

ORDINANCE NO. 2299

AN ORDINANCE OF THE CITY OF REDLANDS AMENDING CHAPTER 5.76 OF THE REDLANDS MUNICIPAL CODE RELATING TO THE GRANTING AND REGULATION OF FRANCHISES FOR CABLE COMMUNICATIONS SYSTEMS

THE CITY COUNCIL OF THE CITY OF REDLANDS DOES ORDAIN AS FOLLOWS:

Section 1. The text of Chapter 5.76 of the Redlands Municipal Code is hereby deleted in its entirety and rewritten to read as follows:

"Chapter 5.76
Regulation of Cable Television Systems

5.76.010	Title
5.76.020	Definitions
5.76.030	Grant of Franchise
5.76.040	Rights Reserved to Grantor
5.76.050	Rights of Subscribers
5.76.060	Finance and Insurance
5.76.070	Services
5.76.080	Design and Construction
5.76.090	Operations and Maintenance
5.76.100	Violations
5.76.110	Termination and Receivership
5.76.120	Franchise Applications
5.76.130	Records
5.76.140	Enforcement Mechanism
5.76.150	Interconnection
5.76.160	Miscellaneous Provisions

5.76.010 Title. This Chapter shall be known and may be cited as the "Cable Television Regulations Chapter." This Chapter establishes enabling and other regulations for granting or renewing a Cable System Franchise, and operating and Subscriber service requirements for all Cable Operators.

5.76.020 Definitions.

For the purpose of this Chapter, 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, and words in singular number include the plural number. The word "shall" is always mandatory and not merely directory.

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

"Attachment Point" means the point at which Grantee's drop attaches to Subscriber-owned equipment.

"Basic Service" means any Service Tier which includes the retransmission of local television broadcast signals.

"Broadcast Signal" means a signal transmitted over the air to a wide public geographic audience and received by a Cable System.

"Cable Act" collectively means the Cable Communications Policy Act of 1984 and the Cable Television Consumer Protection and Competition Act of 1992 and the Telecommunications Act of 1996, as amended.

"Cable 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 Federal Communications Commission).

"Cable Operator" means any Person or group of Persons (i) who provides Cable Service over a Cable System and directly or through one or more Affiliates owns a significant interest in such Cable System, or (ii) who otherwise controls or is responsible for, through any arrangement, the management and operation of a Cable System.

"Cable Service" means (i) the one-way transmission to Subscribers of Video programming, or Other Programming Services, and/or (ii) Subscriber interaction which is required for the selection or use of such Video Programming or Other Programming Services.

"Cable System" or "System" means a facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to

provide Cable Service which includes Video Programming and which is provided to multiple Subscribers within a community, but such term does not include (i) a facility that serves only to retransmit the television signals of one or more television broadcast stations; (ii) a facility that serves only Subscribers in one or more multiple unit dwellings under common ownership, control or management, unless such facility uses any Streets or Public Ways; (iii) a facility of a common carrier which is subject, in whole or in part, to the provisions of Title II of the Cable Act, except that such facility shall be considered a Cable System (other than for purposes of section 621(c)) to the extent such facility is used in the transmission of Video Programming directly to Subscribers; or (iv) any facilities of any electric utility used solely for operating its electric utility systems.

"Channel" means a frequency band capable of carrying a standard video signal or some combination of video signals, or a frequency band assigned to carry a non-standard video signal or some combination of such video signals.

"Commercial Subscriber" means a Subscriber who receives Cable Service in a place of business.

"Complaint" means a billing dispute or service call in which a Subscriber is notifying Grantee of an outage and/or degradation in picture quality.

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

"Converter" or "Terminal" means a device which converts signals from one frequency to another or otherwise processes signals for use by Subscribers.

"Drop" means the cable and related equipment connecting the system's plant to the Attachment Point at the Subscriber's premises.

"Education Channel" means any channel where non-profit educational institutions are the primary designated programmers.

"FCC" means the Federal Communications Commission or its designated representative(s).

"Franchise" is the initial authorization, or renewal thereof, (including a renewal of an authorization which has been granted subject to Section 626 of the Cable Act), issued by Grantor, whether such authorization is designated as a franchise, permit, license, resolution, contract, certificate, agreement or otherwise, which authorizes the construction and operation of a Cable System within the City.

"Government Channel" means any channel where local governmental agencies are the primary designated programmers and programming is regarding government activities and programs.

"Grantee" means the Person to which a Franchise is granted for the construction, operation, maintenance and reconstruction, if applicable, of a Cable System and its lawful successors, transferees or assignees.

"Grantor" means the City of Redlands, a municipal corporation, including the territory within its present and future jurisdiction, its elected governing body, and/or such representative persons or entities as it may designate to act on Cable System matters in its behalf.

"Gross Annual Revenue" means all revenue, as determined in accordance with generally accepted accounting principles, which is received, directly or indirectly, by Grantee or any other Person or Affiliate of Grantee that would constitute a Cable Operator of the Cable System under the Cable Act, derived from the operation of the Cable System insofar as such operation in any manner requires use of the Streets and Public Ways of Grantor. Gross Revenues shall include, but not be limited to, Basic Service, and Pay Service revenues, revenues from installation and equipment rental and sale, the applicable percentage of local and regional advertising revenues and any leased access revenues.

Gross Revenues shall not include any taxes on services furnished by Grantee, which taxes are imposed directly on a Subscriber or user by a city, county, state or other governmental unit, and collected by Grantee for such entity. Gross Revenues shall not include franchise fees or amounts which cannot be collected by Grantee and are identified as bad debt; provided, however, that if amounts previously representing bad debt are collected, then those amounts shall be included in Gross Revenues for the period in which they are collected.

Amounts included in Gross Revenues shall not be counted more than once; therefore, amounts included once in Grantee's Gross Revenues shall not be added to Gross Revenues again if they are received by an Affiliate of Grantee in payment for programming or other goods or services supplied to Grantee. Furthermore, Gross Revenues shall not include revenues received by Affiliated entities of Grantee to the extent that such revenues derive from activities beyond the power of Grantor to license for revenue. Revenues of Affiliated Persons are included in this definition in order that Grantee shall not escape nor limit its obligation to pay franchise fees through the creation or use of said revenue which is received directly or indirectly by Grantee, any Affiliated Person or any

other Person from or in connection with the distribution of any Service over the System or the provision of any Service related activity in connection with the System. Gross Annual Revenue shall not include: (i) the revenue of any Person, including, without limitation, a supplier of programming to Grantee to the extent that said revenue is also included in Gross Annual Revenue of Grantee, and (ii) taxes imposed by law on Subscribers which Grantee is obligated to collect.

"Headend" means that central portion(s) of the System where television and FM radio signals are introduced into and received from the balance of the Cable System.

"Institutional Network" or "Institutional System" means a System, or portion of a System, intended primarily to service non-residential Subscribers.

"Local Origination Channel" means any channel which is utilized for local programming and for which advertising fees may be charged by the Cable Operator.

"Monitoring" or "Tapping" means observing or receiving a signal, or the absence of a signal, where the observer is neither the sending nor receiving party and is not authorized by the sending and/or receiving party to observe the signal, whether the signal is observed or received by visual, electronic or any other means whatsoever.

"Other Programming Service" means information that a Cable Operator makes available to all Subscribers generally.

"Pay Service," means signals for which there is a fee or charge to Subscribers over and above the charge for Basic Service including any Tiers of Cable Service; provided, however, the sale or lease of studio facilities, equipment and/or tapes shall not be deemed Pay Services.

"PEG Channel" means a Public, Education or Government channel.

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

"Plant" means the transmitting medium and related equipment which transmits signals between the Headend and Subscribers, including Drops.

"Programmer" means any Person who provides Video Programming or Other Programming Services for transmission by means of a Cable System.

"Property of Grantee" means all property owned or leased within the Franchise area by Grantee in the conduct of Grantee's business under a Franchise granted pursuant to this Chapter.

"Public Access Channel" means any channel for which members of the public or any community organization may provide non-advertiser supported programming; provided, however, sponsorship identification fees may be paid and accepted to further community programming.

