

CITY OF WILSONVILLE, OREGON

RESOLUTION NO. 524

A RESOLUTION ADOPTING A CERTAIN AGREEMENT TO AMEND THE CABLE COMMUNICATIONS SYSTEM FRANCHISE AGREEMENT BETWEEN THE CITY OF WILSONVILLE AND STORER METRO COMMUNICATIONS, INC.

WHEREAS, the City of Wilsonville is a member of the Metropolitan Area Communications Commission, (hereafter "the Commission"); and

WHEREAS, the members of the Commission entered into a certain cable communications system Franchise Agreement between the jurisdictions participating in the Metropolitan Area Communications Commission and Storer Metro Communications, Inc.; and

WHEREAS, the Commission, based on the recommendation of its Franchise Renegotiation Policy Committee and after conducting public hearings has recommended that certain amendments of the Franchise Agreement should be made to the Franchise Agreement entered into by the member jurisdictions and Storer Metro Communications, Inc.; and

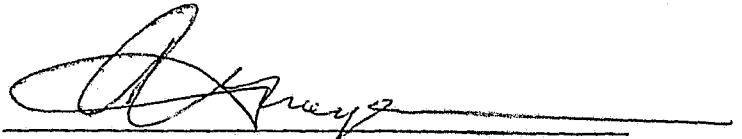
WHEREAS, the Council has deemed it to be in the furtherance of the public interest and welfare of the citizens of the City of Wilsonville, Oregon to adopt the amendments to the Franchise Agreement;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE COUNCIL OF THE CITY OF WILSONVILLE, OREGON, AS FOLLOWS:

Section 1 The City Council hereby adopts the Agreement to amend the cable communications system Franchise Agreement between the member jurisdictions participating in the Metropolitan Area Communications Commission and Storer Metro Communications, Inc., that have been developed, approved and forwarded by the Commission to the City. A copy of the Franchise Amendment Agreement is attached hereto, marked Exhibit "A" and by this reference incorporated into this resolution as though fully set forth herein.

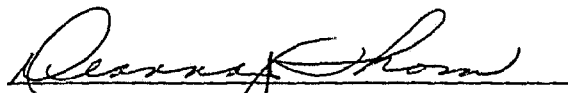
Section 2 The Mayor is authorized to and shall execute and enter into the Franchise Amendment Agreement on behalf of the City of Wilsonville and the City Recorder shall attest to the Mayor's signature. Following execution, the City Recorder shall deliver to the Commission Chairman a true copy of the Resolution and three duplicate originals of the Franchise Amendment Agreement properly executed by the Mayor and attested by the City Recorder.

ADOPTED by the City Council of the City of Wilsonville at a regular meeting thereof this 21st day of October, 1985, and filed with the Wilsonville City Recorder this same day.



A. G. MEYER, MAYOR

ATTESTS:



DEANNA J. THOM
CITY RECORDER

CITY OF WILSONVILLE

MEMO

October 21, 1985

DATE

TO: Mayor and City Council

FROM: Daniel O. Potter, City Administrator

SUBJECT: Storer Metro Cable Television Franchise Agreement Renegotiations

In the Spring of 1985 Storer Metro Inc. requested that the cable television franchise be renegotiated. The basic concern expressed was that earnings were low based on expenditures made to put the cable system in place. You appointed the undersigned to represent the city in these negotiations. I attended a variety of meetings on this subject during the Summer of 1985.

I attach a summary of the renegotiations which was prepared by Robert E. Haas, Chairman of the Metropolitan Area Communications Commission (MACC), and a city councilor from Tualatin.

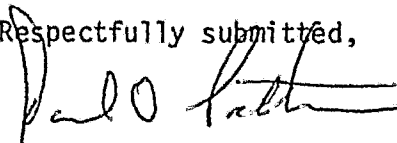
I also enclose a copy of the summary agreement on this issue. Lastly, you have a full copy of the agreement to amend the franchise.

I attended all the meetings held on the subject and believe the amendments are reasonable and fair to both the cable company and to the cities being served. Some of the amendments speak to situations discovered in the first few years of operation.

If you have specific questions we have a representative of the MACC Staff here to assist in answering such questions.

Recommendation: Approve the Agreement to Amend the Cable Communications System Franchise Agreement Between the Jurisdictions Participating in the Metropolitan Area Communication Commission and Storer Metro Communications Inc.

Respectfully submitted,



Daniel O. Potter

DOP/fr

Attachments

MAC METROPOLITAN AREA COMMUNICATIONS COMMISSION
12655 S.W. Center Street • Suite 390 • Beaverton, OR 97005 • (503) 641-0218 / 641-0166

September 30, 1985

RECEIVED
OCT 1
CITY OF WILSONVILLE

TO: MACC MEMBER JURISDICTIONS

FROM: WILLIAM J. TIERNEY; MACC ADMINISTRATOR

RE: STORER METRO CABLE TELEVISION
FRANCHISE AGREEMENT RENEGOTIATIONS

Enclosed is the Cable Franchise Renegotiation package for your consideration. Included in the package is a resolution for you to act upon, a summary memorandum from Robert E. Haas, MACC Chairperson, summary of the items discussed, and three copies of the legal language.

Upon passage by your council/commission, please execute and return a certified copy of the resolution and all three copies of the legal language. We will arrange for Storer Metro to sign the amendment and return a copy to you.

WJT/tmm

Enclosures

cc: MACC Board Representatives and Alternates
 Storer Metro
 Press

MAC METROPOLITAN AREA COMMUNICATIONS COMMISSION

12655 S.W. Center Street • Suite 390 • Beaverton, OR 97005 • (503) 641-0218 / 641-0166

September 30, 1985

To: Governing Bodies of Member Jurisdictions
From: Robert E. Haas, Chairman of MACC
City Councilor, Tualatin

I am transmitting to you an agreement which upon unanimous consent of all our member jurisdictions will amend the cable television franchise agreement between the members of the Metropolitan Area Communications Commission and Storer Metro Communications, Inc.

This agreement was renegotiated over the past several months following the approval of all of MACC's member jurisdictions to enter into renegotiations. The final agreement incorporates your community's input through your representative at MACC and your representative to the special Franchise Renegotiating Policy Committee as well as through testimony provided at a public hearing. The agreement has been unanimously approved by the MACC Board and the Franchise Renegotiating Policy Committee.

Enclosed with this overview of the renegotiations is an item by item summary of the issues discussed during the renegotiations and the legal language amending the existing agreement. Before discussing the substance of the renegotiation, I think it is important you know the process that was followed to reach this recommended amendment.

