TOWN OF SOUTHBOROUGH CABLE TELEVISION ISSUING AUTHORITY REPORT

THE BOARD OF SELECTMEN

TOWN OF SOUTHBOROUGH

TOWN HOUSE

17 COMMON STREET

SOUTHBOROUGH, MA 01772-1662

SEPTEMBER 26, 2006

TABLE OF CONTENTS

(I) BACKGROUND OF LICENSING PROCESS	Page 3
(II) SUBMISSION INSTRUCTIONS	Page 4
(III) CLARIFICATION REGARDING VERIZON'S INITIAL FORM 100 APPLICATION	Page 4
(IV) INDEMINIFICATION	Page 5
(V) DISCLOSURE OF VERIZON'S EFFORTS, IF ANY, TO BY-PASS LOCAL FRANCHISING PROCESS; VERIZON COMMITMENT TO OPERATE UNDER APPLIED-FOR LOCAL FRANCHISE/LICENSE NOTWITHSTANDING TELEPHONE INDUSTRY EFFORTS TO ELIMINATE LOCAL FRANCHISING/LICENSING	Page 5
(VI) SERVICES TO BE PROVIDED	Page 6
(1) Cable Television System Subscriber Network(2) Emergency Alert Override Capacity	Page 6 Page 8
(3) Free Monthly Service, Drops and Outlets to Public Buildings and Schools(4) Internet Service to Public Buildings	Page 8
and Schools (5) Cable Television System	Page 9
Institutional Network (6) PEG Access Programming (7) Senior Discount (8) Customer Service Provisions (9) Programming	Page 9 Page 10 Page 10 Page 11 Page 12
(10) Consumer Protection (11) Rates (12) Converters/Cable-Ready Set-	Page 12 Page 13 Page 14
Compatibility/Remotes (13) License Fees (14) Regulatory Provisions (15) Final License Term	Page 14 Page 15 Page 15 Page 16
(VII) EXHIBITS	Page 17
Exhibit 1 Exhibit 2 (I) BACKGROUND OF LICENSING PROCESS	Page 18 Page 19

- (a) The Board of Selectmen of the Town of Southborough, Massachusetts (the "Town"), as statutory Issuing Authority (the "Issuing Authority"), initiated the cable television licensing process in the Town on June 20, 2006.
- (b) Pursuant to 207 CMR 3.03(2), the Issuing Authority published notice in the MetroWest Daily News on May 30, 2006 and June 6, 2006, advertising the cable television licensing process in Southborough. The deadline for receipt of proposals was June 13, 2006. The Issuing Authority received one Massachusetts Cable Television Division Form 100 application from Verizon New England Inc. ("Verizon" or the "Applicant"). There were no other applications filed with the Issuing Authority
- (c) Pursuant to 207 CMR 3.03(3), the Issuing Authority hereby is issuing this Issuing Authority Report ("IAR") for response in the form of an amended proposal from Verizon.
- (d) Pursuant to 207 CMR 3.03(3), only Verizon, as the sole applicant of record, may respond to the IAR.

(II) SUBMISSION INSTRUCTIONS

- (a) The Applicant shall respond to this IAR by submitting an amended proposal, including the Form 100, to the Issuing Authority.
- (b) The amended proposal, and nine (9) copies, shall be received by the Town no later than 5:00 PM on Tuesday, October 31, 2006 at the following address:

The Board of Selectmen Town of Southborough Town House 17 Common Street Southborough, MA 01772-1662

- (c) The applicant shall also send one (1) copy of its amended proposal **directly** to the Town's outside cable counsel, Peter J. Epstein, 101 Arch Street, Suite 900, Boston, MA 02110-1112.
- (d) All pro forma financial information in the Form 100 shall be completed and submitted in the amended proposal as required. Said pro forma financial information shall be specific to the proposed Southborough system.
- (e) Questions about this IAR shall be addressed, in writing only, to the Board of Selectmen, at the address specified in paragraph (b) above, with a copy to the Town's outside cable counsel.

