

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF)
ATLANTIC BROADBAND DELMAR, LLC, F/K/A)
CHARTER COMMUNICATIONS, INC., FOR THE)
COMMENCEMENT OF PROCEEDINGS PURSUANT)
TO 47 U.S.C. § 546 REGARDING THE) PSC DOCKET NO. 02-405
RENEWAL OF THE CABLE TELEVISION)
FRANCHISE TO SERVE CERTAIN UNINCOR-)
PORATED AREAS OF KENT AND NEW CASTLE)
COUNTIES, DELAWARE)
(FILED NOVEMBER 18, 2002))

CABLE TELEVISION FRANCHISE RENEWAL

PSC ORDER NO. 6776

AND NOW, to-wit, this 22nd day of November, A.D. 2005, the Delaware Public Service Commission, for the reasons set forth hereinbelow, enters the following findings and Order renewing the Cable Television Franchise identified in the caption of these proceedings for a term of 15 years subject to the terms and conditions as specified herein.

I. Procedural History.

Atlantic Broadband Delmar, LLC ("operator" or "Atlantic Broadband" or "Franchisee") is the holder of a franchise granted by this Commission to provide Cable Television service in certain unincorporated areas of Kent and New Castle Counties, Delaware, which franchise expired on August 29, 2005.

This Commission assigned the initial phase of this proceeding to a Hearing Examiner who conducted two (2) public hearings and on May 15, 2003, filed with the Commission his report. After that report, Atlantic Broadband engaged in informal discussions with Commission Staff in drafting its proposed franchise renewal agreement. On September 1, 2005, an agreement was reached between the parties.

In PSC Order No. 6743 (Oct. 11, 2005), the Commission announced it was considering the proposed franchise renewal agreement. The Commission instructed the Commission Secretary to publish notice of this agreement in The News Journal newspaper on October 18, 2005, the Middletown Transcript newspaper on October 20, 2005, and to post the notice and the proposed franchise agreement on the Commission website. The notice informed the public that a public hearing on the proposed agreement would be held on November 22, 2005.

After holding the public hearing on November 22, 2005 at its regularly scheduled meeting and hearing no comments from members of the

public, the Commission will now consider the proposed renewal franchise agreement.

Now, therefore, **IT IS ORDERED:**

1. That the following proposed franchise renewal agreement is hereby approved for a period of fifteen (15) years from the expiration of the current franchise or August 29, 2020:

**SECTION 1
DEFINED TERMS**

1.1 "Abandonment" means: (i) the cessation, by act or failure to act of the Company or any Affiliated Person, of the provision of all, or substantially all, of the Services then being provided over the System to Subscribers for forty-eight (48) or more consecutive hours, except if due to an event beyond the control of the Company.

1.2 "Access Channel" means a Channel on the Subscriber Network or capacity to be used in connection with Services which the Company shall make available, at no charge, for public educational or governmental use.

1.3 "Affiliated Person" means each Person who falls into one or more of the following categories: (i) each Person having, directly or indirectly, a Controlling Interest in the Company; (ii) each Person in which the Company has, directly or indirectly, a Controlling Interest; (iii) each officer, director, general partner or limited partner holding an interest of five percent (5%) or more, joint venturer or joint venture partner of the Company; and (iv) each Person, directly or indirectly, controlling, controlled by, or under common control with the Company; provided that "Affiliated Person" shall in no event mean the PSC, the entity, if any, administering some or all of the Access Channels, any limited partner holding an interest of less than five percent (5%) of the Company, or any creditor of the Company solely by virtue of its status as a creditor and which is not otherwise an Affiliated Person by reason of owning a Controlling Interest in, being owned by, or being under common ownership, common management, or common Control with the Company.

1.4 "Agreement" means this Agreement, together with the Appendices attached hereto and all amendments or modifications hereof.

1.5 "Basic Service" means a group or groups of Cable Services distributed over the Subscriber Network which, at a minimum, shall include: (i) all Signals carried on the System in fulfillment of the requirements of Sections 614 and 615 of the Cable Act (47 U.S.C. §§ 534 and 535, respectively); (ii) any Access Channel programming required by this Agreement to be provided to Subscribers; (iii) any Signal of any broadcast station provided by the Company to any Subscriber, except a Signal which is secondarily transmitted by a satellite carrier beyond the local service area or such station; (iv) any other Cable Services offered as basic service; and (v) any equipment or installation used in

connection with Basic Service.

1.6 "Cable Act" means the Cable Communications Policy Act of 1984, 47 U.S.C. §§ 521-611 (1991) and any amendments thereto, and the Cable Television Consumer Protection and Competition Act of 1992, Pub. L. No. 102-385, 106 Stat. 1460 (1992), codified at 47 U.S.C. §§ 151-611 (1993) and any amendments thereto, both of which, among other things, are amendments to the Communications Act of 1934, 47 U.S.C. §§ 151-611 (1991).

1.7 "Cable Communications System" means any facility operating by means of coaxial cable, optical fiber, or other transmission lines or forms of transmission, and associated equipment and devices, the primary function of which is to provide Cable Services, and Non-cable Services for public, educational, and governmental use, by receiving, through any means, including, without limitation, coaxial cable, optical fiber, antenna, or satellite or microwave transmission, and distributing video, audio, voice, or data signals. The foregoing definition of "Cable Communications System" shall not be deemed to circumscribe the authority of the PSC to regulate the activities of any other Communications system or provider of communications services.

1.8 "Cable Service" means: (i) the one-way transmission to Subscribers of video programming or other programming service; and (ii) Subscriber interaction, if any, which is required for the selection of such video programming or other programming service.

1.9 "Channel" means a band of frequencies in the electromagnetic spectrum, or any other means of transmission (including, without limitation, optical fibers or any other means now available or that may become available), which is capable of carrying a video signal, an audio signal, a voice signal, or a data signal.

1.10 "Commercially Impracticable" means that the Company is unable to provide any facility or equipment or to undertake any other activity or fulfill any other obligation as provided for in this Agreement, any Appendix hereto, or any amendment to this Agreement or Appendix hereto, as a result of a change in conditions which is beyond the control of the Company due to unforeseen supervening circumstances not within the contemplation of the Company as of the date hereof, and the nonoccurrence of which was a basic assumption on which the requirement for such facility, equipment, other activity, or obligation was based, consistent with the definition of commercial impracticability in Section 2-615 of the Uniform Commercial Code as in effect in the State of Delaware.

1.11 "Company" means Atlantic Broadband Delmar, LLC, a Delaware limited liability company, whose principal place of business is located at 1 Batterymarch Park, Suite 405, Quincy, MA 02169 and the Delaware service location is North Broad Street, Middletown, Delaware 19709.

1.12 "Control" or "Controlling Interest" means actual working control in whatever manner exercised, including, without limitation, working control through ownership, management, debt instruments, or negative control, as the case may be, or the system, the franchise, or the Company. A rebuttable presumption of the existence of Control or a Controlling Interest shall arise from the beneficial ownership, directly or indirectly, by any Person or group of Persons acting in concert (other than underwriters during the period in which they are offering securities to the public) of five percent (5%) or more of any Person (which Person or group of Persons is hereinafter referred to as "Controlling Person"). "Control" or "Controlling Interest" as used herein may be held simultaneously by more than one Person or group of Persons.