MACC authorized a special Franchise Renegotiating Policy Committee and charged the Committee with reaching a negotiating position and actually doing the face to face negotiations with Storer Metro. Each member jurisdiction was asked to approve entering into the renegotiations and to appoint a representative to the Committee. The jurisdictions agreed and the Committee formally started its work in late June. Following a number of meetings, including a presentation by Storer Metro and a public hearing, the Committee formed a negotiating position and provided it to a seven person negotiating team consisting of Shirley Huffman, Mayor of Hillsboro, who served as chief spokesperson; Eve Killpack, Washington County Commissioner; Carol A. Maul, Beaverton City Councilor; Daniel Scheans, Representative from Rivergrove; William Young, Mayor of Lake Oswego; Daniel B. Cooper, MACC Legal Counsel; and William J. Tierney, MACC Administrator. The team negotiated five times with Storer Metro and each session was carried live on cable channel 12, the government access channel. On September 5, a tentative agreement was reached. It was taken before the Franchise Renegotiating Committee on September 17 and before the MACC Board on September 18. Both unanimously approved it and recommended the city councils and county commission approve it.

As you can see, we followed a deliberative process which tried to involve each member jurisdiction and allowed for public hearing. Almost every committee meeting and the negotiating sessions were televised on cable. The result of the process is an agreement which is reasonable, provides some relief to Storer Metro and gives some benefits to MACC and the subscribers.

You will recall Storer Metro requested changes in the existing Franchise Agreement because of the financial condition of the cable system and the changing nature of the cable industry. They proposed eliminating their responsibility to operate community access television and the public communications network, eliminating certain capital expenditures, fully controlling all new construction and reducing franchise fees. The purpose of the proposals was to allow Storer Metro to earn a rate of return on their investment, simplify the regulatory relationship with MACC, close open ended franchise commitments and allow Storer Metro to concentrate on the residential subscriber network.

MACC, although sensitive to some of Storer Metro's problems, did not agree with all their requests. We recognized the financial difficulties Storer Metro faced and were willing to make some amendments to help them improve their financial health. However, we did that in the context of trying to insure subscribers received good service and protecting some of the public benefits originally committed to by Storer Metro.

We succeeded in negotiating into the Franchise Agreement quality of service standards related to telephone answering, technical service response and technical quality. The standards are specific and enforceable. We also succeeded through the process to have community access television run in the same manner as it is today. Storer Metro's original request was to stop operating access and turn the capital equipment over to MACC.

Regarding the Public Communications Network, the separate cable network available to public institutions which employs cable technology to provide sophisticated telecommunications applications, we made changes which we believe will allow the network to be tested to see if it will be a viable resource in our communities. We agreed to allow reasonable and competitive rates to be put in place July 1, 1986, and agreed to reduce funds available for demonstration projects. Storer Metro will continue to operate the PCN for a four year developmental period and they agreed to operating performance standards we proposed. We have an incentive clause which allows for up to a two year franchise extension if the network is operated properly and rates are competitive. The PCN will be operated as a competitive business and will continue to operate after the development period if the market can support it. We are comfortable with this approach because we agree with the philosophy the network should be self supporting within a reasonable time frame. MACC will continue to be involved in the development of the PCN.

Through the renegotiations, we clarified some of the language in the existing agreement and added new language to make the agreement more enforceable. For operations of the PCN, quality of service provisions and channel lineup changes, we wrote the clauses so they are clear and enforceable. We also added a clause stating both parties have agreed to the changes and will not attempt to modify them by litigating the issue under the Cable Communications Policy Act.

The agreement you are considering is fair to all parties, and I hope you concur with the thinking of the Franchise Renegotiating Committee and the MACC Board and approve it. Although it makes changes in the basic agreement, they are changes that will help to improve customer service, provide more clearly articulated and enforceable franchise requirements, and protect some of the public benefits originally committed to by Storer Metro. We have followed a process to reach this recommended agreement which has been open and involved the member jurisdictions and the public. We used the cable television medium to communicate and to keep people informed. It was a difficult and trying negotiation but looking back on it, I think it has strengthened MACC and improved our relationship with Storer Metro.

METROPOLITAN AREA COMMUNICATIONS COMMISSION

SUMMARY OF THE AGREEMENT ON THE RENEGOTIATIONS BETWEEN
MACC AND STORER METRO COMMUNICATIONS, INC.

I. PUBLIC COMMUNICATIONS NETWORK:

- A. Storer Metro will continue to manage, operate and maintain the PCN for a development period of four years. At the end of the development period, Storer Metro is relieved of its obligation on the PCN.
- B. User fees will be collected starting July 1, 1986. Storer Metro will be responsible for setting rates which are competitive to current charges for similar services. Storer Metro will collect 100% of the user fees and be responsible for any financial difference between the amount of fees collected and the actual costs to operate the PCN during the development period. Storer Metro will not request MACC to invest any of its own franchise fee funds into the PCN during the development period.
- C. MACC is concerned that rates are set so that they encourage use. We concur with the rate philosophy that Storer Metro provided at the August 28 negotiating session. At that time Storer said rates would be 20% to 25% below rates for similar services or other telecommunication providers. To insure the rates are competitive the following will be incorporated into the Agreement:
 1. The parties will reach a mutually agreed upon process for MACC to have input and involvement in Storer Metro's rates for PCN use.
 2. Storer Metro will provide to MACC a list of the initial rates for PCN use and a methodology for adjusting the rates during the development period. MACC, as part of the renegotiations, will accept the rates and the methodology for adjusting them.
- D. Storer Metro, together with MACC, will assess the status of the PCN after two years. If the prognosis for the PCN's ability to reach a self-supporting status within the four year development period appears to be poor, Storer Metro and MACC may agree to terminate PCN operation prior to the end of the development period.

- E. Storer Metro agrees that operating performance standards will be established and enforced during Storer Metro's operations of the PCN.

The following performance standards will be incorporated into the Agreement:

1. PCN will meet technical specifications as indicated in Section 5.12 Technical Standards of the Franchise Agreement.
 2. PCN will provide +15 dbmv (+2 dbmv video reference) on Pilot Carrier 301.25 at the line of demarcation for all PCN users.
 3. Storer Metro will install, proof and activate cable at users' sites within sixty (60) days of a request for PCN use.
 4. Storer Metro reaffirms it will provide services on the PCN as indicated in Section 5.5 Capacity and Capability for Institutional Services. Storer Metro will be responsible to provide all equipment necessary to provide such services on the PCN, except for necessary equipment on the user's side of the line of demarcation.
 5. Storer Metro shall maintain a repair force of technicians capable of responding promptly to all requests for service by PCN users.
 6. Storer Metro shall provide, at a minimum, service and repair according to the following response times. During normal working hours (Monday to Friday, 8:00 a.m. to 5:30 p.m.), the response shall not exceed two (2) hours except for extraordinary circumstances related to PCN operations and maintenance. During nonworking hours, the response shall not exceed six (6) hours. Response shall mean a technician is working on the Network in an effort to correct the service problem.
 7. Storer Metro will operate the PCN with due diligence.
- F. PCN cable drops will be accomplished following the same cost sharing provisions as those established for RSN cable drops into public institutions.
- G. MACC and Storer Metro will develop and, as part of these renegotiations, agree to a PCN management, operation and maintenance plan which will be in effect during the development period.