(III) CLARIFICATION REGARDING VERIZON'S INITIAL FORM 100 APPLICATION

- (a) Form 100: Question 9: Please explain the legal basis for Verizon's statement that a performance bond for a cable television license is not required in light of M.G.L. Chapter 166A, §5(k). While the Town understands that Verizon also operates facilities in Southborough under its Title II common carrier authority, its operation of a cable television system is subject to Title VI cable television system authority. As such, Verizon is subject to bonding requirements under M.G.L. Chapter 166A, §5(k).
- (b) Form 100: Question 22: Verizon states that it is installing "...its FTTP system within the Commonwealth as an upgrade to its telecommunications network under its Title II authority." Given that Verizon will be operating a cable television system, please explain the legal basis for this statement.

(IV) INDEMINIFICATION

In January of 2002, the Issuing Authority granted a cable television renewal license (the "Renewal License") to the current cable operator in Town, Charter Communications Entertainment I, L.L.C. ("Charter"). Section 2.4 of the renewal license provides so-called "level-playing-field" language that specifies that the Issuing Authority must not grant an additional cable license (or licenses) on terms and conditions that are not substantially equivalent to those in the renewal license. The Issuing Authority has kept that level-playing-field provision in mind in developing this IAR, and will certainly do so in the grant of any cable television license to Verizon.

In the event that Charter asserts that the Verizon license was not issued in accordance with the level-playing-field provision, and in the event that such assertion is subsequently upheld by an appropriate entity, Verizon must agree to match any such Charter—required provisions.

In the event that litigation ensues based on said level-playing-field language as a result of the grant of a cable television license to Verizon in Southborough, Verizon must indemnify the Town for any and all expenses, costs and/or damages as a result of any such litigation.

Verizon shall agree explicitly to this indemnification provision, the exact language to be negotiated by the Issuing Authority and Verizon.

(V) DISCLOSURE OF VERIZON'S EFFORTS, IF ANY, TO BY-PASS LOCAL FRANCHISING PROCESS: VERIZON COMMITMENT TO OPERATE UNDER APPLIED-FOR LOCAL FRANCHISE/LICENSE NOTWITHSTANDING TELEPHONE INDUSTRY EFFORTS TO ELIMINATE LOCAL FRANCHISING/LICENSING

The Town has been advised that Verizon, other telephone companies and their trade association may be lobbying federal and state legislatures to eliminate, reduce or by-pass the local franchising/licensing process that Verizon has requested that the Town initiate. The Town cannot adequately assess how best to undertake the franchising/licensing process if the rules of franchising/licensing may be changed during the franchising/licensing process and/or during the term of a franchise/license granted to Verizon, as a result of such reported federal and state legislative efforts by Verizon and others. Accordingly, the amended application should explicitly disclose Verizon-supported legislation that may amend or foreseeably impact the rules, regulations and laws governing this franchising/licensing process. Verizon's disclosures under this section of the IAR should be updated as necessary for the information to be current.

(VI) SERVICES TO BE PROVIDED

The Issuing Authority has determined that the following services and facilities are appropriate for inclusion in any cable television license to be issued by the Issuing Authority:

(1) Cable Television System Subscriber Network

- (a) The Applicant shall construct, install, operate and maintain a cable television system Subscriber Network in the Town with a capacity of carrying video channels in the downstream and upstream direction. Verizon should specify the number of (i) downstream channels and (ii) the number of upstream channels projected for its Southborough Cable System.
- (b) The Applicant shall make its Cable Service(s) available to all residents and businesses in the Town within six (6) months of the execution of a Final License, without any charges to residents (other than a nominal installation charge, if any). Residents within three hundred feet (300') of existing plant shall not be charged costs in excess of a nominal installation charge.
- (c) In order that all residents in the Town can receive public, educational and governmental ("PEG") access programming, the Applicant shall make the PEG access channels available to all residents without charge(s). Verizon should provide interconnection with the incumbent cable operator within ninety (90) days of the execution date of a Final License, in order to receive Southborough PEG Access programming that Verizon can transmit to its Southborough cable subscribers. Verizon shall pay all costs, including personnel, in connection with said interconnection.
- (d) The Applicant shall make Cable Service(s) available to individual Town residents and businesses within ten (10) business days of a request therefor.
- (e) The Applicant shall provide a detailed explanation of its proposed Subscriber Network in the Town, including the types, model numbers and features of customer-premises equipment installed by Applicant.
- (f) The Applicant shall provide a detailed description of installation requirements for its proposed Cable System, including in particular situations in which potential customers requesting Cable Service will be required to convert analog phone service to the fiber system. Please explain in detail.
 - (g) Describe in detail how the cable system will be constructed in Southborough.
 - (i) Will such construction be accomplished in stages?
 - (h) How will the Applicant minimize disruption to the public rights-of-way in the Town?
- (i) The Applicant shall describe its plans to handle capacity issues at such time that the cable television plant has reached its maximum capacity and additional services are desired to be added to the Applicant's service offering(s).