1.13 "Economically and Technically Feasible and Viable" means capable of being provided: (i) through technology which has been demonstrated to be feasible for its intended purpose; (ii) in an operationally workable manner; and (iii) in a manner which ensures that the System has a reasonable likelihood of being operated on reasonably profitable terms over the term of the franchise.

1.14 "Effective Date" This NON-EXCLUSIVE Renewal FRANCHISE granted to the Company pursuant to this Order is effective August 29, 2005 for a period of 15 years and will expire on August 29, 2020.

1.15 "Equipment" shall mean any equipment or facility leased or provided by the Company or an Affiliate used by a Subscriber to receive any Service other than basic Service over the System, including, but not limited to, a converter box, a remote control unit, addressable converter box, or other equipment required to access any Service provided pursuant to this Agreement, and, to the extent the same is consistent with the Cable Act and FCC rules, any installation or equipment or facilities and monthly use thereof, including, without limitation, connections for additional television receivers.

1.16 "Expanded Service" shall mean a group or groups of cable services distributed over the Subscriber Network regardless of service tier, including Equipment used for the receipt of such Cable Services, other than (i) Basic Service, and (ii) Pay Service.

1.17 "FCC" means the Federal Communications Commission, its designee, or any successor thereto.

1.18 "Franchise Area" means the area described in Exhibit "A" attached hereto.

1.19 "Guarantor" means any entity which guarantees the performance of any undertaking which is required of the Franchisee by this franchise.

1.20 "Handicapped Person" shall mean any individual with a physical disability or handicap.

1.21 "Leased Channel" means a Channel on the Subscriber network designated by the Company pursuant to Section 612 of the Cable Act (47 U.S.C. § 532).

1.22 "Non-cable Service" means any Service which is distributed over the System, other than a Cable Service.

1.23 "Pay Service" shall mean any Cable Service offered on a per Channel or per program basis.

1.24 "Person" shall mean any natural person or any association, firm, partnership, joint venture, corporation, or other legally recognized entity, whether for-profit or not-for-profit.

1.25 "Service" means any Cable Service or Non-cable Service (for public, educational, or governmental use), including any Basic Service, or any other service, including the provision of any Equipment, whether originated by the Company or any other Person, which is offered to any Person in conjunction with, or distributed over, the System.

1.26 "Service Related Activity" means any activity or function associated with the production or distribution of any service over the system, including, without limitation, use of studio or other facilities or equipment, billing, audience promotion, installation or lease of Equipment, customer service, repairs, or installations.

1.27 "Signal" means any transmission of radio frequency energy or of optical information.

1.28 "State of the Art" means that level of technical or service performance, capacity, and capability (including, but not limited to, plant or other equipment; Access and other production equipment or facilities; construction techniques; consumer service; facilities, equipment, systems and operations; and performance standards) which has been developed and demonstrated in the cable industry or any other comparable industry that provides services to the public under similar conditions to be workable and Economically and Technically Feasible and Viable from time to time throughout the term of the franchise.

1.29 "Subscriber" means any Person lawfully receiving any Service provided by the Company by means of, or in connection with, the System, whether or not a fee is paid for such Service.

1.30 "Subscriber Network" means that portion of the System over which Services are provided to Subscribers.

1.31 "System" means the Cable Communications System which is to be constructed, operated, maintained, and upgraded, as necessary, by the Company pursuant to this Agreement, including, without limitation, all real property, all tangible and intangible personal property, buildings, offices, furniture, Subscriber lists, cables, amplifiers, and all other electronic devices used in connection therewith and all rights, contracts, and understandings with regard to any matter related thereto.

1.32 "Tariff" means the general rules, regulations, and rates promulgated by the Franchisee and maintained on file with the Commission, as the same may be amended from time to time, pursuant to which, and in accordance with, the express terms of the franchise, service is provided to Subscribers.

1.33 "Term of the Agreement". This Agreement shall remain in effect from the Effective Date of this Agreement to the termination of this Agreement.

1.34 "Termination". The termination of the Agreement shall occur upon the earliest of: (i) the expiration of the term of the franchise; (ii) the revocation of the franchise and this Agreement; (iii) Abandonment of the System; or (iv) the expiration of the term of the franchise by acceleration or otherwise.

1.35 "Two-way" means that the head-end, trunk cables, distribution plant, amplifiers, and other technical components of the System have the requisite equipment in place to pass video, audio, voice, and/or data Signals in both directions simultaneously.

1.36 "Upgrade" means the construction activities, installation, and activation of new facilities and/or equipment to improve service.

SECTION 2 GRANT OF AUTHORITY

2.1 Nature of Franchise.

2.1.01 Services Authorized. On the Effective Date, the Company's nonexclusive franchise for the construction, operation, maintenance, testing, upgrade, repair, and removal of the System within the Franchise Area, in accordance with the provisions of this Agreement, shall be deemed to have been renewed, provided that the Company shall have fulfilled each of the conditions precedent set forth in this Agreement. The franchise shall authorize the Company to provide only: (i) Cable Services; and (ii) Non-cable Services for public educational and governmental use. Nothing contained in this Grant of Authority shall operate to impair the ability of the Company to offer Non-cable Services.

2.1.02 Additional Franchises. The PSC specifically reserves the right, in accordance with applicable law, to grant at any time or from time to time, one or more additional franchises for Cable Systems in the Franchise Area. In the event that the PSC grants one (1) or more franchise(s) or similar authorization(s) for the construction, operation and maintenance of any communication facility which shall offer services substantially equivalent to services offered by the Company it shall not make the grant on more favorable or less burdensome terms. If Company finds that the Agreement(s) granting said other franchise(s) contain provisions imposing lesser obligations on the company(s) thereof than are imposed by the provisions of this Franchise, Company may petition the PSC for a modification of this Franchise. The Company shall be entitled, with respect to said lesser obligations to such modification(s) of this Franchise as may be determined to be necessary to insure fair and equal treatment by this Franchise and said other Agreements. In the event that a non-franchised multi-channel video programming distributor provides service to the residents of the PSC regulated areas, the Company shall have a right to request Franchise amendments that relieve the Company of regulatory burdens that create a competitive disadvantage to the Company. In requesting amendments, the Company shall file a petition seeking to amend the Franchise. Such

petitions shall:

1. Indicate the presence of a non-franchised competitor(s); and
2. Identify the basis for Company's belief that certain provisions of the Franchise place Company at a competitive disadvantage; and
3. Identify the regulatory burdens to be amended or repealed in order to eliminate the competitive disadvantage.

The PSC shall not unreasonably withhold granting Company's petition and so amending the Franchise. In considering a request for revisions of this Franchise, the Franchising Authority shall not be obligated to remove or amend any obligation imposed on a Cable Operator or Cable System by any applicable Delaware statute or federal statute or any applicable state or federal regulation related to a Cable System, Cable System Operator, or Cable Services unless such statute or regulation empowers the Franchising Authority to waive or forego application of such statutory or regulatory obligation.