"Resident" means any Person residing in the franchised area or as otherwise defined by applicable law.

"Residential Dwelling Unit" means a home, duplex, triplex, mobile home, condominium, apartment, co-operative unit or any other individual dwelling unit.

"Service Area" means the City of Redlands, or a designated portion thereof as described with a franchise granted pursuant to this Chapter.

"Service Interruption" means the loss of picture or sound on one or more cable channels.

"Service Tier" or "Tier" means a category or level of Cable Service or Other Programming Service provided by a Cable Operator and for which a separate rate is charged by the Cable Operator other than per channel or per event programming or legitimate packages of per channel or per event programming.

"Streets and/or Public Ways" means the surface and the space above and below any public street, sidewalk, alley or other public way or right of way of any type whatsoever within the Service Area.

"Subscriber" means any Person electing to subscribe to, for any purpose, a Cable Service provided by Grantee by means of or in connection with Grantee's Cable System.

"User(s)" means any Person who either receives Services from a Cable System or who accomplishes any purpose by, in part or in whole, transmitting or receiving information via a Cable System, or who creates programming for that purpose, or who receives and uses programming.

"Video Programming" means programming provided by, or generally considered comparable to programming provided by, a television broadcast station.

Words, terms, or phrases not defined herein shall first mean their definition in the Cable Act, as amended, then their special meanings or connotations in any industry, business, trade or profession where they commonly carry such special meanings. In the event such special meanings are not common, they shall mean their standard definitions as set forth in commonly used and accepted dictionaries of the English language.

A. Authority to Grant Franchises. Grantor may grant a Franchise to provide Cable Service, or any Other Programming Service specifically authorized in any Franchise, to any Person who offers to provide a Cable System under and pursuant to this Chapter.

B. Form. A Franchise may, at Grantor's sole option, take the form of an ordinance, license, permit, contract, agreement, resolution or any other form elected by Grantor.

C. Grant Not Required. Consistent with applicable state and federal law, no provision of this Chapter shall require the granting of a Franchise when, in the sole discretion of Grantor, it is not in the public interest to do so.

D. Purpose. The purpose of a Franchise shall be to identify and authorize its specific Grantee and to identify and specify those terms, conditions, definitions, specifications and other particulars of the agreement between Grantor and Grantee which it represents. In so doing, a Franchise may clarify, extend and interpret the provisions of this Chapter. Where a Franchise and this Chapter conflict, both shall be liberally interpreted to achieve a common meaning or requirement. In the event such an interpretation is not possible within reasonable limits, the Franchise shall prevail.

E. Mutual Consideration. The award of a Franchise authorizing the use of public property or public rights of way for private purpose shall be deemed consideration by Grantee in the form of agreement to provide the System and services offered in accordance with the provisions hereof and of the Franchise.

F. Compliance with Law. Neither this Chapter nor a Franchise granted under it relieves Grantee of any requirement of Grantor or of any ordinance, rule, regulation, or specification of Grantor of general applicability to the public or to Cable Operators, generally, now or hereafter in effect, including, but not limited to, the payment of all normal permit and inspection fees.

G. Franchise Non-Exclusive. Grantor may, at its option, grant one or more Franchises to construct, operate, maintain and reconstruct a Cable System. Such Franchises shall constitute both a privilege and an obligation to provide the Cable System and services required by this Chapter and the Franchise.

H. Limitation. No privilege shall be granted or conferred by a Franchise except those specifically prescribed herein or in the Franchise.

I. Duration. The term of any Franchise, and all rights, privileges, obligations and restrictions pertaining thereto shall be specified in the Franchise. The effective date of any Franchise shall be as specified in the Franchise.

J. Use of Streets and Public Ways. For the purposes of operating and maintaining a System in the franchised area, a Grantee may place and maintain within the Streets and Public Ways such property and equipment as are necessary and appurtenant to the operation of the Cable System. Prior to construction or alteration of the Plant in Streets and Public Ways, Grantee shall apply for, pay all applicable fees and receive all necessary permits.

K. Use of Other Utilities. Any Person who provides a Cable System or Cable Services as defined herein shall be deemed a Grantee and shall not do so except in accordance with a Franchise granted hereunder. If such Grantee uses distribution channels furnished by a telephone company or other public utility, said Grantee shall be required to comply with all of the provisions hereof as a "Licensee," and the term "Grantee" herein shall include "Licensee" in its meaning.

L. Non-transferable. Except for transfers between and among wholly-owned subsidiaries of Grantee, or Affiliates of Grantee which are wholly-owned by the same parent, the Franchise shall not be sublet or assigned, nor shall any of the rights or privileges therein granted or authorized be leased, assigned, sold or transferred, either in whole or in part, nor shall title thereto, either legal or equitable, or any right, interest or property therein, pass to or vest in any Person, except Grantee, either by act of Grantee or by operation of law, without the prior written consent of Grantor, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, no consent shall be required for a transfer in trust, by mortgage, by other hypothecation or by assignment of any rights, title or interest of the Grantee in the Franchise or System in order to secure indebtedness. The granting of such consent shall not render unnecessary any subsequent consent. Grantor shall approve, disapprove, or conditionally approve said request within a reasonable period of time upon the receipt of all reasonably necessary requested information.

M. Change in Control. Any change in Control of Grantee shall be approved in advance by Grantor, which consent shall not be unreasonably withheld. Grantor may condition said transfer upon reasonable terms and conditions subject to applicable federal law.

N. Reimbursement of Transfer Costs. If Grantor approves a transfer pursuant to Subsections "L" and/or "M" above, Grantee shall reimburse Grantor for Grantor's reasonable processing and review expenses in connection with a transfer of the Franchise or of Control of the Franchise, including without limitation, the cost of administrative review, financial, legal and technical evaluation of the proposed transferee, consultants (including technical and legal experts and all costs incurred by such experts), notice and publication costs and document preparation expenses. Grantor shall send Grantee an itemized description of such charges and Grantee shall pay such amount within twenty (20) days of the receipt of such description.

O. Sales Notice. Grantee shall provide Grantor with notice of any Franchise transfer or change in Control as heretofore described as required by federal law.

P. Violation. If Grantee violates any or all of Subsections "L," "M," or "O," of this Section, Grantor may pursue any and all penalties for violation of the Franchise, including revocation of the Franchise, subject to all applicable due process safeguards.

5.76.040 Rights Reserved to Grantor.

A. Reservation. There is hereby reserved to Grantor every right it may have in relation to its power of eminent domain over Grantee's Franchise and property.

B. Non-waiver or Bar. Neither the granting of any Franchise, nor any provisions of this Chapter, shall constitute a waiver or bar to the exercise of any governmental right or power by Grantor.

C. Delegation of Administration. Any administrative duty retained by or imposed upon Grantor, or any commission, officer, employee, department, or board of Grantor, may be assigned or transferred by Grantor to any officer, employee, department or board of Grantor.

D. Right of Inspection of Construction. Grantor shall have the right to inspect all construction, installation or other physical work performed by Grantee in connection with the Franchise, and to make such tests as it may find reasonable or necessary to ensure compliance with the terms of the Franchise and other pertinent provisions of law, so long as said inspection and testing does not unreasonably interfere with Grantee's operations.

E. Right to Require Removal of Property. Consistent with applicable law, at the expiration of the term or any renewal term or extension for which the Franchise is granted, or upon its lawful revocation, expiration, or termination, Grantor shall have the right to require Grantee to remove, at Grantee's expense, all portions of its System and any other property from all streets and public ways within the Franchise area within a reasonable period of time.

F. Right of Intervention. Subject to applicable law, Grantor shall have the right of intervention in any suit, proceeding or other judicial or administrative proceeding in which Grantor has any material interest, to which Grantee is party.

G. Place of Inspection. Grantor shall have the right to inspect and request copies of all relevant information that is reasonably necessary for the exercise of Grantor's regulatory authority upon reasonable notice on Grantee's local premises at any time during normal business hours, and any Grantee records kept at another place shall, within ten (10) days of Grantor's request, be made available at Grantee's premises within the City of Redlands for Grantor's inspection and or copying, so long as said inspection does not unreasonably interfere with Grantee's operations. Grantor shall pay all reasonable costs for copying any relevant information needed, unless otherwise provided for in this Chapter or the Franchise.