- n. At the end of the development period and thereafter, MACC shall have the right to take possession of the PCN as proposed by Storer Metro in its April 1, 1985 letter if Storer Metro does not continue to operate the PCN. Storer Metro shall give MACC a 180 day notice of its intent not to operate the PCN.
- I. The starting date for the developmental period is July 1, 1986.
- J. If MACC determines that Storer Metro has met the performance standards set forth in paragraph Number 5, and has set and adjusted the rates according to paragraph Number 3 set forth above, for a period starting with the effective date of agreement of these renegotiations and running to July 1, 1988, MACC shall grant to Storer Metro a one year extension of the Franchise Agreement. Provided Storer Metro meets the provisions for an additional two year period, MACC shall grant to Storer Metro an additional one year franchise extension. Failure to meet the performance standards and the rate and rate adjustment provisions shall be considered a material breach of the franchise and subject to applicable penalties.
- K. Storer Metro will forgive MACC the money owed as a franchise advance. MACC will use the \$193,000 franchise fee advance for its extraordinary costs for renegotiations and for demonstration projects on the PCN. Storer Metro is relieved of all other demonstration project grants.
- L. If Storer Metro continues to operate the PCN, performance standards continue to apply.

II. COMMUNITY ACCESS TELEVISION:

NO CHANGES IN THE FRANCHISE AGREEMENT.

III. INTERACTIVE SERVICES, CAPACITY AND CAPABILITY:

- A. Storer Metro will introduce, market and operate on the Residential Service Network any interactive service at the time MACC and Storer Metro jointly determine it is operating profitably on 20% of the interactive capable cable television systems in the United States. To determine if the service is being provided profitably, MACC and Storer Metro will survey to determine that the interactive cable service is being provided voluntarily and is an ongoing service. If a third party is necessary to provide an interactive service and Storer Metro in good faith is unable to secure the third party, MACC may waive this requirement per Section 4.7.

- B. Storer Metro will report to MACC, at least yearly, on its efforts to develop interactive services and their financial viability.
- C. Upon introduction of an interactive service, the service will be available to all areas of the franchise territory. Experiments and demonstrations may take place.
- D. All trunk amplifiers and line extenders will have return modules within 24 months of the effective date of this agreement.

IV. CONSTRUCTION:

A. Isolated Homes:

- 1. Homes within 200 feet of existing plant will be served at the standard installation rate. Homes between 200 feet and 500 feet of existing plant may be served by a 50/50 cost sharing between the homeowner and Storer Metro. For installations beyond 500 feet, the homeowner may pay the full cost beyond the first 500 feet and share 50/50 in the cost between 200 and 500 feet.
- 2. Extensions shall be measured from the end of the existing plant.
- 3. Street bores to bring plant to the requesting homeowner's side of the street shall not be included as part of the extension.
- 4. Isolated homes are located in areas with less than 35 homes per mile.
- 5. The amount of cable construction as measured in feet, which is the basis for the cost sharing, will be computed as follows:

Start at a point at the end of the existing cable plant exclusive of a street crossing. The actual length of cable needed to extend from the starting point to the subscriber's home shall be the total number of feet. The cost of the project from the starting point to the home shall be divided by the total number of feet. The resultant cost per foot shall be used to compute each party's share.

B. New Subdivisions:

1. Storer Metro will be required to build, activate, proof and sell cable in new subdivisions within sixty (60) days of the time when 50% of the subdivision's potential dwelling units have been issued building permits or 25% of the subdivision's potential dwelling units have contracted for cable television.
2. If plant extension of the existing cable plant exceeds 200 feet times the number of planned dwelling units in the new subdivision to reach the beginning of the new subdivision, Storer Metro may consider the new subdivision as isolated homes. Starting point to compute distances is the end of existing cable plant.
3. MACC, as a franchise obligation, will notify all member jurisdictions to add Storer Metro to their lists so Storer Metro will be notified of municipal considerations of new subdivisions.

C. Multiple Dwelling Units:

Storer Metro will be required to provide cable to any MDU complex in which the owner requests service and in which the average cost per unit for construction is equal to or less than \$150.00 (1985 dollars - to be inflated by a mutually agreeable construction inflator). The total cost is divided by the number of units to determine the average cost and shall include only the costs of line extensions and pre/post wiring of the units on the complex's property.

V. FREE RESIDENTIAL SERVICE/FREE CABLE DROPS TO PUBLIC INSTITUTIONS:

- A. Public institutions may be charged for residential cable subscriptions. The rate shall be no greater than the rate charged to other residential cable subscribers.
- B. Public institutions will share in the cost of residential cable drops. Storer Metro will pay the cost for the first 300 feet. The public institution and Storer Metro will share the cost 50/50 for the next 300 feet. Any construction beyond 600 feet will be the responsibility of the public institution. The amount of cable construction as measured in feet, which is the basis for the cost sharing, will be computed as follows:

Start at a point on the property of the public institution adjacent to the public right of way nearest to the point where cable television plant capable of being tapped for service is located, and which is nearest to the entry point into the facility. The actual length of cable needed to

extend from the starting point to the line of demarcation within the facility shall be the total number of feet. The cost of the project from the starting point to the line of demarcation shall be divided by the total number of feet. The resultant cost per foot shall be used to compute each party's share.

VI. FRANCHISE FEES:

NO CHANGE IN THE FRANCHISE AGREEMENT.

VI. RATE DEREGULATION:

NO CHANGE IN THE FRANCHISE AGREEMENT.

VIII. EMERGENCY ALERT CAPABILITY:

MACC will not require Storer Metro to provide Z Alerts into all converters, provided that the Scientific Atlanta Comm Alert System is operation within ninety (90) days of the effective date of this agreement, and that Storer Metro will in good faith agree to work with public safety officials so the cable system is a resource during emergencies.

IX. STATUS MONITORING:

MACC will defer the requirement for status monitoring until three years from the effective date of this agreement, at which time MACC will evaluate compliance with MACC Resolution 85-01 as incorporated into the Franchise Agreement. If Storer Metro is in compliance with MACC Resolution 85-01, MACC shall defer the status monitoring requirement an additional three years. MACC will continue to monitor and defer this requirement at three year intervals if Storer Metro is in compliance with Resolution 85-01.

X. INTERCONNECTION TO OTHER CABLE SYSTEMS:

NO CHANGE IN THE FRANCHISE AGREEMENT.

XI. MODIFICATIONS FOR VIDEOTEXT:

Section 5.5 will be deleted from the Franchise Agreement.