2.2 Franchise Term. Unless sooner revoked or such expiration is accelerated, the franchise shall remain in effect for a period of fifteen (15) years from the Effective Date, which period of time is herein referred to as the term of the franchise. The franchise shall be revoked automatically upon any termination of this Agreement.

2.3 Renewal. Subject to Section 626 of the Cable Act (47 U.S.C. § 546), the PSC reserves the right to grant or deny renewal of the franchise granted herein; provided that any renewal may be based upon the Company's agreement to comply fully with this Agreement and all amendments or other modifications to this Agreement as may be specified in any such renewal; and, provided further, that nothing in this Agreement shall be construed as a presumption in favor of a renewal of this Agreement or the franchise granted herein.

SECTION 3 SERVICE OBLIGATIONS

3.1 Provision of Service. The Company has offered to, and shall, continuously construct, operate, maintain, and, if required, to upgrade the System in accordance with the State of the Art, so as to provide, at a minimum, the full range of Services, facilities, and equipment required by this Agreement and the Appendices to this Agreement.

3.2 Service to All Persons
3.2.01 Obligation. Throughout the term of this Agreement, the Company agrees to construct, operate, maintain, and upgrade the System so as to make all Services distributed over the System available to all Persons within the Franchise Area in accordance with the procedures established in this Agreement. Neither the Company nor any Affiliated Person shall discriminate, nor permit unreasonable discrimination between or among any Persons, in the availability of

Services or in the rates, terms, and conditions thereof. Further, the Company and each Affiliated Person shall ensure that access to any Service is not denied to any group of potential Subscribers because of the income of the residents of the area in which such group resides, geographic location, or any other criteria. It shall be the right of all Subscribers to receive continuously all available Services insofar as their financial and other obligations to the Company are satisfied.

3.2.02 Continuous Service. In the event the Company, with the consent of the PSC, sells or otherwise transfers the System or Control thereof, or in the event the franchise terminates, the Company shall ensure that all Subscribers receive continuous, uninterrupted Service. In the event of a transfer of the System by the Company on its own initiative or otherwise, the Company shall cooperate with the PSC in order to maintain continuity of Service to Subscribers.

3.3 No Interference. In the operation of the System, the Company shall not interfere in any way with any master antenna systems, satellite master antenna system, multiple multi-point distribution service, multi-point distribution service, direct broadcast satellite, or any other similar system within any building. The use by the Company of its own or an existing master antenna system, multi-point distribution service, direct broadcast satellite or other similar system in any building or other structure for the distribution of any Service which would otherwise be distributed over the System is permitted under this Agreement to the extent permitted under applicable law, provided that such use shall be subject to the terms and conditions of this Agreement and such use shall not relieve the Company of its obligation to construct, operate, maintain, and upgrade the System in such building or other structure pursuant to this Agreement.

3.4 Programming Services. The Company shall endeavor to offer to all Subscribers a reasonable diversity of video programming services. The Company shall continuously maintain a listing of all Services it will offer to Subscribers and the rates therefore. The Company shall not change such listing or rates except as permitted by applicable laws.

3.5 Channel Capacity. The Company has recently rebuilt/upgraded its plant to 450 Mhz 60 channel downstream capacity and a five (5) channel upstream operation. Should the capacity of the present system become fully utilized during the term of this Agreement, the Company will promptly design and submit plans to the PSC describing the practicality, time frame, and procedures that will be taken to upgrade the Company's plant to the State of the Art.

3.6 Service to All Residents. The Company shall provide Service to each resident at the same rates charged to all other residential Subscribers, except as otherwise permitted by law or FCC Regulation.

3.7 Commercial Access. The Company shall comply with all of the provisions of Section 612 of the Cable Act (47 U.S.C. § 532) and all rules and regulations promulgated thereunder. The Company shall designate on the Subscriber Network at least the number of Leased Channels required by Section 612 of the Cable Act (47 U.S.C. § 532).

3.8 Continuing Obligations.

3.8.01 General Requirement. Throughout the term of this Agreement, the Company shall construct, operate, maintain, and upgrade the System in order to ensure that it continuously conforms to the State of the Art. In addition, the Company, either on its own initiative or at the reasonable request of the PSC, shall participate in or undertake experiments, tests, and other activities to enhance and advance the State of the Art of Cable Communications Systems technology.

3.8.02 State of the Art Report. The Company shall provide to the PSC, on the fifth anniversary of the effective date hereof, in a form satisfactory to the PSC, a report setting forth the Company's review and assessment of the current State of the Art of cable systems and its plans, if any, for upgrading the System to conform to the State of the Art. The report shall address, at a minimum: technological advances making possible enhanced Signal quality, publicly available equipment for the receipt of Services or greater channel capacity and interactive systems; a list of representative jurisdictions in which new technologies have been or are being used, and a description of the experience those jurisdictions have had with such new technologies; an assessment of the costs associated with implementing such new technologies into the System; the Company's activities to enhance or advance such technology in connection with the System, and any other Cable Communications System or Systems operated by the Company or any Affiliated Person in the Franchise Area or elsewhere, and the Company's compliance with and any modifications with respect thereto; an assessment of the need to scramble Signals distributed over the System in order to prevent theft of Service (such assessment to investigate alternatives to scrambling of Signals and include a cost/benefit analysis of both scrambling and such alternatives that takes into account significant costs and benefits, both to the Company and Subscribers); a discussion of additional technological advances anticipated during the remainder of the term of the franchise, along with a projection of the costs and timetable for the Company offering such advances as part of or over the System; a discussion of what improvements the Company anticipates making in its customer service facilities, equipment, systems, and operations during the remainder of the term of the franchise, along with a projection of the costs and timetable for the implementation of such improvements; a description of any technical experimentation which the Company or any Affiliated Person anticipates undertaking during the remainder of the term of the franchise; an assessment of the compatibility of the System with Subscribers' televisions and video cassette recorders, the Company's compliance with the rules and regulations promulgated by the FCC pursuant to Section 624A of the Cable Act (47 U.S.C. '544a), and any experimentation the Company is making to enhance such compatibility; and, generally, the steps the Company or any Affiliated Person is undertaking to continuously construct, operate, maintain, and upgrade the System in accordance with the State of the Art. The Company acknowledges and agrees that the State of the Art report submitted pursuant to this Section may be only one resource that the PSC will consider in evaluating the Company's obligation pursuant to the terms and conditions of this Agreement to continuously construct, operate, maintain, and upgrade the System in accordance with the State of the Art, and the PSC may commission third parties, as necessary, to ascertain the current State of the Art in Cable Communications Systems generally.

3.08.03 Procedures for Maintaining State of the Art.

Upon receiving the report required pursuant to the preceding Section hereof, the PSC may evaluate such report and assemble any additional data necessary to ascertain whether the System or any aspect thereof needs to be upgraded so that it meets the State of the Art requirement set forth herein.

3.9 Line Extensions and Trenching Cable.

3.9.1 The Company shall provide Cable Service to any new residential subscribers within the Franchise Area where there are at least twenty-five (25) existing residential dwellings per proposed cable plant mile, or where there are less than twenty-five (25) of the above, there are at least fourteen (14) prospective customers who agree to subscribe to and pre-pay for Basic Service for at least one year.

