CABLE TELEVISION FRANCHISE AGREEMENT

between

CLACKAMAS COUNTY, OREGON

and

BEAVER CREEK COOPERATIVE TELEPHONE COMPANY

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1. PURPOSE AND INTENT

1.1 Intent

Clackamas County, Oregon (hereafter Grantor) is authorized to and by this Franchise Agreement does grant to Beaver Creek Cooperative Telephone Company (BCT), (hereafter Grantee) a non-exclusive ten (10) year Franchise, revocable as provided herein, to construct, operate and maintain a Cable System in the Franchise Area comprised of a portion of the area within the unincorporated territory of the Grantor, as described in **Exhibit A**.

1.2 Purpose

The purpose of this Franchise Agreement is to create a binding, enforceable contract between Grantor and Grantee.

1.3 Implementation of Reserved Rights

The parties acknowledge that certain rights have been reserved by Grantor in the event it subsequently obtains jurisdiction over the several matters and, in such event, Grantor agrees to provide Grantee not less than 90 days prior written notice of its intention to locally implement and enforce such subject matter.

2. DEFINITIONS

For the purposes of this Franchise Agreement and all attachments included hereto, the following words, terms, phrases, and their derivations shall have the meanings given herein. When not inconsistent with the context, words used in the present tense include the future tense, words in the plural number include the singular number, and words in the singular number include the plural number. The word "shall" is always mandatory and not merely directory. Words used in this Franchise which are not defined hereunder but defined in the Cable Communications Policy Act of 1984, as amended by the Cable Communications Policy Act of 1992, (Cable Act), and the Telecommunications Act of 1996 shall have the meaning specified in the Cable Act definition.

a. "Access Channel" or "Public, Educational or Government Access (PEG) Channel" means any Channel or portion of a Channel utilized for non-commercial programming, where any member of the general public or any non-commercial organization may be a Programmer, without charge by the Grantee, on a non-discriminatory basis.

   i. "Educational Access Channel" means any Channel or portion of a Channel available for educational programming by individuals or institutions.

   ii. "Government Access Channel" means any Channel or portion of a Channel available for programming by government agencies.

   iii. "Public Access Channel" means any Channel or portion of a Channel where any member of the general public or any non-commercial organization may be a Programmer on a non-discriminatory basis, subject to operating rules formulated by the Grantor or its designee. Such rules shall not be designed to control the content of public access programming, except a cable operator may refuse to transmit any public access program

or portion of a public access program which contains obscenity, indecency, or nudity (47 USC §531(e)).

b. "Addressability" means the capability of the Cable System to provide programming to specific Subscribers on a per program, program package, and premium Channel basis without the need for a major system upgrade to activate the capability. An upgrade that requires only the installation of a piece or pieces of equipment between the point at which a Subscriber's drop line connects to the system and the point at which the drop connects to the Subscriber's television receiver shall not be considered a major system upgrade.

c. "Affiliate" When used in relation to any Person, means another Person who owns or controls, is owned or controlled by, or is under common ownership or control with, such Person.

d. "Availability of Service" means the ability of a Subscriber to obtain a service within sixty days (60) by requesting the service and paying applicable installation and/or usage charges.

e. "Basic Cable Service" means that tier of cable service which is required as a condition of access to all other video services and which includes but is not limited to a) the retransmission of local broadcast station signals, and b) public, educational and government Access Channels.

f. "BCT" shall mean Beaver Creek Cooperative Telephone Company, its agents and assignees.

g. "Broadcast Signal" means a television or radio signal that is transmitted over-the-air to a wide geographic audience and is received by the Cable System off-the-air, whether by microwave link, by satellite receiver, or by other means.

h. "Cablecast Signal" means a non-Broadcast Signal that originates within the facilities of the Cable System.

i. "Cable System" or "Cable Communications System" shall have the meaning specified in the definition of "Cable System" in the Cable Act. In every case of its use in this Franchise, unless otherwise specified, the term shall refer to the Cable System operated by the Grantee in Clackamas County under this Franchise.

j. "Channel" means a portion of the electromagnetic frequency spectrum which is used in a Cable System and which is capable of delivering a television channel (as television channel is defined by the FCC by regulation). "Standard Video Channel" means a 6 MHz portion of the frequency spectrum, capable of carrying one video channel prior to any signal compression.

k. "Commercial Subscriber" means a Subscriber receiving cable services in a business or other commercial enterprise, where the services are to be used primarily in conjunction with the enterprise and the rates for services are individually negotiated with the Subscriber.

l. "Community Access Services" means services provided on any public, educational

or government Access Channel.

m. "Converter" means a device for changing the frequency of a television signal. A set-top converter changes the frequency of the mid-band, super-band, or hyper-band signals to a suitable Channel which the television receiver is able to tune.

n. "County" means Clackamas County and all the territory within its corporate boundaries.

o. "FCC" means the Federal Communications Commission.

p. "Franchise" or "Franchise Agreement" or "Agreement" means an initial authorization, or renewal thereof (including renewal of an authorization which has been granted subject to Section 626 of the Cable Act), issued by a franchising authority, whether such authorization is designated as a franchise, permit, license, resolution, contract, certificate, agreement, or otherwise, which authorizes the construction or operation of a Cable System. Unless otherwise specified, "Franchise" shall designate this agreement, including all referenced material, adopted in the appropriate manner by the Grantor.

q. "Franchise Area" means those portions of the unincorporated area of Clackamas County which are designated in **Exhibit A.**

r. "Grantee" means Beaver Creek Cooperative Telephone Company (BCT), an Oregon cooperative, and the lawful successors, transferees, or assignees thereof.

s. "Grantor" means Clackamas County, a political subdivision of the State of Oregon.

t. "Gross Receipts" means Gross Revenues less any bad debts.

u. "Gross Revenues" means all amounts earned by the Grantee, or any entity that constitutes a "cable operator" under the Cable Act definition, in whatever form and from all sources, derived from the operation of the Cable System within the Clackamas County Franchise Area. "Gross Revenues" shall include, without limitation, amounts for all Cable Services, premium services, advertising, commissions on sales of goods or services by third parties utilizing the Cable System (e.g., home shopping networks), installations, leasing, renting or selling of system capacity, or other services using the Cable System, and all other revenues derived from the operation of Grantee's Cable System regardless of whether initially recorded to another entity and however characterized.

Gross revenues shall also include any amounts received or earned by any Affiliate of the Grantee in whatever form and from all sources, derived from the operation of the Cable System within the Franchise Area, including amounts for Cable services, premium services, advertising, commissions on sales of goods or services by third parties utilizing the Cable System (e.g. home shopping networks), installations, leasing, renting, or selling of system capacity and all other revenues derived from the operation of the Cable System.

In the event that Federal or state law permits the Grantee to provide non-video services to Subscribers (such as telephone communications) through the facilities of the Cable System, and the Grantor has the legal/regulatory authority to collect a

franchise fee on such services, then the franchise fee on revenues derived by the Grantee from such services shall be at the same rate as paid to the Grantor by other providers of the same services using the public rights-of-way, not to exceed five percent (5%).

"Gross Revenues," however, shall not be double counted. Revenues of both Grantee and an Affiliate that represent a transfer of funds between the Grantee and the Affiliate, and that would otherwise constitute Gross Revenues of both the Grantee and the Affiliate, shall be counted only once for purposes of determining Gross Revenues.

v. "Institutional Service" means video, audio, data and other services provided to institutional Subscribers on an individual application, private Channel basis. These services may include, but are not limited to, two-way video, audio or digital signals among institutions, or between institutions (47 USC §531(f)).

w. "Institutional Network" means a communications network which is constructed or operated by the cable operator and which is generally available only to subscribers who are not residential subscribers. 47 USC §§531(f) and 611(f). An Institutional Network requires that a part of a Cable System network be designed principally for the provision of non-entertainment, Interactive Services to businesses, schools, public agencies or other nonprofit agencies for use in connection with the ongoing operations of such institutions, excluding privately designated networks. The Cable Communications Policy Act of 1984 Sect. 611 (b) [531(b)] Authority to require designation for public, educational, or governmental use – A franchising authority may in its request for proposals require as part of a franchise, and may require as part of a cable operator's proposal for a franchise renewal, subject to Sect. 626 of this title, that channel capacity be designated for public, educational, or governmental use, and channel capacity on institutional networks be designated for educational or governmental use, and may require rules and procedures for the use of the channel capacity designated pursuant to this section. Further related authority can be found in Sect. 611 (c) and (a), Sect. 624 (c), Sect. 621 (b) (D).

x. "Interactive Services" means services provided to Subscribers where the Subscriber either (1) both receives information consisting of either television or other signals and transmits signals generated by the Subscriber or equipment under the Subscriber's control for the purpose of selecting what information shall be transmitted to the Subscriber or for any other purpose; or (2) transmits signals to any other location for any purpose.

y. "Institutional Subscriber" means a place of business for a public agency, a school or a non-profit corporation receiving Institutional Services on the Institutional Subscriber Network.

z. "Leased Channel" means any Channel or portion of a Channel available for programming by Persons or entities other than Grantee for a fee or charge.

aa. "Monitoring" means observing a one way communications signal, or the absence of a signal, where the observer is neither the Subscriber nor the Programmer, whether the signal is observed by visual or electronic means, for any purpose

whatsoever.

ab. "Non-Broadcast Signal" means a signal that is transmitted by the Cable System and that is not involved in an over-the-air broadcast transmission path.

ac. "Open Channel" means any Channel that can be received by all Subscribers having cable-ready television sets, without the necessity of special descrambling equipment.

ad. "Pay Channel" or "Premium Channel" means a Channel on which television signals are delivered to Subscribers for a special fee or charge over and above the regular charges for standard Subscriber service, on a per program, per Channel, or other subscription basis.

ae. "Person" means any corporation, partnership, proprietorship, individual, organization, or other entity authorized to do business in the State of Oregon, or any natural Person.

af. "Programmer" means any Person or entity who or which produces or otherwise provides program material or information for transmission by video, audio, digital or other storage methods or media, to Subscribers, by means of the Cable System.

ag. "Record" means written or graphic materials, however produced or reproduced, or any other tangible permanent Record, including, without limitation, all letters, correspondence, memoranda, minutes, notes, summaries or accounts of telephone conversations, opinions or reports of consultants or experts, invoices, billings, statements of accounts, studies, appraisals, analyses, contracts, agreements, charts, graphs, magnetic and laser disk files, and photographs, to the extent related to the enforcement or administration of this Franchise.

ah. "Resident" means any natural Person residing within the Franchise Area.

ai. "Residential Service" means services delivered on the residential Subscriber network.

aj. "Residential Subscriber" means a Resident who receives services on the residential Subscriber network.

ak. "Residential Network" means a cable communications network designed principally for the delivery of entertainment, Community Access or Interactive Services to individual dwelling units.

al. "School" means any public educational institution, including primary and secondary schools, community colleges, colleges, universities and extension centers, and all similarly situated private and parochial educational institutions which have received the appropriate accreditation from the State of Oregon and, where required, from other authorized accrediting agencies and which serve a minimum of twenty (20) students.

am. "Section" means any Section, Subsection or provision of this Franchise

Agreement.

an. "Streets and Public Ways" means the surface of and the space above and below any public street, sidewalk, alley, or other public way of any type whatsoever, now or hereafter existing as such within the Franchise Area, and any easements, rights of way or other similar means of access to the extent Grantor has the right to allow Grantee to use them.

ao. "Subscriber" means any Person who elects to subscribe to, for any purpose, a service provided by the Grantee by means of, or in connection with the Cable Communications System whether or not a fee is paid for such service.

ap. "Tapping" means observing a two-way communications signal exchange where the observer is neither of the communicating parties, whether the exchange is observed by visual or electronic means, for any purpose whatsoever.

aq. "Year" means a full twelve-month calendar year, unless designated otherwise, such as a "fiscal year."