XII. REFERENCES TO THE FRANCHISE PROPOSAL:

NO CHANGE IN THE FRANCHISE AGREEMENT.

XIII. QUALITY OF SERVICE:

Provisions of MACC Resolution 85-01 will be incorporated into the Franchise Agreement as modified by this agreement. Resolution 85-01 requires Storer Metro to answer their customer service telephone 95% of the time with no longer than a three minute wait. The 95% requirement will be reduced to 90%. It also requires response to service requests be made within 24 hours; compliance with technical standards; and installations within sixty (60) days of a request. The Resolution also sets forth penalties.

XIV. PROGRAM LINEUP CHANGES:

Current Franchise Agreement language will be modified to reflect the Cable Act of 1984.

XV. PERFORMANCE BOND:

The existing Franchise Agreement allows MACC to reduce the amount of the Performance Bond from \$500,000 to \$100,000 upon the completion of construction. This agreement states MACC will reduce the amount upon successful completion of construction.

WJT/tmm

CABLE COMMUNICATIONS SYSTEM FRANCHISE AGREEMENT

**Between the Jurisdictions
Participating in the Metropolitan Area
Communications Commission
and Storer Metro Communications, Inc.**

AMENDMENT

AGREEMENT TO AMEND THE CABLE COMMUNICATIONS SYSTEM
FRANCHISE AGREEMENT BETWEEN THE JURISDICTIONS
PARTICIPATING IN THE METROPOLITAN AREA COMMUNICATIONS
COMMISSION AND STORER METRO COMMUNICATIONS INC.

This Franchise Amendment Agreement is entered into this
_____ day of _____, 1985.

WHEREAS, the Oregon cities of Banks, Beaverton, Cornelius, Durham, Forest Grove, Hillsboro, King City, Lake Oswego, North Plains, Rivergrove, Sherwood, Tigard, Tualatin and Wilsonville, together with Washington County, Oregon, have entered into a cable communications system Franchise Agreement with Storer Metro Communications, Inc. which grants to Storer Metro Communications, Inc. a non-exclusive, revokeable, 15 year franchise to construct, operate and maintain a cable communications system within the collective jurisdictional boundaries of the grantors; and

WHEREAS, the parties to the Franchise Agreement have agreed to certain amendments to the Franchise Agreement:

The parties agree as follows:

SECTION I. Public Communications Network

A. Section 4.6 of the Franchise Agreement is amended to read as follows:

4.6 Provision of Institutional Services. Grantee shall provide access to all services on the institutional network to all public agencies, public and private educational institutions, hospitals, as well as commercial establishments and major businesses within the initial service area of the franchise area, as such agencies, institutions, hospitals, commercial and major business establishments shall be determined by the Commission.

The provision of service to public agencies, public and private educational institutions and hospitals will be subject to the installation charges and rates specified in Section 7.8.

B. Section 6.8 of the Franchise Agreement is amended to read as follows:

6.8 Demonstration Projects. Demonstration projects on the Public Communications Network shall be performed in accordance with a timetable and program established by the

Commission.

C. The following Section 6.9 is added to the Franchise Agreement:

6.9 Public Communications Network. Grantee's obligations to provide institutional network service to public agencies, public and private educational institutions and to hospitals will be accomplished by the utilization of the separate system referred to in Section 5.5 and hereinafter referred to as the Public Communications Network or Network. Service on the Network shall be subject to the following conditions:

1. Any demonstration projects carried out pursuant to Section 6.8 will be funded by the Commission and not by Grantee.
2. Subject to Section 6.10, Grantee may cease operation of the Public Communications Network on or after July 1, 1990.
3. Subject to Section 6.10, Grantee may cease operation of the Public Communications Network on September 31, 1988, if the Commission, in the reasonable exercise of its judgment, finds that Grantee has operated the Network consistent with all terms and conditions of the Franchise Agreement as amended and that Grantee has demonstrated that the revenues derived from the operation of the Network are substantially less than the costs of operation and that there is little likelihood that such revenues will equal or exceed the costs of operation by July 1, 1990. The Commission will, if requested by Grantee, make this determination no later than July 1, 1988.

D. The following Section 6.10 is added to the Franchise Agreement.

6.10 Commission Operation Of Public Communications Network. On or after July 1, 1990, after giving the Commission 180 days notice of its intent to do so, Grantee may cease operation of the Public Communications Network provided that it offers to give title and control of the Network to the Commission. If the Commission shall, pursuant to Section 6.9(3), determine that Grantee may cease operation of the Public Communications Network on September 31, 1988, Grantee shall also offer to give title and control of the Network to the Commission. The terms and conditions of such offers shall include granting to the Commission full title and control of all Network cable plant, electronics, head-end gear and drops to any public locations

being provided with service along with any accompanying equipment already in place at such locations. In addition, Grantee will guarantee that the Commission or its agents shall have the right to any necessary access to any equipment located in any facility owned or operated by the Grantee.

Upon receipt of such notice by the Commission, the Commission will determine within 90 days whether it is willing to accept the offer. If the Commission agrees to accept the offer, it shall promptly notify the Grantee in writing of its acceptance and the parties will then take all necessary steps to effectuate an orderly transfer of the Network to the Commission. Pending the full transfer of the Network to the Commission, Grantee shall continue to operate the Network and guarantee continuation of service to all customers in good standing.

E. The following Section 6.11 is added to the Franchise Agreement.

6.11 Public Communications Network Performance Standards. Grantee's operation of the Public Communications Network shall be subject to the following performance standards:

1. The Network will be operated consistent with the technical specifications set forth in Section 5.12 of this Agreement.
2. Grantee will provide a +15dbmv(+or- 2dbmv) video reference on pilot carrier 301.25 at the line of demarcation for all Network users.
3. Grantee will install, proof and activate cable at any user sites within 60 days of a request for use of the Network by any public user.
4. Grantee shall maintain a repair force of technicians capable of responding promptly to all requests for service by Network users.
5. Grantee shall provide, at a minimum, service and repair according to the following response times. During normal working hours (Monday - Friday, 8:00 a.m. - 5:30 p.m.), the response shall not exceed 2 hours, except for extraordinary circumstances related to Network operations and maintenance. During non-working hours, the response shall not exceed 6 hours. Response shall mean a technician is working on the Network in an effort to correct the service problem.

6. Grantee will operate the Network with due diligence.

7. Grantee will comply with the Network Management Operation and Maintenance Plan attached as Exhibit A hereto which will govern operation of the Network unless the Commission shall agree to amend or terminate the Plan.

F. The following Section 12.5 is added to the Franchise Agreement.

Section 12.5 Extension Of Term.

(a) Within 90 days of July 1, 1988, the Commission shall hold a hearing to determine whether Grantee has complied with all provisions of the Franchise Agreement, as amended, relating to the operation of the Public Communications Network. If the Commission determines that Grantee has complied with all such terms of the Agreement, it shall grant to Grantee a 1 year extension of the term of this Franchise Agreement.

