

February 15, 2012

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BY MAIL, TELECOPIER: (508) 477-7775 and E-MAIL

Re: Martha’s Vineyard – Comcast: Cable License Negotiations

Dear Mary:

I am writing this letter as requested on behalf of the Martha’s Vineyard Cable Advisory Committee (“Committee”) to provide the Committee’s overview of the negotiations between Comcast and the Martha’s Vineyard communities, with the goal of helping the parties reach agreement on the terms of renewal cable licenses. Because of the nature of the cable license renewal process, which requires ascertainment of future cable-related community needs and interests, and because of the regard and seriousness in which the Committee, as well as Comcast, have engaged in informal negotiations, the Committee believes that the timing is right to summarize in writing, as it has attempted to at the negotiation table, its view of where the process stands, and as importantly, to provide a broader perspective on the mutual interests of both Comcast and the Towns of Aquinnah, Edgartown, Chilmark, Oak Bluffs, Tisbury and West Tisbury. In doing so, I am also providing a few follow-up details requested by Comcast, such as the street address for the new MVTV facility/studio (hereinafter “studio”) and some details on a few PEG Access video return locations.

I would like to begin by thanking you and Tim Kelly for all your work and efforts throughout the negotiations in investigating matters and providing factual information regarding issues raised by or on behalf of the Martha’s Vineyard Cable Advisory Committee. Although the Committee has been concerned and frustrated by the inaccuracy of some strand maps provided

by Comcast, they certainly recognize and understand that as negotiators the information you provide can only be as good as that which are available to you. The Committee and I also sincerely thank you for your attention to detail and hard work throughout this cable license negotiation. We remain hopeful that an agreement that serves residents and cable subscribers, as well as the public interest, can be reached. As such, the Committee looks forward to Comcast's comprehensive proposal addressing the issues that have been discussed to date.¹

Although it was not my original intent, the Chair of the Committee and I concluded that this letter should address statements which we understand to be the factually inaccurate allegation by some, that the Committee had not indicated its "priorities" in this cable license renewal process. While I recognize that such statements are sometimes used in negotiations as an instrument to get the other side to reduce what it is willing to accept, I believe that any such statement would be both inaccurate and unfair to the diligent and continuous efforts of the Cable Advisory Committee to both prioritize and compromise throughout this process.

The prioritization of issues by the Committee is best exemplified by the very first negotiating session between the parties, when the Committee, both through counsel and directly, stated clearly that the first priority of the towns was the build-out of the cable system. In fact, we recommended, and it was specifically agreed to by Comcast at the meeting and thereafter, that the negotiations would first address the build-out issue, and that we would leave the significant financial issue of PEG Access capital until after the build-out issue was resolved. We explained, and Comcast agreed, that it would be difficult for either side to resolve the PEG capital issue until the build-out issue was resolved. Both sides also agreed that it would be helpful to put the other important, less financially related issues on the table for discussion and hopeful resolution.

When first drafting this letter, consideration was given to stating that in contrast to the Committee offering compromise and creative alternatives to get to an agreement during the negotiations, some of which are outlined below, Comcast, despite what we acknowledge to be its serious and open approach to discussing all issues, had yet to offer or agree upon a compromise position on any issue, including issues where it appears that Comcast was in fact willing to compromise, and despite the fact that both parties specifically affirmed Comcast's negotiating principle that unless and until the entire agreement is completed, no agreement on any part thereof is final. However, upon reflection, an allegation pointing out Comcast's failure to affirmatively agree on any of the underlying matters or issues, or drawing a conclusion therefrom that Comcast was not engaging in the productive give and take of negotiations, would clearly miss the larger picture, and would be inaccurate, in a manner similar too, but maybe not as evident as, the claim that the Committee has not indicated its priorities. The seriousness in which Comcast has taken the issues raised by the Committee was directly reflected in the diligence of Comcast's investigation and follow-up on those issues. (This was in addition to the

¹ Upon agreement on these issues and consistent with common practice, I will forward a draft license to you. Once agreed upon, that license would serve as the model for all six (6) license agreements.