3.9.2 In areas of lesser density, the Company shall offer a cost sharing arrangement with potential single unit residential subscribers as follows:

- (i) On request of any potential subscriber desiring Cable Service, the Company shall prepare a feasibility study to determine the cost of the plant extension required to provide Cable Service to each subscriber from the closest point where activated distribution or feeder cable is located in the Cable System. The potential subscriber may be charged for any such study in accordance with the Company's Tariffs;

- (ii) A portion of the cost of construction shall be paid by subscribers served by the line extension, which portion shall be equal to the total actual cost of construction multiplied by a fraction, the numerator of which is equal to twenty-five (25) minus the average number of single unit residential dwellings passed per mile of line extension, and the denominator of which is thirty-five (35). Such amount shall be equally divided among all persons who become subscribers as a result of the line extension; and
- (iii) During the three (3) year period following the commencement of Cable Service from such a line extension, if additional persons within the area of the line extension choose to subscribe to the Company's Cable Service, such persons shall be assessed a pro rata portion of the original total amount of the shared construction cost assessed against the original contributing customers served by the extension and pro rata refunds of such additional contributions shall be made to the original contributors or their assignees.

3.9.3 In situations where public utilities are to be placed underground, and the developer or property owner gives the Franchisee sixty (60) days written notice by certified mail of the particular date on which open trenching will be available for the installation of cable, conduit, pedestals, and/or vaults and laterals, the Company agrees to bear the full actual cost of new trenching if, after a five (5) day period from the date of which notice is given, the trench has been closed without cable being installed therein.

SECTION 4 PUBLIC SERVICES

4.1 Access Channels

The Company presently offers one (1) downstream Access Channel for public, education, and governmental use. In the event this Access Channel is operating at Continuous Use as defined below the Company shall dedicate an additional channel for public, educational or governmental access upon the PSC's request.

1. For purposes of this determination Continuous Use shall be defined as: If the access entities identified in Section 4.01(a) is continually using its channel as defined herein and has additional need for channel capacity to distribute programming four (4) or more hours per day, five (5) days per week for six (6) consecutive weeks, the PSC may require the Company to

dedicate an additional access channel for its use. The use of repeat programming in excess of fifty one percent (51%) of the amount of original programming on that channel, as well as text or character-generated programming shall not be considered a continuous use.

2. The access channels shall be considered separately. Continuous use of one channel to capacity as defined in this Section is sufficient to initiate a request for an additional channel.
3. In no event shall Company be required to provide in excess of two access channels.
4. To the extent that any access channel is not being used for the provision of non-commercial, public, educational or governmental access purposes, Company shall be permitted to use such channel(s) for the provision of other services subject to any reasonable rules established by the PSC regarding such use.

Company's permitted use of any access channel pursuant to this Section shall cease within ninety (90) days of Company's receipt of notice from PSC that such channel will again be used for PEG access.

4.2 Access Channels: Rules, Resources, and Regulations

4.2.01 Resources. The Company shall provide switching interface equipment, cabling, and other technical assistance necessary to transmit programming, including interactive programming, on the Access Channel(s). Further, the Company shall transmit access programming on the Access Channel(s) on an as-needed basis.

4.2.02 Rules and Regulations. Rules and regulations adopted by the Franchisee shall govern the use of public Channel time, equipment, facilities, and other services. Such rules and regulations shall ensure that: (i) the public Channels shall be available for the purpose of distributing noncommercial Services by the public and any other charitable, nonprofit purpose, or other similar purpose, including without limitation, the generation of revenues by activities reasonably related to such uses and purposes; (ii) a portion of the capacity on the public Channels shall be available for use by the general public on a first-come, first-served, nondiscriminatory basis, subject to appropriate time, place, and manner requirements, and no charges shall be imposed for Channel time or playback of prerecorded programming on such Channels; and (iii) charges, if any, for production costs shall be set at the lowest reasonable level necessary to cover the costs for the provision of such services.

4.2.03 Replacement. The Company shall, throughout the term of this Franchise Agreement, be responsible, as necessary, for either (i) ensuring that all Access Channel equipment is in good working

order or replaced; or (ii) providing a capital grant be used to replace Access Channel equipment.

4.3 Other Public Services

4.3.01 Services to Public Buildings. The Company's obligations with respect to the provision of service to public buildings and other buildings in the public interest shall be in accordance with the provisions of Title 26.

4.3.02 Services Plan for Handicapped Persons. The Company shall take affirmative steps to ensure maximum practicable availability of the Services on and the facilities and equipment comprising the Subscriber Network to Handicapped Persons. All such services, facilities, and equipment, in addition to any studio facilities to be used in connection with the Access Channel(s) shall meet the requirements of the Americans with Disabilities Act of 1990, 42 U.S.C. §§12101-12213 (Supp. II 1990) and all rules and regulations promulgated thereunder.

4.3.03 Emergency Override. In the event of an emergency, as determined by the State or County, the PSC or other governmental entity may order that audio and video Signals being distributed over the System shall be interrupted for the delivery of appropriate Signals necessitated by such emergency. Such interruptions shall be made in compliance with FCC Regulations.

SECTION 5 FEES AND CHARGES

5.1 General Requirements

5.1.01 Reservation of Rights. The PSC reserves the right to regulate the rates, fees, charges, deposits, and associated terms and conditions for any Service provided pursuant to this Agreement to the fullest extent permitted by applicable law and Regulation, and the PSC may establish rules and regulations in connection therewith from time to time.

5.1.02 Minimum Notice to Subscribers. In addition to the rules and regulations established by the PSC, upon receipt of a notice from the PSC that it has scheduled a hearing on a petition by the Company for a change in rates or services, the Company shall promptly publish, at its own cost and expense, notice to its Basic Service Subscribers specifying the day, date, place, time, and purpose of said hearing. The Company shall ensure that said notice is published by said Subscribers not less than fourteen (14) days prior to said hearing and the Company shall submit to the PSC an affidavit stating that said notice has been provided.

5.2 Notice of Change. To the extent required by applicable law, and not less than thirty (30) days prior to the effective date of any change in any fee, charge, deposit, term, or condition (or such shorter period as may, upon a showing of good cause, be approved by the PSC), the Company shall provide written notice of the proposed change to the PSC and each affected Subscriber and other Person utilizing the

affected Service.

5.3 No Discrimination. Neither the Company, nor any Affiliated Person, shall unreasonably discriminate among Subscribers of any Service with respect to any fee, charge, deposit, or other term or condition respecting any Service, including any discrimination between Subscribers to the Basic Service tier and other Subscribers who, in addition to purchasing the Basic Service tier, purchase Expanded Service, with regard to the fees, charges, deposits, terms, and conditions with respect thereto for any Pay Service, provided that this requirement shall not prevent the use of: (i) different charges for residential Subscribers than for nonresidential Subscribers; (ii) short-term sales promotions and other short-term discounts or reduced charges; (iii) reasonable discounts or reduced charges to senior citizens or other economically disadvantaged groups; or (iv) to the extent applied on a nondiscriminatory basis, normal credit practices and practices designed to prevent unauthorized reception of any Service, or to protect Company property.