(b) If the Grantee operates the Public Communications Network from July 1, 1988 until July 1, 1990, within 90 days of July 1, 1990, the Commission shall hold a hearing to determine whether Grantee has complied with all provisions of the Franchise Agreement, as amended, relating to the operation of the Public Communications Network during that period. If the Commission determines that Grantee has complied with all such terms of the Agreement, it shall grant to Grantee a 1 year extension of the term of this Franchise Agreement.

G. Existing Section 7.8 of the Franchise Agreement is deleted and a new Section 7.8 is added to read as follows:

Section 7.8 Institutional Services.

(a) Rates and installation charges for use of the institutional system designed for business and industry use as described in Section 5.5 shall be established at the sole discretion of the Grantee.

(b) The rates for use of the institutional system designed for use by government and non-profit users (the Public Communications Network) are established in the attached Appendix 1. These rates may be adjusted annually by Grantee in accordance with the formula set forth in Appendix 1.

(c) Installation charges for use of the Public Communications Network by public agencies, public and private

educational institutions and hospitals will be computed on the following basis:

Drops or extensions necessary to provide service will be provided free of charge by Grantee up to a distance of 300 feet. The user and Grantee will share the cost on a 50/50 basis for an additional 300 feet. The cost of any construction necessary beyond 600 feet will be the responsibility of the Public Communications Network user.

The amount of cable construction as measured in feet which is the basis for the cost sharing formula will be computed as follows:

Start at a point on the property of the public institution adjacent to the public right-of-way nearest to the point where there a cable television plant capable of being tapped for service and which is nearest to the point of entry into the facility. The actual length of cable needed to extend from the starting point to the line of demarcation within the facility shall be the total number of feet. The cost of the project from the starting point to the line of demarcation shall be divided by the total number of feet. The resultant cost per foot shall be used to compute each party's share.

H. The following paragraph is to be added to the end of the existing provisions of Section 9.1 of the Franchise Agreement.

d. Alternative Means To Repay Advancement Of Franchise Fees. Grantee has advanced to Grantors a total of \$193,000.00 in franchise fee payments as of July 1, 1985. Notwithstanding the provisions of paragraph 9.2(c) providing for a credit for such advance payments Grantee shall continue to pay the full five percent (5%) franchise fee each quarter until July 1, 1990.

If Grantee operates the Public Communications Network until July 1, 1990 and if Grantors have expended less than \$193,000.00 for demonstration projects pursuant to Section 6.8 and 6.9(1) or for the items listed in attached Exhibit B, then Grantee shall, commencing with the first franchise fee payment due after July 1, 1990, be entitled to commence to credit toward its franchise fee payments, pursuant to paragraph 9.1(c) above, the difference between \$193,000.00 and the amount actually expended. If, however, Grantee shall cease operation of the Network prior to July 1, 1990 for any reason whatsoever or if Grantors shall have expended

an amount equal to or greater than \$193,000.00 for the purposes set forth above, then Grantee shall not be entitled to any credit against the franchise fee otherwise due and payable and Grantee shall continue to pay the full five percent (5%) franchise fee.

I. The following Section 2.32(a) is added to the Franchise Agreement.

2.32(a) Line of Demarcation. The point where Grantee terminates a cable drop either on the Public Communications Network or the Residential Subscriber Network. The point shall be designated by the subscriber and shall be limited to a single point.

SECTION II. Interactive Residential Services

A. Section 5.4 of the Franchise Agreement is amended to read as follows:

5.4 Capacity and Capability for Interactive Residential Services. Grantee agrees to and shall provide, in the initial system configuration, the capacity and capability for interactive residential services including, but not limited to, security alarm (including intrusion and fire alarm) monitoring, home shopping, energy management, home banking, teletext, information access and retrieval, subscriber polling, video games and one-way or interactive education. All customer equipment necessary for such services, such as addressable interactive converters, home terminals and home detectors, shall be provided to subscribers by Grantee in accordance with established and uniform rate schedules.

Return modules will be placed, installed, tested and made operational in all residential network amplifiers and trunk extenders by September 1, 1987.

B. Existing Section 6.4 of the Franchise Agreement is deleted and a new Section 6.4 is added to read as follows:

6.4 Interactive Residential Services.

(a) Grantee will introduce, market and operate on the Residential Service Network any interactive service at the time the Commission and Grantee jointly determine it is operating profitably on 20% of the interactive capable cable television systems in the United States. To determine if the service is being provided profitably, the Commission and Grantee will survey to determine that the interactive cable service is being provided voluntarily

and is an ongoing service. If a third party is necessary to provide an interactive service and Grantee in good faith is unable to secure the third party, the Commission shall waive this requirement per Section 4.7.

(b) Grantee will report to the Commission at its first meeting after July 1st each year on its efforts to develop interactive services and their financial viability.

(c) Upon introduction of an interactive service, the service will be available to all areas of the franchise territory. Experiments and demonstrations may take place in areas smaller than the entire franchise territory.

SECTION III. Construction

A. Section 4.5 of the Franchise Agreement is amended to read as follows:

4.5 Provisions of Residential Service. Subject to the provisions of Section 7 herein concerning rates and charges, Grantee shall provide all residential services to all residents within the initial service area of the franchise area at uniform installation charges and monthly rates and within the schedules of Section 4.2, above. New residents in active cable areas shall be offered service within sixty (60) days after request for service. The following exceptions shall apply:

(1) Isolated Homes.

A. For dwelling units either within or outside of the initial service area, where the number of homes per mile is less than 35, Grantee shall have no obligation to provide service necessitating more than a line extension or drop of 200 feet as measured from the end of the existing cable plant, unless the person requesting service contractually agrees to pay construction costs based on the following formula:

(1) Grantee shall provide service at its standard installation charge if no more than 200 feet of construction is required.

(2) Grantee and the subscriber shall share equally the actual cost of the extension for the distance over 200 feet but less than 500 feet.

(3) The subscriber shall pay all costs for construction greater than 500 feet.

(4) The amount of cable construction as measured in feet, which is the basis for the cost sharing, will be computed as follows:

Start at a point at the nearest existing cable plant exclusive of a street crossing. The actual length of cable needed from the starting point to the subscriber's home shall be the total number of feet. The cost of the project from the starting point to the home shall be divided by the total number of feet. The resultant cost per foot shall be used to compute each party's share. Street bores or crossings needed to bring the existing cable plant to the requesting subscribers side of the street shall not be included as part of the extension.

(2) New Subdivisions.

A. Grantee will be required to build, activate, proof and sell cable in new subdivisions within sixty (60) days of the time when 50% of the subdivision's potential dwelling units have been issued building permits, or 25% of the subdivisions' potential dwelling units have contracted for cable television service.