Grantor agrees to treat any information disclosed by Grantee as confidential and only to disclose such information to employees, elected officials, officers, representatives and agents of Grantor that Grantor believes have a reason to know, or in order to enforce the provisions hereof, or of any Franchise. Grantee shall not be required to provide Grantor with any Subscriber information in violation of Section 631 of the Cable Act.

5.76.050 Rights of Subscribers.

A. Discriminatory Practices Prohibited. Grantee shall not deny Cable Service or otherwise discriminate against Subscribers or others on the basis of race, color, religion, national origin, sex, age, handicap or other protected class(es). Grantee shall strictly adhere to the equal employment opportunity requirements of federal, state or local governments and shall comply with all applicable laws and executive and administrative orders relating to nondiscrimination.

B. Tapping and Monitoring. Grantee shall not tap or monitor or permit any other Person controlled by Grantee to tap or monitor any cable, line, signal input device or Subscriber outlet or receiver for any purpose whatsoever without the express written consent of the Subscriber or a court order therefor provided; however, that Grantee shall be entitled to monitor Subscriber service calls for quality control purposes and to conduct system-wide or individually addressed "sweeps" for the purpose of verifying system integrity, controlling return path transmission or checking for unauthorized connections to the Cable System or Service levels or billing for Pay Services.

C. Data Collection.

1. Except for its own use or in connection with the provision of Cable Services or for release to Grantor, Grantee shall not permit its System to be used for data collection purposes, nor shall it otherwise collect data which would reveal the commercial product or other preferences or opinions of individual Subscribers, members of their families, or their guests, licensees or employees unless Grantee shall have received the prior written consent of such Subscriber.

2. Grantee shall not reveal or permit the release or sale of data on individual Subscribers, or groups thereof, but may reveal or permit the release or sale of aggregate data only.

D. Revealing Subscriber Preference.

1. Grantee shall not reveal individual Subscriber preferences, viewing habits, beliefs, philosophy, creeds or religious beliefs to any Person, firm, agency, governmental unit or investigating agency without court authority or prior written consent of the Subscriber.

2. Such written consent, if given, shall be for a period of time not to exceed one (1) year or a lesser term agreed upon by Grantee and Subscriber.

3. Grantee shall not condition the delivery or receipt of Cable Services to any Subscriber on any such consent.

4. A Subscriber may revoke without penalty or cost any consent previously made by delivering Grantee in writing a substantial indication of the Subscriber's intent to so revoke.

E. Revealing Subscriber Lists. Grantee shall not reveal, sell, or permit the release or sale of its Subscriber list without prior written consent of each Subscriber, provided that Grantee may use its Subscriber list as necessary for the construction, marketing, and maintenance of Grantee's services and facilities authorized by a Franchise, and the billing of Subscribers for said Cable Services; and further, provided that consistent with applicable law, Grantor may use Grantee's Subscriber list for the purpose of communication with Subscribers in connection with matters relating to operation, management and maintenance of the Cable System.

F. Other Persons Affected. The prohibitions contained in Subsections "A" to "E" inclusive of this Section shall extend and apply to all of the foregoing as well as to Grantee:

1. Officers, directors, employees and agents of Grantee;

2. General and Limited Partners of Grantee;

3. Any Person or combination of Persons owning, holding or controlling five percent (5%) or more of any corporate stock or other ownership interest of Grantee,

4. Any affiliated or subsidiary entity owned or controlled by Grantee, or in which any officer, director, stockholder, general or limited partner or Person or group of Persons owning, holding or controlling any ownership interest in Grantee, shall own, hold or control five percent (5%) or more of any corporate stock or other ownership interest; and

5. Any Person, firm or corporation acting or serving in the capacity of holding or controlling company of Grantee.

G. Subscriber Bill of Rights. Grantee shall provide, at the time of initial connection and annually thereafter to all Subscribers, a publication, in a form prior approved by Grantor, delineating and describing, in clear and understandable language, the consumer rights granted herein.

H. Complaint Advice. Grantee shall advise each Subscriber as may be set forth in

the Franchise that Grantor's representative is the official to whom complaints of poor service should be made if such complaints of poor service are not resolved by Grantee to the satisfaction of each Subscriber.

5.76.060. Finance and Insurance.

A. Payments to Grantor.

1. As compensation for any Franchise to be granted, and in consideration of permission to use the Streets and Public Ways of Grantor for the construction, operation, maintenance, and reconstruction of a System, Grantee shall pay to Grantor such amounts as specified in the Franchise.

2. Payments due Grantor under this Section shall be computed quarterly for the preceding quarter, and shall be paid within forty-five (45) days of the close of each calendar quarter. The payment shall be accompanied by a report showing the basis for the computation and such other relevant facts as may be required by Grantor to determine the accuracy of said payment.

3. Failure to Make Required Payment. In the event that any Franchise payment or recomputed amount is not made on or before the dates specified herein, Grantee shall pay as additional compensation the greater of the following:

i. An interest charge, computed from such due date, at the annual rate equal to the prevailing commercial prime interest rate in effect upon the due date plus, one percent (1%).

ii. A sum of money equal to \$4,000 for each month or part thereof of delay which sum shall also bear interest from the due date at an annual rate equal to the prevailing commercial prime interest rate in effect at the time of the due date plus, one percent (1%).

4. In addition to any late payment made pursuant to Subsection 3(i) above, if a payment is late by sixty days or more, Grantee shall pay a sum of money equal to five percent (5%) of the amount due in order to defray additional expenses, such as legal or collection costs, incurred by Grantor by such delinquent payment.

5. Grantee shall pass through to the Subscribers the amount of any decrease in a Franchise fee.

6. No acceptance of any payment shall be construed as a release of, or an accord, or satisfaction of, any claim that Grantor might have for further or additional sums payable under the terms of this Chapter, or for any other performance or obligation of a Grantee hereunder.

B. Security Fund.

1. Within thirty (30) days after the effective date of the Franchise, Grantee shall deposit into a bank account established by Grantor, and maintain on deposit through the term of the Franchise, a sum specified in the Franchise as security for the faithful performance by it of all of the provisions of the Franchise, compliance with this Chapter, and compliance with all orders, permits and directions of any agency of Grantor having jurisdiction over its acts or defaults, and the payment by Grantee of any claims, fees, liens, taxes due Grantor which arise by reason of the construction, operation or maintenance of the System and to satisfy any actual or liquidated damages arising out of a Franchise breach.

2. Except as provided in the Franchise, if Grantee fails, after twenty (20) days written notice, to pay to Grantor any fees due and unpaid, or fails to repay within such twenty (20) days, any damages, costs or expenses which Grantor shall be compelled to pay by reason of any act or default of Grantee in connection with its Franchise; or fails, without just cause after thirty (30) days notice of such failure, to comply with any provision of the Franchise and after full hearing and a determination by Grantor that such failure was without just cause which Grantor reasonably determines can be remedied by an expenditure of the security, or is nevertheless subject to liquidated damages, Grantor may immediately withdraw the amount thereof, with interest and/or any liquidated damages, from the security fund. Upon such withdrawal, Grantor shall notify Grantee of the amount and the date thereof.

3. Within thirty (30) days after notice to it that any amount has been withdrawn by Grantor from the security fund, Grantee shall deposit a sum of money sufficient to restore such security fund to the original amount.

4. Grantee shall be entitled to the return of such security fund, or portion thereof, with interest, if any, as remains on deposit at the expiration of the Franchise, or its termination, once all amounts due to Grantor have been paid.

5. The rights reserved to Grantor with respect to the security fund are in addition to all other rights of Grantor and no action, proceeding or exercise of a right with respect to such security fund shall affect any other right Grantor may have.