3. GRANT OF FRANCHISE

3.1 Grant

Grantor hereby grants to the Grantee a non-exclusive and revocable Franchise for a ten (10) year period from and after the effective date hereof, revocable as provided herein, and subject to early termination at the end of six (6) years after the effective date hereof under conditions described in Sections 4.1, 11, and 13.13 to construct, operate and maintain a Cable System within the Franchise Area. This Franchise constitutes the authority, right, privilege and obligation to provide the services of a Cable System as required by the provisions of this Franchise Agreement. Notwithstanding the ten year duration of the Franchise Agreement, Grantor and Grantee agree to have their representatives sit down on an annual basis to review changes in law, technical changes in the cable industry and any service issues that have arisen for the purpose of negotiating any modifications to the Franchise Agreement that the parties agree upon as the result of such a review. The Franchise Agreement will be extended at the option of the Board of County Commissioners until a new agreement is negotiated.

This Franchise is subject to the laws of the United States and the State of Oregon, and to the general ordinances of Clackamas County enacted pursuant thereto affecting matters of general County concern and not merely existing contractual rights of Grantee, whether now existing or hereinafter enacted.

3.2 Use of Public Streets and Rights of Way

For the purpose of constructing, operating and maintaining a Cable Communications System in the Franchise Area, the Grantee may erect, install, audit, construct, repair, replace, reconstruct, and retain in, on, over, under, upon, across, and along the public streets and ways within the Franchise Area such wires, cables, conductors, ducts, conduits, vaults, manholes, amplifiers, appliances, pedestals, attachments, and other property and equipment as are necessary, convenient and appurtenant to the operation of

the Cable Communications System. Prior to construction or alteration within County road rights-of-way, the Grantee shall request permits as required in Chapter 7.03 of the County Code. Prior to construction or alteration, however, the Grantee shall in each case file plans as required with the appropriate agencies of Grantor and in accordance with any agreements with utility providers and companies, pay applicable fees, and receive approval as necessary before proceeding. This is subject to change if federal law changes.

3.3 Duration and Effective Date of Franchise

Except as otherwise provided herein for revocation, or early termination in accordance with Sections 4.1, 11.1, and 13.13 the term of this Franchise and all rights, privileges, obligations and restrictions pertaining thereto shall be ten (10) years from the effective date of this agreement, at which time the Franchise shall expire and be of no force and effect. The Franchise Agreement will be extended at the option of the Board of County Commissioners until a new agreement is negotiated. The effective date of the Franchise shall be the date of the signed Board of County Commissioners Board Order unless the Grantee fails to file the Franchise acceptance in accordance with Section 3.8 herein, in which event this Franchise shall be null and void.

3.4 Franchise Area

The Franchise Area shall be that area designated in **Exhibit A**. Any future extensions of Franchise Area must be approved by the Board of Commissioners, as an amendment to this Franchise. Any expansion area beyond that shown in **Exhibit A**, as granted must include terms for initiation of construction within twelve (18) months and coverage of area with complete service availability by eighteen (24) months after initial construction.

3.5 Franchise Not Exclusive

The Franchise granted herein is not exclusive. This Franchise shall not be construed as any limitation upon the right of the Grantor, through its proper officers, to grant to other Persons or corporations, rights, privileges or authority the same as, similar to or different from the rights, privileges or authority herein set forth, in the same or other Streets and Public Ways or public places by Franchise, permit or otherwise except those limitations provided by the paragraph on comparability in 13.12.

3.6 Franchise Non-Transferable

This Franchise shall not be sold, leased, assigned or otherwise transferred, nor shall any of the rights or privileges herein granted or authorized be leased, assigned, mortgaged, sold or transferred, either in whole or in part, nor shall title hereto, either legal or equitable, or any right, interest or property herein, pass to or vest in any Person, except the Grantee, either by act of the Grantee or by operation of law, without the consent of the Grantor, expressed in writing. The granting of such consent in one instance shall not render unnecessary any subsequent consent in another instance.

If the Grantee wishes to transfer this Franchise, the Grantee and Grantor shall proceed pursuant to Section 617 of the Cable Act and related rule makings of the FCC. Grantee shall give Grantor written notice of the proposed transfer, and shall request consent of the transfer by the Grantor. For the purpose of determining whether it will consent to such

transfer, Grantor may inquire into the qualifications of the prospective transferee to perform the obligations of the Grantee under this Franchise Agreement. The Grantee shall assist Grantor in any such inquiry, and shall provide all information requested in writing by the Grantor that is reasonably necessary to determine the legal, financial and technical qualifications of the proposed transferee in order to determine whether it will consent to the proposed transfer.

In cases where the Grantor finds it inappropriate to give unconditional consent to the proposed transfer, the Grantor may offer its consent upon such terms and conditions as it deems appropriate, related to the qualifications of the prospective transferee to perform the obligations of the Grantee under this Franchise. Consent to the transfer shall not be unreasonably withheld. Any transfer of ownership effected without the written consent of the Grantor shall render this Franchise subject to revocation. The Grantor shall have one hundred twenty (120) days to act upon any request for approval of a transfer that contains or is accompanied by such information as is required in accordance with FCC regulations and by the Grantor. If the Grantor fails to render a final decision on the request within said one hundred twenty (120) days, the request shall be deemed granted unless the Grantee and the Grantor agree to an extension of time.

The Grantee, upon any transfer as heretofore described, shall within sixty (60) days thereafter file with the Grantor a copy of the deed, agreement, mortgage, lease, or other written instrument evidencing such sale, lease, mortgage, assignment or transfer, certified and sworn to as correct by the Grantee.

Every such transfer as heretofore described, whether voluntary or involuntary, shall be deemed void and of no effect unless Grantee shall within sixty (60) days after the same shall have been made, file such certified copy as is required.

The requirements of this Section shall not be deemed to prohibit the use of the Grantee's property as collateral for security in financing the construction or acquisition of all or part of a Cable Communications System of the Grantee or any Affiliate of the Grantee. However, the Cable Communications System franchised hereunder, including portions thereof used as collateral, shall at all times continue to be subject to the provisions of this Franchise.

The requirements of this Section shall not be deemed to prohibit sale of tangible assets of the Cable System in the ordinary conduct of the Grantee's business without the consent of the Grantor. The requirements of this Section shall not be deemed to prohibit, without the consent of the Grantor, a transfer to a transferee whose primary business is Cable System operation and having a majority of its beneficial ownership held by the Grantee, a parent of the Grantee, or an Affiliate a majority of whose beneficial ownership is held by a parent of the Grantee.

3.7 Change in Control

The Grantee shall promptly notify the Grantor of any proposed change in, transfer of, or acquisition by any other party of control of the Grantee. If beneficial ownership of twenty-five percent (25%) percent of the stock of the Grantee, or of the majority of the stock of any parent company of the Grantee immediate or otherwise, or of any entity now owning or later acquiring such a beneficial interest is acquired by a single entity or by several entities under common control, if such entity or agent of common control is other than an

organization with a majority of its beneficial ownership held by the Grantee or a parent of the Grantee, then a change in control will be deemed to have taken place unless the Grantor, upon request of the Grantee, finds otherwise. Such change in control shall make this Franchise subject to revocation unless and until the Grantor shall have given written consent thereto.
If the Grantee wishes to operate the Franchise under a change of control, the Grantee shall give the Grantor written notice of the proposed change, and shall request approval of the change by the Grantor. The Grantor shall have one hundred twenty (120) days to act upon the request, following the receipt of the request and of all information required in accordance with FCC regulations, as well as all information required in writing by the Grantor prior to or subsequent to the request for approval. If the Grantor fails to render a final decision on the request within said one hundred twenty (120) days, the request shall be deemed granted unless the Grantee and the Grantor agree to an extension of time.

For the purpose of determining whether it will consent to such change, transfer, or acquisition of control, Grantor may inquire into the qualifications of the prospective controlling party to perform the obligations of the Grantee under this Franchise Agreement. The Grantee shall assist Grantor in any such inquiry. Consent to the change of control shall not be unreasonably withheld.

3.8 Franchise Acceptance

The Grantee, within sixty (60) days after the tender by the Grantor to Grantee of the Franchise Agreement adopted by the Grantor, shall file in the office of the Grantor's cable franchise manager a written acceptance executed by Grantee, in the form attached hereto as **Exhibit C**. In the event Grantee fails to file the acceptance as required herein, then this Franchise shall be null and void.

4. CONSTRUCTION AND SERVICE REQUIREMENTS

4.1 General

The Grantee shall continue to maintain on its Cable System a minimum practical capacity of 500 MHz-activated for the provision of analog and digital services in the forward direction and other services generally available to residential Subscribers of the Cable System. Not later than five (5) years from the effective date of the Franchise, Grantee shall submit a plan to Grantor and increase service, if justified as identified by community need, technology, and overall market conditions. The Grantee shall make available public access and Institutional Network capability for public, government and educational use as provided for in Section 6.6. In all its construction and service provision activities, Grantee shall meet or exceed the construction, extension and service requirements set forth in this Franchise Agreement.

4.2 Right of Inspection of Construction

Grantor, upon request, shall have the right to inspect all construction or installation work performed within the Franchise Area and to make such tests as it shall find necessary to ensure compliance with the terms of this Franchise Agreement and other pertinent provisions of law. Grantor shall notify Grantee of times and location of inspection with the intent Grantee representative shall have the opportunity to accompany Grantor during any

inspection. For permits issued under Chapter 7.03 of the County Code, notification to Grantee is not required prior to inspection.

4.3 Availability of Residential Service

4.3.1 Density for Normal Extension of Service

1. The Grantee shall make service available to every potential Subscriber:

   a. whose dwelling is one of a minimum of twenty-five (25) dwelling units per linear cable mile, or six (6) dwelling units per 1/4 mile, from the nearest existing cable plant; or

   b. whose dwelling is situated such that cable constructed from the nearest existing cable plant would pass an average of twenty (20) homes per linear mile.

2. Service made available to the potential Subscribers indicated in (1) above, shall have a system capacity as follows:

   a. Activated system capacity shall, at a minimum, be equal to or greater than the capacity of the nearest existing cable plant from which the extension is made. Initially, Grantee's existing cable plant is constructed to 750 MHz spacing and supportive of 550 MHz technologies.

   b. In all line extensions and new construction where the cost is no greater using 870 MHz equipment and spacing than the current equipment at 550 MHz and spacing of 750 MHZ, 870 MHz equipment and spacing shall be used. All line extensions shall consist of a minimum of 870 MHz spacing and 750 MHz equipment.

3. No charge shall be made by the Grantee to Subscribers for the provision of a cable drop to the premises of any Subscriber requesting service, so long as the drop does not exceed one hundred twenty-five (125) feet in length. However, nothing in this Section shall prevent the Grantee from imposing the normal, published installation charge to any Subscriber.

4.3.2 Isolated Areas

Potential Subscribers requesting service but not entitled to Availability of Service under Section 4.3.1 shall be provided service under the following circumstances, through contractual agreement between the Grantee and the Person requesting service for payment of line extension construction costs:

1. Grantee shall provide service at its normal, published installation charge for the initial one hundred twenty-five (125) feet of extension.

2. The Subscriber and the Grantee shall share equally the extension costs based on a published per foot rate for the construction of the extension for

the distance over one hundred twenty-five (125) feet but less than three hundred fifty (350) feet.

3. The Subscriber shall pay all extension costs beyond the first three hundred fifty (350) feet, based on Grantee's published per foot rate for the construction of the distance greater than three hundred fifty (350) feet.

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

   The starting point shall be a point at the nearest reasonably usable existing cable plant using public right-of-way, exclusive of a street crossing, provided that the Grantee shall make a reasonable effort to secure and use private rights-of-way if the use of such rights-of-way reduces the cost of the line extension to the Subscriber. The actual length of cable needed from the starting point to the Subscriber's home shall be the total number of feet. The total cost of the project from the starting point to the home shall be divided by the total number of feet. The total extension costs based on a published per foot rate for the construction of the project will be used to compute each party's share. Street bores or crossings needed to bring the existing cable plant to the requesting Subscriber's side of the street shall be included as part of any line extension greater than one hundred twenty-five (125) feet; otherwise these costs shall not be charged to the Subscriber.