- (j) All channels on the cable system shall be capable of passing-through to subscribers all available stereo and closed-captioned signals.
- (i) What format will be used? Will HDTV services provide digital audio formats, such as Dolby, when available from either cable networks or via ATSC-standard broadcasts being carried by Applicant's system?
- (k) All subscribers in the Town shall have the capability of deleting any channel which he or she does not wish to have screened at home (ie: lock-box), at no additional charge(s).
 - (i) Describe the specific methodology used or to be used.
- (I) Provide information on signal compression and the Applicant's plans, if any, to utilize such technology in the Town. Please provide a detailed description of Applicant's plans for provision of over-the-air DTV after the mandated 2009 conversion. Describe, in detail, Applicant's capabilities to carry ATSC standard formats, including 480i, 720p, 1080i. Describe how Applicant's system will deliver ATSC DTV signals that contain multiplexed channels.
- (i) If such technology is proposed, explain the costs attendant with its use, including any subscriber costs.
- (m) Will the cable system in the Town be equipped with status monitoring equipment? Please describe, in detail, the exact physical location and facilities of the super headend (SHE), and the video hub office (VHO) that is summarized in Applicant's Form 100, question 23, exhibit F. Describe in detail the interconnect and management capabilities the Applicant will provide to facilitate integration of Charter's PEG programming with Applicant's.
 - (i) If so, explain how such equipment will work.
- (n) Provide detailed information on the Applicant's plans to utilize fiber-optic technology as part of the cable system in the Town.
- (o) The Applicant shall explain its safety procedures.
- (p) The Applicant shall explain its procedures for resolving subscriber outages.
- (q) The Town shall have the right to inspect the Applicant's plant and facilities in the Town, at reasonable times and under reasonable conditions. If the VHO is not located in the Town, the Town shall nonetheless have the right to inspect it at reasonable times and under reasonable conditions.
- (r) The Applicant shall explain in detail what plant, equipment and/or facilities will need to be located in, on and/or under the public rights-of-way.
 - (i) Provide specifications for such equipment.
 - (ii) Provide pictures of such equipment.

- (s) The Applicant and the Town shall agree upon measures for identifying and confirming poor signal quality at the subscribers' premises, and resolution processes to correct any such signal problems.
- (t) The Applicant shall describe its capability to suppress, scramble, block, and/or otherwise inhibit any programming deemed inappropriate for the household by the head of the household, or in the case of adult-oriented programming, where said programming is not authorized (e.g. has not been purchased) by a subscriber.
- (u) The Applicant shall adhere to all requirements of the Town's by-laws and/or regulations regarding construction and installation of cable plant in the Town's rights-of-way.
- (v) The Issuing Authority and/or its designee(s) propose a review of new technological developments with the Applicant on an annual basis.
- (x) Verizon shall provide a complete set of as-built maps of its Cable Television System upon completion of that system, and update such maps annually thereafter.

(2) Emergency Alert Override Capacity

The Subscriber Network shall have an activated emergency alert override capacity of all downstream channels, to be controlled remotely by the Issuing Authority.

(i) The Applicant shall describe its proposed emergency alert override system for the Town.

(3) Free Monthly Service, Drops and Outlets to Public Buildings and Schools

- (a) The Applicant shall provide monthly service, drops and outlets to all public buildings and schools in the Town, identified in **Exhibit 1** attached hereto ("Public Buildings and Schools"), without charge(s) to the Town, the Southborough School Department, any public building or school and/or Southborough subscribers.
- (b) Each cable drop provided by the Applicant shall be of sufficient power to drive a tap used for internal distribution. If converters are required to receive and display programming being fed by said cable drop, then the Applicant shall provide such devices without charge(s) to the Town.
- (c) The Applicant shall identify the level of service(s) that will be provided to public buildings and schools.