C. Faithful Performance Bond. Within thirty (30) days after the effective date of the Franchise, Grantee shall furnish proof of the posting of a faithful Performance bond in favor of Grantor, with surety approved by Grantor, which approval shall not be unreasonably withheld, in the sum specified in the Franchise, conditioned that Grantee shall well and truly observe, fulfill, and perform each term and condition of the Franchise; provided, however, that such bond shall not be required upon certification by Grantor of completion of construction of Grantee's Cable System. As defined in the Franchise, during the course of construction, the amount of the bond may from time to time be reduced as provided in the

Franchise. Written evidence of payment of premiums shall be filed and maintained with Grantor.

D. Letter of Credit. At the option of Grantor, Grantee may provide Grantor in lieu of a Security Fund and/or Faithful Performance Bond, an irrevocable letter of credit, issued by a bank approved by Grantor, in the amount specified in the Franchise. Said letter of credit shall incorporate wording approved by the Grantor enabling it to draw such sums from time to time as Grantor may find necessary to satisfy any defaults of Grantee or to meet any payments due Grantor under or in connection with this Chapter or Grantee's Franchise upon ten (10) days prior written notice. If Grantor shall require such a letter of credit, Grantee shall pay all fees or other charges required to keep it in force and shall, within thirty (30) days of any draw by Grantor, restore its face value. All provisions herein applying to bonds or security funds shall also apply to letters of credit.

5.76.070 Services. A Cable System shall provide, as a minimum, the broad programming categories listed in the Franchise.

A. Changes in services. Grantee shall inform Grantor in writing at least ninety (90) days, and Subscribers at least forty-five (45) days, in advance of making any change in the Cable Service or in the rates charged therefor, unless Grantor agrees to waive this requirement in writing.

B. Non-discrimination. Grantee shall not discriminate between or among Subscribers within one type or class in the availability of Cable Services at either standard or differential rates according to published rate schedules. No charges may be made for Cable Services except as listed in published schedules which are available for inspection by anyone at Grantee's office, quoted by Grantee on the telephone, and displayed or communicated to all potential Subscribers.

C. Prepayment. Upon completion of System construction and/or System reconstruction, Grantee may, at its option, charge Subscribers for Services no more than one (1) month in advance unless an individual Subscriber requests a longer period. Prior to completion of System reconstruction, Grantee may continue any existing advance billing practices which provide for up to a maximum of two (2) months of advance billing. Bills may be due and payable upon mailing but shall not be delinquent, and no late charge penalties shall be assessed, until the later of: (1) thirty (30) days from postmark, or (2) service has actually been provided for the billed period. All bills and billing statements shall clearly indicate the billing period, the actual due date, and the delinquent or late remedy or assessment.

D. Disconnect for Cause. Grantee may disconnect a Subscriber only for cause, which shall include, without limitation, the following:

1. Payment delinquency in excess of forty-five (45) days.

2. Willful or negligent damage to or misappropriation of Grantee property.
3. Monitoring, Tapping, or tampering with Grantee's system, signals, or service.
4. Threats of violence to Grantee's employees or property.

E. Reconnection. Grantee shall, upon Subscriber's written request, reconnect service which has been disconnected for payment delinquency when payment has removed the delinquency. If authorized by applicable law, a published standard charge may be made for reconnection. Grantee shall not be required to make more than three (3) reconnections for the same Subscriber if the disconnections involved were caused by payment delinquency within the past twenty-four (24) months. Reconnection for disconnects covered by Subsection "D2," "D3," or "D4" shall be at Grantee's sole discretion.

F. Installation.

1. Grantee shall promptly provide and maintain service to the residential, commercial and industrial structures as provided in the Franchise, in the Service area as defined in the Franchise, upon request of the lawful occupant or owner.

2. In the case of a new Drop, Grantee shall advise each Subscriber that the Subscriber has the right to require that installation be done over any route on the Subscriber's property, and in any manner the Subscriber may elect which is technically feasible and consistent with proper construction and safety practices. Grantee may require that any such request be made in writing. If the Subscriber requests installation other than a standard installation, then the Subscriber may be required to pay a reasonable fee for the time and materials occasioned by the installation.

3. For purposes of this Section, a standard installation shall include installation of Drop cable with fittings up to one hundred and twenty-five (125) feet from the Cable distribution system, measured along the cable from the center line of the street or utility easement through the house wall or at the Subscriber's option through the floor from a house vent or crawl space directly to the Subscriber's television set with five feet of cable from the wall or floor entry to the television set. Also included as part of a standard installation is the grounding cable, fine tuning of the television set and the provision of the appropriate literature.

4. After service has been established by activating trunk and/or distribution cables for any area, Grantee shall provide service to any Person requesting service in that area within three (3) days from the date of request, provided that Grantee is able to secure all rights-of-way necessary to extend service to such potential Subscriber within such three (3) day period on reasonable terms and conditions.

G. Non-Standard Installations. For each non-standard Drop installed, Grantee may

charge the Subscriber for the cost of material and labor in excess of that for a standard Drop. Grantee shall provide each Subscriber a written estimate of all charges prior to installation and obtain Subscriber's written authorization in advance for all non-standard Drop charges.

H. Converters/Terminals. At such time as a converter or terminal becomes necessary for Subscribers to have access to all Cable Services on its Cable System, Grantee shall make them available to Subscribers. Grantee may require each Subscriber who elects to take a Converter or Terminal to furnish a refundable security deposit therefor.

1. Each device shall be and remain the property of Grantee unless Grantor approves or requires its sale to the Subscriber. Grantee shall be responsible for maintenance and repair of all equipment owned by Grantee and may replace it as Grantee may from time-to-time elect, except that the Subscriber shall be responsible for loss of or damage to any such device while in the Subscriber's possession. Grantee shall make available to Subscribers suitable insurance which the Subscribers may purchase to insure against any loss of or damage to such devices while in the possession of the Subscribers.

2. Upon termination or cancellation of a Subscriber's service, the Subscriber shall promptly return Grantee's property to Grantee in the same condition as received, reasonable wear and tear excepted.

3. Grantee may apply the security deposit against any sum due from the Subscriber for loss of or damage to such Converter exceeding reasonable wear and tear. In the event that no security deposit has been required, Grantee may charge the Subscriber for any such damage exceeding reasonable wear and tear.

4. If Grantee has no claim against the deposit, Grantee shall return it, or the balance, to the Subscriber within twenty (20) days of return of the Converter.

5.76.080. Design and Construction The System and all construction components and techniques shall be constructed in accordance with the provisions of the Franchise and all applicable laws.

A. Technical and Performance Standards. Grantee shall construct, install, operate and maintain its System in a manner consistent with all applicable laws, ordinances, construction standards, construction specifications, governmental requirements, FCC technical standards and any standards set forth in the Franchise.

B. Construction Codes. Grantee shall strictly adhere to all building and zoning codes currently or hereafter in force and obtain all necessary permits. 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 with the use of said property by any Person. In the

event of such interference, Grantor may require the removal of Grantee's cables, and appurtenances from the property in question. Grantee shall give at least forty-eight (48) hours advance written notice to all property owners and Grantor prior to installing any above-ground and underground structures upon easements located on private property, however, such notice requirement is waived for any Grantor acknowledged emergency repair to Grantee's facilities. Grantee shall be a member of Underground Service Alert. Grantor shall not modify its construction requirements subsequent to the completion of construction so as to require reconstruction or retrofit unless the public health and safety so requires.

C. System Construction Schedule. Grantee shall begin to offer Cable Service and any service authorized by the Franchise no later than the schedule contained in the Franchise. Grantee shall also provide a detailed construction plan indicating progress schedule, area construction or reconstruction maps, test plan and projected dates for offering service.

D. Geographical Coverage. Grantee shall construct the Cable System to service every Residential Dwelling Unit and other structures specified in the Franchise within the Service Area of the Franchise and any annexations thereto, as defined and provided by the Franchise. Service shall be provided to Subscribers in accordance with the schedules specified in the Franchise. The route of separate cables serving Institutional System Subscribers shall be as approved by Grantor and specified in the Franchise or amendment thereto.