4.3.3 New Subdivisions

1. Grantee shall maintain the same capacity (MHz capacity) going forward to those areas currently being offered service. Grantee shall provide service capacity of 870 MHz or its technological equivalent in new subdivision areas, so long as Grantee determines that it can economically provide service in new areas given pricing constraints.

   Subject to Sections 4.3.1 and 4.3.2, Grantee will be required to build, activate, proof and sell cable in new subdivisions within ninety (90) days of the time when fifty percent (50%) of the subdivision's potential dwelling units have been issued building permits and construction has started, or twenty-five percent (25%) of the subdivision's potential dwelling units have contracted for cable television service. The Grantee shall install a system of at least the system capacity as indicated below, in any new subdivision with a minimum of twenty-five (25) dwelling units per linear cable mile, or six (6) dwelling units per 1/4 mile, from the nearest existing cable plant.

   a. System capacity shall, at a minimum, be equal to or greater than the capacity of the nearest existing cable plant from which the new subdivision is served.

   b. In all new construction, where the cost is no greater using 870 MHz equipment and spacing than the current equipment at 870 MHz and spacing of 750 MHZ, 870 MHz equipment and spacing shall be used. All new construction shall consist of a minimum of 870 MHz spacing

and 750 MHZ equipment.

2. Grantee shall be responsible for ascertaining building permit activity in new subdivisions.

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

4.3.4 Annexation

In the event any portion of the Franchise Area is annexed by a city, resulting in that portion having two (2) or more cable communications franchises, then to the extent permitted by law the Grantee's rights hereunder shall continue in effect but the Grantee shall not be required to construct a Cable System passing the same homes as are passed by an existing Cable System operating under the authority of an existing city franchise. Franchise fees shall be directed to the franchising authority controlling the streets and public way in the annexed Section.

4.4 Erection of Poles

If additional poles in an existing aerial utility system route are required, Grantee shall negotiate with the utility company or provider for the installation of the needed poles. Grantee shall not erect, for any reason, any pole on or along any street or public way in an existing aerial utility system unless approved by the Grantor. The Grantee shall negotiate the lease of pole space and facilities from the existing pole owners for all aerial construction, under mutually acceptable terms and conditions, and shall comply with all applicable ordinances, resolutions, rules and regulations of the Grantor.

4.5 Trimming of Trees or Other Vegetation

In the conduct of its business, it may be necessary for Grantee to trim trees or other vegetation in order to provide space for its facilities. Tree or vegetation trimming shall be done only in accordance with the ordinances and other rules and regulations of Grantor and if the tree or vegetation is located on private property, with the permission of the owner of the property on which the tree or vegetation stands. Nothing contained in this Franchise Agreement shall be deemed to empower or authorize Grantee to cut, trim or otherwise disturb any trees or other vegetation, whether ornamental or otherwise.

4.6 Repair and Restoration of Streets, Public Ways and Grounds

Whenever the Grantee shall disturb the surface or otherwise damage any street, alley, public highway, other public way or ground for any purpose mentioned herein, it shall repair and restore the same to the condition in which it was prior to the opening or other damage thereof pursuant to Chapter 7.03 of the County Code and per any Utility Placement permit issued by the County Engineering Department. When any opening is made by the Grantee in any hard surface pavement, in any street, alley, public highway or other way, the Grantee shall promptly refill the opening and restore the pavement to its original condition. The Grantor shall provide written notification of any such deficiencies to Grantee. The Grantee shall have thirty (30) days to correct the deficiency. In the event of failure, neglect or refusal of the Grantee, to repair, restore, or reconstruct such street

damage following notification, the Grantor may do such work or cause it to be done, and the cost thereof to the Grantor shall be paid by the Grantee. All excavations made by the Grantee in the streets, alleys, public highways or other ways shall be properly safeguarded for the prevention of accidents. The work hereby required shall be done in strict compliance with the rules, regulations and ordinances of Grantor as now or hereafter in effect.

4.7 Construction Codes

The Grantee shall strictly adhere to all applicable building, zoning or other laws and codes currently or hereafter in force in Grantor's jurisdiction. The Grantee shall arrange its lines, cables and other appurtenances, on both public and private property, in such a manner as to cause no unreasonable interference, as determined by the Grantor, with the use of said public or private property by any Person. In the event of such interference, Grantor may require the removal of Grantee's lines, cables and appurtenances from the property in question following thirty (30) day notification to the Grantee.

4.8 Reservations of Street Rights

Nothing in this Franchise Agreement shall be construed to prevent any public work of the Grantor, including without limitation constructing sewers, grading, paving, repairing and/or altering any street, alley, or public highway, or laying down, repairing or removing water mains or maintaining, repairing, constructing or establishing any other public property. If any property of the Grantee shall interfere with the construction or repair of any street or public improvement, whether it be construction, repair or removal of a sewer or water main, the improvement of a street or any other public improvement, then on reasonable notice from the Grantor all such property including poles, wires, conduits or other appliances and facilities shall be removed, replaced or relocated in a timely manner as shall be directed by the Grantor, so that the same shall not interfere with the said public work of the Grantor, and such removal, replacement or relocation shall be at the expense of the Grantee. In the event of failure, neglect or refusal of the Grantee, to remove and replace Grantee's facilities, following notification, the Grantor may do such work or cause it to be done, and the cost thereof to the Grantor shall be paid by the Grantee.

4.9 Street Vacation and Abandonment

In the event any street, alley, public highway or portion thereof used by the Grantee shall be vacated by the Grantor, or the use thereof discontinued by the Grantee, during the term of this Franchise, the Grantee shall forthwith remove its facilities there from unless specifically permitted in writing to continue the same by the new controlling jurisdiction or property owner, as appropriate. At the time of removal thereof the Grantee shall restore, repair or reconstruct the street area where such removal has occurred, and place the street area where such removal has occurred in such condition as may be reasonably required by Grantor. In the event of failure, neglect or refusal of the Grantee, to repair, restore, or reconstruct such street damage, following thirty (30) day notification, the Grantor may do such work or cause it to be done, and the cost thereof to the Grantor shall be paid by the Grantee.

4.10 Movement of Facilities

In the event it is necessary temporarily to move or remove any of the Grantee's wires,

cables, poles or other facilities placed pursuant to this Franchise, in order to lawfully move a large object, vehicle, building or other structure over the streets, alleys or highways of the Grantor, Grantee, upon thirty (30) day notice shall move such of its facilities at the expense, paid in advance, of the Person requesting the temporary removal.

4.11 Easements

Easements secured by Grantee to multiple dwelling units shall be non-exclusive and, upon request, a copy shall be provided to Grantor.

4.12 Undergrounding

A. Cable must be installed underground where (1) all existing utilities are placed underground, (2) statute, ordinance, policy or other regulation of Grantor requires utilities to be placed underground, (3) overhead utility lines are placed underground (Grantee shall bear the cost of such movement of its facilities unless specific exemption is given by Grantor in any individual case), (4) Grantee is unable to get pole clearance, (5) underground easements are obtained from developers of new residential areas, or (6) utilities are overhead but residents prefer underground (service to be provided at cost to Resident).

B. Grantee shall use conduit or its functional equivalent including direct buried cable if it is rated by the manufacturer and National Electric Safety Code (NESC) for that use, on one hundred percent (100%) of under-grounding, except for drops from pedestals to Subscribers' homes and for cable on other private property where the owner requests that conduit not be used. Cable and conduit shall be utilized which meets the highest industry standards and shall meet or exceed all requirements of the National Electrical Code (N.E.C.) for electronic performance and resistance to interference or damage from environmental factors. Grantee shall use, in conjunction with other utility companies or providers, common trenches for underground construction wherever available.

4.13 As Builts

Grantee shall maintain "as built" drawings of the system, and make them available to the Grantor for inspection upon request. "As built" drawings shall be updated as changes occur in the system. The Grantee shall provide to the Grantor, on request, a copy of drawings showing the location of the Grantee's facilities in the Streets and Public Ways.

4.14 Emergency

In the event of an emergency, or when the cable equipment creates or is contributing to an imminent danger to health, safety or property, the Grantor may remove or relocate Grantee's cable equipment without prior notice. Subject to the limits of the Oregon Tort Claims Act, Grantor will accept responsibility for any negligent actions of its employees taken pursuant to this Subsection.

5. SYSTEM DESIGN AND PERFORMANCE REQUIREMENTS

5.1 Equal and Uniform Service

The Grantee shall continue to maintain on its Cable System a minimum practical capacity of an equivalent of 500 MHz activated for the provision of analog and digital services in the forward direction and other services generally available to all residential Subscribers of the Cable System. The system shall have an activated forward system top frequency of at least 550 MHz and be spaced at least at 750 MHz in the Franchise Area currently served and a top frequency of at least 750 MHz and spaced at least at 870 MHz for those areas newly activated during the term of this Agreement. Reasonable efforts shall be made to provide equal and uniform access and rates to customers within the franchised area.

5.2 Channel Capacity

The residential Cable System shall be installed with a minimum forward Channel capacity of the equivalent of the currently activated 500 MHz including 63 analog (NTSC) Channels, 63 digital Channels and 33 music Channels, spaced at 750 MHz. All residential Cable System plant extensions and any new sections of cable plant shall be installed with a minimum forward channel capacity of the equivalent of 750 MHz, spaced at 870 MHz, and shall initially provide the above mentioned activated Channels. Not later than five (5) years after the effective date of the Franchise, under conditions described in Sections 4.1 and 13.13, Grantee shall submit a plan to Grantor and increase service to the residential Cable System including the potential for activation of return bandwidth if justified as identified by community need, technology, parity with neighboring systems, and overall market conditions. If activated, the return bandwidth of 5 MHz to 40 MHz will operate within specifications of the manufacturer of the equipment used for the return path. Interference and other distortions shall not be at a level where they impact the performance of the return spectrum or the services using this spectrum.

5.3 Satellite Earth Stations

Grantee shall provide a sufficient number of earth stations to receive signals from enough operational communications satellites that carry cable television services accessible to the Grantee throughout the life of the Franchise to enable Grantee to carry out its obligations under this Franchise.

5.4 Interconnection

The Grantee is currently connected to Comcast at its hub which is maintained for the Institutional Network at Clackamas Community College built and paid for by the Grantee. Grantee agrees to maintain that connection with Comcast or its successor-in-interest throughout the duration of this Franchise. Should it be determined that the adjacent Cable Systems within the County cannot interconnect with the Comcast hub for purposes of PEG Access and Institutional Network, then the Grantor, Grantee and such other affected Cable Systems will negotiate obtaining interconnection to the Comcast hub.

A. The Grantee shall cooperate with any interconnection corporation, regional interconnection authority, or local, state or Federal agency which may be now or hereafter be established for the purpose of regulating, facilitating, financing, or otherwise providing for the interconnection of Cable Systems, institutional networks or other networks beyond the boundaries of its Franchise or the boundaries of the County.

B. All interconnections shall be accomplished in a manner that permits the transmission of signals meeting the technical standards of this Franchise on all interconnected Channels facilitating PEG Access and Institutional Communications. All interconnected services shall perform within the specifications of the manufacturer of such equipment facilitating such services.

Grantee shall continue without limitation all interconnections in effect on the effective date of this Franchise agreement for use by the County whether currently used or not used.

5.5 Emergency Alert Capability

Subject to FCC regulations, Grantee shall provide the system capability for the Grantor to transmit an emergency alert signal from locations designated by the Grantor to all Subscribers and shall provide an emergency audio override capability to permit the Grantor to interrupt programming and cablecast from locations designated by the Grantor an audio message on all Channels simultaneously in the event of disaster or public emergency. Emergency alert capability as required in this Section shall be operational throughout the term of the Franchise. Subject to the limits of the Oregon Tort Claims Act, the Grantor shall indemnify, defend, and hold harmless the Grantee and its officers, agents and employees from any claim for injury, damage, loss, liability, cost or expense, including court and appeal costs and attorney fees or expenses, arising from any injury to Person or property arising out of or by reason of the sole act or conduct of the Grantor or its officers, agents, or employees in the exercise of the Grantor's emergency alert capability under this Section.