5.4 Hearing-Impaired. The Company shall provide Equipment which facilitates the reception of Services by hearing-impaired individuals at reasonable rates.

5.5 Subsequent Changes. Throughout the term of this Franchise Agreement, consistent with (i) the Cable Act and the rules and regulations promulgated thereunder, and (ii) any applicable law in the future, the PSC may regulate fees, charges, deposits, and the terms and conditions with respect thereto to the fullest extent permissible. Accordingly, the PSC may establish, and the Company shall comply, with reasonable rules and regulations implementing and governing the regulation of fees, charges, deposits, terms, and conditions with respect thereto consistent with applicable law, which rules and regulations may be amended from time to time.

SECTION 6 CONSTRUCTIONS AND TECHNICAL REQUIREMENTS

6.1 Quality. All work involved in the construction, operation, maintenance, repair, upgrade, and removal of the System shall be performed in a safe, thorough, and reliable manner using materials of good and durable quality. If, at any time, it is determined by the PSC, or any other agency or authority of competent jurisdiction, that any part of the System including, without limitation, any means used to distribute Signals over or within the System, is harmful to the health or safety of any person, then the Company shall, at its own cost and expense, promptly correct all such conditions. The Company shall have the sole responsibility for diligently obtaining, at its own cost and expense, all permits, licenses, or other forms of approval or authorization necessary to construct, operate, maintain, repair, or upgrade the System, or any part thereof, prior to commencement of any such activity.

6.3 Technical Requirements

6.3.01 Testing Procedures; Technical Performance. Throughout the term of this Agreement, the Company shall operate and

maintain the System in accordance with appropriate testing procedures and the technical performance standards.

6.03.02 Interconnection. To the extent economically and technically feasible and viable, the Company shall construct, operate, maintain, and upgrade the System such that it transmits and receives Signals to and from any other Cable Communications Systems in the County, and is capable of transmitting and receiving Signals to and from any other Cable Communications Systems in the State of Delaware and elsewhere in the United States and outside the United States. With respect to connection with cables or cable systems outside the County, the Company shall not be required to incur costs beyond those associated with the normal transmission from and receipt of Signals to and from the Company's facilities.

SECTION 7 ADDITIONAL SUBSCRIBER RIGHTS

7.1 Consumer Protection Standards. The Company agrees to comply in all respects with the requirements of the consumer protection standards established by the FCC and the PSC. The Company acknowledges and agrees that the PSC may, from time to time, establish and enforce new, revised, or additional customer service requirements, and remedies for the Company's failure to comply therewith, to the extent not specifically preempted by the Cable Act, which may exceed standards established by the FCC pursuant to Section 632(c) of the Cable Act (47 U.S.C. § 552(c)). Nothing in this Agreement shall be construed to preclude the PSC from establishing and enforcing any law or regulation concerning customer service that imposes requirements which exceed standards set by the FCC, or that addresses matters not addressed by rules and regulations promulgated by the FCC pursuant to Section 632 of the Cable Act (47 U.S.C. § 552) during the term of this Franchise Agreement. The Company shall also comply with all rules and regulations established by the FCC pursuant to Section 632 of the Cable Act (47 U.S.C. § 552). In the event of any conflict between customer service standards promulgated by the PSC and any other applicable standards, the Company shall comply with those of the PSC.

7.3 Bill Format. The bill shall be designed in such a way as to present the information contained therein clearly and comprehensibly to Subscribers, and in a way that (i) is not misleading, and (ii) does not omit material information. Not less than thirty (30) days prior to implementing any change in the format of Subscribers' bills, the Company shall submit the proposed revised format to the PSC.

7.3 Privacy Protection. The Company shall operate the System in a manner that protects against invasions of any Person's privacy. In addition to the provisions of this Section governing privacy, the Company shall comply with the provisions of Section 631 of the Cable Act (47 U.S.C. §551) and any other applicable law, including any additional local standards established in accordance with applicable law. Consistent with these requirements, the Company shall cooperate with State authorities, including the PSC, so as to ensure the ability to enforce the terms and conditions of this Agreement by providing, upon the request of such authority, from time to time during the term of the franchise, certain Subscriber information including, but not limited to, a Subscriber's name, address, telephone number, identification of the block on which the Subscriber resides, and information regarding such Subscriber's installation, complaints, repair, and Signal quality issues, as long as such information does not provide personally identifiable information relating to the Subscriber's programming choices.

7.4 No Interference. The Company shall not interfere with the ability of each Subscriber to utilize his or her television receiver for any normal purpose.

7.5 Prohibition of Repair of Subscriber's Television Receiver. Except under terms and conditions approved by Order of the PSC, neither the Company nor any Affiliated Persons shall repair or otherwise service any Subscriber's television receiver, video cassette recorder, or other equipment not provided by the Company.

SECTION 8 PAYMENTS TO THE PSC

8. Fees

8.1 Franchise Fees. The Company shall pay to the PSC as a franchise fee an amount as determined by the Commission under the provisions of Subchapter VI of the Delaware Code, § 610, but in no event shall such fee exceed Five Percent (5) of the gross annual revenues derived by Company from Subscribers in the franchised areas from the provision of Cable Service and excluding any revenue required to be excluded from franchise fee calculations under the telecommunications Act of 1996, as amended or by decision of the FCC. To the extent allowable by the Cable Act, these fees may be passed through to the Company's subscribers.

8.2 Payment Due. The Company shall submit to the PSC a report or reports in such form and containing such detail as the PSC may require throughout the term of this Agreement.

8.3 Reservation of Rights. No acceptance of any payment by the PSC shall be construed as an accord and satisfaction that the amount paid is in fact the correct amount, nor shall such acceptance of any payment be construed as a release of any claim that the PSC may have for further or additional sums payable. All amounts paid shall be subject to audit and recomputation by the PSC.

SECTION 9 OVERSIGHT AND REGULATION

9.1 Oversight. The PSC shall have the right, but not the obligation, to oversee, regulate, and periodically inspect the construction, operation, maintenance, and upgrade of the System, and all parts thereof, in accordance with the provisions of this Agreement and applicable law. The Company shall establish and maintain managerial and operational standards, procedures, records, and controls to enable the Company to be, at all times throughout the term of this Agreement, in compliance with each term and condition of this Agreement, and to ascertain promptly any failure to be in compliance with each such term or condition.

9.2 Reservation of Authority. The PSC reserves the right to adopt or issue such rules, regulations, orders, or other directives governing the Company or the System as it shall find necessary or appropriate, and the Company expressly agrees to comply with all such rules, regulations, orders, or other directives. In addition, the PSC may, from time to time, issue such Orders governing the Company or the system as the PSC shall find necessary or appropriate pursuant to, and in furtherance of, the purposes of this Franchise Agreement, and the Company expressly agrees to comply with all such rules, regulations, orders, or other directives. No rule, regulation, order, or other directive issued pursuant to this Section shall constitute an amendment to this Agreement unless it specifically so provides.