E. Construction Default. Upon the failure, refusal or neglect of Grantee to cause any construction, repair or other necessary work to comply with the terms of the Franchise to be properly completed in, on, over, or under any Streets and Public Ways within a time prescribed in the Franchise or the construction permit, Grantor may (but shall not be required to) cause such work to be completed in whole or in part, and upon so doing shall submit to Grantee an itemized statement of costs thereof. Grantee shall be given reasonable notice of Grantor's intent to exercise this power and fifteen (15) days thereafter to cure. Grantee shall, within thirty (30) days of billing, pay to Grantor the actual costs thereof.

F. Vacation or Abandonment. In the event any Street or Public Way, or portion thereof, used by Grantee shall be vacated by Grantor, or the use thereof discontinued by Grantee, upon reasonable notice, Grantee shall forthwith remove its facilities therefrom unless specifically permitted to continue the same, and on the removal thereof restore, repair or reconstruct the area where such removal has occurred to such condition as may be required by Grantor, not in excess of the original condition. In the event of failure, neglect or refusal of Grantee after thirty (30) days' written notice by Grantor to do such work, Grantor may cause the work to be done, and the cost thereof shall be paid by Grantee in thirty (30) days and collection may be made by Grantor.

G. Abandonment in Place. Grantor may, upon written application by Grantee, approve the abandonment of any property in place by Grantee, under such terms and

conditions as Grantor may approve. Upon Grantor-approved abandonment of any property in place, Grantee shall cause to be executed, acknowledged, and delivered to Grantor such instruments as Grantor shall prescribe and approve, transferring and conveying the ownership of such property to Grantor or such other person or entity designated by Grantor.

H. Removal of System Facilities. In the event that Grantee's Plant is deactivated for a continuous period of thirty (30) days, except for reasons outside Grantee's control, without prior written notice to and approval by Grantor, then Grantee shall, at Grantor's option and at the expense of Grantee and at no expense to Grantor, and upon demand of Grantor, promptly remove from any Street or Public Way or other area all property of Grantee, and Grantee shall promptly restore the street or other area from which such property has been removed to its condition prior to Grantee's use thereof, provided that Grantee shall not be required to remove conduit from underground where Grantor may determine no damage to the surface of any structures may result from such nonremoval.

I. Movement of Facilities. In the event it is necessary to temporarily move or remove any of Grantee's property at Grantor's direction for a public purpose, Grantee, upon reasonable notice, shall move, at the expense of Grantee, its property as may be required to facilitate such public purpose. No such movement shall be deemed a taking of Grantee's property. Nothing herein shall limit the right of Grantee to seek reimbursement from any party other than Grantor.

J. Undergrounding of Cable. Cables shall be installed underground at Grantee's cost where all existing utilities are already underground. Previously installed aerial cable shall be installed underground at Grantee's pro-rata cost in concert with other utilities when all such other utilities may convert from aerial to underground construction.

K. Facility Agreements. No Franchise shall relieve Grantee of any obligations involved in obtaining pole or conduit space from Grantor, utility company or from others maintaining utilities in Street or Public Ways.

L. Extension of Franchise Area. If Grantor elects to grant one or more Franchises hereunder, and if thereafter one or more of the Franchises expires or is otherwise terminated, Grantor may, if it so elects, require a remaining Grantee, or more than one, to extend its System to provide Service to the area served by the terminated Franchise unless Grantee demonstrates to Grantor's reasonable satisfaction that it is not commercially practical to do so; provided, however, Grantee shall not be required to overbuild, as the term is used in the industry, any existing System. The terms and requirements of such extension shall not exceed those contained herein or in Grantee's Franchise.

M. Repair of Streets and Public Ways. Any and all Streets and Public Ways disturbed or damaged by Grantee or its contractors, during the construction, operation, maintenance or reconstruction of the System shall be within the timeframe and limits

specified by Grantor or agent of Grantor and at Grantee's expense, to their original condition unless otherwise authorized in writing by Grantor.

N. Erection of Poles Prohibited. Grantee shall not erect any pole on or along any Street or Public Way in an existing aerial utility system. If additional poles in an existing aerial route are required, Grantee shall negotiate with the appropriate public utility for their installation. Any such installation shall require the advance written approval of the Grantor. Subject to applicable federal and state law, 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.

O. Trimming of Trees. Grantee shall not cut or trim any Grantor street trees or any trees in any Street or Public Way except pursuant to a prior agreement with Grantor and with the owner of the property on which they stand.

P. Reservations of Street and Public Way Rights. Nothing in a Franchise shall prevent Grantor from constructing, repairing and/or altering any public work. All such work shall be done insofar as practicable, in such manner as not to unnecessarily obstruct, injure or prevent the free use and operation of any property of Grantee. However, if any such property of Grantee shall interfere with the construction, maintenance or repair of any public improvement, all such property shall be removed or replaced in such manner as directed by Grantor so that the same shall not interfere with the said public work, and such removal or replacement shall be at the expense of Grantee.

5.76.090. Operations and Maintenance.

A. Maintenance and Complaints.

1. Grantee shall maintain an office in the Service Area, or such other location approved by Grantor in writing, open during all usual business hours, but in no case less than forty eight (48) hours per week, including at least one weekend day per week. Grantor shall have a publicly listed non-toll-charge telephone number, operated as to receive Subscriber complaints and requests on a 24-hour basis. Current information shall be maintained of all complaints and their disposition and a summary thereof shall be submitted to Grantor upon request, but not more often than monthly.

2. Grantee shall respond within four (4) hours after receipt of request for repairs relating to a Service Interruption affecting at least ten (10) percent of the Subscribers of the System, and within twenty-four (24) hours after receipt of requests for service related to all other Service Interruptions and other Complaints and requests for repair. All Cable System-related problems shall be resolved within two (2) business days unless technically infeasible. No charge shall be made to the Subscriber for such service or repair except that Grantee may charge for service calls not related to its Cable System.

3. Grantee shall provide a telephone system to receive all construction and service Complaints. A sufficient number of Subscriber service representatives shall be provided so that callers are not required to wait beyond thirty (30) seconds before being connected to a Subscriber service representative or receive busy signals more than three (3) percent of the time measured quarterly. The telephone number of the local office shall be listed in the telephone directory serving the City of Redlands. The telephone service shall accept complaints twenty-four (24) hours a day, seven (7) days a week. The telephone system shall be capable of self-generating reports relating to answer times, response times, hold times and abandoned calls.

4. Subscriber service personnel shall identify themselves by their full names immediately.

5. Subscribers shall have the right to speak with a supervisor, and if none is available, a supervisor shall return the Subscriber's call within four (4) working hours.

6. All officers, agents or employees of Grantee, its contractors or subcontractors who come into contact with members of the public shall wear on their outer clothing a photo-identification card in a form reasonably acceptable to Grantor. Grantee shall account for all identification cards at all times. Every vehicle of Grantee and its major subcontractors shall be clearly identifiable as working for Grantee.

7. Grantee shall provide and guarantee Subscribers a time, with the option of scheduling a four (4) hour period or less, in which a service call will be made.

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

B. Procedures for Handling of Complaints. Grantee's complaint handling procedures shall be designed to accomplish the following:

1. Receipt and acknowledgement of any Complaint made in person or by telephone within four (4) business hours.

2. Acknowledgement of any Complaint received by mail at Grantee's office within two (2) business days of the date such complaint is received.

3. Maintain information, available to Grantor upon Grantor's request, of all Complaints, including the Subscriber's name, address and telephone number, the date of its acknowledgement, information given as to how the complaint would be resolved and the action taken.

4. Provide complete information to the Subscriber regarding the Subscriber's ability to take the complaint to Grantor's representative if it is not resolved by Grantee.

5. Grantee shall respond as soon as practicable, but in no event more than four (4) business hours to Complaints made or referred by Grantor.

C. Remedies for Inadequate Performance. Except for rebuild or planned Service Interruptions for which Grantee receives prior approval of Grantor, in the event that one third or more of its Cable Service(s) to any Subscriber is interrupted for six (6) consecutive hours, or for a total of twelve (12) nonconsecutive hours within any thirty (30) day period, and Subscriber notifies Grantee of said Service Interruption within twenty-four (24) hours of Subscriber's discovery thereof, Grantee shall provide a twenty percent (20%) rebate of the monthly fees to affected Subscribers for each such consecutive six hour and/or nonconsecutive twelve hour Service Interruption period. In no case shall such rebate exceed the monthly fee charged to the Subscriber.