seriousness evidenced by Comcast in not proposing, even if only for negotiation purposes, PEG Access operational support of less than five percent (5%) of gross revenues as broadly defined, or, for instance, to eliminate its customer service office. While such proposals might, in some sense, have been self-defeating, the decision not to take such a path is both respected and appreciated.) That said, for whatever its reasons Comcast had not been ready or willing to set out its negotiating position on the critical issues in the informal negotiation process. Perhaps, despite the initial agreement by the Committee and Comcast's representatives to put the Chappaquiddick issue to the side pending finalization of an agreement by Comcast and NStar, Comcast was unwilling, or thought itself unable to, reach agreement on the other components of a license agreement, until that matter was resolved. Additionally, until Comcast itself had more complete picture of the underlying facts as to what was and was not yet built-out on the Vineyard, Comcast may have been reluctant to make commitments in the areas being negotiated. Comcast's understandable need or desire to know these build-out costs would better explain why Comcast has not to date been able to respond with a stated position on the issues or the proposals of the Committee than the contention that the Committee has not set out its priorities. Thus while Comcast was not yet ready to reach agreement on the issues, either in whole or in part, the Committee recognizes that this did not, and does not mean, that Comcast has not taken seriously the community needs and interests set out by the Committee, or has not negotiated in good faith. Rather, the opposite has been true. Apart from the separate issue of build-out, which the Committee does not intend to negatively reflect upon by its exclusion, Comcast has taken seriously and worked diligently to address, particularly on an underlying investigatory and factual basis, the issues raised by the Committee. This effort and Comcast's sharing of the results of this work best reflects the reality of the negotiations by the parties: that there is a desire to work out the terms of a new renewal license. Additionally, and more importantly, both parties recognize that the issues have therefore been laid out and discussed, in a thoughtful and cooperative manner so as to provide the greatest opportunity to reach an agreement. Comcast will thus shortly be presenting the Committee with its comprehensive response to the positions laid out by the Committee. The Vineyard communities look forward to that response with an optimism borne out of what has been a good and productive working relationship between the Island and Comcast, which has served the interest of all parties to date.

We now take the opportunity to review the underlying issues and the negotiation status thereof, and to provide some overview in support of the Towns' positions. At the same time, the Committee and I urge all those who are reviewing and participating in the decisions for Comcast with respect to the license renewals on the Vineyard and who may not have been directly involved in the process to date to review the detailed and supportive ascertainment record, provided with the Town's Requests for Proposal, including a detailed and comprehensive Community Needs Assessment, which includes very thoughtful input made at a wide variety of focus group meetings; the Proposal for Future Funding and Service, submitted by MVTV; the survey conducted by the Center for Policy Analysis at the University of Massachusetts, Dartmouth; and record of the public hearings. The interest and passion evidenced by this record

reflects in a very real sense the strong interest in all aspects of cable television, particularly PEG Access, as well as other Comcast services offered and provided therewith. Services and programming which the Towns of Aquinnah, Edgartown, Chilmark, Oak Bluffs, Tisbury and West Tisbury believe should be made available for purchase by as many residents that are not currently served as reasonably possible.

With respect to the issue of build-out of the cable system, it would be difficult to state the importance of this issue to Vineyard towns and residents more thoughtfully or succinctly than as recently expressed by State Senator Daniel Wolf and State Representative Timothy Madden, in their joint January 31, 2012 letter to Comcast. As they wrote:

Internet and cable for communities like Martha's Vineyard has become a crucial conduit for everything from business success to government contact, media access, and personal communication. Comcast plays an essential role in this regard. While we understand that Comcast is a private company with obligations to its shareholders, and is not regulated as a public utility, we nevertheless believe that the company has a responsibility to its served communities to ensure equity in service.