5.6 Standby Power

Grantee shall provide backup power generating capacity at the cable system control center to provide continuous alternate power in the event of a commercial power outage. In the distribution system, Grantee shall maintain standby power system supplies capable of providing backup power to all nodes and active devices for at least two (2) hours in the event of commercial power outage. Grantee shall have in place and shall file with the Grantor upon request, throughout the Franchise term, a plan, and all resources necessary for implementation of the plan, for dealing with excessive outages. In the event excessive power outages occur in the distribution networks, additional standby power supplies may be required on the distribution networks to maintain system performance.

5.7 Parental Control Lock

Grantee shall provide Subscribers (by sale or lease or otherwise), upon request, with a parental control locking device or digital code that permits inhibiting the viewing of any and all Channels or specific programs including designated PEG programming. The Grantee shall also have in place a means to eliminate audio and video signals of any Channel not specifically subscribed to by a household, without charge to that household as delineated by the FCC. It is important that a cable company not force upon a household those channels that they may find offensive and was made part of the Telecommunications Act of 1996, Title V, Subtitle A, Section 504.

5.8 Technical Standards

The Federal Communications Commission (FCC) Rules and Regulations, Part 76, Subpart K (Technical Standards), as now or hereafter constituted, shall apply, and may be enforced by the Grantor. In the event FCC technical standards are withdrawn or terminated, the Grantor may establish and enforce similar, higher or additional reasonable technical standards, following consultation with the Grantee, to the extent that applicable law allows the Grantor to do so without the consent of the Grantee.

5.9 Performance Testing

Grantee shall perform all system tests required by the FCC, and all other tests reasonably necessary to determine compliance with technical standards required by this Franchise. These tests shall include, at a minimum:

1. FCC Compliance tests.
2. Tests in response to Subscriber complaints
3. Tests requested by the Grantor to demonstrate Franchise compliance.
4. Initial proof of performance for any construction that includes at least one active device. This testing must be done within 6 months of activation which allows it to be performed in tandem with the regularly scheduled proof of performance.

Written records of all system test results performed by or for the Grantee shall be maintained, and shall be available for Grantor inspection upon request.

System tests shall be performed at intervals as required by FCC guidelines. Grantor, upon request, shall be given the opportunity to review test sites in advance. At least two (2) of the test locations shall be the far end of the distribution trunk cables. The tests may be witnessed by representatives of the Grantor, and Grantee, upon request, shall inform the Grantor of the time and place of each test no less than two (2) weeks prior to the test. Written test reports shall be submitted to the Grantor. The Grantor may conduct independent tests of the system for which the Grantee shall give its fullest cooperation. If one or more of the locations tested fail to meet the performance standards, the Grantee shall be required to indicate what corrective measures have been taken, and the entire test shall be repeated at the normal test point locations which failed, and at least six (6) additional randomly chosen locations provided by the Grantor. If results of a second (2nd) test indicate failure of the system to meet the technical performance requirements of this Franchise, then the Grantor may apply such remedy or remedies as it deems appropriate, unless the circumstances of the failure are caused by conditions which are beyond the Grantee's control, as determined, acknowledged and verified by the Grantor.

6. SERVICES AND PROGRAMMING

6.1 Programming Categories

The Grantee shall provide broad categories of video programming in at least the number and of the type offered at the time the Franchise is granted. The Grantee can ascertain

community need and shall provide video programming services in at least the following broad categories:

1. News & Info. (Local, Public, Distant Broadcast)
2. Sports
3. General Entertainment
4. Arts, Culture, Performing Arts
5. Children / Family
6. Science
7. Travel Information
8. Weather Information
9. Governmental and Educational Programming
10. Movies
11. Religious Programming

The identification of these broad categories of programming in no way infers regulatory authority by the Grantor over specific programming services or networks which may be carried on the Cable system.

6.2 Changes in Video Programming Services

Subject to the provisions of the Cable Act, no category of services as referred to in Section 6.1 may be deleted, or so limited as effectively to be deleted by the Grantee without Grantor approval, which approval shall not be unreasonably withheld. In the event any applicable law or regulation materially alters the terms and conditions under which Grantee carries programming within the broad programming categories described in Section 6.1, then the Grantee shall be obligated to carry such programming only upon reasonable terms and conditions.

Grantee shall provide written notice to the County and to Subscribers for any proposed deletions, additions, or rearrangements of individual programming service at least thirty (30) days in advance. The County reserves the right to regulate to the fullest extent permitted by County, State and Federal law to ensure maintenance of the mix, level and quality of service.

6.3 Interactive Residential Services

The Grantee shall continue to make Interactive Services available to residential Subscribers.

6.4 Leased Channel Service

The Grantee shall offer leased Channel service to the extent required by 47 U.S.C. Section 532 (Section 612 of the Cable Act), or regulations adopted thereunder.

6.5 Obscenity

Grantee shall not transmit over the Cable System programming which is obscene or otherwise unprotected by the Constitution of the United States, or the State of Oregon, provided, however, Grantee shall in no way be responsible for programming over which it has no editorial control, including public, educational and governmental access programming.

6.6 Public, Educational and Government Use of System

6.6.1 Channels

Grantee shall, upon the effective date of this Agreement, provide to the Grantor, for independent administration by the Grantor or its designee throughout the term of the Franchise, one Government Channel, one Public Access Channel, and one Education Channel. The Government Channel may be used for Government programming based on policy or need. The Public Channel may be used for general public programming. The Educational Channel may be used for general educational programming, Community College programming and/or K-12 programming.

In addition, at any time during the term of the Franchise, the Grantor may require Grantee to provide additional activated downstream Channel capacity for a particular type of PEG Access under this Section, when a Channel for a particular type of PEG Access programming meets the criteria set forth below. Upon Grantee's request, a public hearing will be conducted regarding the need for additional capacity, to a maximum total of six (6) Access Channels. The Grantor shall give Grantee at least one hundred twenty (120) days prior notice of required additional Access Channels.

1. Grantor must show that during any eight (8) consecutive weeks, the Public Access Channel is in use for Locally Produced, Locally Scheduled Original Programming eighty percent (80%) of the time, seven (7) days per week, for any consecutive five (5) hour block during the hours from noon to midnight; or

2. Educational Access Channels: During any eight (8) consecutive weeks, the Educational Access Channel is in use for Locally Scheduled Original Programming eighty percent (80%) of the time, five (5) days per week, Monday through Friday, for any consecutive five (5) hour block during the hours from 6:00 AM to 11:00 PM, or

3. Governmental Access Channels: During any eight (8) consecutive weeks, the Governmental Access Channel is in use for Locally Scheduled Original Programming eighty percent (80%) of the time, five (5) days per week, Monday through Friday, for any consecutive five (5) hour block during the hours from 6:00 AM to 11:00 PM; and,

The applicable PEG Access Channel capacity expansion criteria as set forth in Subsections 1, 2, or 3, has been met, or exceeded, by the Grantor or the Designated Access Provider with responsibility for programming the PEG Access Channel. For the purpose of Section 6.6:

1. "Locally Produced" means programming produced in the Clackamas, Multnomah, or Washington Counties, or the Vancouver/Clark County, Washington metropolitan areas; and

2. Original Programming" means Programming in its initial cablecast on the Cable System or in its first or second repeat; and

3. "Locally Scheduled" means that the scheduling, selection, and or playback of Original Programming on a per-program basis is determined in consultation with, or pursuant to the operating procedures of, the Designated Access Provider or, with respect to programming received over the Interconnection, the provider transmitting the programming over the Interconnection. However, carriage on any Access Channel of all or a substantial portion of any non-local programming which duplicates programming otherwise carried by Grantee as part of its Basic or Expanded Basic Cable Services shall not be considered "Locally Scheduled."

The Education Channel may be shared between educational resources until such time as utilization justifies the need for separate college and K-12 usage.

6.6.2 Grantee Support

The Grantee agrees that, subject to Section 14 of this Agreement, the obligations arising from or relating from the obligations set forth in this Section shall in no way modify or otherwise affect Grantee's obligations to pay franchise fees to the Grantor. Grantee agrees that provision of the Channels, indirect support, or other commitments to the community Access Channels are, subject to Section 14, not to be offset or otherwise credited in any way against the franchise fees under this Franchise.

6.6.3 Access Interconnections

In addition to the interconnection requirement in Section 5.4., and subject to section 6.3. Grantee shall include in any upgrade design proposal, an access interconnection of at least one (1) Channel which shall be accomplished in a manner that assures the ability to switch programming from at least one (1) Access Channel in both directions between the interconnected residential systems.

6.6.4 Support for Access Costs

Grantee shall provide $ .50 per month, commencing May 1, 2008, per Residential Subscriber for Public, Educational, and Governmental Access, or such lesser amount if authorized by Grantor. The contribution shall be payable by the Grantee to the Grantor after (1) the approval of Grantor, if required, to the inclusion of the contribution on the bills of Residential Subscribers, including any requirements for approval pursuant to 47 C.F.R. Section 76.922, (2) notice, approved by the Grantor, to the Grantee's Residential Subscribers of such inclusion, and (3) the collection of the contribution from such Residential Subscribers. The Grantee shall make such payments quarterly, following the effective date of this agreement for the preceding quarter ending March 31, June 30, September 30, and December

31. Each payment shall be due and payable no later than forty-five (45) days following the end of the quarter.

6.6.5 Access Support Not Franchise Fees

1. The Grantee agrees that, subject to Section 14 of this Agreement, financial support for Access arising from or relating to the obligations set forth in this Section shall in no way modify or otherwise affect the Grantee's obligations to pay franchise fees to the Grantor. The Grantee agrees that, although the sum of Franchise Fees and the payments set forth in this Section may total more than five percent (5%) of the Grantee's Gross Revenues in any twelve (12) month period, the additional commitments shall not, subject to Section 14, be offset or otherwise credited in any way against any franchise fee payments under this Agreement.

2. The Grantor recognizes franchise fees and certain additional commitments are external costs as defined under the Federal Communications Commission rate regulations in force at the time of adoption of this Agreement and the Grantee has the right and ability to include franchise fees and certain other commitments on the bills of cable customers.

6.6.6 Provision of PEG Access Origination Signals to the Headend

Grantee shall continue to maintain Access interconnections in place on the effective date of the Franchise. In the event that Grantee no longer receives Access programming from such interconnections for redistribution on its Cable System, Grantee will promptly implement another means of receiving, and distributing over its Cable System, all Access programming from Clackamas Community College, Clackamas County Government Channel and Willamette Falls Public Access.

6.6.7 Institutional Network

1. If Clackamas County Fire District No.1 ('Fire District") desires extension of the I-Net connection to any or all of the locations set out below, the Fire District shall inform Grantee in writing of its desire. Grantee shall develop a cost proposal for the connection within ninety (90) days of the receipt of the Fire District's Notice. If the Fire District accepts the cost proposal, Grantee shall construct the I-Net connections under a contract to be executed between Grantee and the Fire District, which contract shall call for standard construction progress payments no less often than monthly, based on monthly invoices supported by cost support. The actual cost to be paid by the Fire District will be the actual costs incurred by Grantee. The locations are as follows:

   - Fire Station # 10 (Beavercreek) at 22310 South Beavercreek Road to Fire Station # 13 (Clarkes) at 25675 South Beavercreek Road.

   - Fire Station # 10 to Fire Station # 14 at 22295 South Highland Road.

- Fire Station # 10 to the Public Safety radio tower (Highland Butte) at 25313 South Beeson Road.

- Fire Station # 10 to an interconnection point designated by Comcast or its successor in interest for interconnection to its system within the Grantee's Franchise Area.