D. Biennial Audit of Performance.

1. Grantor may require, at its option, that performance audits of the System be conducted every two (2) years by an independent technical consultant, selected and employed by Grantor and at Grantee's sole expense, to verify compliance of the System to all technical standards and other specifications of the Franchise, as provided in the Franchise.

2. Upon completion of a performance audit, Grantor and Grantee shall meet to review the performance of the Cable System. The reports required herein regarding Subscriber Complaints, the records of performance audits, tests and the opinion survey report shall be utilized as the basis for review. In addition, any Subscriber may submit Complaints during the review meetings, either orally or in writing, and these shall be considered.

3. Within thirty (30) days after the conclusion of the System performance review meetings, Grantor shall issue findings with respect to the adequacy of System performance and quality of service. If inadequacies are found, Grantor may direct Grantee to correct the inadequacies within such period of time as Grantor determines is reasonable.

4. Grantor's and Grantee's participation in this process shall not waive any rights they may possess under applicable federal and/or state law.

5. In addition to the Biennial Audit described above, Grantor may conduct an annual audit of the same or lesser magnitude, at its sole expense, when and if determined necessary or appropriate by Grantor.

E. System Technical Data. Grantee shall maintain in its local office a complete and up-to-date set of as-built system maps and drawings upon completion of construction or

reconstruction. Equipment specifications and maintenance publications and signal level diagrams for each active electronic piece of equipment in the System shall also be available for review by Grantor. As-built drawings shall show all lines and installed equipment, and tap values and spigots. The scale of maps and drawings shall be sufficient to show the required details in easily readable form and size. Technical data at the local office shall also include approved pole applications, details and documentation of satellite and microwave equipment, mobile radio units, heavy construction vehicles and equipment, and video and audio equipment normally used in the operation of the System. If Grantor requires use of technical data in its own office, it may make copies of any items at Grantor's expense.

F. Availability of Technical Data. For the sole purpose of ensuring compliance with this Chapter and any Franchise granted hereunder, all technical data shall be available for Grantor's inspection during normal business hours, upon reasonable notice, and, in the event of System failure or other operating emergency, at any time, so long as the provision of said data does not unreasonably interfere with Grantee's operations.

G. Emergency Repair Capability. Grantee shall ensure that personnel qualified to make repairs are available at all reasonable times and that they are supplied with keys, equipment location instructions, and technical information necessary to begin repairs upon notification of the need to maintain or restore continuous service to the System.

H. Subscriber Service Standards and Procedures.

1. Information to Subscribers. Grantee shall, at the time service is initiated, provide each new Subscriber written information covering:

- (i) The time allowed to pay outstanding bills.
- (ii) Grounds for termination of service.
- (iii) The steps Grantee must take before terminating service.
- (iv) How the Subscriber may resolve billing disputes and complaints.
- (v) The steps necessary to have service reconnected after involuntary termination.
- (vi) The fact that Subscriber service personnel shall identify themselves by full names immediately.
- (vii) The fact that Subscribers shall have the right to speak with a supervisor, and if none are available, supervisor shall return Subscriber calls within four (4) working hours.
- (viii) The appropriate regulatory authority with whom to register a Complaint and

how to contact such authority.

In addition, at least once each calendar year, Grantee shall notify each Subscriber that information is available upon request concerning items (i) through (viii) above.

2. Written Notices.

Written notice of all terms of the Subscriber agreement, the name, address and telephone number of company, all equipment and fee options, the availability of A/B switches, the availability of parental control devices, any reduced rates for seniors or other Subscribers, company billing and credit practices, company practices with respect to privacy of Subscriber, the telephone numbers for Subscriber complaints of the company and Grantor and other relevant information shall be made by Grantee to Subscribers before service is begun, at least once each calendar year, or at any time upon the request of a Subscriber, and whenever substantial changes regarding the Subscriber agreement are made.

3. Advanced Notice of Changes.

Except as provided in applicable law, advance notices of changes, including increases in fees or charges and changes in channel lineup of stations or services, shall be sent to Grantor and to Subscribers promptly, that is, at least forty-five (45) days to Grantor and forty-five (45) days to Subscribers before the changes are made, except for changes not known sufficiently in advance by Grantee and not under Grantee's control or where Grantor's waiver is obtained. Notices should be clearly identified and in print large enough to be easily readable.

4. Billing. Except as provided in Subsection 5.76.070C, bills for service shall be rendered monthly, unless otherwise authorized by the Subscriber and Grantee or unless service is rendered for a period less than one (1) month. All bills shall contain a telephone number and a mailing address for billing inquiries or disputes and shall clearly delineate all charges and the basis for those charges.

(a) Disputed Bills. In the event of a dispute between a Subscriber and Grantee regarding the bill, Grantee shall promptly make such investigation as is required by the particular case and report the results to the Subscriber. In the event the dispute is not resolved to the satisfaction of both parties, Grantee shall remind the Subscriber of the Complaint procedures of Grantee. If a Subscriber wishes to obtain the benefits of paragraphs of this subsection, notification of the disputed bill must be given to the Grantee in writing within thirty (30) days after the bill date.

(i) A Subscriber shall not be required to pay the disputed portion of the bill until the earlier of the resolution of the dispute, or the expiration of the forty-five (45) day period beginning on the date of issuance, provided that the procedures established above

have been followed.

(ii) Pending resolution of the bill dispute, Grantee shall exercise reasonable care to ensure that no termination notices shall be issued for the disputed portions of the bill nor shall any other collection procedures be initiated for said amount. Any such activity may be interpreted as an attempt to avoid the provisions of these rules and shall constitute violation of this Chapter and/or the Franchise.

5. Referral of Accounts to Collection Agencies. Uncollected accounts may be referred to private collection agencies, for appropriate action if the bill has not been paid by the earlier of (a) thirty (30) days following date of involuntary termination or (b) the sixty-first (61st) day following the date of issuance of the original uncollected amount, provided no notification of billing dispute has been made or if procedures for resolution of billing disputes have not been followed as required above. If the account was voluntarily terminated, for any reason, the account may not be referred to a private collection agency until at least thirty (30) days following rendering of the final bill. If notification of a billing dispute is made, all collection procedures shall be delayed as required in paragraph (ii) of subsection 4(a) of this section, "Disputed Bills." Referral to collection agent shall then occur no sooner than the sixty-first (61st) day following issuance of the original uncollected amount.

6. Termination for Non-Payment. Bills shall not be delinquent earlier than thirty (30) days from the date of postmark of the bill, which must be mailed to Subscribers within five (5) working days prior to its dated due date. Subscribers must be notified in writing of a proposed disconnection for non-payment at least fifteen (15) days prior to disconnection. Grantee may not assess late charges of any amount earlier than the thirtieth (30th) day from the postmark of the bill.

I. Refund. When a Subscriber voluntarily discontinues service, Grantee shall refund the unused portion of any advance payments after deducting any charges currently due through the end of the present billing period within forty-five (45) days of discontinuance of service. Unused payment portions shall be the percentage of time for which Subscriber has paid for service and will not receive it because of the Subscriber's discontinuation of service.

J. Quality of Service. The quality of Grantee's service refers to the services associated with day-to-day operations (e.g., response to Subscriber Complaints, billing, Service Interruptions, disconnection, rebates and credits, signal quality, and the provision to Subscribers or potential Subscribers of information on billing or services). In order to assess the quality of service, at Grantor's request, Grantee shall survey at Grantee's cost, a statistically representative telephonic sample of Subscribers at least once every other calendar year. The form, content, and methodology of the telephonic survey shall be prior approved in writing by Grantor prior to use by Grantee. The results of said survey, including the raw

data and conclusions, shall be provided to Grantor within twenty (20) days of completion and tabulation of results.