For Martha's Vineyard, an island that in some ways and areas remains isolated, this communication lifeline becomes even more essential. Given that, it's our strong hope that Comcast will find a way to provide affordable service to everyone on the island, including the most rural communities.²

Clearly, Comcast shares this view of the importance of its cable and other services. How could it not? However, there was a time when cable companies were smaller in size and scope, often start-up companies, and it was understood that investment in build-out was exactly that - "an investment". The building of a cable television subscriber base was the business of a cable company. Cable was once built out in small towns, which towns would now likely be deemed by some major cable operators as too small to build-out, even though the additional services of Internet and telephone service would provide additional revenues. It may be that such investments are now viewed in the financial division of some cable operators in the same light as any other cable company investments, such as: whether or not to add or drop particular programming, change the tier on which a particular channel is available, require a new cable box, or a myriad of other decisions. The Vineyard towns and their officials know, however, based on their personal experiences, that Comcast is a company which is committed to localism and the communities it serves. Comcast shows this in myriad of ways in the Commonwealth and/or on the Vineyard, including the maintenance of local facilities, customer service offices and call centers, the employment of local residents, involvement in community activities and programs, and the work and assistance of government and community affairs managers to address issues

² While written more directly from the perspective of broadband telecommunication services, the Committee is also very much appreciative of the letter of Senator Kerry to Comcast and his efforts in this regard.

and matters ranging from customer service to trouble shooting the problems that inevitably arise from time to time with PEG Access cablecasting. The Committee asks that Comcast, in deciding upon its position as to the issue of building-out of the cable system to unserved areas and roads, place the same high priority on the importance of localism. We believe that the value the Vineyard, its residents and small businesses place on the services provided by Comcast are a strength, and not a problem, for Comcast. To the extent that there is a challenge to making cable service available, we are confident that Comcast can apply its knowledge, ability and dedication to meeting that challenge.

By building out its cable system, Comcast will be able to meet its “responsibility to its served communities” in the manner addressed by State Senator Wolf and Representative Madden. In this sense, the grant of a cable license, and the operation of a cable company thereunder, differs from many other services provided in a community. Not only because of the nature of the communication services (as that term is used in a non-legal sense) provided, but also because as a result of being granted a cable license by a community, there is both a relationship and understanding formed (apart from the term of years set out in the license document based on applicable law) that this relationship will almost certainly continue for long past the term stated in the document, and that by entering into this relationship both parties, but particularly the cable operator, will work to address issues that could not be fully addressed in the earlier license(s) or that arise at a time thereafter. We know based on the current cable licensing process that Comcast shares in a general sense, this commitment to improving on the terms of its cable license agreements, in the same manner that Comcast continues improve its services. Applying this perspective to the issue of build-out will serve the interests of both parties in this continuing relationship.

While the Committee would certainly like to see cable service made available to all Vineyard dwellings and residents for the reasons set out herein, as is the case in a number of other Massachusetts communities served by Comcast, the Committee continues to stand by its position, subject, of course, to final approval in each town by the Board of Selectmen as cable licensing authority, that Comcast would not, as a license requirement, be required to extended its cable system to ways (hereinafter “roads”) with less than ten (10) dwelling units per mile, whether served by aerial or underground cable. Such roads, or portions thereof, would, however, as agreed to in principle by the parties, have to be provided cable service if, under a formula to be included in the cable license, the owners of the existing dwelling units made up for the contribution that otherwise would have been made by the owners of the “missing” dwelling units.

As you are aware, in those instances where the cable operator and the community are in agreement that the license will not require that the entire town be cabled, and instead that a minimum density level will be applied, but where the parties cannot agree on the specific density level, it is not uncommon to instead agree to list certain roads or portions thereof in the license as requiring the extension of cable thereto, despite their being below the density level listed in the

