered complete until the Town shall have inspected and approved the condition of the public ways and public places and cables, wires, attachments, and poles after removal.

F. Restoration by Town; Reimbursement of Costs. In the event of a failure by the Grantee to complete any work required by subsection E above, or any work required by Town law or ordinance within the time as may be established by the Town and to the reasonable satisfaction of the Town, the Town may cause such work to be done, and the Grantee shall reimburse the Town the reasonable cost thereof, within thirty (30) days after receipt of an itemized list of such costs.

G. Continuity Upon Termination or Expiration or Pending Sale. In the event that the Grantee elects to rebuild, modify or sell the Cable Television System, or the Town gives notice of intent to terminate or fails to renew this Franchise, the Grantee shall cooperate with the Town, or new Grantee or operator, in maintaining continuity of service to all subscribers. For such period, Grantee shall pay all expenses and be entitled to all revenues received from all operations of the Cable Television System.

XXIII

MISCELLANEOUS

A. Amendment or Modification. This franchise shall not be amended or modified except by written agreement executed in the same manner as this franchise.

B. 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 the

Town Manager, Town Hall, Town of Paris, Paris, Maine (zip code), or such other address as may be designated by Town in writing. Notices required to be sent to Grantee shall be in writing and shall be delivered by hand, or shall be sent by certified mail, return receipt requested, to Grantee at State Cable TV Corp., 261 State Street, Augusta, ME 04330.

C. Waiver. Neither Town nor Grantee shall be deemed to have waived any of its rights hereunder by any delay or omission to exercise any such right or any other right.

D. Pending Litigation or Regulatory Petition No Excuse. Except as otherwise provided by law, pending litigation or any petition or appeal to any regulatory body or court having jurisdiction over Grantee shall not excuse the Grantee from the performance of its obligations under this Franchise.

E. Severability. If any section, subsection, paragraph, subparagraph, sentence, clause, phrase or word of this franchise, the Town's cable television related ordinances or other franchise documents including the Grantee's application, should be held invalid or unconstitutional either by the FCC or any court of competent jurisdiction, such section, subsection, paragraph, subparagraph, sentence, clause, phrase or word shall be deemed severable as a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions hereof.

F. Franchise Binding. Anything contained herein to the contrary withstanding, all provisions of this Franchise Agreement shall be binding upon the Grantee, its successors, assigns, lessees or agents and the Town, its successors and assigns.

G. Non-Exclusivity of Remedy. No decision by the Town to invoke any remedy under this Franchise Agreement or under any statute, law or ordinance shall preclude or waive the availability to the Town of any other remedy.

H. Employee identification. Grantee shall provide a standard identification document to all employees, including employees of subcontractors, who will be in contact with the public. Such documents shall include a telephone number that can be used to verify identification. Grantee shall use its best efforts to clearly identify all personnel, vehicles, and other major equipment that are operating under the authority of the Grantee.

I. Personnel. Grantee shall, at all times, provide sufficient personnel for the administration, operation, maintenance and repair of the system.

J. Business Office. Grantee's business office shall be staffed during normal business hours.

K. Lockout Device. Grantee shall make available to any subscriber so requesting, at cost plus labor, a reasonable overhead, and a reasonable profit a "parental guidance" or "lockout device" which will permit the subscriber, at his or her option, to eliminate comprehensible reception of any or all of the channels available on the Cable Television System.

L. Records and Reports; Court and Regulatory Agency Reports and Filings. Upon request, Grantee shall submit to Town, copies of all pleadings, applications, reports, communications and documents of any kind except tax returns, submitted by Grantee to, as well as copies of all decisions and actions by, any Federal, State and local courts, regulatory agencies and other government bodies relating to its Cable Television System operations both within and without Town which have a direct impact on the Town franchise.

M. Time is of the Essence to this Franchise. Whenever this Franchise shall set forth any time for an act to be performed by or on behalf of the Grantee, such time shall be deemed of the essence, and any failure of the Grantee to perform within the time allotted, without good reason, shall be sufficient ground for the Town to invoke an appropriate penalty specified in this Franchise Agreement.

N. Interconnection. Nothing in this Franchise Agreement shall be constructed so as to prohibit the Grantee from interconnecting its network with other similar contiguous networks, either in the Town or in other municipalities, counties or states. However, any revenues derived therefrom shall be equitably allocated in the calculation of Grantee's gross annual revenues.

O. Equal Opportunity Policy. Grantee shall afford equal opportunity employment to all qualified and qualifiable persons, and no person shall be discriminated against with respect to compensation, terms, conditions, or other privileges of employment because of race, color, religion, sex, national origin, physical condition, age or sexual orientation.

P. Fairness of Accessibility. The entire system of the grantee shall be operated in a manner consistent with the principles of fairness and equal accessibility of its facilities, equipment, channels, studios and other services to all citizens, businesses, public agencies and other entities having a legitimate use for the network; and no one shall be arbitrarily excluded from its use. Allocation of use of said facilities shall be made according to the rules or decisions of the Grantee and any regulatory agencies affecting the same.

Q. Changes in Federal Law. Where federal law permits the town unilaterally to do so, the Town shall have the option (the "Option") to incorporate into this Franchise Agreement any

expansion of federal law (by statute, regulation, court order, agency ruling or otherwise), which expansion permits the Town greater rights, authority, powers or benefits than are provided to Town under federal law as January 1, 1990. Town may exercise this Option by providing Grantee written notice of such election. The new provision(s) shall supersede any provisions to the contrary in this Franchise Agreement. Any disputes arising under this provision shall be resolved by arbitration in accordance with Part XX of this Franchise Agreement.

IN WITNESS WHEREOF, the undersigned hereto have set their hands and seals on the day and year first above written.

WITNESS:

TOWN OF PARIS

John F. White
John F. White
John F. White
John F. White

BY: Arthur E. Hill

BY: James J. Jones

BY: Raymond S. Flowers

BY: Raymond S. Flowers

BY: _____

SELECTMEN

STATE CABLE TV CORP.

John F. White

BY: W. J. [Signature]
Its