9.3 Periodic Evaluation and Hearings

9.3.01 Company Report. At the request of the PSC, but in no event more frequently than every two (2) years, on the anniversary of the Effective Date of this Agreement, the Company, at its expense, shall submit a report, in reasonable detail, specifically addressing, at a minimum, the following areas, and shall state in such report whether there has been any substantial change from information or plans regarding such areas from that previously provided to the PSC:

- (i) compliance with the requirements regarding System characteristics, technical performance and testing requirements;
- (ii) compliance with any plans or specifications submitted by the Company in connection with the Upgrade or the construction terms, schedule, and

sequence for construction of any System upgrade, as provided hereinabove;

- (iii) compliance with all requirements related to support for Access Channel(s);
- (iv) the status of development of the provision of Institutional Services;
- (v) with the Company's undertaking to ensure maximum practical availability of its Services, facilities, and Equipment to Handicapped Persons;
- (vi) compliance with the Company's employment obligations under FCC rules and regulations;
- (vii) compliance with the privacy protection requirements hereof, including the Company's actions to prevent unauthorized access to Subscriber information by a person other than the Company;
- (viii) compliance with the additional covenants set forth hereinafter;
- (ix) a summary of all Service interruptions (other than scheduled interruptions as to which notice has been provided to the PSC, or interruptions of a duration less than two (2) hours for all Subscribers, or any interruption which affects less than ten percent (10%) of all Subscribers);
- (x) a summary of representative Subscriber complaints, the number of Subscriber complaints received during the preceding twelve (12) months, and the actions taken by the Company in response thereto; and
- (xi) compliance with the consumer protection standards established by the FCC and the PSC.

9.3.02 Additional Information. Upon the request of the PSC, the Company shall promptly, but in no event more than thirty (30) days after the request, submit to the PSC any information regarding the Company, its compliance with any term or condition of this Agreement, its business and operations, or those of any Affiliated Person, with respect to the System or its operation, any Service distributed over the System, or any Service Related Activity, in such form and containing such information as the PSC shall specify with respect to the subject matter of this Agreement.

9.3.03 Financial Reports. The Company shall submit to the PSC, not later than three (3) months after the end of each annual fiscal period, with respect to the period just ended: a copy of the Company's annual financial statements or other appropriate financial statements as reasonably determined by the PSC, which statements shall, unless otherwise agreed to by the PSC, be certified by the Company's

Chief Financial Officer in accordance with generally accepted accounting principles.

9.3.04 Additional Filings. Within thirty (30) days after the Company has received from, or submitted to, any municipal, state, county, or federal agency or official any communication, public report, petition, or other filing which is in writing or is reduced to writing (in manual or computer form, but not internal file memoranda) and which pertains to any aspect of operations or the financial arrangements of the System or this Agreement, or which in any way materially affects the System or any Service or the Company's representations and warranties set forth herein, including, but not limited to, any report required to be filed with the FCC pursuant to the Cable Act, but not including tax returns or other filings which are confidential, the Company shall submit to the PSC a copy of such report, petition, or other communication. A copy of each response thereto, in writing or reduced to writing (in manual or computer form, but not internal file memoranda), submitted to or received from such municipal, state, county, or federal agency or official by the Company, shall likewise be submitted promptly to the PSC and in no case later than thirty (30) days after its receipt.

9.4 Books and Records/Audit

9.4.01 Books and Records. Throughout the term of this Franchise Agreement, the Company shall maintain complete and accurate books of account and records of the business, ownership, and operations of the Company with respect to the System, its operation, any Service distributed over the System, and each Service Related Activity, in a manner reasonably acceptable to the PSC including, without limitation, books of account and records adequate to enable the Company to demonstrate, at all times, that it is, and has been, in compliance with each term and condition of this Franchise Agreement.

9.4.02 Right of Inspection. The PSC shall have the right to inspect, examine, or audit, during normal business hours and upon notice to the Company, all documents, records, and other information which pertain to the Company or any Affiliated Person with respect to the System, its operation, its employment and purchasing practices, each Service Related Activity, and all such documents, records, and other information shall be made available at the offices of the PSC in order to facilitate said inspection, examination, or audit. All such documents which may be the subject of an audit by the PSC shall be retained by the Company for a minimum of six (6) years following termination of this Agreement. Access by the PSC to any of the documents, records, or other information covered by this Section shall not be denied by the Company on grounds that such documents, records, or information are alleged by the Company to contain proprietary information, provided that this requirement shall not be deemed to constitute a waiver of the Company's right to assert that the proprietary information contained in such documents, records, or other information should not be disclosed, and to withhold such information upon the agreement of the PSC. In order to determine the validity of such assertion and withholding by the Company, the PSC agrees to review the alleged proprietary information at the Company's premises and, in connection with such review, to limit access to the alleged proprietary information to those individuals who require the information in the

exercise of the PSC's rights under this Agreement. If the PSC concurs with the Company's assertion regarding the proprietary nature of such information, the PSC will not disclose such information to any Person and will not remove from the Company's premises the proprietary portion of any document or other tangible thing that contains such proprietary information. If the PSC does not concur with such assertion, then the Company shall promptly provide such documents, including the alleged proprietary portion thereof, to the PSC, provided that the Company shall not be required to provide the proprietary portion thereof during the pendency of any court challenge to such provision. Further, during normal business hours and upon notice to the Company, the PSC or its designated representative(s) may inspect and examine any other aspect of the System, including facilities and equipment thereof.

9.4.03 File for Public Inspection. Throughout the term of this Franchise Agreement, the Company shall maintain, in a file available for public inspection during normal business hours, in the Franchise Area, the following documents:

- (i) the initial version of all plans and other documents as submitted by the Company or, as applicable, by any other Person as provided in this Agreement, all updates to such plans and other documents, and any modifications to such plans or other documents that have become effective;
- (ii) records of all Subscriber complaints received by the Company during the prior three (3) years, and the action taken by the Company in response to each complaint, provided that the name and address of each Subscriber appearing on such records shall not be disclosed to any Person;
- (iii) all periodic reports to be submitted by the Company to the PSC; and
- (iv) records indicating all uses, and users, of (including suppliers of Services on) all Channels on the System.

SECTION 10
RESTRICTIONS AGAINST ASSIGNMENT
AND OTHER TRANSFERS

10. Transfer of Interest. Except as provided in subchapter VI of Title 26, neither the franchise granted herein, nor any rights or obligations of the Company in the System or pursuant to this Franchise Agreement, nor any guaranty of the performance of the Company's obligations pursuant to this Agreement, or any part of the capacity of the System, shall be encumbered, assigned, sold, transferred, pledged, leased, sublet, or mortgaged in any manner, in whole or in part, to any Person, nor shall title therein, either legal or equitable, or any right or interest therein, pass to or vest in any Person, either by act of the Company, by act of any Person holding Control of or any interest in the Company, or in the System or the franchise granted herein, by operation of law, or otherwise, without the prior written consent of the PSC, which consent shall not unreasonably be withheld.

