

**Comparison Summary Chart
MHCRC-Recommended Verizon Franchise
October 2, 2008**

PART I: SIGNIFICANT MUTUALLY-AGREED AND NEGOTIATED PROVISIONS

Franchise Area	COMCAST Franchise	MHCRC Proposed Franchise	VERIZON POSITION (As Understood by Staff)
Service Area	(Section 4 referencing Section 3.30) Cable Service is available to all territory within the boundaries of the cities of Fairview, Wood Village, Troutdale, and Gresham, together with all territory within the boundaries of Multnomah County not included within the territory of any incorporated city ("Jurisdictions").	(Section 4.1) The Initial Service Area for cable services is the same as Verizon's telephone service area. Within the Initial Service Area, Verizon must make cable service available to all homes within three years, with certain exceptions. (See Service Area Map posted on the MHCRC's website).	Agreed
Franchise Fee	(Section 14) 5% of Gross Revenues	(Section 8.1) 5% of Gross Revenues	Agreed
Standard Installations	(Section 3.60 & Section 10.2) Standard installations apply to all subscribers who have less than a 170-foot installation from the street. A cost-sharing formula is available for an installation greater than 170 feet.	(Section 4.3) Standard Installations shall apply to any residential service connection less than 335 feet from Verizon's fiber-to-the-premise network. A subscriber would pay the cost to install a connection beyond the 335 feet.	Agreed
PEG Access	(Section 7) <u>Channel Capacity</u> : 8 current channels; additional digital capacity available of up to 10% of system capacity or 36 channels, whichever is less. Activation of the digital capacity based on demonstrated community needs.	(Section 7) <u>Channel Capacity</u> : 8 current channels; additional channel capacity available for up to a total of 17 PEG channels. Activation based on demonstrated community need and level of use of currently activated PEG channels (Section 7.1).	Agreed

ATTACHMENT B

**Comparison Summary Chart
MHCRC-Recommended Verizon Franchise
October 2, 2008**

Franchise Area	COMCAST Franchise	MHCRC Proposed Franchise	VERIZON POSITION (As Understood by Staff)
	<p><u>Channel Lineup and Changes:</u> Comcast must receive approval for moving or reassigning an access channel in its channel lineup.</p> <p><u>Video on Demand (VOD) Capabilities:</u> Includes up to 25 hours, at any given time, of access programming on the video-on-demand (“VOD”) platform to be accessible free of charge to subscribers on the same basis as commercially offered VOD content.</p> <p><u>Live Programming/Video Transport:</u> Ability to simultaneously originate programming from multiple sites; includes any site with an I-Net connection (libraries, schools, government buildings, non-profit organizations are potential live programming sites).</p>	<p><u>Channel Lineup and Changes</u> Verizon can assign and change access channel numbers and reassign channels in its channel lineup. Verizon must provide at least 45 days notice of such change and provide \$2,500 to MetroEast for its costs to address the changes in channel assignments (Section 7.1.2).</p> <p><u>Live Programming/Video Transport/Video on Demand:</u> In lieu of providing, and potentially duplicating these capabilities, Verizon is providing some upfront and ongoing funds to enable MetroEast to explore and implement some alternative methods to transport and distribute video programming for the community (Section 7.3.1).</p>	<p>Agreed</p> <p>Agreed</p>
Institutional Network	(Section 8) Comcast constructed and operates the I-Net, based on capacity and connectivity direction from the	(Section 7.4) Verizon will construct mutually agreeable I-Net related facilities and deduct costs from the I-Net fund (see below).	Agreed