5.76.100. Violations.

A. Use of Streets and Public Ways. It shall be unlawful for any Person to construct, install or maintain in any public place within Grantor's territory, or upon any easement owned or controlled by a public utility, or within any other public property of Grantor, or within any privately-owned area within Grantor's jurisdiction which is not yet, but is designated as, a proposed public place on a tentative subdivision map approved by Grantor, any equipment, facilities, or system for distributing signals or services through a Cable Television System unless a Franchise has first been obtained hereunder, and is in full force and effect.

B. Unauthorized Connections. It shall be unlawful for any Person to make or use any unauthorized connection to, or to monitor, tap, receive or send any signal or service via a Franchised System, or to enable anyone to receive or use any service, television or radio signal, picture, program, or sound or any other signal without payment to the owner of said System.

C. Tampering With Facilities. It shall be unlawful, without the consent of the owner, to willfully attach to, tamper with, modify, remove or injure any physical part of a Franchised Cable System.

5.76.110. Termination and Receivership.

A. Revocation. Consistent with applicable law, in addition to any rights set out elsewhere in this Chapter, Grantor reserves the right to revoke a Franchise, subject to notice to Grantee and the provision of a hearing, consistent with due process requirements, in the event that Grantee willfully and/or negligently on a continuous basis violates any material provision of its Franchise, or Grantee's construction schedule is materially delayed as set forth in the Franchise and such delays were within the control of Grantee.

B. Forfeiture. Consistent with applicable law, upon failure of Grantee to comply with the material terms of its Franchise, Grantor may by resolution after a full hearing affording Grantee due process, declare a forfeiture, and Grantee may be required to remove its structures or property from the Streets and Public Ways and restore the Streets and Public Ways to their prior condition within a reasonable period of time and upon failure to do so, Grantor may perform the work and collect all actual costs, including all direct and indirect costs, thereof from Grantee. At Grantor's discretion, the cost thereof may be a lien upon all Plant, property, or other assets of Grantee.

5.76.120. Franchise Applications. Applicants for a Franchise shall be submitted to Grantor on a written application in a format provided by Grantor, at the time and place

designated by Grantor for accepting applications and including the designated application fee. A nonrefundable application fee established by Grantor shall accompany the initial application or renewal application to cover all costs associated with processing and renewing the application, including without limitation, costs of administrative review, financial, legal and technical evaluation of the applicant, consultants (including technical and legal experts and all costs incurred by such experts), notice and publication requirements with respect to the consideration of the application and document preparation expenses. In the event such costs exceed the application fee, an applicant shall pay the difference to Grantor within twenty (20) days following receipt of an itemized statement of such costs. This provision is deemed procedural and shall not constitute the grant of any right to Grantee.

5.76.130. Records.

A. Grantee shall provide Records. All reports or records required under this Chapter shall be furnished at the sole expense of Grantee, except as otherwise provided in this Chapter or the Franchise.

B. Records. There shall be kept in Grantor's local offices, and available during normal business hours, a separate record for the Franchise, which record shall show the things hereafter set forth in Subparagraph 1 below. Grantee shall provide such information in such form as may be required by Grantor for said records, as well as copies of any records of Grantee upon Grantor's request, so long as the provision of said documents does not unreasonably interfere with Grantee's operations and said information is reasonably related to the scope of Grantor's rights under this Chapter, the Franchise and/or Grantor's regulatory functions. Grantee shall keep true and accurate books and records in conformity with generally accepted accounting principles, consistently applied, showing all income, expenses, and expense transfers, borrowing, payments, investments of capital, and all other transactions relating to the System. Grantor shall, upon reasonable notice, have the right to inspect said records and receive copies thereof to the extent said information is reasonably related to the scope of the Grantor's rights under this Chapter, the Franchise and/or Grantor's regulatory functions.

C. Reports of Financial and Operating Activity. No later than ninety (90) days after the close of Grantee's fiscal years, Grantee shall present an audited written report to Grantor which shall include:

1. The amount collected annually from other users of service and the character and extent of the service rendered therefor to them.

2. A financial report verified by the Chief Financial Officer of Grantee for all Cable System activity during the previous fiscal year including Gross Receipts from all sources and Gross Subscriber revenues from each Service, and set out separately, Gross Receipts from all sources in the City and Gross Subscriber Revenues from each Service in

the City.

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

4. A list of Grantee's officers, members of its board of directors and other principals of Grantee.

5. A list of stockholders or other equity investors holding five (5%) or more of the voting interest in Grantee.

6. A summary of Complaints received and remedial actions taken.

D. Performance Tests and Compliance Reports. No later than April 15th of each year, Grantee shall provide upon written request from Grantor, a written report of any FCC or other performance tests required or conducted. In addition, Grantee shall provide reports of the Test and Compliance procedures established by its Franchise, or herein, no later than thirty (30) days after the completion of such tests.

E. Examination of Facilities. Upon reasonable notice, and during normal business hours, Grantee shall permit examination by any duly authorized representative of Grantor, of all Franchise property and facilities, together with any appurtenant property and facilities of Grantee situated within the City.

F. Additional Reports. Grantee shall prepare and furnish to Grantor in writing at the times and in the form prescribed by Grantor, such additional reports with respect to Grantee's operation, affairs, transactions, or property, as may be reasonably necessary and appropriate to the performance of any of the rights, functions or duties of Grantor, as specified by Grantor, so long as the provision of said reports does not unreasonably interfere with Grantee's operations.

G. Communications with Regulatory Agencies. Copies of all communications between Grantee and the Federal Communications Commission or any other agency having jurisdiction in respect to any matters affecting cable communications operations authorized pursuant to a Franchise shall be submitted promptly to Grantor upon receipt of a written request therefor.

H. Right to Audit. In addition to any inspection rights under this Chapter or the Franchise, Grantor shall have the right to inspect, examine, or audit, during normal business hours and upon reasonable notice to Grantee, all documents which pertain to Grantee or any Affiliated Person with respect to the System, each Service distributed over the System and each Service related activity and which are reasonably necessary to Grantor's performance of its obligations and/or Grantor's enforcement of its rights under the terms of this Chapter or the Franchise; provided, however, that Grantor may not exercise said right more frequently

than once in any twelve (12) month period. All such documents shall be made available at the local office of Grantee. All such documents which pertain to financial matters which may be the subject of an audit by Grantor shall be retained by Grantee for a minimum of five (5) years following termination of any Franchise. Access by Grantor to any of the documents covered by this section shall not be denied by Grantee on grounds that such documents are alleged by Grantee to contain proprietary information. To the extent allowed by applicable law, Grantor shall maintain the confidentiality of said documents.

Grantor may require written certification of the accuracy by Grantee's appropriate directors, officers or other employees with respect to all documents referred to in this section.

Any audit conducted by Grantor pursuant to this section shall be conducted at the sole expense of Grantor and Grantor shall prepare a written report containing its findings, a copy of which shall be mailed to Grantee; provided, however, that Grantee shall reimburse Grantor for the expense of any such audit if, as the result of said audit, it is determined that there is a shortfall of more than two percent (2%) in the amount of Franchise fees or other payments which have been made or will be made, by Grantee to Grantor pursuant to the terms of any Franchise.

I. Retention of Experts. In the exercise of its rights under this Chapter, Grantor shall have the right to retain technical experts and other consultants on a periodic basis for the purpose of monitoring, testing and inspecting any construction, and operation and maintenance of the System, and all parts thereof, to ensure compliance with and enforcement of the provisions of this Chapter and any Franchise. Grantor shall bear the cost of retaining such experts, provided that Grantee shall reimburse Grantor for all expenses related to the retention of such experts where this Chapter or the Franchise so provide or under either of the following circumstances:

1. Grantee has initiated proceedings which would normally require Grantor to retain such experts, such as the filing of a request for approval of transfer, renewal, expansion of the Service Area or modification or amendment of any Franchise,

2. The reports of such experts to Grantor reveal that Grantee has failed to substantially comply with the terms and conditions of this Chapter or any Franchise.

If Grantee is required to reimburse Grantor pursuant to this section, Grantor shall send Grantee an itemized description of such charges and Grantee shall pay such amount within twenty (20) days of the receipt of such description.