cable license. This allows for the community to agree to a somewhat general density number it could otherwise not agree to. In the present case, both Comcast and the Town made such proposals, each listing the roads or portions thereof that would be built-out, notwithstanding the fact that they might be below a yet to agreed upon minimum density level. Comcast based its proposal on what it said was a standard build-out “subsidy” number used by Comcast throughout the Commonwealth. In further discussion, Comcast indicated that its proposal was based on what the Committee considered to be too a short “pay-back” period. The basis for the proposed Comcast “subsidy” remains unclear to the Committee. As you are aware, the Committee, through counsel, requested and obtained assistance to help better understand what dollar amount could reasonably be invested by Comcast on a per subscriber basis to extend the cable system. It is not the time and place to get discuss the specifics and relative merits of these perspectives, other than to make three general points. First, because of what the Committee deemed to be inaccuracies in the strand maps provided by Comcast with respect to which roads or portions thereof were currently served by Comcast, the Committee felt that this approach of listing certain road which would be built-out, although initially suggested by the Committee as a means to avoid a disagreement on a density level number, had proven too difficult to pursue, much less complete, in a reliable and timely manner. Secondly, the Committee believes that the term “subsidy”, as used by Comcast to describe its investment in building-out, is a misnomer that may have a negative impact on the parties resolving this issue. Rather than a “subsidy”, the Committee believes that the matter or issue at hand is the level of “investment” required to build-out the cable system in order to provide cable service to those areas and roads that are currently unserved. The Committee believes that the view that the investment required to extend the cable system must be paid back in a period of three (3) years is far too narrow a view for an investment of this kind and importance, for reasons described in some detail above. Given the historical experience and realities of continuity once a cable license is issued by a community to a company, it is the return on investment over time that is relevant. Failing to invest absent a return on investment in a three (3) year period would likely mean that such a build-out is never begun, even as the provision of services go on for the ten (10) license period, and thereafter for twenty (20) or thirty (30) or more years, since each time the proposed three (3) year payback period is considered, whether now or in the further, it does no and will not work. Such a constrained time period for return on investment was not the standard set out in our nation, whether that investment was public or private, large or small, either in the eighteenth century with the building of the Erie Canal and the transcontinental railroad, nor in the twentieth century with the building of infrastructure or production capability, including the construction of the interstate highway system, and not with the build-out of the Internet and broadband by companies such as Comcast over the last fifteen (15) years. As to the argument that Comcast will face increasing competition in the years ahead, and that therefore times may be different, the Committee stands with Comcast confident in the knowledge that Comcast is a company that has proven and shown that it continues to be prepared and ready to compete.

The Committee believes that the most effective and worthwhile means to address and resolve the build-out issue is to finalize the minimum density number. Toward that end, a few thoughts and comments regarding the general issue of investment may be helpful in working to an agreement on this issue. As touched on above, Comcast's own business philosophy, approach and success is based on investing for longer than just the short term. Comcast's investments are not limited only to those that make a return on that investment in one year, or even three years, but rather investment based on a longer term outlook and basis. Comcast has demonstrated this longer term investment approach by upgrading its cable systems, building large Video On-Demand content (much of which is offered at no additional charge to subscribers), increasing its Internet speeds, and most recently, in another context, with its purchase of a majority interest of NBCU. At a time when our nation is refocusing on the importance of productive capacity and capability, whether in telecommunications, the sciences, or traditional industries such as the automobile industry, companies such as Comcast, by building out of infrastructure for cable and telecommunications purposes, stands as an example of the critical role that investment plays in a company's financial future, and that of the local community and nation.

With respect to the ten (10) dwelling unit per mile, or proportion thereof, density provision, which the Committee remains prepared to recommend to the Vineyard towns, notwithstanding the fact that by agreeing to such a demarcation, there will be residents who will not be able to obtain cable service, and they may believe that the Committee unfairly agreed to excluded them from the availability of service. The Committee understands that this may be the case, but is looking at the larger picture of balancing the needs, interests and costs involved herein, so as to reach an agreement which serves the community needs and interests. As such, while the Committee is prepared to negotiate all issues in good faith, the Committee does not view this ten (10) dwelling unit per mile, or proportion thereof, build-out provision as a starting point in the negotiations with Comcast. That said, the Committee understands that there are a limited number of dwelling units or pockets thereof, which while meeting the ten (10) dwelling units per mile, have exceptionally high build-out costs, generally due to unique conditions of geography or topography, and is willing to work with Comcast to address this issue in an equitable and responsible manner, recognizing that the build-out to such dwelling units is may be made possible only by applying some creative solutions thereto, as well as the implementation of the aforementioned "formula".