Comparison Summary Chart
MHCRC-Recommended Verizon Franchise
October 2, 2008

Franchise Area	COMCAST Franchise	MHCRC Proposed Franchise	VERIZON POSITION (As Understood by Staff)
	MHCRC, with the I-Net funds available under Section 9 of the franchises (see below).		
PEG Access & Institutional Capital Funding	<p>(Section 9) 3% of annual Gross Revenues, in addition to franchise fees, dedicated to funding capital costs for public, education and government use of the cable system and the I-Net.</p> <ul style="list-style-type: none"> ▶ 1% to fund MetroEast’s capital costs. ▶ 1% to fund capital grants through the Community Access Capital Grant program. ▶ 1% to fund I-Net infrastructure and some PEG Institutions’ capital requirements for use of the I-Net. 	<p>(Section 7.5) 3% of annual Gross Revenues, in addition to franchise fees, dedicated to funding capital costs for MetroEast and public, education and government use of the PEG access channels, cable system and the I-Net. The funds will be allocated by the MHCRC at its discretion.</p>	Agreed
Interconnect of Access Channels	<p>(Section 10.8) Interconnection with all area cable systems to create an area-wide network, including sharing access programming among access providers throughout the metro area.</p>	<p>(Sections 7.2.2, 7.2.4 & 6.3) Interconnection for access channels will take place at MetroEast’s headend and programming center. If other needs arise to implement a “hand-off” of access channels to another cable operator, Verizon will implement a mutually agreed upon technical solution to accomplish this.</p>	Agreed

Comparison Summary Chart
MHCRC-Recommended Verizon Franchise
October 2, 2008

Franchise Area	COMCAST Franchise	MHCRC Proposed Franchise	VERIZON POSITION (As Understood by Staff)
Monthly Service and Installation to Schools	(Section 10.6) Comcast provides without charge the Basic Service Tier and Cable Programming Service Tiers, and one standard installation to all schools in East County.	(Section 7.3.1) In lieu of duplicating these connections, Verizon is providing some upfront and ongoing funds to enable MetroEast to explore and implement some alternative methods to transport and distribute video programming for the community.	Agreed
Reporting	(Section 20) Comcast must submit an annual compliance report and quarterly and year-end financial statements. The MHCRC may request information and, in consultation with Comcast, specify the form and details to be included in the information in order to verify compliance with or performance of franchise obligations.	(Section 10.4, 10.5, 10.6) No specific annual report is required. Verizon must provide information, as requested by the MHCRC, to verify its compliance with or performance of franchise obligations.	Agreed
Technical Performance	(Section 12) Comcast must meet all FCC technical standards and testing programs and must maintain emergency alert and override systems.	(Sections 5.2 & 6) Verizon must meet all FCC technical standards and testing programs and must maintain emergency alert and override systems.	Agreed

**Comparison Summary Chart
MHCRC-Recommended Verizon Franchise
October 2, 2008**

PART II: SUMMARY OF SIGNIFICANT MHCRC COMPROMISES & VERIZON POSITION

Franchise Area	COMCAST Franchise	MHCRC POSITION AND PROPOSAL	VERIZON POSITION AND PROPOSAL (As Understood by MHCRC)
<p>Customer Service: Section 9 and Telephone Response Standard</p>	<p>(Section 13) Comcast must comply with the cities' and County's cable television consumer protection policy ("customer service standards") as provided by and in accordance with federal law. The local jurisdictions may also update the customer service standards as necessary.</p> <p>The jurisdictions each adopted standards in 2001.</p>	<p>Position (and staff proposal prior to Sept. 15 Public Hearing): The Jurisdictions have authority recognized by federal law and FCC rule to establish, update and enforce customer service standards. The Jurisdictions each adopted standards in 2001 (based on FCC standards developed in the 1990s) that apply to cable companies in the MHCRC area (currently two companies: Comcast and Cascade Access). MHCRC legal counsel has advised that Verizon's position that customer service standards under the franchise cannot be changed without Verizon consent would in essence waive Jurisdiction local authority in this area recognized by applicable federal law. MHCRC legal counsel has also advised that Verizon's position may be contrary to Oregon law and not binding on future Jurisdiction legal authority.</p> <p>MHCRC Compromise Contained in Recommended Franchise: The MHCRC addressed Verizon's desire for certainty and assurance that the jurisdictions won't act capriciously in updating the standards in the following ways:</p> <ul style="list-style-type: none"> ▶ For the first 5 years of the franchise, essentially freezing the current customer service standards for Verizon, by the jurisdictions agreeing to delay any enforcement of updated standards (if any) for five years; ▶ After 5 years, agreeing that any revisions to the 	<p>Position: Verizon demands that Jurisdictions agree to lock in or "freeze" existing MHCRC customer service standards in the franchise such that those standards could not be adjusted or updated without Verizon's consent for the franchise term. As a new entrant into the cable services market, Verizon argues for a need for certainty regarding its customer service obligations and efficiencies at its corporate level regarding responding to customers' and reporting on service standards.</p> <p>Verizon final position: Verizon has not changed its position on this issue at any point in the negotiation, and still asserts that MHCRC Jurisdictions should "lock in" cable customer service standards for the proposed franchise term of 10 years. Verizon has agreed to incorporate existing current Jurisdictional customer service standards (based on 1990s FCC standards), EXCEPT in the area of the customer transfer times on phones where customers wish to speak to a Verizon customer service representative. Under Verizon's proposal, such transfer times would not be separately measured, and the effect of Verizon's proposal (to count all calls to the automated voice response unit as calls</p>