7. FRANCHISE REGULATION AND CUSTOMER SERVICE STANDARDS

7.1 Intent

It is the intent of the Grantor to administer and enforce the provisions of this Franchise. Grantor may delegate all or a part of its administrative and regulatory authority under this Franchise to an agency designated by the Grantor. It is the intent of the County to administer and regulate activities under the Franchise up to the full extent permitted by applicable law.

7.2 Areas of Regulation and Administration

The Grantor (or its designee) has authority within the Franchise Area for regulation in the following areas:

A. Administering and enforcing the provisions of this Franchise Agreement, including the adoption of administrative rules and regulations to carry out this responsibility.

B. Coordination of the operation of public, government and educational Access Channels.

C. Interfacing the Grantee's technical, programming and operational assistance and support to public agency users, such as County departments, schools and health care institutions.

D. Formulating and recommending long-range cable communications policy for the Franchise Area.

E. Disbursing and utilizing Franchise revenues paid to the Grantor.

F. Regulating rates, to the extent permitted by law.

G. Customer service, to the extent permitted by law.

7.3 Rate Regulation

A. Rate Regulation Right Reserved. Grantor reserves the right to regulate Grantee's rates and charges to the full extent authorized by applicable Federal, state and local law, as these may change during the period of the Franchise; and to establish rate regulation policies and guidelines for carrying out its authority.

B. Notice of Change in Rates and Charges. Throughout the term of this Franchise,

Grantee shall give all Subscribers within the unincorporated area at least thirty (30) days notice, of any change in rates as required by FCC. Nothing in this Subsection shall be construed to prohibit the reduction or waiving of rates or charges in conjunction with promotional campaigns for the purpose of arbitrating Subscribers or users.

C. Rate Discrimination Prohibited. Grantee shall apply non-discriminatory rates and charges to all Subscribers purchasing similar services, regardless of race, color, creed, sex, marital or economic status, age, national origin, sexual preference, or neighborhood of residence, except as otherwise provided herein; provided that nothing in this Franchise shall prevent the Grantee from establishing discounted rates and charges for low-income Subscribers, elderly Subscribers, or multifamily Subscribers as permitted by FCC regulations, or from temporarily reducing or waiving rates and charges in connection with promotional campaigns. The only exception of non-discriminatory rates may apply to non-members vs. members of the Cooperative as determined by the Board of Directors of the Cooperative.

D. Subject to 47 U.S.C. § 543. The provisions of this Section 7.3 shall be subject to the provisions of 47 U.S.C. § 543 (Section 623 of the current approved Cable Communications Act), as amended from time to time. It is not intended that this Section expand or diminish the rights of the Grantor in relation to regulation of rates and charges under those provisions of the Act, and any provision of this Section or of any other provision of this Franchise that purports to expand or diminish such rights shall be deemed superseded by those provisions of the Act.

7.4 Remedies for Franchise Violations

A. Grantor has the right to and may impose penalties not to exceed one hundred dollars ($100) per day or per incident, in the event Grantee violates any material provision of this Franchise Agreement, subject to Section (C), below.

B. In determining which remedy or remedies for Grantee's violation are appropriate, the Grantor shall take into consideration the nature and extent of the violation, the remedy needed to prevent such violations in the future, whether the Grantee has a history of previous violations of the same or similar kind, and such other considerations as are appropriate under the circumstances. In the application of remedies for Franchise violations, whether committed by the Grantee or any other cable franchisee regulated by the Grantor or its designee, the Grantor shall apply similar remedies for similar violations.

C. If within thirty (30) days after receipt of written notice of any asserted violation from the Grantor the Grantee corrects the asserted violation, or if correction is not reasonably possible within the thirty (30) day period, the Grantee initiates good faith efforts satisfactory to the Grantor within the thirty (30) day period to cure the asserted violation and the efforts continue in good faith, then no penalties or other remedy shall be imposed.

D. In the event the Grantor asserts that Grantee has violated a provision of this Franchise, the Grantor shall give the Grantee written notice of the alleged violation. Within thirty (30) days after receipt of the written notice, Grantee may request in writing a hearing before Grantor or its designee on the alleged violation.

If the Grantee requests a hearing, then the Grantor or its designee shall provide the Grantee written notice of the time, date, and place of the hearing. Following the hearing, in the event a material violation occurred, the Grantor may assess the appropriate remedy against the Grantee, except as otherwise provided by Subsection (C) of this Section. Any determination of violation or assessment of a remedy shall be subject to such review in a court of competent jurisdiction as is authorized by law.

E. Grantee acknowledges that monetary damages may be an inadequate remedy for violations of the Franchise. Grantor's assessment of monetary damages as provided herein is not intended to be an exclusive remedy for any violations of this Franchise, and the Grantor reserves the right to pursue equitable relief. Monetary and equitable relief shall be considered cumulative.

F. Penalties under this Section shall accrue for a maximum of one hundred eighty (180) days and shall be in addition to any to any other right the County may have under this Franchise, under law or in equity, to enforce the Franchise.

7.5 Public Disclosure

Subject to the Oregon Public Records Law, whenever, pursuant to this Franchise Agreement, Grantee shall make available for inspection by the Grantor reports containing information considered proprietary by the Grantee, the Grantor shall not disclose or release such reports or information to the public without Grantee's prior written consent, provided Grantee has noted such information as proprietary in writing at the time of submission.

7.6 Remedies Not Exclusive

The Grantor has the right to apply any one or any combination of the remedies provided for in this Franchise, including without limitation all remedies provided for in this Section, and without exclusion to pursue any rights it may have at law or equity.

7.7 Consumer Protection Standards

The Grantee shall meet minimum Federal Consumer Protection Standards.

7.7.1. Customer Service and Telephone Responsiveness

1. The Grantee shall maintain an office within the Beaver Creek Franchise Area. The office must be adequately staffed and able to respond to Subscribers and the public not less than forty-five (45) hours per week, with a minimum of nine (9) hours per day on weekdays. However, Grantee must make available, as per FCC minimum Customer Service Standards, provisions for customer bill payment and equipment drop-off for Saturday business hours. If it is deemed a community standard, and need requires less hours per week, Grantor may grant a written waiver outlining minimum hours different than those specified herein.

2. As used herein, "adequately staffed" means toll-free telephone lines are

open and customer service representatives are available to respond in at least the following ways: to accept payments; to exchange or accept returned Converters or other company equipment; to respond to inquiries; and to schedule and conduct service or repair calls.

3. Toll-free telephone lines, either staffed or with answering capability, providing at least emergency referral information, must be operational twenty-four (24) hours a day, including weekends and holidays.

4. The Grantee shall maintain:

   a. Sufficient customer service staff and telephone line capacity to handle normal call volume with a minimum of delay to customers. Under normal operating conditions, the customer will receive a busy signal less than three percent (3%) of the time.

   b. Under normal operating conditions, telephone answer time by a customer representative, including wait time, shall not exceed thirty (30) seconds. These standards shall be met no less than ninety percent (90%) of the time under normal operating conditions, measured on a quarterly basis.

7.7.2 Service and Repair Calls

1. Under normal operating conditions, at least ninety-five percent (95%) of the time measured on a quarterly basis, requests from Subscribers for repair and maintenance service must be acknowledged by the Grantee within twenty-four (24) hours or prior to the end of the next business day, whichever is earlier. Repair and maintenance for service interruptions or other repairs not requiring on-premises work must be completed within twenty-four (24) hours under normal circumstances. All other repairs should be completed within seventy-two (72) hours under normal circumstances.

2. Under normal operating conditions, at least ninety-five percent (95%) of the time measured on a quarterly basis, as a normal operating procedure, upon Subscriber request the Grantee shall offer either a specific appointment time or else a pre-designated block of time (not to exceed four [4] hours) for Subscriber service appointments to be scheduled Monday through Friday.

   The Grantee shall not cancel an appointment with a customer after the close of business on the business day prior to the scheduled appointment.

   If a Grantee representative is running late for an appointment with a customer and will not be able to keep the appointment as scheduled, the customer will be contacted. The appointment will be rescheduled, as necessary, at a time which is convenient for the customer.

3. As a normal operating procedure, and with particular regard to the needs of working or mobility-limited customers, upon Subscriber request the

Grantee shall arrange for pickup and/or replacement of Converters or other company equipment at the Subscriber's address, or else a satisfactory equivalent (such as the provision of a postage-prepaid mailer).

4. Under normal operating conditions, at least ninety-five percent (95%) of the time measured on a quarterly basis, where the service requested is installation of service, standard installations shall be performed by the Grantee within seven (7) business days after an order has been placed. "Standard" installations, for the purposes of this Section, shall mean those that are located up to one hundred twenty-five (125) feet from the existing distribution system.

7.7.3 Disconnection

1. The Grantee may disconnect a Subscriber if:

   a. at least twenty (20) days have elapsed without payment after the due date for payment of the bill of the affected Subscriber; and

   b. the Grantee has provided at least five (5) days written notice to the affected Subscriber prior to disconnection, specifying the effective date after which cable services are subject to disconnection.

2. Regardless of Subsection 1 hereof, the Grantee may disconnect a Subscriber for cause at any time if the Grantee in good faith determines that the Subscriber has tampered with or abused company equipment, or is or may be engaged unlawfully in theft of cable services, or is causing a system violation of Federal rules or regulations.

3. The Grantee shall promptly disconnect any Subscriber who so requests from the Grantee's Cable System. No period of notice prior to voluntary termination of service may be required of Subscribers by the Grantee. No charge may be imposed by the Grantee for any cable services delivered after the disconnect date. Upon the later of the date of actual disconnection or the return of all company equipment to Grantee, the Grantee shall under normal operating conditions, at least ninety-five percent (95%) of the time, within thirty (30) days return to such Subscriber(CATV customers only, does not apply if the customer also subscribes to telephone service or other services) the amount of the deposit applicable to cable services, if any, collected by Grantee from such Subscriber, less any disputed amounts owed to Grantee for cable services or charges prior to the date of disconnection.

7.7.4 Credits Upon Outage

Except for planned outages where Subscribers are provided reasonable notification in advance, or under normal operating conditions as defined in the Grantor's Cable Ordinance (as now or hereafter constituted), upon a Subscriber's request the Grantee shall provide a pro-rated twenty-four (24) hour credit to the Subscriber's account for any period of four (4) hours or more during which that Subscriber experienced the effective loss or substantial impairment of video or

audio service on the System.

7.7.5 Downgrade Charges

Grantee may impose Downgrade Charges only if:

1. the Subscriber has been notified, at the time of initiating Cable Services, of Grantee's Downgrade Charges; and

2. the Downgrade Charge does not exceed the Grantee's costs of performing the downgrade as determined under Federal rate regulation rules, subject to applicable Federal law.

7.7.6 Billing Information Required

The Grantee bill to Subscribers shall itemize each category of service, equipment, or other applicable fees, and state clearly the charge thereof. The Grantee shall make its best effort to inform Subscribers as clearly as possible when payments are due and when late fees and disconnection may occur.

7.7.7 Information to Subscribers

1. Upon installing initial service to or reconnecting each customer, and upon request thereafter, the Grantee shall advise the customer, in writing, of:

    a. the equipment and services currently available (including parental lock-out devices) and the rates and charges which apply;

    b. the amount and criteria for any deposit required by Grantee, if applicable, and the manner in which the deposit will be refunded;

    c. the Grantee's policies and procedures by which complaints or inquiries of any nature will be addressed;

    d. the toll-free telephone number and address of the Grantee's office to which complaints and inquiries may be reported;

    e. the company's practices and procedures for protecting against invasions of Subscriber privacy;

    f. service termination policy;

    g. billing procedures. Billing procedures shall be clearly explained in the manual and in addition, the company's phone number for information and requesting the manual shall be placed on the part of the bill retained by customers;

    h. the notice and referral information, as set forth in Subsection 2 hereof;

i. liability specifications;

j. Converter/Subscriber terminal policy;

k. breach of agreement policy.