B. If plant extension as measured from the end of the existing cable plant exceeds 200 feet times the number of planned dwelling units in the new subdivision to reach the beginning of the new subdivision, Grantee may consider the new subdivision as isolated homes and condition service on subscribers compliance with Subsection 4.5(1) above.

C. The Commission, as a franchise obligation, will notify all member jurisdictions to add Grantee to their lists so Grantee will be notified of Grantee considerations of new subdivisions.

D. Where jurisdictional approval of a subdivision includes provision for the construction of separate phases of the subdivision each phase will be considered a separate subdivision for the purpose of this section.

B. A new subsection 11.6(e) is added to Section 11.6 Landlord - Tenant of the Franchise Agreement to read as follows:

(e) However, Grantee shall have no obligation to provide service if the cost of installation exceeds \$150 per unit*. To determine unit costs, the total project cost is divided by the number of units. The total project cost shall

include only the costs of cable installed on the property including line extension and pre/post wiring of the units.

*Cost is expressed in 1985 dollars. This figure shall be adjusted each year on July 1 to reflect the annual change in the Consumer Price Index for the Portland Metropolitan Region.

SECTION IV. Service to Public Institutions.

A. Section 7.3 of the Franchise Agreement is amended to read as follows:

7.3 Basic Service - Apartment, Commercial and Public Facilities. The initial rates and charges for basic service within the initial service area to apartments, commercial organizations and public facilities shall not exceed the following:

<u>Apartments - Bulk Rate</u>	<u>Installation Charge</u>	<u>Monthly Rate</u>
First Outlet	Cost	Same as residential rate
2 - 10 Outlets	Cost	10% discount from residential rate
11 - 20 Outlets	Cost	15% discount from residential rate
21 - 30 Outlets	Cost	20% discount from residential rate
More than 30 Outlets	Cost	25% discount from residential rate

To qualify for bulk rates, the apartments must have one hundred percent (100%) subscription and a single billing address.

<u>Commercial - All Tiers</u>	<u>Installation Charge</u>	<u>Monthly Rate</u>
First Outlet	Cost	Same as residential rate
2 - 10 Outlets	Cost	10% discount from residential rate

11 - 20 Outlets	Cost	15% discount from residential rate
21 - 30 Outlets	Cost	20% discount from residential rate
More than 30 Outlets	Cost	25% discount from residential rate

Tax Supported and Non-Profit Institutions

	<u>Installation Charge</u>	<u>Monthly Rate</u>
First Outlet	No Charge	No Charge
Additional Outlets	No Charge	No Charge
Security Service	No Charge	No Charge

Tax Supported and Non-Profit Institutions - All Tiers

	<u>Monthly Rate</u>
First Outlet	Same as residential rate
2 - 10 Outlets	10% discount from residential rate
11 - 20 Outlets	15% discount from residential rate
21 - 30 Outlets	20% discount from residential rate
More than 30 Outlets	25% discount from residential rate

Installation charges for tax supported and non-profit institutions shall be in accordance with the following formula:

Drops or extensions necessary to provide service will be at Grantee's expense for the first 300 feet. The user and Grantee will share the cost on a 50/50 basis for an additional 300 feet. The cost of any construction necessary beyond 600 feet will be the responsibility of the user.

The amount of cable construction as measured in feet which is the basis for the cost sharing formula will be computed as follows:

Start at a point on the property of the public institution adjacent to the public right-of-way nearest to the point where there is cable television plant capable of being tapped for service and which is nearest to the point of entry into the facility. The actual length of cable needed to extend from the starting point to line of demarcation within the facility shall be the total number of feet. The cost of the project from the starting point to the line of demarcation shall be divided by the total number of feet. The resultant cost per foot shall be used to compute each party's share.

SECTION V. Emergency Alert

Section 5.8 of the Franchise Agreement is amended to read as follows:

5.8 Emergency Alert Capability. Grantee shall provide the system capability for the Commission to transmit an emergency alert signal from locations designated by the Commission to all participating subscribers. Grantee shall also provide an emergency audio override capability to permit the Commission or, within its jurisdiction, an individual Grantor to interrupt programming and cablecast from locations designated by each Grantor an audio message on all channels simultaneously in the event of disaster or public emergency.

Grantee may satisfy this obligation by installing and maintaining a Scientific Atlanta Communications Alert System. By 90 days after the effective date of the amendment agreement Grantee shall operate and make available the emergency alert capability of this system in accordance with an operational plan to be developed by Grantee and local public safety departments subject to the approval of the Commission.

SECTION VI. Status Monitoring

A. Section 5.11 of the Franchise Agreement is amended to read as follows:

5.11 Status Monitoring. Grantee shall provide an automatic status monitoring system as an integral part of both the residential and the institutional cable networks in the event the Commission requires it to do so. The Commission may require Grantee to install such a system if within 90 days after July 1, 1988, July 1, 1991, July 1, 1994 and July 1, 1997 if the Franchise Agreement term is

extended, it determines that Grantee has failed to meet the quality of service and consumer protection requirements of this agreement as amended.

SECTION VII. Modifications for Videotext

A. Section 5.15 System Modification for Videotext Receipt is hereby deleted from the Franchise Agreement.

SECTION VIII. Quality of Service

A. A new Section 8.7 Consumer Protection Standards and Penalty Guidelines is hereby added to the Franchise Agreement to read as follows:

8.7 Consumer Protection Standards and Penalty Guidelines

a. Telephone Answering

1. Standard of Performance. The Franchise Agreement provides in Section 13.4(a):

The Grantee shall maintain an office in the franchise territory which shall be open during all usual business hours, have a publicly listed toll-free telephone, and be so operated to receive subscriber complaints and requests for repairs or adjustments on a 24-hour basis. A written log shall be maintained listing all complaints and their disposition.

Incoming calls shall be answered within three minutes 90% of the time during any one hour time period. "Answered" means that a caller speaks to an employee of the Grantee. Grantee will meet or exceed the 90% standard in meeting the telephone answering requirements of Section 13.4(a) of the Franchise Agreement. The test for compliance will be whether an open incoming telephone line is available 90% of the time during any one hour and whether calls are picked up by an employee within three minutes.

2. Monitoring Procedures. Commission staff will monitor consumer complaints it receives and will periodically check the availability of open telephone lines.

The Commission will request, pursuant to Section 13.3(e), reports from Frantee on telephone utilization.

3. Penalty Standards. The Commission shall impose penalties for violation of the telephone answering standards, except in cases where the system has suffered an outage or other disruption affecting trunks or distri-

bution feeders or some occurrence has caused similar service related problems to a number of subscribers. The Commission may at its discretion, waive or reduce penalties if timely and appropriate corrective action is taken.