Comparison Summary Chart
MHCRC-Recommended Verizon Franchise
October 2, 2008

		<p>standards would have to be cost/benefit tested, and go through a public legislative process that involved Verizon;</p> <ul style="list-style-type: none"> ▶ Verizon would have a lengthy period of time (up to 6 months) before having to comply with any updated standards; and, ▶ This would also not preclude Verizon from requesting a minor variance to any standard if there is an operational problem for Verizon. 	<p>received) would be to eviscerate the existing, longstanding MHCRC telephone response time measurement and make the standard meaningless.</p>
<p>Enforcement: Fines and Caps Section 14</p>	<p>(Section 23) The Jurisdictions may impose (after due process and based on certain criteria) the following remedies for a material violation of the franchise:</p> <ul style="list-style-type: none"> ▶ financial penalties up to \$1,000 per measure of violation (no annual cap). ▶ require Comcast to reduce a rate or fee; ▶ require Comcast to grant a subscriber refund; ▶ reduce the franchise term; and/or ▶ terminate the franchise. <p>The franchise does not provide a cap to the total amount that could be assessed for material violations.</p>	<p>Position The MHCRC believes potential penalties must be reasonable in relation to the size of Verizon as a company, in order to provide a deterrent for violations, and to penalize the company if a material violation is found.</p> <p>The MHCRC Staff Proposal Prior to Public Hearing (same as Comcast): The Jurisdictions may impose (after due process and based on certain criteria) the following remedy, among others, for a material violation of the franchise:</p> <ul style="list-style-type: none"> ▶ financial penalties up to \$1,000 per measure of violation (no annual cap). ▶ require company to grant a subscriber refund; ▶ reduce the franchise term; and/or ▶ terminate the franchise. <p>MHCRC Compromise Contained in Recommended Franchise:</p> <ul style="list-style-type: none"> ▶ Concede Verizon request for an annual fine cap, setting it at \$200,000/year max, with a \$1,000 per incident cap (same as Comcast); ▶ Eliminate the three other remedies Verizon objected to, leaving only fines and franchise termination as possible remedies for material violations; and ▶ Agree to Verizon’s performance security amount 	<p>Position: Verizon demands that penalties for material franchise violations be severely limited on a per-incident basis and capped on an annual basis.</p> <p>Initial Verizon proposal (April 2007): Per incident cap: \$200 Annual cap: \$20,000</p> <p>Revised Verizon proposal (August 2008) Per incident cap: \$400 Annual cap: \$40,000</p> <p>Final Verizon proposal (September 2008) Variable per incident and annual caps (\$10,000 - \$40,000 based on Verizon market penetration and Verizon estimate of order of magnitude of Franchise violation and applicable to only 4 areas of the franchise instead of the franchise as a whole. Amount proposed by Verizon for Customer Service Standards violations (\$10,000 - \$20,000) is less than Verizon’s initial proposal and less than Verizon’s August 2008 proposal.</p> <p>Verizon also demanded elimination of other violation remedies contained in the Comcast</p>