2. Notice to Subscribers.

a. The Grantee shall inform the Grantor and Subscribers within thirty (30) days, prior to any changes in programming or increases in rates, costs, or charges to Subscribers, or any Channel repositioning within the control of Grantee.

b. All Grantee promotional materials, announcements, and advertising of residential cable services to Subscribers and the general public, where price information is listed in any manner, shall clearly and accurately disclose price terms. In the case of pay-per-view or pay-per-event programming, all Grantee prepared promotional materials must clearly and accurately disclose price terms and any restrictions for use. Likewise, in the case of telephone orders, the Grantee shall take appropriate steps to ensure that Grantee customer service representatives clearly and accurately disclose price terms and any restrictions for use to potential customers in advance of taking the order.

3. Written Complaint Acknowledgment.

Within ten (10) days following receipt of a written complaint, received at the Grantee's principal business office by first class mail, from a Subscriber, the Grantee shall provide an acknowledgment to the Subscriber of receipt of the complaint and of any action the Grantee has taken or intends to take in response to the complaint. This requirement does not apply to complaints submitted for processing by a regulatory agency other than the County, such as the FCC.

7.7.8 Complaint Resolution

1. The Grantor may take all necessary steps to ensure that all Subscribers and members of the general public have recourse to a satisfactory hearing of any complaints, where there is evidence that the Grantee has not settled the complaint to the satisfaction of the Person initiating the complaint.

2. For purposes of this Section, a "complaint" is a grievance related to the service of the Cable Communications System within the Franchise Area that is reasonably remediable by the Grantee, but does not include grievances regarding the content of programming or information services other than grievances regarding broad categories of programming, and does not include customer contacts resulting in routine service calls that resolve the customer's problem satisfactorily to the customer.

7.7.9 Failure to Resolve Complaints.

If Grantee fails to resolve a complaint within thirty (30) days following the date on which a complaint was made to Grantee and the County, the Subscriber who filed the complaint may request a meeting with the Board of Directors of BCT to resolve such complaint. The Subscriber will be invited to the next scheduled Board Meeting to explain their complaint and ask for a quick resolution of their complaint. The Board of Directors of BCT will determine how the Subscriber complaint can be resolved to the customer's satisfaction. Grantee shall report its response to the County within thirty (30) days following the Grantee's Board meeting.

8. GENERAL FINANCIAL AND INSURANCE PROVISIONS

8.1 Compensation

A. Franchise Fee. As compensation for the Franchise to be granted, and in consideration of permission to use the Streets and Public Ways of the Grantor for the construction, operation, and maintenance of a Cable Communications System within the Franchise Area and to defray the costs of franchise regulation, the Grantee shall pay to Grantor an amount equal to five percent (5%) of the Gross Receipts generated in any manner through the operation of the Cable System under this Franchise. In the event any law or valid rule or regulation applicable to this Franchise limits franchise fees below the five percent (5%) of Gross Receipts required herein, the Grantee agrees to and shall pay the maximum permissible amount and, if such law or valid rule or regulation is later repealed or amended to allow a higher permissible amount, then Grantee shall pay the higher amount up to the maximum allowable by law, not to exceed five percent (5%).

Any bad debts or other accrued amounts deducted from Gross Revenues in the calculation of Gross Receipts shall be included in Gross Receipts at such time as they are actually collected.

B. Payment of Franchise Fees.

1. Payments due under this provision shall be computed and paid quarterly, for the preceding quarter, as of March 31, June 30, September 30, and December 31. Each quarterly payment shall be due and payable no later than forty-five (45) days after the dates listed in the previous sentence. A quarterly report shall be made as hereinafter provided which shall contain the relevant facts necessary for the Grantor to verify the amounts of franchise fee payments.

2. No acceptance of any payment shall be construed as accord that the amount paid is in fact the correct amount, nor shall such acceptance of payment be construed as a release of any claim Grantor may have for further or additional sums payable under the provisions of this Franchise. All amounts paid shall be subject to audit and recomputation by Grantor.

8.2 Faithful Performance Bond

A. Upon the effective date of the Franchise, the Grantee shall provide an irrevocable letter of credit in lieu of the performance bond or similar arrangement to be established giving the Grantor rights substantially the same as the rights of the Grantor in relation to the bond, the provisions of which letter of credit or other arrangement shall be subject to the approval of legal counsel for the Grantor.

B. If the Grantor determines a need for a performance bond, the Grantor may require the Grantee to furnish proof of the posting of a faithful performance bond for the benefit of the Grantor, with good and sufficient surety approved by the Grantor in the penal sum of ten thousand dollars, ($10,000.00), conditioned that the Grantee shall well and truly observe, fulfill, and perform each term and condition of the Franchise.

C. Grantee shall pay all premiums charged for any bond required under Section 8.2 (A), and unless the County Board specifically directs otherwise, shall keep the same in full force and effect at all times through the later of either:

1. The remaining term of the Franchise; or

2. If required by the Grantor, the removal of all of Grantee's system installed in Grantor's streets and rights of way.

D. In lieu of the performance bond required under Subsection 8.2 (B), the Grantee may provide to the Grantor a fully executed Guaranty in Lieu of Bond of Beaver Creek Cooperative Telephone in the form provided in Exhibit B to this Franchise. The duly executed Guaranty in Lieu of Bond shall be filed by the Grantee on or before thirty (30) days after Grantor's request.

8.3 <u>Damages and Defense</u>

A. The Grantee shall defend, indemnify and hold harmless Clackamas County, and its officers, agents, and employees, from and against all claims, damages and penalties, including but not limited to attorney fees, arising as a result of any actions of the Grantee under this Franchise. These claims, damages and penalties shall include, but shall not be limited to: damages arising out of copyright infringement; defamation or anti-trust actions; and all other damages arising out of the Grantee's actions under the Franchise or the construction, operation, maintenance or reconstruction of the Cable Communications System authorized herein, whether or not any act or omission complained of is authorized, allowed, or prohibited by this Franchise.

B. If the Grantee fails to defend as required in Section (a), above, then the Grantee agrees to and shall pay all expenses incurred by Clackamas County, and its officers, agents, and employees, in defending itself with regard to all claims, damages and penalties mentioned in Section (a) above. These expenses shall include all out-of-pocket expenses, such as attorney fees, and shall also include the reasonable value of any services rendered by any employees of the Grantor.

8.4 <u>Liability Insurance and Indemnification</u>

A. The Grantee shall maintain, throughout the term of the Franchise, liability insurance covering any and all claims for damages or injury arising from operations under this Franchise, insuring the Grantee in the minimum amounts of:

- $1,000,000 for personal injury or death to any one Person;
- $1,000,000 for personal injury or death resulting from any one accident;
- $ 500,000 for property damage resulting from any one accident; and
- $1,000,000 for all other types of liability.

Such insurance shall name as additional insured Clackamas County, and its officers, agents, and employees, and shall further provide that the policy shall not be modified or canceled during the life of this Franchise without giving thirty (30) days written notice to the Grantor.

B. Grantee shall file with the Grantor certificates of insurance showing up-to-date coverage, additional insured coverage, and evidence of payment of premiums as set forth above. The Grantor may review the certificates for compliance of the insurance with Section (A). The required coverage shall not be canceled without approval of the Grantor, and failure to maintain required insurance may be considered a breach of this Franchise. The minimum amounts of insurance set out in Subsection (a) shall be increased from time to time to the extent necessary to provide coverage at least as great as the limits on the Grantor's liability under the Oregon Tort Claims Act.

9. RIGHTS RESERVED TO GRANTOR

9.1 Right to Purchase the System

A. Upon expiration of the term of this Franchise and denial of any renewal of the Franchise, or upon any other termination of the Franchise, as provided for in this Agreement or by law, Grantor, at its election, shall have the option to purchase only the equipment that is used exclusively in the delivery of Grantee's Cable System. Upon the occurrence of an event giving rise to Grantor's option, Grantor shall notify Grantee within sixty (60) days of its exercise of the option.

B. If the option is exercised upon denial of a renewal Franchise, the option price shall be the fair market value of Grantee's System, valued as a going concern, but with no value allocated to the Franchise itself, and net of any liens or encumbrances upon any of the assets of the System which would not be released or discharged upon transfer of Grantee's Cable System to Grantor.

C. If the option is exercised under any circumstance except that specified in subsection B, the option price shall be an equitable price determined by the fair market value of the assets and equipment of which Grantee's Cable System consists, without any payment for the valuation of goodwill or any right or privilege pertaining to the Franchise and net of any liens or encumbrances which are not released or discharged on transfer of Grantee's Cable System to Grantor.

D. The option price specified in subsection B or C shall be determined by three

appraisers. One shall be appointed by Grantor within thirty (30) days of notice of the exercise of the option; one shall be appointed by Grantee within thirty (30) days of Grantor's appointment; and the two so appointed shall appoint a third within thirty (30) days of the appointment by Grantee. The appraisers shall report this value within sixty (60) days of the appointment of the third appraiser. If the three appraisers are unable to agree upon a price, the price shall be the average of the three appraisals; provided that if any appraisal is more than twenty percent (20%) higher or lower than the next closest appraisal, such appraisal shall be disregarded and the price shall be the average of the other two.

E. Within sixty (60) days after receipt of the final appraisal, Grantor shall pay the purchase price and Grantee shall immediately transfer to Grantor possession of and title to all facilities and property, real and personal, of the System, free from any and all liens and encumbrances not agreed to be assumed by Grantor. Grantee shall execute such warranty deeds or other instruments of conveyance to Grantor as shall be necessary for this purpose.

F. Grantee warrants that upon transfer of Grantee's Cable System under this Section, Grantee will take all appropriate action to release and discharge all liens upon Grantee's Cable System that are not assumed by Grantor.

9.2 Right of Inspection of Records

In order to assist the Grantor in keeping adequate records of the activities of the Grantee under this Franchise, the Grantee shall, subject to applicable Federal privacy regulations, provide the following information in such form as may be required by the Grantor for its records:

A. With respect to the Cable System and its operation authorized under this Franchise, and to the extent necessary for the enforcement of this Franchise, information pertaining to the operations of the Grantee, and for the specific purposes of a bona fide enforcement effort being conducted by the Grantor, the operations of any parent company, and any affiliate or cable operator, including but not limited to: the true and entire cost of construction, upgrade and replacement of plant and equipment for the Cable System authorized under this Franchise, and of the maintenance and of the administration and operation thereof; the amount of stock issued, if any; the amount of cash paid in; the number and par value of shares; the amount and character of indebtedness, if any; interest on debt; wear and tear or depreciation; and all amounts and sources of income.

B. The amount collected by the Grantee or any parent or affiliate of the Grantee from users of services of the Grantee's Cable System under this Franchise and the character and extent of the service rendered therefor to them.

The information, along with any further data which may be required by the Grantor to adequately understand the information, shall be furnished by the Grantee to the Grantor upon request, and at the Grantee's own cost and expense.

9.3 Right to Perform Franchise Fee Audit

In addition to all rights granted under Section 9.2, the Grantor shall have the right to perform, or cause to have performed, a formal audit of the Grantee's books and records and, for the specific purposes of a bona fide enforcement effort being conducted by the Grantor, the books and records of any parent or affiliate company, for the purpose of determining the Gross Receipts of the Grantee generated in any manner through the operation of the Cable System under this Franchise and the accuracy of amounts paid as franchise fees to the Grantor by the Grantee, provided that any audit must be commenced not later than three (3) years after the date on which franchise fees for any period being audited were due. The cost of any such audit shall be borne by the Grantor.

9.4 Right of Inspection of Construction

The Grantor or its representatives shall have the right to inspect all construction or installation work performed pursuant to the provision of this Franchise Agreement and to make such tests as it shall find necessary to ensure compliance with the terms of this Franchise and other pertinent provisions of law.

9.5 Intervention

The Grantee shall not hinder the Grantor's lawful intervention in any suit or proceeding to which the Grantee is party which may have an effect upon the construction, upgrade, maintenance or operation of the system.