(4) Internet Service to Public Buildings and Schools

The Applicant is requested to provide a drop and monthly Internet Service to all public buildings and schools in the Town, identified in **Exhibit 1** attached hereto, without charge(s) to the Town, the

Southborough School Department, any public building and/or school.

(5) Cable Television System Institutional Network

- (a) The Applicant shall construct, install, operate and maintain a point-to-point fiber-optic Institutional Network ("I-Net") in the Town. The I-Net shall be totally located within the Town, with I-Net headend or hub facilities located at the Town House. All I-Net bandwidth shall be for the exclusive use of the Issuing Authority, the Town and/or its designee(s).
- (b) The I-Net shall connect the institutions listed in **Exhibit 2** attached hereto ("I-Net Buildings"). The I-Net shall connect each of the I-Net Buildings to the Town I-Net hub in a direct fiber-run point-to-point configuration.
- (c) The I-Net shall have a capability of transmitting signals in the downstream and upstream direction.
- (d) The Town seeks to utilize a minimum of two (2) pairs of unimpeded single-mode fiber for its I-Net. The Applicant shall explain its willingness and ability to provide such a fiber-optic I-Net in Southborough.
- (e) The Applicant shall complete the I-Net, which shall be available to all specified I-Net Buildings in the Town, within six (6) months of the execution of a Final License.
- (f) The Applicant shall commit to explicit response times in the Final License in the event of an I-Net outage.
- (g) The Applicant shall commit to an explicit maintenance schedule in the Final License for the I-Net.
- (h) There shall be no charges and/or other costs to the Issuing Authority, the Town and/or I-Net Users for the construction, installation, use and/or maintenance of the I-Net.
 - (i) Will the Applicant in any way or manner pass-through I-Net costs to Southborough subscribers?
- (i) The Applicant shall provide a detailed explanation of its proposed I-Net in the Town, including its ability to interconnect with the existing I-Net provided by Charter.
- (j) The Applicant shall provide a detailed explanation of proposed assistance that it can provide to the Town regarding the Town's use and development of the I-Net.
- (k) In the event that the Issuing Authority and the Applicant cannot agree on the exact parameters of an I-Net in the Town, the Issuing Authority hereby reserves the right to negotiate alternate, equivalent services with the Applicant.

(6) **PEG Access Programming**

The Town is committed to continuing and expanding the amount of public, educational and governmental ("PEG") Access programming that is made available to Southborough cable

television subscribers. To this end, the Applicant shall support PEG Access programming in the Town for the entire term of a Final License, as follows:

(a) **PEG Access Channels**

The Applicant shall provide three (3) PEG Access Downstream channels and three (3) PEG Access Upstream channels to be programmed by the Issuing Authority and/or its designee(s).

(b) PEG Access Annual Funding

The Applicant shall provide annual PEG Access funding to the Issuing Authority or its designee(s) in the amount of Twenty-Five Thousand Dollars (\$25,000.00). Said funding shall be paid to the Issuing Authority on July 1st of each year of a Final License term.

(c) PEG Access Equipment/Facilities Funding

The Applicant shall provide funding to the Issuing Authority and/or its designee(s), as directed by the Issuing Authority, in the amount of One Hundred Thousand Dollars (\$100,000.00) for PEG Access equipment/facilities, payable no later than sixty (60) days of the Execution Date of the Final License.

(d) PEG Access Cablecasting

- (i) The applicant shall provide the technical capability and equipment for the Town and/or the Access Corporation to cablecast, on a live basis, PEG Access programming from the remote locations listed in **Exhibit 2**, attached hereto.
- (ii) The Applicant shall explain, in technical detail, how the Town and/or the Access Corporation can originate PEG Access programming throughout the Town.
- (a) Where, and how, will Verizon interconnect with Charter and the local PEG Access studio to ensure that all of Verizon's future Southborough cable subscribers receive Southborough PEG Access programming?