**Comparison Summary Chart
MHCRC-Recommended Verizon Franchise
October 2, 2008**

		of \$50,000 (staff had originally proposed \$100,000).	and Cascade Access franchises, including: <ul style="list-style-type: none"> ▶ a remedy allowing the MHCRC to require the company to reduce a fee; ▶ a remedy allowing the MHCRC to require the company to grant a subscriber refund; and ▶ a remedy allowing the MHCRC or Jurisdictions to reduce the franchise term (to no less than three years) in the case of material, uncured franchise violations.
<p>Treatment of Cable vs. Telephone Facilities (TitleII/TitleVI) (Sections 1.7, 1.34, 3.6.3)</p>	<p>The Comcast cable franchise provides for “cable system”, “cable services” and other cable related definitions strictly in accordance with applicable federal cable law. It does not separately address telephone or telecommunications law or regulations.</p> <p>Non-Waiver Language (Sec. 1.5): Charter and General Ordinances</p> <p>...Grantee shall comply with all applicable Jurisdiction ordinances, resolutions, rules and regulations adopted or established pursuant to a Jurisdiction’s lawful authority. Nothing in Section 1.5 shall be deemed a waiver by Grantee or the Jurisdictions of the rights of Grantee or the Jurisdictions under applicable law.</p>	<p>Position MHCRC staff proposed use of applicable federal law definitions in these areas, without modification (same as Comcast). This approach maintains the longstanding balance of current Jurisdiction and Verizon rights under applicable federal law in fairness to both parties and to Comcast. The MHCRC position is that a local cable franchise is not a proper venue for Verizon to seek to change or alter to its benefit the various federal laws governing cable and telecommunications definitions and laws.</p> <p>MHCRC Compromise contained in Recommended Franchise:</p> <ul style="list-style-type: none"> ▶ Concedes issue and agrees to the greatest extent possible (short of compromising fundamental Jurisdiction authority) with Verizon’s proposed definition of Cable System and Telecommunications Facilities. ▶ Includes a “non-waiver” agreement which clarifies that the neither the Jurisdictions nor Verizon are waiving any rights under federal, state or local laws unless explicitly stated in the Franchise. <p>Section 1.7 Cable System or System: Shall be</p>	<p>Position: Verizon demands definitions of “cable system” and “telecommunications facilities” that rewrite longstanding federal law definitions and are inconsistent with the definitions of Telecommunications and Cable System contained in Jurisdiction local ordinances And the existing Comcast cable franchise.</p> <p>Verizon’s most Recent Proposal prior to MHCRC vote:</p> <p>Section 1.7 Cable System or System: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7). Subject to Sections 3.6.3 and 3.9, the Cable System shall be limited to the optical spectrum wavelength(s), bandwidth or future technological capacity that is used for the transmission of Cable Services to Subscribers within the Franchise/Service Area and shall not include the tangible network facilities of a common carrier subject in whole or in part to Title II of the Communications Act or of a</p>

Comparison Summary Chart
MHCRC-Recommended Verizon Franchise
October 2, 2008

		<p>defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7). Subject to Section 3.6.3 and Section 3.9, the Cable System shall be limited to the optical spectrum wavelength(s), bandwidth or future technological capacity that is used for the transmission of Cable Services to Subscribers within the Franchise Area and shall not include (i) the tangible network facilities of a common carrier subject in whole or in part to Title II of the Communications Act or (ii) Non-Cable Services.</p> <p>Section 1.34 Telecommunications Facilities: Grantee’s facilities providing Telecommunications Services, including its FTTP Network facilities to the extent they are used to provide Telecommunications Services.</p> <p>Section 3.6.3 Neither party waives any of its rights under applicable law, unless otherwise specifically declared in writing in this Franchise Agreement.</p>	<p>provider of other Non-Cable Services.</p> <p>Section 1.34 Telecommunications Facilities: Grantee’s Telecommunications Services and Information Services facilities, including its FTTP Network facilities.</p> <p>Section 3.6.3 Neither party waives any of its rights under state or federal law, except as otherwise set forth herein. <u>(NOTE: here and elsewhere, Verizon specifically seeks to preempt and/or have the Jurisdictions consciously waive the application of local law under existing Jurisdiction Charters and ordinances).</u></p>
--	--	--	---

**Comparison Summary Chart
MHCRC-Recommended Verizon Franchise
October 2, 2008**

PART III: OTHER ISSUES POTENTIALLY UNRESOLVED

Note: At the MHCRC October 2nd vote, Verizon declined to address or state its position on the MHCRC's concluding position in these areas. Therefore, the MHCRC lists these as potentially unresolved.