9.6 Right to Require Removal of Property

At the expiration of the term for which the Franchise is granted providing no renewal is granted, or upon its forfeiture or revocation, as provided for herein, the Grantor shall have the right to require the Grantee to remove, at Grantee's own expense, all or any part of the Cable System that is used exclusively in the delivery of cable services from all Streets and Public Ways within the Franchise Area. Removal does not apply to equipment that is also used to lawfully provide other services to customers, such as telephone services. If the Grantee fails to do so, the Grantor may perform the work and collect the cost thereof from the Grantee. The actual cost thereof, including direct and indirect administrative costs, shall be a lien upon all plant and property of the Grantee effective upon placement in the lien books of the Grantor. Notwithstanding the other provisions of this Section, the Grantee, by written notice to the Grantor, may elect to abandon underground cable in place, in which event the Grantee shall have no further obligation hereunder as to the abandoned cable; except that the Grantor may nevertheless, by written notice, require the Grantee to remove cable as deemed necessary by the Grantor to provide space for other authorized uses or to accomplish or enable the accomplishment of other public purposes.

10. RIGHTS OF INDIVIDUALS PROTECTED

10.1 Discriminatory Practices Prohibited

A. The Grantee shall not deny service, deny access, or otherwise unlawfully discriminate against Subscribers, programmers, or persons on the basis or race, color, religion, national origin, sex, age, disability, income, or, except as otherwise provided herein, the area in which such Person lives. The Grantee shall comply at

all times with all applicable Federal, state, or local laws, rules and regulations relating to nondiscrimination.

B. The Grantee shall use best efforts to assure maximum practical availability of Grantee services and facilities to all Subscribers.

C. For hearing impaired customers, the Grantee shall provide information concerning the cost and availability of equipment to facilitate the reception of all basic services for the hearing impaired and comply with all Federal legislation regarding hearing impaired customers.

D. Upon request by a Subscriber or potential Subscriber, the Grantee shall make a reasonable effort as determined by the Grantor, and as required by the Federal Government to provide information required under Section 7.7.7, or otherwise provided in the normal course of business, in both English and the primary language of the requestor.

10.2 Unauthorized Monitoring or Cable Tapping Prohibited

The Grantee shall not, nor shall Grantee allow any other Person, agency, or entity to tap, or arrange for the Tapping, of any cable, line, signal input device, or Subscriber outlet or receiver for any purpose whatsoever, without the Subscriber's written consent or a valid court order or valid request from a law enforcement agency permitting the Tapping.

10.3 Privacy and Other Rights

The Grantee and the Grantor shall maintain constant vigilance with regard to possible abuses of the right of privacy and any other civil right of any Subscriber, Programmer, or Person resulting from any device or signal associated with the Cable Communications System. The Grantee shall not place in the building, structure or any facility of any Subscriber any equipment capable of two-way communications, without the written consent of the Subscriber, or tenant occupying premises of the Subscriber, revocable at the discretion of the Subscriber or tenant and shall not utilize the two-way communications capability of the system for unauthorized or illegal Subscriber surveillance of any kind. Written consent, as required herein, shall not be required of any Subscriber by Grantee as a condition of receiving any other cable service.

10.4 Permission of Property Owner Required

No cable, line, wire, amplifier, Converter, or other piece of equipment owned by the Grantee shall be installed by the Grantee without first securing the written permission of the owner or tenant of any property involved except where there is an existing utility easement or other easement reserved by plat or other conveyance. If such permission or easement is later lawfully revoked, whether by the original or a subsequent owner or tenant or Grantor, the Grantee shall remove forthwith on request of the owner or tenant any of its equipment. The Grantee shall perform all installations and removals in a workmanlike manner and shall be responsible for any damage to residences or other property caused by the installation.

10.5 Sale of Subscriber Lists and Personalized Data Prohibited

The Grantee shall be subject to 47 U.S.C Section 551 (Section 631 of the Cable Act), as amended from time to time, regarding limitations on the cable company's collection and use of personally identifiable information, and other issues involving the protection of Subscriber privacy.

The Grantee shall inform each Subscriber, at intervals of no more than one (1) year, that certain information is supplied to the Grantor as needed to ensure compliance with the Franchise.

10.6 Landlord - Tenant

Grantee shall provide to individual units of a multiple housing facility, such as a duplex, apartment or condominium unit, all services offered to other dwelling units within the Franchise Area, providing the owner of the facility consents in writing, if requested by Grantee, as follows:

A. To Grantee's providing of the services to units of the facility;

B. To reasonable conditions and times for installation, maintenance and inspection of the system on facility premises;

C. To reasonable conditions promulgated by Grantee to protect Grantee's equipment and to encourage widespread use of the system; and

D. To not demand payment from Grantee for permitting Grantee to provide service to the facility and to not discriminate in rental charges, or otherwise, between tenants who receive cable service and those who do not;

E. However, Grantee shall have no obligation to provide service if the cost of installation per unit exceeds the Grantee's published per foot rate for line extension construction multiplied by one hundred twenty-five (125) feet. To determine unit costs, the total project cost is divided by the number of units. The total project cost shall include only the costs of cable installed on the property including line extension and pre/post wiring of the units.

11. TERMINATION AND EXPIRATION

11.1 Revocation

In addition to any rights set out elsewhere in this document, the Grantor reserves the right to declare a forfeiture or otherwise revoke this Franchise, and all rights and privileges pertaining thereto, in the event that:

A. the Grantee is in violation of any material provision of the Franchise Agreement after application by the Grantor of a remedy lesser than Franchise revocation pursuant to this Franchise Agreement, and fails to correct the violation after written notice of the violation and proposed forfeiture and a reasonable opportunity thereafter to correct the violation;

B. the Grantee or the Guarantor becomes insolvent, unable or unwilling to pay its debts, or is adjudged a bankrupt;

C. the Grantee is found to have engaged in fraud or deceit upon the Grantor, persons or Subscribers; or

D. the Grantee fails to obtain and maintain any permit required by any Federal or state regulatory body, relating to the construction, maintenance and operation of the system; provided, however, that the Grantee shall be allowed a reasonable time to cure failure to obtain any permit.

Upon the occurrence of one of the events set out above, following thirty (30) days written notice to Grantee of the occurrence and the proposed forfeiture and an opportunity for Grantee to be heard, Grantor may by ordinance declare a forfeiture. In a hearing of the Grantee, the Grantee shall be afforded due process rights as if the hearing were a contested case hearing subject to ORS Chapter 183, including the right to subpoena and cross-examine witnesses, to subpoena documents, and to require that all testimony be on the Record. Findings from the hearing shall be written, and shall stipulate the reasons for the Grantor's decision. In the event that the Grantee believes that the Grantor improperly has declared a forfeiture, the Grantee may file such proceeding as is appropriate in a court of competent jurisdiction to determine whether the Grantor properly has declared a forfeiture. If a forfeiture is lawfully declared, all rights of the Grantee shall immediately be divested without a further act upon the part of the Grantor.

11.2 Receivership

The Grantor shall have the right, subject to Federal law, to declare a forfeiture or otherwise revoke this Franchise one hundred twenty (120) days after the appointment of a receiver, or trustee, to take over and conduct the business of the Grantee, whether in receivership, reorganization, bankruptcy, or other action or proceeding, unless such receivership or trusteeship shall have been vacated prior to the expiration of said one hundred twenty (120) days, or unless;

A. within one hundred twenty (120) days after his or her election or appointment, such receiver or trustee shall have been approved by Grantor and shall fully have complied with all the provisions of the Franchise and remedied all defaults there under; and,

B. such receiver or trustee, within said one hundred twenty (120) days, shall have executed an agreement, duly approved by Grantor, as well as the court having jurisdiction in the premises, whereby such receiver or trustee assumes and agrees to be bound by each and every provision of the Franchise, and agrees to accept responsibility for and to correct all past defects known and unknown if discovered in performance of Franchise obligations.

11.3 Expiration

Upon expiration of the Franchise, Grantor shall have the obligation to abide by the renewal provisions of the Cable Communications Policy Act of 1984, the 1992 Cable Act, and the Telecommunications Act of 1996, as amended from time to time. It is not intended that this Section diminish the rights of either the Grantor or the Grantee under

the Act, and any provisions of this Section that purport to diminish such rights shall be deemed superseded by the Act.

11.4 Continuity of Service Mandatory

It shall be the right of all Subscribers to receive all available services insofar as their financial and other obligations to the Grantee are honored. In the event that the Grantee elects to overbuild, rebuild, modify, or sell the system, or Grantor revokes or fails to renew the Franchise, the Grantee shall make its best effort to ensure that all Subscribers receive continuous uninterrupted service, regardless of the circumstances, during the lifetime of the Franchise.

In the event of purchase, lease-purchase, condemnation, acquisition, taking over and holding of plant and equipment, sale, lease or other transfer to any other Person, including any other Grantee of a cable communications Franchise, the Grantee shall continue its operations for a period of two hundred seventy (270) days under the terms and conditions of this Franchise Agreement following the date of the transfer, if such continuation of operations is ordered by the Grantor with a view to maintaining continuity of service to all Subscribers.

12. OPERATION AND MAINTENANCE

12.1 Open Books and Records

The Grantee shall maintain a business office within the metropolitan area which includes the Franchise Area, for managing the Cable System and, subject to the provisions of Section 10 of this Franchise and, to such privileges as may be established under Oregon law, shall manage all of its operations in accordance with a policy of accessible open books and records to the Grantor. The Grantor shall have the right as necessary or desirable for effectively administering and enforcing the Franchise, to inspect at any time during normal business hours upon reasonable notice, all records of the Grantee, and for the specific purposes of a bona fide enforcement effort being conducted by the Grantor, also of any affiliate or any cable operator, which relate to the operation of the Franchise. Access to the aforementioned records shall not be denied by the Grantee to representatives of the Grantor on the basis that said records contain "proprietary information", nor on the basis that they contain trade secrets unless the Grantor cannot protect the trade secrets from disclosure under Oregon law. To the extent allowed under Oregon law, the Grantor shall protect proprietary information including trade secrets of the Grantee from disclosure.

Upon ten (10) days written notice from the Grantor, Grantee shall provide the Grantor access to computer files specifically requested by name, approximate date or content and related to compliance with obligations contained in the Franchise. Such access shall be carried out in a manner that does not violate requirements regarding personally identifiable Subscriber information, as referenced in Section 631 of the Cable Act, and shall not include access to computer files containing no information related to Grantee's Franchise obligations. Computer Record access shall be provided in the following manner: (1) Grantee's employee shall access requested computer file from file server or hard drive storage for Grantor to view. (2) Once accessed, Grantee's employee shall move slowly through the file while the Grantor views it on the computer monitor. (3)

Grantee's employee shall facilitate the printing of requested file to paper. All files printed or viewed by Grantor are confidential and not to be used by Grantor for any other purposes other than related to administration of this Franchise Agreement.

12.2 Communications with Regulatory Agencies

A list and copies of all material written petitions, applications, communications, and reports submitted by the Grantee, and also by any affiliate or any cable operator of the system authorized by this Franchise, to the Federal Communications Commission, Securities and Exchange Commission, or any other Federal or state regulatory commission or agency having jurisdiction in respect to any matters affecting cable communications operations authorized pursuant to this Franchise Agreement, shall be submitted to the Grantor upon request. In addition, copies of any communications to and from any regulatory agency pertaining to any alleged, apparent or acknowledged violation of an applicable rule or law of the agency related to or affecting operations within the Franchise Area, shall be immediately submitted to the Grantor, if the communications are to or from the Grantee, or upon written request from the Grantor if the communications are to or from an affiliate or cable operator of the Cable System authorized by this Franchise.

12.3 Reports

A. Quarterly Reports. Within thirty (30) calendar days after the end of each fiscal quarter of the Grantee, Grantee shall, upon request of the Grantor, submit to the Grantor a report of all trouble call complaints received by or referred to Grantee within the report quarter. The reports shall contain, as a minimum, the name, address, and telephone number of the complaining party, the specific nature of the complaint, remedial action taken if any, and the current status of the complaint. Upon request by the Grantor, Grantee shall also provide outage reports, summary statistics on patterns of complaints or service problems, and other customer service information, provided that such information may be reasonably generated by the Grantee.