(7) Senior Citizen Discount

Charter provides a discount to senior citizens in the Town pursuant to Section 8.4 of the Renewal License. Accordingly, the Applicant shall provide senior citizens in the Town with a discounted rate(s) as well during any Final License term. To this end, the Applicant shall respond explicitly with its willingness to provide such a discount.

- (a) What will the discount be?
- (b) Will such a discount apply to all tiers, or just to a specific tier? If so, which tier?
- (c) What will the "eligibility" criteria be? How will persons confirm their eligibility?

(d) Will any other groups be provided a discount? (For example, disabled, handicapped or low-income persons, etc.) If so, what groups?

(8) Customer Service Provisions

(a) <u>Customer Service Office</u>

- (i) Where will the Verizon locate customer service offices?
- (ii) What services will be provided at such customer service offices?
- (iii) Will Verizon agree to open and operate such a customer service office in Southborough?

(b) Telephone Answering

- (i) The Applicant's telephone service shall be able to handle all incoming calls promptly. The Applicant's repair service shall respond quickly to all complaints and requests for repair service and quickly correct any problems. The Applicant's subscribers in the Town shall be able to reach the customer service operation in a reasonable manner in compliance with, at a minimum, the FCC's Customer Service Obligations, which standards will be made part of any Final License.
- (a) Confirm that the Applicant will adhere to each of the FCC's Customer Service Obligations in Southborough.
- (b) Are the Applicant's telephone facilities available to subscribers and persons with hearing disabilities?
 - (i) If not, will the Applicant provide equipment for such purpose? By what date?
- (c) What steps will the Applicant take to ensure that its customer service representatives ("CSRs") answer telephones in a timely, polite and competent manner?
- (i) Additional telephone lines and CSRs shall be added when necessary. The Town will require explicit standards for service and time schedules in which the Applicant shall respond to service requests and problems, as well as explicit criteria for the addition of telephone lines and/or CSRs, which schedules and criteria will be made a part of a Final License. The Applicant shall also provide the Town with quarterly telephone reports, tracking its telephone activity and overall responsiveness, the precise format of which shall be delineated in a Final License.
- (ii) The Applicant shall provide an answering service at all times when its customer service office is closed. The answering service shall notify the Applicant immediately of any emergency situations, and/or outages that involve three (3) or more subscribers in the Town.

(c) Complaint Resolution

(i) The Town will also negotiate a complaint resolution process with the Applicant, to be part of a Final License. The Applicant shall provide complaint reports to the Town on a quarterly

basis. Said reports shall include written and telephone complaints, as well as what actions the Applicant took to resolve such complaints.

- (ii) The Town requests that the Applicant assign an Executive Customer Care representative as a liaison to the Town Manager's Office/Cable Advisory Committee to assist in resolving subscriber complaints involving extenuating or unusual circumstances.
 - (a) The Applicant shall explain its current complaint resolution process.
- (b) What steps will the Applicant take in order to assure the Town that it will resolve subscriber complaints in a timely and professional manner?

(d) Communications with Subscribers in the Town

- (i) The Applicant shall communicate with its subscribers in the Town, regarding, among other things, (i) equipment policies, (ii) policy changes, (iii) new programming services, (iv) advance notification of free previews, etc.
- (a) What explicit steps will the Applicant take to improve communications with its subscribers?
- (b) Will the Applicant survey its subscribers on an annual basis to determine subscriber needs and interests?

(e) Adjustments for Outages

- (i) The Applicant shall provide automatic adjustments for service outages, as such term shall be defined, with credits appearing on subscriber bills the next billing period. The Applicant shall maintain a log of all outages showing the date, time, duration, type and probable cause of all outages; a copy of such log shall be provided to the Town on a quarterly basis.
- (a) What is the Applicant's adjustment/outage policy? The Town will want to discuss such adjustment policy with the Applicant in greater detail upon reviewing the Applicant's renewal proposal.

(9) **Programming**

While many areas of programming have been declared by Congress to be the province of the operator, it is nonetheless important for the Applicant to bear in mind the requests and comments of residents in this regard.

The Applicant shall ensure that its programming packages in the Town are responsive to all groups. To this end:

- (a) Identify, and describe in detail, the programming that will be carried in the Town.
- (b) Delineate in detail the various levels of service that will be available in the Town.