Franchise Area	COMCAST Franchise	MHCRC Proposed Franchise	VERIZON POSITION (As Understood by Staff)
Section 3.10.2 Modifications of access channels and PEG/I-Net amount	If, after the effective date of this Franchise, a Jurisdiction enters into and authorizes a Cable Services franchise...., the material provisions of such agreement shall be reasonable non-discriminatory and competitively neutral with respect to the material provisions of this Franchise, unless otherwise restricted by law.	The MHCRC was included compromise language, largely suggested by Verizon, about modifications to franchise obligations in two areas -- the number of PEG access channels required and the amount of the PEG/I-Net grant – if a jurisdiction granted a franchise that contained lesser obligations in these areas.	Verizon declined to provide the MHCRC with Verizon's final position on MHCRC compromise language.
Section 9.8.1 General prohibition against assessment of Downgrade Charges against customers	Same as language in MHCRC-recommended Verizon franchise, which generally prohibits cable downgrade charges unless otherwise specifically allowed under the criteria set forth in the franchise.	The MHCRC-recommended language (same as Comcast) is included. The MHCRC adopted staff's view that the change proposed by Verizon tends to undermine and dilute Jurisdiction local authority. For downgrade charges, the MHCRC position is that cable consumers need consistent protection in this area.	Verizon demands that the term "allowed" instead of "provided" be used; this alteration means that any exception doesn't have to be explicit; it just hasn't been barred or preempted, and expands the category of possible exceptions to the franchise's general prohibition against downgrade charges.
Section 9.9 General prohibition against Discriminatory Practices by Franchisee	<i>Discriminatory Practices:</i> Grantee shall not deny Cable Service, or otherwise discriminate against Subscribers, Programmers or any other Persons on the basis of race, color, religion, age, sex, national origin, sexual orientation or physical or mental disability. Grantee shall comply at all times with all other applicable federal or state laws, rules and regulations relating to non-discrimination.	MHCRC Proposed Compromise MHCRC franchise proposed compromise conceding to Verizon demand that anti-discrimination clause not be extended to programmers, but believes the non-discrimination language needs to continue to apply not only to cable subscribers but also to others in the Franchise area who may be seeking cable services from Verizon.	Verizon demands that longstanding MHCRC franchise language barring discrimination against cable subscribers, programmers, or the public be limited to "cable subscribers" only.

Comparison Summary Chart
MHCRC-Recommended Verizon Franchise
October 2, 2008

		<p>9.9. Discriminatory Practices: Grantee shall not deny Cable Service, or otherwise discriminate against Subscribers or any other Persons on the basis of race, color, religion, age, sex, national origin, sexual orientation or physical or mental disability. Grantee shall comply at all times with all other applicable federal or state laws, rules and regulations relating to non-discrimination.</p>	
<p>Section 14.10.2 Franchise Revocation Proceeding and subsequent Court consideration of Jurisdiction process</p>	<p>No applicable provision.</p>	<p>MHCRC Proposed Compromise MHCRC proposes a common and well-understood “substantial evidence” standard of Court review of any Jurisdiction franchise revocation proceeding –this is a relatively straightforward standard common in Court reviews of municipal actions, and is a standard unanimously supported by MHCRC legal counsels. Should any further compromises in this position be subsequently discussed by the Jurisdictions & Verizon, it is critical that, at minimum, a Court be required to make its decision “based on the record of the proceeding” conducted by the Jurisdictions.</p>	<p><u>Initial Verizon position</u> Verizon demanded that any subsequent Court consideration of a Jurisdiction decision to revoke Verizon’s cable franchise would be “de novo” and no consideration would be given of the Jurisdiction process that preceded any revocation decision.</p> <p><u>Subsequent Verizon position</u> Verizon subsequently counter-proposed that the Franchise remain silent on the standard of review. This leaves open and undetermined whether or not a Court would consider a Jurisdiction’s previous revocation action and proceeding.</p>