SECTION 11
RESTRICTIONS ON THE COMPANY
ITS OFFICERS AND DIRECTORS

11. Concentration of Control. To the extent applicable law so permits, the PSC may create, and the Company shall comply with, rules and regulations governing the Company's ownership of any stock or other beneficial ownership interest in any other Person owning or operating: (i) another Cable Communications System in the County or State of Delaware; (ii) any radio or television broadcast station whose Signals are carried on the System on a regular basis; (iii) any television broadcast network other than a network consisting entirely or substantially of a Cable Communications System outside the County or State of Delaware; or (iv) any newspaper or magazine whose principal circulation market is the County or State of Delaware, other than a program guide, the primary purpose of which is to list the Services distributed over the System.

SECTION 12
LIABILITY AND INSURANCE

12.1 Liability and Indemnity

12.1.01 No Liability for Damages. The PSC, its employees, agents, attorneys, consultants, and independent contractors shall have no liability to the Company, any Affiliated Person or any other Person for any special, incidental, consequential, punitive, or other damages as a result of the exercise of any right of the PSC pursuant to this Agreement or applicable law, including, without limitation, the rights of the PSC to approve or disapprove the grant, termination, amendment, renewal, or transfer of the Agreement or the franchise granted herein, or to otherwise modify all or any part of this Franchise Agreement.

12.1.02 Indemnification of the PSC. The Company and each Affiliated Person shall: (i) defend, indemnify, and hold harmless

the PSC, its employees, agents, attorneys, consultants, and independent contractors from and against all liabilities, special, incidental, consequential, punitive, and all other damage, cost, and expense (including reasonable attorneys' fees) arising out of or in connection with: (a) the award of this renewal franchise; (b) the construction, operation, maintenance, repair, upgrade, upgrade or removal of, or any other action or event with respect to, the System or any Service Related Activity; or (c) the distribution of any Service over the System; and (ii) cooperate with the PSC, by providing such non-financial assistance as may be requested in connection with any claim arising out of or in connection with the selection of franchisees for, or the negotiation or award of, this Agreement.

12.2 Insurance.

12.2.01 Specifications. At or before the effective date hereof, the Company shall, at its own cost and expense, obtain a liability insurance policy or policies, in a form acceptable to the PSC, together with evidence acceptable to the PSC, demonstrating that the premiums for said policy or policies have been paid and evidencing that said policy or policies shall take effect and be furnished at or before the Effective Date. Such policy or policies shall be issued by companies duly licensed to do business in the State of Delaware and acceptable to the PSC. Such companies may carry a rating by Best of not less than "A". Such policy or policies shall insure (i) the Company and the PSC and its agents and employees (through appropriate endorsements, if necessary) against each and every form of liability of the Company in the minimum combined amount of One Million Dollars (\$1,000,000) for bodily injury and property damage. The foregoing minimum limitation shall not prohibit the Company from obtaining a liability insurance policy or policies in excess of such limitations. The liability insurance policies required shall be maintained by the Company throughout the term of this Agreement and such other period of time during which the Company operates or is engaged in the removal of the System.

SECTION 13
MATERIAL BREACH

13.1 Action in Event of Breach. In the event that the Company fails to comply with a material provision of this Agreement, then, in accordance with the procedures provided herein, the PSC may, at any time during the term of this Agreement:

- (i) Amend this Agreement to require the Company to take any other actions which the PSC deems appropriate in the circumstances; and/or
- (ii) Seek to obtain the appointment of a court-appointed trustee or similar Person to take any actions which the PSC deems appropriate in the circumstances; and/or
- (iii) Accelerate the expiration of the term of this Agreement by decreasing the term of the franchise; the extent of such acceleration

shall be determined by the PSC and may include any period of time, but not less than six (6) months, provided that the remaining term of the franchise, as accelerated pursuant to this Section, shall not be less than thirty-six (36) months; and/or

- (iv) Revoke the franchise granted pursuant to this Franchise Agreement by termination of this Agreement in accordance with the procedure provided in 26 Del. C. § 606. The Company expressly waives any right to stay or otherwise limit the availability of the PSC's remedies, including, but not limited to, revocation, as a consequence of the Company's breach of any term or condition of this Agreement that occurred prior to or during, any renewal of, or modification of any term or condition of, this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall be construed to waive any rights provided under § 625 and § 626 of the Cable Act.

13.2 Grounds. The Company agrees that a failure to comply with a material provision of this Agreement shall constitute an event of breach which will subject the Company to potential remedial action set forth above, including the possibility of revocation of the franchise.

SECTION 14 TERMINATION

14.1 Term. The termination of the franchise, this Agreement, and the Company's rights herein shall become effective upon the earliest to occur of: (i) the revocation of this Franchise Agreement as provided by final PSC Order; (ii) an Abandonment of the System; or (iii) the expiration of the term of the franchise or accelerated expiration as herein provided.

14.2 Operation of System. In the event of any termination of this Agreement, the PSC may, to the extent permitted by the Cable Act: (i) direct the Company to operate the System on behalf of the Subscribers pursuant to the provisions of this Agreement and such additional terms and conditions as are equitable to the Subscribers and to the Company, for a period of up to twelve (12) months; (ii) authorize any other Person to operate the System on behalf of the Subscribers, or otherwise, upon such terms and conditions as are equitable to the Subscribers and to the Company; or (iii) Order the Company to cease all construction and operational activities in a prompt and workmanlike manner.

14.3 Removal. In addition to any other rights hereunder, upon any termination, the PSC may, in its sole discretion, but shall not be obligated to, direct the Company to remove, at the Company's sole cost and expense, all or any portion of the System from all Streets and

other public property within the Franchise Area subject to the following: (i) this provision shall not apply to buried cable which cannot be removed; (ii) in removing the System, or part thereof, the Company shall refill and compact, at its own expense, any excavation that shall be made by it and shall leave all Streets and other property in as good condition as that prevailing prior to the Company's removal of the System and without affecting, altering, or disturbing in any way any electric, telephone, or other utility cables, wires, or attachments (except to the extent such affecting, altering, or disturbing is permitted by an agreement between the Company and the applicable utility); (iii) the State and any Municipality or County involved shall have the right to inspect and approve the condition of such Streets and public property after removal; (iv) the liability insurance and indemnity provisions of this Agreement shall remain in full force and effect during the entire period of removal and associated repair of all Streets and other public property; (v) removal shall be commenced within thirty (30) days of the removal Order by the PSC and shall be completed within twelve (12) months thereafter, including all associated repair of all Streets and other public property; (vi) if, in the reasonable judgment of the PSC, the Company fails to substantially complete such removal, including all associated repair of Streets and other public property within twelve (12) months thereafter, then, to the extent not inconsistent with applicable law, the PSC shall have the right to: (a) declare that all rights, title, and interest to the System has been abandoned and transfer of the System to another Person for operation; or (b) authorize removal of the System, at the Company's cost, by another Person.