The following are guidelines for the Commission in setting penalties. The dollar amounts set forth are intended as guidelines for the maximum amount to be imposed absent egregious circumstances or changes in the value of the dollar based on inflation. If the 90% standard is not met during one or more one hour periods during a single day, a single violation will be deemed to have occurred.

- (A) One violation to nine violations in any one month.

PENALTY: \$50.00 per violation.

- (B) Ten or more violations in any one month.

PENALTY: \$100 per violation for all violations during the month.

- (C) Violations as specified in (1) or (2) continue over a two month period and notification had been given of the first month's violation.

PENALTY: Double Monetary Fines.

- (D) Violations as specified in (1) or (2) continue over a three month period and notification had been given of violations in months one and two.

PENALTY: Triple Monetary Fines.

- (E) Violations as specified in (1) or (2) continue for a period of four or more months and notification had been given of violations in months one, two and three.

PENALTY: Triple Monetary Fines
Consider Franchise Revocation

(b) Customer Service Response

1. Performance Standards. The Franchise Agreement states in Section 13.4(c):

"The Grantee shall maintain a repair force of technicians capable of responding to subscriber complaints

or requests for service within 24-hours after receipt of the complaint or inquiry. No charges shall be made to the subscriber for this service."

Grantee shall respond to a complaint or request for service within 24-hours of a request. For a subscriber with a construction or technical problem, a response means a Grantee representative will correct or attempt to correct the problem within 24-hours of a request. The Commission shall apply this standard to all requests for repairs or correction of technical problems. Requests for added or changed services packages, such as add or drop channels, additional outlets, etc., are not subject to this 24-hour response time.

A subscriber can voluntarily elect to extend the response time requirement beyond 24-hours.

2. Monitoring Procedures. The Trouble Call reports provided to the Commission pursuant to Section 13.3(a) shall be used to monitor this standard. Grantee shall indicate on the Trouble Call report those subscribers requesting service who voluntarily elect to extend the response time requirement beyond 24-hours. The Commission will review all reports.

3. Penalty Standards.

The following are guidelines for the Commission in setting penalties. The dollar amounts set forth are intended as guidelines for the maximum amount to be imposed absent egregious circumstances or changes in the value of the dollar based on inflation.

- (A) If the 5% or greater, but less than 10% of the monthly requests for service exceed the 24-hour requirement.

PENALTY: \$10.00 per violation.

- (B) If 10% or greater, but less than 15% of the monthly requests for service exceed the 24-hour requirement.

PENALTY: \$20.00 per violation.

- (C) If 15% or greater of the monthly requests for service exceed the 24-hour requirement.

PENALTY: \$30.00 per violation.

(D) In computing compliance or violation of these standards the following mathematical formulas will be used.

$$(a) \frac{T2}{T1} = \geq 5\%$$

This determines if the 5% threshold is exceeded. If it is, penalties are computed by Formula (b).

$$(b) (T2 - T3) \times P = \$$$

T1 = Total service calls per month.

T2 = Total service calls per month in excess of 24-hour response requirement.

T3 = 5% of total service calls per month.

P = Dollar penalty for penalties (A), (B) and (C) above. The dollar penalty is determined based upon the quotient in Formula (a).

(c) Technical Specifications

(1) Performance Standards. The Commission will monitor system performance in order to insure subscribers receive good quality television reception. The Franchise Agreement in Section 5.12 contains specific standards for technical quality.

(2) Monitoring Procedures. The Commission will follow the provisions of Section 5.13 to test to determine if technical standards are being met. The Commission will use Grantee's performance tests or independent tests authorized by the Commission. If the operating standards do not meet the required technical specifications, the Commission shall provide Grantee with an opportunity to correct the problem. The Commission will notify Grantee of the noncompliance. Grantee will have 7 days to correct the problem and prove to the Commission the problem is corrected. If corrective action and proof of it are not made within 7 days of Grantee receiving the notification, the Commission may enact penalties.

(3) Penalty Standards. Monetary penalties shall be applied based upon the degree and prevalence of the deviation. Penalties shall increase in amount for continued violations. The Commission may also consider rebates or payments to subscribers.

(d) Subscriber Hook-ups.

(1) Performance Standards. Section 4.2(a) of the Franchise Agreement states in pertinent part "Service shall be offered to any requesting subscriber no later than 60 days from the date of request following the energizing or activation of the system within any specific areas." This time period shall be the standard for all subscriber hook-ups with the additional conditions as provided in Section 4.5 as amended also applicable as provided for therein.

(2) Monitoring Procedures. The Commission will monitor and investigate reports of violation of this standard. A request will be deemed made on the date of signing of a service agreement, receipt of funds by the company, mailing of a written request, or on the date of a verified oral request.

(3) Penalty Standard. The penalty shall be up to \$100.00 per day for every day over 60 days until the installation is completed, or the cost of installation, whichever is more. Upon notification to Grantee that the install was not made within the required time frame, the Commission may, of its own accord, have the installation made. The penalty in this situation shall equal the cost of the installation plus any administrative expenses.

B. Section 5.12 of the Franchise Agreement is amended to read as follows:

5.12 Technical Standards. The Federal Communications Commission (FCC) Rules and Regulations, Part 76, Subpart K (Technical Standards), as now or hereafter constituted, shall apply. However, because of the recent development of interactive and other innovative services, modifications of FCC standards, as presented in the specifications below, are considered as necessary to meet system service objectives.

Applicable Technical Standards

(1) Residential Network, Forward Signals - Class I Channels. The residential network shall be capable of carrying 60 Class I television channels and the full FM broadcast band. The combined forward trunk and distribution system shall deliver signals to each subscriber's television receiver that will meet or exceed the following specifications at the mean system temperature +70 degrees F on each and every video channel. This shall include the effects of drop cables, interior splits, and any terminal equipment such as descramblers and set-top converters.

A. Peak to Valley, 54-440 MHz	4 dB
B. Peak to Valley, 6 MHz	0.5 dB
C. Carrier to Noise	44 dB
D. Cross Modulation	57 dB
E. Carrier to Hum	45 dB
F. Carrier to Composite Triple Beat	55 dB
G. Carrier to Triple Beat	76 dB
H. Carrier to Second Order	68 dB
I.- Chroma/Luminance Delay	+150 ns
J. Carrier to Echo	per mertz curve
K. Differential Gain	0.5 dB
L. Differential Phase	1.0°
M. Subscriber Level	+8.0 dBnV
N. Adjacent channel Level Differential	2.0 dB
O. FM Levels	Channel 6 second
P. Subscriber Isolation	30 dB

(2) Residential and Institutional Networks, Reverse Signals. The reverse channels of both the residential and institutional networks shall have the capability of providing return signals from any subscriber tap to the extreme end of any area of the system which is intended to receive the return signals without noticeable signal degradation or interference.