- (c) Will the Applicant carry all "local" UHF and VHF signals? If not, why not? Will "local" channels DTV signals be carried and will they be delivered in ATSC format or QAM format?
- (d) How does the Applicant make its tiering decisions?
- (e) Explain how programming decisions are made. Does the Applicant conduct periodic surveys to determine subscriber interest? If so, how and when?
- (i) The Town hereby requests that the Applicant provide the Town with copies of all such surveys.
- (f) Describe the Applicant's plans and capabilities to carry closed-captioned programming on its cable system, including, but not limited to, the PEG Access and LO Channels.
- (g) Describe foreign language programming that will be carried.
- (h) Describe pay-per-view programming that will be carried.
- (i) Describe any interactive programming that will be carried.
- (j) Describe any automated programming that will be carried.

(10) Consumer Protection

- (a) The Applicant shall comply with FCC's Customer Service Obligations, at 47 C.F.R. 76.309.
- (b) The Applicant shall ensure that its customer service office, telephone facilities and other services are fully available to handicapped Town residents.
- (c) The Applicant shall explain in detail how it will make its office, telephone facilities and other services available to handicapped Town residents.
- (d) The Applicant shall explain its customer service procedures and policies, including, but not limited to, installation visits, business practice standards, complaint resolution procedures, loss of service, protection of subscriber privacy, weekend service visits/installations, subscribers ability to modify wiring, etc.
- (e) The Town will include a section in any Final License granted to the Applicant entitled Subscriber Rights and Consumer Protection, which will include a number of provisions including, but not limited to:
 - + Subscriber Solicitation Procedures;
 - + Consumer Sales Procedures:
 - + Customer Service Procedures:
 - + Form of Bill;
 - + Billing Dispute Procedures;
 - + Disconnection and Termination of Service;

- + Downgrade/upgrade Policies;
- + Loss of Service/Signal Quality;
- + Pro-Rated Service;
- + Weekend Service;
- + Privacy Provisions;
- + Publication;
- + Deposits-Loss of Equipment;
- + Cable wiring in the home;
- + Disclosure of general consumer rights; and
- + Rebates due to loss of service.

(11) **Rates**

- (a) Provide the Applicant's proposed rates for service(s) and equipment.
- (b) Explain how the Applicant will bill Southborough subscribers.
- (c) Verizon shall provide the estimated franchise-related-costs ("FRCs") related to its amended proposal.

(12) Converters/Cable-Ready Set-Compatibility/Remotes

- (a) The Applicant shall answer the following questions regarding converters, cable-ready television sets, compatibility and remote control devices:
 - (i) What subscribers to the cable system actually require a converter?
 - (ii) What service tiers on the cable system are unscrambled?
- (iii) Provide copies of the Applicant's sales literature for subscribers, etc. which explains the need for converters and precisely what service tier(s) necessitates use of converters?
 - (iv) Can subscribers purchase converters? From whom? Explain.
- (v) What efforts has the Applicant taken to explain to subscribers when and when not such subscribers require a converter?
 - (vi) Describe the different converters available to subscribers, their features and costs.
- (vii) Describe the Applicant's system's compatibility with CableCard-equipped consumer equipment. Describe how and if Applicant's system will support HDMI-cable connections among and between consumer equipment. Describe how Applicant's system will support connection among and between consumer equipment utilizing IEEE 1394 ("firewire") connections.
- (b) The Town is also concerned about the Applicant's plans, and technical ability, to ensure the compatibility of cable-ready television sets, video cassette recorders ("VCRs") and digital recording devices ("DVDs") with subscribers' cable service. Given the current popularity of each, the Town will discuss the various options that the Applicant can offer its subscribers in order to maximize use

of cable-ready sets, VCRs and DVDs that are connected to the cable system. One particular concern is that subscribers be able to view one channel while recording another without the necessity of a second converter. The Town understands that such viewing and recording could not involve two scrambled signals, but could involve one scrambled and one unscrambled signal(s). To this end, the Applicant shall provide explicit details regarding how this will be accomplished: ie-A/B switches, splitters, wiring by the Applicant, etc.