   Within forty-five (45) days after the end of each of the Grantee's fiscal quarters, the Grantee shall submit a written report to the Grantor, verified by an officer of Grantee, which shall contain an accurate statement of all Gross Revenues earned and Gross Receipts collected by the Grantee or any cable operator, related to operation of the Cable System franchised hereunder, in sufficient detail to enable the Grantor to verify the accuracy of franchise fee payments.

B. Annual Report. No later than three-and-one-half (3 ½) months following the end of the Grantee's fiscal year each year, Grantee shall present a written report upon request to the Grantor which shall include:

   1. Audited financial reports for the Grantee, for the previous fiscal year, including Gross Revenues from all sources, gross Subscriber revenues from each category of service, as well as an income statement, statement of cash flow, and a balance sheet; a financial report for the area system of which the Franchise is a part with reviewed Gross Revenues and receipts as well as statements of expenses, balance sheet and capital expenditures reviewed by an independent certified public accountant; and a financial report for the Franchise Area with audited Gross Revenues and receipts.

In the event any audited financial report has not been published by the date due under this Section, then the audited financial report shall be deemed presented on time if presented within thirty (30) days after publication.

All financial reports required under this Section shall be presented to the Grantor accompanied by such notes and explanations as are required to fully understand the reports. Such notes and explanations shall include, but not be limited to, an explanation of any and all deductions made from Gross Revenues in order to arrive at Gross Receipts for the calculation of franchise fees to be paid to the Grantor.

2. A summary of the previous year's activities including, but not limited to, Subscriber totals in each category and new services.

C. Monitoring and Compliance Reports. Upon request, the Grantee shall provide a written report of any FCC technical performance tests for the Residential Network required in FCC Rules and Regulations as now or hereinafter constituted. In addition, the Grantee shall upon request provide reports of the test and compliance procedures established by this Franchise Agreement, no later than thirty (30) days after the completion of each series of tests.

D. Additional Reports. The Grantee shall prepare and furnish to the Grantor, at the times and in the form prescribed, such additional reports with respect to its operation, affairs, transactions, or property, as may be reasonably necessary and appropriate to the performance of any of the rights, functions or duties of the Grantor in connection with this Franchise.

12.4 Safety

A. The Grantee shall, at all times, employ the standard of care attendant to the risks involved and shall install and maintain in use commonly accepted methods and devices for preventing failures and accidents which are likely to cause damage, injury, or nuisance to the public or to employees of the Grantor.

B. The Grantee shall install and maintain its wires, cable, fixtures, and other equipment in accordance with the requirements of the National Electric Safety Code, and in such manner that they shall not interfere with the installations of any public utility.

C. All lines, equipment and connections in, over, under, and upon either the Streets and Public Ways of Grantor or private property within boundaries of Grantor, wherever situated or located, shall at all times be kept and maintained in a safe and suitable condition, and in good order and repair.

13. MISCELLANEOUS PROVISIONS

13.1 Compliance with Laws

The Grantee shall comply with all Federal and state laws and regulations, including regulations of any administrative agency thereof, as well as all general ordinances,

resolutions, rules and regulations of the Grantor heretofore or hereafter adopted or established during the entire term of this Franchise, provided that any such ordinances, resolutions, rules and regulations of the Grantor hereafter adopted or established shall not conflict or interfere with the existing rights of the Grantee hereunder.

13.2 Changes in Law

In the event that any Federal or state law, rule or regulation adopted after the effective date preempts a provision or limits the enforceability of a provision of this Agreement, the provision shall be read to be preempted to the extent and for the time, but only to the extent and for the time, required by law. In the event such Federal or state law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed so that the provision hereof that had been preempted is no longer preempted, such provision shall thereupon return to full force and effect, and shall thereafter be binding on the parties hereto, without the requirement of further action on the part of Grantor.

13.3 Separability

Subject to the provisions of Sections below, if any Section, Subsection, sentence, clause, phrase or word of the Franchise Agreement is held to be invalid or unconstitutional by any court of competent jurisdiction or pre-empted by Federal or state regulations or law, such Section, Subsection, sentence, clause, phrase or word shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining provisions hereof.

13.4 Captions

The captions to Sections throughout this Franchise Agreement are intended solely to facilitate reading and reference to the Sections and provisions contained herein. Such captions shall not affect the meaning or interpretation of this Franchise Agreement.

13.5 No Recourse Against the Grantor

Except as otherwise provided by federal law, the Grantee shall have no recourse whatsoever against the Grantor or its officials, boards, commissions, or employees for any loss, costs, expense, or damage arising out of any provision or requirement contained herein, or in the event this Franchise Agreement or any part thereof is determined to be invalid.

13.6 Nonenforcement by Grantor

The Grantee shall not be relieved of its obligations to comply with any of the provisions of this Franchise Agreement by reason of any failure of the Grantor to enforce prompt compliance.

13.7 Force Majeure

If by reason of force majeure the Grantee is unable in whole or in part to carry out its obligations hereunder, the Grantee shall not be deemed in violation or default during the continuance of such inability. The term "force majeure" as used herein shall mean the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public

enemies; orders of the government of the United States of America, or of the State of Oregon, or their departments, agencies, political subdivisions, or officials; acts of any civil or military authority; insurrections; riots; epidemics; landslides; earthquakes; lightning; fires; hurricanes; volcanic activity; floods; washouts; droughts; restraint of government and people; civil disturbances; explosions; partial or entire failure of utilities; and similar occurrences outside the control of the Grantee. The Grantee agrees, however to give its best efforts to remedy as soon as possible, under the circumstances, the cause or causes preventing Grantee from carrying out its responsibilities and duties under this Franchise Agreement.

13.8 Entire Agreement

This Franchise Agreement contains the entire agreement between the parties, supersedes all prior agreements or proposals except as specifically set forth herein, and cannot be changed orally but only by an instrument in writing executed by the parties.

13.9 Consent

Wherever the consent or approval of either the Grantee or the Grantor is specifically required in this agreement, such consent or approval shall not be unreasonably withheld.

13.10 Time Limit for Grantee Communications

Grantee shall provide any written communication required by this Franchise within sixty (60) days of being requested to do so by the Grantor, in each case in which no other specific minimum time limit for a communication is identified in the Franchise.

13.11 Consistency of Franchise with Cable Act

The parties intend and believe that all of the provisions hereof are consistent with and permitted by the Cable Communications Policy Act of 1984, the Cable Act of 1992, and the Telecommunications Act of 1996.

13.12 Comparability of Other Cable Franchises

A. If the Grantor issues a franchise to a cable operator to enter upon the streets and public rights-of-way for the purpose of operating a Cable System to provide Cable Service to any part of the Franchise Area, the Grantor shall ensure that, considering all the circumstances, including any limitations on its regulatory authority, the material provisions of such other franchise are, taken together, reasonably comparable to the material provisions of this Franchise.

B. The Grantee agrees that its sole remedy under this provision is to seek injunctive relief to prevent the issuance of a franchise which would violate the first paragraph.

13.13 Franchise Review

During the six (6) month period beginning five (5) years after the effective date of this Franchise, the Grantor and Grantee shall undertake a review of Grantee's system and performance to date, in order to determine whether Grantee must upgrade the system as described in Section 4.1 of the Franchise. Criteria for upgrade will be based on general

parity of overall cable service with other contiguous cable operators providing cable service in the area, community need, market and economic viability. System review and plan for upgrade, if needed, must be submitted to the Grantor by the beginning of the sixth (6th) year from the date of the contract.

13.14 Notice

Any notice provided for under this Franchise shall be sufficient if in writing and delivered personally to the following addressee or deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed as follows, or to such address as the receiving party specifies in writing:

If to the County:	Cable Communications Manager Clackamas County 2051 Kaen Road Oregon City, OR 97045
If to the Grantee:	CEO/President Beaver Creek Cooperative Telephone Company 15223 S.E. Henrici Rd. Oregon City, OR 97045

14. Limitation on Fees.

Grantor and Grantee agree that the compensation obligations set forth in Section 8.1 of this Agreement (franchise fees) are subject to federal and state laws, including any binding FCC rules, regulations and orders that are in effect or may come into effect during the term of this Agreement. In the event that there are changes in federal or state statutes, rules, or regulations, or court decisions that are binding on the parties, which affect the ability of franchising authority to collect a franchise fee as a percentage of gross revenues, then this Franchise shall be amended at that time to reflect the permitted method for calculating and paying franchise fees.

Notwithstanding the preceding paragraph, Grantor and Grantee acknowledge that as of the effective date of this Agreement, FCC 07-190, an order by the FCC implementing Section 621(a)(1) of the Cable Act (the "Order"), is in effect but appeals are pending in federal court. Grantor and Grantee agree to comply with the limitation of franchise fees set forth in paragraphs 10 and 11 of the Order as interpreted by the federal appellate courts and as amended or revised by the FCC on remand from the federal appellate courts, to the extent the Order is in effect and is applicable to the parties and this Agreement. If, after negotiating for (60) days, there is a good faith disagreement between Grantor and Grantee on the application of the Order or appellate court decisions interpreting the Order, Grantor and Grantee shall submit the matter to binding arbitration in accordance with the rules of United States Arbitration and Mediation of Oregon, Inc. Grantor and Grantee both acknowledge that their present understanding is that Grantee may not and will not deduct from franchise fees either (1) construction permit fees under Section 3.2 of this Agreement, or (2) PEG support under Section 6.6 of the Agreement. Grantee makes this acknowledgment based on its understanding that Grantor will use PEG fees remitted to it only for capital costs. Grantor commits that PEG support under Section 6.6 of this Agreement will be used as authorized by law for capital costs.

IN WITNESS WHEREOF, the COUNTY has caused these presents to be executed by its Board of County Commissioners.

BOARD OF COUNTY COMMISSIONERS

Lynn Peterson, Chair

Mary Raethke, Recording Secretary

3-20-08 F.1

Date

EXHIBIT A
FRANCHISE AREA MAP

EXHIBIT B: GUARANTEE IN LIEU OF PERFORMANCE SECURITY

This Guarantee is given by Grantee pursuant to Section 8.2D of the Franchise entitled

CABLE TELEVISION FRANCHISE AGREEMENT

granted on _____, 2008 by Clackamas County, Oregon, authorizing the Grantee to construct, operate and maintain a Cable System in the Franchise Area.

To: Clackamas County

1. Grantee, through its authorized representative below signed does hereby submit this sworn and notarized Guarantee in Lieu of Performance Security.
2. The signatory to this Guarantee has full authority to make the statements and representations in this Guarantee on behalf of the Grantee.
3. The Grantee, by and through the below signed and sworn representative hereby unconditionally Guarantees Grantee's compliance with all terms, provisions and conditions of the Franchise granted by Clackamas County.
4. This Guarantee is binding upon the Grantee as of the Effective Date of the Franchise Agreement, _____, and throughout its term.

Beaver Creek Cooperative Telephone Company

By: _____

Title: _____

Date: _____

State of Oregon)
County of Clackamas)

This Guarantee was acknowledged before me on _____, 2008 by _____, as _____ of Beaver Creek Cooperative Telephone Company.

NOTARY PUBLIC FOR OREGON:

_____

My Commission Expires: _____

EXHIBIT C: ACCEPTANCE

ACCEPTANCE

Cable Manager
Clackamas County Cable Communications
2051 Kaen Rd
Oregon City, OR 97045

The undersigned, Beaver Creek Cooperative Telephone Company does hereby accept the Franchise granted pursuant to Board Order No._____, passed and approved on_____, 2008, and does hereby agree that it will comply with and abide by all of the provisions, terms and conditions of the Franchise, subject to applicable federal, state and local law.

BEAVER CREEK COOPERATIVE TELEPHONE COMPANY

BY: _____

TITLE: President

DATE: 3/10/2008