14.4 Company's Obligations. In the event of any such transfer or abandonment, the Company shall:

- (i) cooperate with the PSC or any third party in maintaining the distribution of Services over the System; and
- (ii) promptly execute all appropriate documents to transfer, free of any liabilities, title to the System, all components thereof necessary to operate and maintain the System pursuant to the terms and conditions of this Agreement, as well as all contracts, leases, licenses, permits, rights-of-way, and any other rights, contracts, or understandings necessary to maintain the System and the distribution of Services over the System; provided that such transfers shall be made subject to the rights, under Article 9 of the Uniform Commercial Code as in effect in the State of Delaware and, to the extent that any collateral consists of real property, under Delaware Real Property Law, of banking or lending institutions which are secured creditors or mortgagees of the Company at the time of such transfers; and provided that, with respect to such creditors or mortgagees, the PSC, not the State, shall have no obligation following

said transfers to pay, pledge, or otherwise commit in any way any general or any other revenues or funds in order to repay any amounts outstanding on any debts secured by the System which remain owing to such creditors or mortgagees.

SECTION 15 MISCELLANEOUS

15.1 Controlling Authorities. This Agreement is made with the understanding that its provisions are controlled by the Cable Act, other federal laws, state laws, and all applicable local laws, ordinances, and regulations. Where this Agreement specifically conflicts with a provision of applicable federal, state, or local laws, ordinances, or regulations, this Agreement shall prevail to the extent permitted by law.

15.2 Appendices. The Appendices to this Agreement, attached hereto, and all portions thereof and exhibits thereto, are, except as otherwise specified in such Appendices, incorporated herein by reference and expressly made a part of this Agreement. The procedures for approval of any subsequent amendment or modification to said Appendices shall be the same as those applicable to any amendment or modification hereof, except as specified in such Appendices or elsewhere in this Agreement or as established or required by FCC Regulation.

15.3 Entire Agreement. This Agreement, including all Appendices hereto, embodies the entire understanding and agreement of the PSC and the Company with respect to the subject matter hereof and merges and supersedes all prior representations, agreements, and understandings, whether oral or written, between the PSC and the Company with respect to the subject matter hereof, including, without limitation, all prior drafts of this Agreement and any Appendix to this Agreement, and any and all oral or written statements or representations by any employee, agent, attorney, consultant, or independent contractor of the PSC or the Company.

15.4 Reservation of Rights. To the extent that any statute, rule, regulation, ordinance, or any other law is enacted, adopted, repealed, amended, modified, changed, or interpreted in any way during the term of this Agreement so as to enhance the PSC's ability to meet the cable-related needs and interests of the community, the PSC shall have the right, in good faith, to modify this Agreement and/or regulate the System, as applicable, to reflect such enactment, adoption, repeal, amendment, modification, change, or interpretation, and the Company agrees to comply with any such modifications or regulations arising out of such negotiations. If the Company fails to comply with such modifications and/or such regulations, then the PSC may accelerate the term of this Agreement so that the term shall expire on a date determined by the PSC not less than thirty-six (36) months after such determination. Any substantial failure of the Company to comply with the material terms of any such modifications or regulations shall be deemed to be a material breach of this Agreement.

15.5 Notices. All notices, statements, demands, requests,

consents, approvals, authorizations, offers, agreements, appointments, designations, or other direction or communication hereunder by any party to another, shall be in writing and shall be sufficiently given and served upon the other party, immediately if delivered personally, or by telex or telecopy (provided with respect to telex and telecopy that such transmissions are received on a business day during normal business hours), the first business day after dispatch if sent by express mail, and the second business day after dispatch if sent by first class mail, registered or certified, return receipt requested, postage prepaid, and addressed as follows:

THE PSC: Public Service Commission
 861 Silver Lake Boulevard, Suite 100
 Cannon Building
 Dover, Delaware 19904
 Attention: Executive Director

COMPANY: Atlantic Broadband (Delmar) LLC
 1 Batterymarch Park, Suite 405
 Quincy, MA 02169
 Attn: Government Affairs

15.6 Authorization; Non-Contravention. The execution, delivery, and performance of this Agreement, and all other agreements entered into in connection with the franchise granted hereby, have been duly, legally, and validly authorized by all necessary action on the part of the Company in accordance with their respective terms.

15.7 Governing Law. This Agreement shall be deemed to be executed in the State of Delaware, and shall be governed in all respects, including validity, interpretation, and effect, and construed in accordance with the laws of the State of Delaware.

15.8 Survival of Representations and Warranties. All Representations and warranties contained in this shall survive the term of the Agreement.

15.9 Claims Under Agreement. The PSC and the Company agree that, except to the extent inconsistent with Section 635 of the Cable Act (47 U.S.C. '555) and the Regulations of the FCC, all claims asserted by or against the PSC arising under this Agreement, or related thereto, shall be heard and determined in a court of the State of Delaware.

15.10 Modification. Except as otherwise provided in this Agreement, any Appendix to this Agreement, or applicable law, no provision of this Agreement, nor any Appendix to this Agreement, shall be amended or otherwise modified, in whole or in part, except by an instrument, in writing, duly executed by the PSC and the Company, which amendment shall be authorized on behalf of the PSC through the adoption of an appropriate PSC Order as required by applicable law.

16. **FURTHER ORDERS**

The PSC reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Arnetta McRae
Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary

Exhibit "A"

Service Territory of Atlantic Broadband

1. The beginning point of the subject area is situated at the intersection of the Chesapeake/Delaware canal and the state line of Maryland and Delaware; thence along said canal.
2. Easterly approximately 7.1 miles to an intersection with U.S. Route #13 at Saint George, thence along State Route #13.
3. Northwesterly approximately 1.9 miles to the intersection of State Road #13 and #72 at "Wrangle Hill", thence along said Road #72.
4. Easterly approximately 1.5 miles to its intersection with county road #378 and #9, thence along said Road #9.
5. Easterly and then southeasterly approximately 2.0 miles to its intersection with county road #411 and #2 at Delaware City, thence with said Road #9.
6. Southeasterly and then more southerly (crossing the Delaware City branch channel, the Chesapeake and Delaware canal and passing the easterly end of county road #418.) Approximately 3.8 miles to an angle point in said Road #2 which is approximately 0.3 miles measured along said Road #2 from the intersection of the Road leading from "Boyds Corner" to Port Penn, thence leaving said Route #2.
7. Due east approximately 0.3 miles to the westerly shore line of the Delaware River. Thence along said westerly shore line of the Delaware River.
8. Southwesterly (passing easterly of Augustine Beach and Delaware Point approximately 12.5 to its intersection with the center line or the stream of Duck Creek, thence along center of said Duck Creek, thence along center of said Duck Creek.
9. Southwesterly approximately 13.2 miles to a point in the center of Duck Creek, approximately 1.5 miles west of the Town of Clayton, thence in a southerly direction.
10. Approximately 3.7 miles to a point at Maryland/Delaware railroad tracks, approximately 3000' north from the Town of Kenton, thence in a westerly direction.
11. Approximately 5 miles to a point on the state line of Maryland and Delaware approximately 3000' north of the Town of Pearson Grove, thence along state line.
12. Northwesterly approximately 21.0 miles to the place of beginning.

AGREED TO, APPROVED, AND ACCEPTED THIS 22nd DAY OF NOVEMBER, 2005:

By /s/ Donna F. Garofano
Name: Donna F. Garofano
Title: Vice President, Government Affairs

(Seal)

Witness: Karen J. Nickerson
Name: Karen Nickerson
Title: Secretary