- (c) The Town believes that subscribers shall be able to purchase remote control devices ("remotes") from the Applicant and/or third-parties instead of having to pay a monthly charge for such use. To this end, the Applicant shall answer the following:
- (i) If subscribers have their own so-called "universal remote", can they use it with their cable service? If so, is there any charge for doing so?
 - (ii) If there is such a charge, what is the charge and what is the basis for it being levied?
- (iii) If there is no charge for using such a remote, will the Applicant advise its subscribers in the Town of such a policy? If so, provide a copy of such notification. If not, why not?
 - (iv) Can subscribers purchase remotes from third parties?
- (d) Finally, please answer the following questions:
 - (i) When are additional converters necessary?
 - (ii) If necessary, what are the additional costs involved?
- (iii) What services will be scrambled? What is the effect of scrambling on the functioning of cable-ready TV sets, VCRs and DVDs?
- (iv) The Applicant shall discuss "trapping" programming outside of the home, thereby obviating the need for a converter. Will traps be used in Southborough?

(13) License Fees

The Applicant to make payment to the Town of an annual license fee in the amount of fifty cents (\$.50) per subscriber per year or such higher amount as may be allowed by applicable law(s).

(14) **Regulatory Provisions**

- (a) The Applicant shall obtain and maintain appropriate insurance for the entire license term, with the Town as a named insured on all such policies.
- (b) The Applicant shall specify the exact insurance coverage that it proposes for its Southborough operations.

- (c) The Applicant shall obtain and maintain a performance bond in the amount of Fifty Thousand Dollars (\$50,000.00) for the entire term of a Final License.
- (d) The Applicant shall participate in an annual Performance Evaluation Hearing, at the request of the Issuing Authority.
- (e) Any Final License shall contain a Determination of Breach section and a Liquidated Damages section.
- (f) The Applicant shall provide reports, on a periodic basis (to be specified) during the Final License, to the Issuing Authority including, but not limited to the following:
 - + Construction Reports
 - + Financial Reports
 - + In-House Telephone Reports
 - + Subscriber Complaint Reports
 - + Service Interruption Reports
 - + Individual Complaint Reports
 - + Initial Performance Tests
 - + Annual Performance Tests

(15) Final License Term

- (a) The Town anticipates granting a Final License for a term not to exceed ten (10) years and commensurate with the Cable System configuration, financial commitment and level of services and facilities provided by the Applicant.
- (b) The Applicant shall specify the term requested and provide documentation supporting such request.
- (c) In light of published reports that telephone companies are seeking federal and other legislative relief from local franchising, please address how the Town can ensure Verizon's commitment to its proposals herein, and for a specific term, as any such legislation could possibly preempt franchise commitments made by Verizon to the Town of Southborough. Please explicitly address whether Verizon will stand by and be bound by its proposed local franchise/license notwithstanding possible future federal deregulation that might be applicable to cable franchises/licenses: Ie: will Verizon expressly agree to only apply such deregulation to future, not existing, franchises/licenses, subject to its being legally able to do so.

(VII) EXHIBITS

Exhibit 1 Public Buildings and Schools

Exhibit 2 Institutional Network Buildings

Exhibit 1

Southborough Public Building and School Locations

The following public buildings shall continue to receive the following Drops and/or Outlets and the monthly Basic Service at no charge:

- 1. Southborough Town House
- 2. Mary Finn School
- 3. Neary School
- 4. Trottier School
- 5. Woodward School
- 6. Algonquin Regional High School
- 7. Town Library
- 8. DPW Building
- 9. 2 Fire Stations
- 10. Police Station
- 11. Fayville Town Hall
- 12. Arts Center
- 13. Cemetery Building
- 14. Cordaville Hall (9 Cordaville Rd.)

Exhibit 2

Southborough Institutional Network Buildings

- 1. Southborough Town House
- 2. Recreation/Historical Museum Building
- 3. Mary Finn School
- 4. Margarter Neary School
- 5. Trottier Middle School
- 6. Algonquin Regional High School
- 7. Woodward School
- 8. Regional School Superintendent's Administrative Offices
- 9. Town Library
- 10. DPW Building
- 11. 2 Fire Stations
- 12. Police Station
- 13. Fayville Town Hall
- 14. Arts Center
- 15. Cemetery Building
- 16. Cordaville Hall (9 Cordaville Rd.)