- A. The system capability shall include transmission of audio, color video, black and white video, and both low and high speed data, whether analog or digital.
- B. If necessary to prevent the build-up of noise and distortion products, the area shall be divided into sections, and subtrunks run to a central hub within the areas. Equivalent alternatives such as addressable taps or switches may be utilized.

- C. No more than +54 dBmV output level shall be required out of any customer modem to meet the system specifications.
- D. Where applicable, the end of the system specifications shall include the effects of any signal reprocessing equipment necessary to achieve forward transmission.
- E. For all video signals originating within the system, the signal delivered to the subscriber's television receiver, after being transmitted to the headend, processed and retransmitted down a forward channel, shall meet the specifications of (1) above.

SECTION IX. Program Line-Up Changes

A. Section 6.1 of the Franchise Agreement is amended to read as follows:

6.1 Initial Services and Programming. Grantee shall provide, as a minimum, the initial services and programming listed in this Section. If any listed service shall become unavailable, or cannot be provided under existing FCC regulations, Grantee shall provide substitute programming considered by the Commission to be at least as attractive to cable system subscribers. Grantee shall not reduce the number of program services without prior written notification to and approval by Grantors. Grantee may add new services at any time, subject to Grantor approval of any new rates or rate increase necessitated by the added services. Grantee may combine programming into composite channels to improve efficiency of channel utilization or to attract a larger viewing audience.

In enforcing this Section, the Commission shall limit itself to reviewing changes in the programming provided by Grantee to determine whether the mix, quality, and level of services originally provided will be maintained after any modification unless the Grantee requests and the Commission agrees that a variance from the original, mix, quality or level of service is appropriate.

SECTION X. Cable Act

A. A new Section 14.12 is added to the Franchise Agreement as follows:

Section 14.12 Effect of Amendments. The parties recognize that they have conflicting opinions regarding the effect of the adoption of The Cable Communications Policy

Act of 1984 on the original provisions of the Franchise Agreement. In addition, Grantee has requested and Grantors have agreed to relieve Grantee of certain obligations which are clearly enforceable by Grantor under the Act. Grantor would not have done so if it did not have Grantee's assurances that it would abide by the entire terms of the amending agreement.

The parties intend and believe that all of the provisions hereof are consistent with and permitted by The Cable Communications Policy Act of 1984. Grantor would not have entered into this Franchise Amendment Agreement but for Grantee's representation that the following provisions would not be subject to challenge: (1) the provisions for setting rates and installation charges for users of the Public Communications Network; (2) that any extensions of the term of the franchise do not constitute renewal of the franchise under said Act; (3) that the time value of money is fully accounted for in the method agreed to for crediting repayment of advances on franchise fees; (4) that there need be no compensation paid to Grantee if the Public Communications Network is accepted by the Commission; and (5) that the provisions of Section 8.7 Consumer Protection Standards and Penalty Guidelines are enforceable. The parties agree that they are estopped from challenging in any judicial proceeding the validity or enforceability of the specific provisions of the Franchise Amendment Agreement set forth in the preceding sentence based on the terms of the Act as it is written on the effective date of the Franchise Amendment Agreement.

The parties recognize that amendments to the Act or further action of Federal or State regulatory or Judicial authorities may occur. As to the five enumerated items, the parties intend that the existing provisions of Section 14.6, 14.7 and 14.8 of the Franchise Agreement and Section 625 of the Act shall control in the event of changes in circumstances other than judicial interpretations of the existing provisions of the Act that adversely impact the Grantee's performance.

SECTION XI.

This Franchise Amendment Agreement is executed in triplicate original by Grantor, Grantee and Parent Corporation. Execution hereof by the below-signed officers of Grantee and Parent Corporation is in accordance with an appropriate corporate resolution. The timely filing of a copy of the corporate resolution and one fully executed original of the Franchise Agreement with the below subscribed Grantor in accordance with Section 3.7 of the Franchise Agreement, shall constitute formal written acceptance. This Franchise

Amendment Agreement shall be null and void unless agreed to by all fifteen member jurisdictions of the Metropolitan Area Communications Commission. This Amendment Agreement shall take effect on the day following the execution of this Agreement by the fifteenth member jurisdiction of the Commission to do so.

Subscribed, executed and entered into by City of
Wilkesville, Grantor, this 6th day
of October, 1985.

Grantor
By [Signature]
Title: Mayor
Attest: [Signature]
Title: City Recorder

Approved as to form:

Title: _____

Subscribed, executed and entered into by Storer Metro
Communications, Inc., Grantee, this _____ day of _____,
1985.

Storer Metro Communications, Inc.

By _____
Title: _____

Subscribed, executed and entered into by Storer Communications,
Inc., the Parent Corporation to Grantee, this _____ day
of _____, 1985.

Storer Communications, Inc.

By _____
Title: _____

APPENDIX 1

Public Communications Network Rates
for Government and Non-Profit Users

The rates for use of the institutional system designed for use by government and non-profit users (Public Communications Network) shall be as follows effective July 1, 1986.

Low-speed data or single-line voice circuit--assume 25kHz	\$ 40.00 per month
High-speed data --e.g. 56 kbps--assume 150 kHz usage	\$200.00 per month
T-1 service (1.544 mbps)--assume 750 kHz usage	\$325.00 per month
Packet-switched interactive network service--Sytek hardware	\$ 40.00 per month per device
Video--per site, one-way video delivery from Storer TVRO	\$ 50.00 for first hour, \$ 35.00 per each add'l hour
Video--per site, two-way, originating outside Storer headend	\$ 75.00 for first hour, \$ 35.00 per each add'l hour

Bulk rates may be negotiated to reduce the monthly charges listed above.

These rates may be adjusted according to the following: The adjustment in rates will not exceed the annual percentage increase in the Consumer Price Index.

Rates will be continually reviewed to assure they are competitive. Adjustments made above the increase in the Consumer Price Index may only take place with the mutual consent of Grantee and the Commission.

These rates and the criteria for adjusting these rates will be in effect for the time period referred to in Section 6.9(2) and Section 6.9(3).

EXHIBIT "A"

Network Operation and Maintenance Plan
Public Communications Network

The following outlines the Grantee's and the Commission's responsibilities in the operation and maintenance of the Public Communications Network.

<u>Activity</u>	<u>Responsibility</u>
Frequency Management	Commission
User Premise Equipment Specifications	Commission
Finances	Grantee
Setting Rates	Grantee
Planning	Commission
Marketing	Commission
User Application	Commission
User Installation and PCN Design	Grantee
Mainline Maintenance	Grantee
Headend Equipment and Maintenance	Grantee

EXHIBIT "B"

Commission's Extraordinary Expense
Incurred During Renegotiations

Professional Services

Legal Fees - Not To Exceed	\$20,000.00
Consulting Fees - Not To Exceed	\$ 6,000.00