5.76.140. Enforcement Mechanism.

A. Notice of Franchise Default. Except as provided in the Franchise, prior to formal

consideration by Grantor of termination of Grantee's Franchise because of willful or continuous negligent failure to correct a default attributed to Grantee, Grantor shall make written demand on Grantee to correct the alleged default. Grantor and Grantee shall expeditiously meet to discuss the alleged problem, at which time Grantee shall indicate, in writing, the amount of time necessary to resolve the alleged problem. During this time period, but in no event fewer than ten (10) days before the final date for correction, Grantee may request additional time to correct the problem and Grantor shall grant said request if it determines, in the exercise of its discretion, that such time is necessary due to delays beyond Grantee's control. If the default continues for a period of thirty (30) days following such deadline for corrections, plus any extension thereof, Franchise termination may be placed on the next available regular Grantor's meeting agenda or any meeting agenda thereafter. Grantee shall be served a written notice of such termination at least ten (10) days in advance giving the time and place of Grantor's meeting. At its meeting, Grantor shall hear Grantee and any Person interested in the matter and shall determine, at that or subsequent meetings, an appropriate course of action for enforcement or termination of Grantee's Franchise.

B. Delegation of Enforcement Mechanisms. Such liquidated damages as Grantor may assess against Grantee which do not include loss of a Franchise may, at Grantor's option, be determined by an officer or agency of Grantor to which it may delegate such administrative considerations and decisions subject to due process and the criteria contained in this Chapter and the Franchise, subject to appeal to the City Council.

5.76.150. Interconnection.

A. Interconnection With Systems Under Grantor's Jurisdiction. Upon direction of Grantor, Grantee shall interconnect the PEG Channels of its Cable Television System with those other Cable Television Systems under Grantor's jurisdiction within no more than six (6) months from the date of order. If Grantee has not negotiated a mutually agreeable cost allocation formula with those Systems with which it is ordered to interconnect within three (3) months of Grantor's interconnection order, Grantor may establish said cost allocation formula and require all Grantees under its jurisdiction to so comply.

B. Interconnection With Systems Outside of Grantor's Jurisdiction. Grantee shall interconnect PEG access, and such other PEG channels of the Cable System as designated by Grantor with any or all other Cable Systems in contiguous areas as may be reasonably directed by the Grantor and agreed to by the other Cable Television Systems (so long as such systems agree to pay their pro-rata share of such interconnection costs) and applicable jurisdiction(s). Interconnection of Systems may be done by direct cable connection, microwave link, satellite, or other appropriate method subject to Grantor's approval and generally accepted industry standards. Such interconnection shall not increase the number of channels Grantee must dedicate to such uses, nor influence any useable formula for triggering additional PEG channels.

C. Initial Technical Requirements to Assure Future InterConnection Capability. Grantee shall provide equipment that is compatible with industry standards so that Video Programming may be shared throughout the regional Cable Systems.

5.76.160. Miscellaneous Provisions.

A. Captions. The section and subsection numbers and captions throughout this Chapter are intended to facilitate reading and reference. Such numbers and captions shall not affect the meaning or interpretation of any part of this Chapter.

B. Franchise References. A Franchise which cites, refers to, or otherwise incorporates this entire Chapter or portions thereof shall be deemed to be a Franchise issued under and subject to this Chapter. Such a Franchise may employ, as sufficient for citation, reference, or incorporation the section or subsection number and caption thereof, followed by a statement of the detail specification, or requirement of the Franchise pursuant to such reference.

C. Filing. When not otherwise prescribed herein, all matters herein required to be filed with Grantor shall be filed with Grantor's official or agency as designated by Grantor.

D. Non-enforcement by Grantor. Grantee shall not be relieved of its obligation to comply with any of the provisions of this Chapter, or of its Franchise or any law or regulation, by reason of failure of Grantor to force prompt compliance.

E. Continuity of Service. It shall be the right of all Subscribers to receive all available services within the obligations of the Franchise insofar as their financial and other obligations to Grantee are honored. In the event that Grantee elects to rebuild, modify, or sell the System, Grantee shall use due diligence and reasonable care to ensure that all Subscribers receive continuous, uninterrupted service. In the event of purchase by Grantor, or a change of Grantee, the current Grantee shall cooperate with Grantor or new Grantee to operate the System for a temporary period, to maintain continuity of service to all Subscribers. In the event that Grantee, through its own fault, discontinues System-wide service for seventy-two (72) continuous hours and Grantee is in material default of its Franchise or said Franchise is revoked by Grantor, but not if Grantor fails to renew said Franchise, Grantor may, by resolution when it deems reasonable cause exists, assume operation of a System for the purpose of maintaining continuity of service until any circumstances which may, in the judgment of Grantor threaten the continuity of service, are resolved to Grantor's satisfaction. Grantor shall be entitled to the revenues for any period during which it operates the Cable System.

F. Operation By Grantor. During any period when the System is being operated by Grantor pursuant to Subsection E, above, Grantor shall attempt to cause as little disruption of operations as is consistent with the maintenance of continuing service to Subscribers. Notwithstanding the foregoing, Grantor shall, as it may deem necessary, make any changes

in any aspect of operations desirable, in Grantor's sole judgment, for the preservation of quality of service and its continuity. Grantor shall further, during any such period, maintain to the best of its ability the System's records, physical plant, financial integrity and funds, and other details and activities normally involved in operations.

G. Management by Grantor. Grantor may, upon assuming operation of a System franchised hereunder, appoint a manager to act for it in the overall as well as detailed direction and conduct of the System's affairs. Such manager shall have the authority delegated by Grantor and shall be solely responsible to Grantor for management of the System. Grantee shall reimburse Grantor for all its reasonable costs or damages in excess of System revenues during Grantor operation if the Franchise is in full force and effect during the period of Grantor operation.

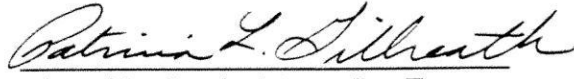
H. Notices. All notices and other communications to Grantee shall be addressed to it at the address at which Grantee conducts its business. All notices and other communications to Grantor shall be addressed to it at its published address for receipt of public communications.

I. Force Majeure, Grantee's Inability to Perform. In the event Grantee's performance of any of the terms, conditions, obligations, or requirements of this Chapter or any Franchise granted hereunder, is prevented or impaired due to any cause beyond its reasonable control and not reasonably foreseeable, such inability to perform shall be deemed to be excused, and no penalties or sanctions shall be imposed as a result thereof. Such causes beyond Grantee's reasonable control and not reasonably foreseeable shall include, but not be limited to, any acts of God, civil emergencies, labor unrest, strikes, inability to obtain gratis access to an individual's property, and any inability of Grantee to secure all necessary permissions or permits to utilize necessary poles or conduits so long as Grantee utilizes due diligence to timely obtain said permissions or permits.

J. Application. All of the provisions of this Chapter shall be applicable to all Cable Operators and Cable Systems to the greatest extent permissible under applicable law."

Section 2. If any provision of this ordinance is determined to be void or invalid by any administrative or judicial tribunal, said provision shall be deemed severable and such invalidation shall not invalidate the remaining provisions of this ordinance or any other provision thereof.

Section 3. The Mayor shall sign this ordinance and the City Clerk shall certify to the adoption of this ordinance and shall cause it, or a summary of it, to be published once in the Redlands Daily Facts, a newspaper of general circulation within the City and thereafter, this ordinance shall take effect as provided by law.


City of Redlands, Mayor Pro Tem

ATTEST:


City Clerk

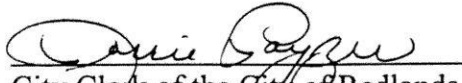
I, Lorrie Poyzer, City Clerk of the City of Redlands, hereby certify that the foregoing ordinance was duly adopted by the City Council at a regular meeting thereof held on the 16th day of July, 1996, by the following vote:

AYES: Councilmembers Gilbreath, Cunningham, Gil, Banda; Mayor Larson

NOES: None

ABSTAIN: None

ABSENT: None


City Clerk of the City of Redlands