Applying a similar exception from the ten (10) dwelling unit provision in the other direction, in other words adding an area/roads which otherwise would not so qualify for automatic build-out, the Committee has, as previously discussed, designated two (2) areas that are somewhat below the ten (10) dwelling unit density level: (i) the Middle Line Road area, in Chilmark (9 homes and 8.1 homes per mile)³; and (ii) the Seven Gates development in West

³ Listed by Comcast as "Middle Line Road / Holly Grove / Marions Way. This area may now exceed the ten (10) dwelling unit threshold. As Comcast is aware, this area is where the Town constructed an initial twelve (12) affordable housing units. The Town installed underground conduit for electric power,

Tisbury (31 homes and 9.4 homes per mile)⁴, as areas/roads which should be built-out, notwithstanding the fact that they are slightly below this density level. Two (2) other areas which require build-out for reasons previously discussed with Comcast, but which have greater than ten (10) dwelling units per mile, or fraction thereof, are the Meeting House Road area and the Quansoo Road area, both in Chilmark.

With regard to the recent news that Comcast was able to reach an agreement with NStar regarding use of its underwater conduit to provide service to Chappaquiddick, the Committee is of course pleased. For reasons better known to Comcast, the company kept the Committee out of the loop on that negotiation process and the specifics thereof, deeming it to be a matter between NStar and Comcast. The Committee accepted Comcast's approach of making the crossing issue a matter for Comcast to address. Consistent therewith, the Committee would simply note that it views any costs incurred by Comcast to pay for or use the conduit as being a traditional cable operator investment expense.

One final note on the issue of building-out the cable system in the Vineyard. We are aware that like any cable operator there is a concern that agreeing to take certain actions in one community, or in this case a group of communities, may be thought of by the cable operator as creating a precedent that cities and towns elsewhere may refer to as a reason to act in a similar manner in their communities. In response, we point out that each community has different circumstances, and that the Cable Act recognizes, and in fact is based on the assumption, that there are differing community needs and interests in different communities. In fact, in the current instance, the Vineyard towns are not contending that cable service needs to be extended on the Vineyard, because such service is made available in other communities to all residents. Rather, the Committee has taken a careful and realistic look at the build-out issue, and has made the difficult compromises needed for this issue to be successfully addressed. This is what each community must do, and in fact does. What distinguishes the Vineyard communities from most every community in the Commonwealth, with the exception of Nantucket, is that they are on an island. This does not make the Vineyard towns the only towns that have reason for needing the extension of the cable system, but it makes the reasons therefore different from other communities. This distinction was noted by Senator Wolf and State Representative Madden in their letter which is quoted above.

telephone and cable services . I am informed that the Town had some discussion regarding this conduit installation with a Comcast representative who works in the field. There are since two (2) more dwelling have been added, and there are four (4) additional lots available for building.

⁴ Listed by Comcast as "Indian Hill Rd., Luce Farm Rd., Mayhew Norton Rd, Ephraim Allen Rd., Fish Hook Rd., Walter Hillman Rd., Obed Daggett Rd. As you are aware, the residents of Seven Gates have continually expressed strong interest in the provision of cable service to both Comcast and the Town.

With respect to the other important issues which have been the subject of negotiations by and between the Committee and Comcast, I set out below the Committee's positions on those issues. With very limited exception, these positions are as discussed with Comcast over the course of the negotiations.

(i) PEG Access Capital Support

The Committee continues to be prepared to recommend agreement on capital funding for facilities and equipment in the reduced amount of \$800,000, to be paid in five (5) equal installments of \$160,000, with the first payment within sixty (60) days of the effective date of the renewal license, and the subsequent payments on the second, fourth, sixth and eighth anniversary of the effective date. This is a reduction of approximately 45% to 60% of capital expenses as set out in MVTV's original and revised capital plan, which estimates were based on complete, but realistic, needs and costs. This plan requires that MVTV meet its capital needs through fundraising activities and loans in an amount greater than would be provided by Comcast as the cable licensee pursuant to this compromise. (MVTV is taking out a loan in the amount of Seven Hundred Thousand Dollars (\$700,000) to bridge the time between the current build-out and equipping of the studio, and when funding is received.) As such, there is both need and reason to provide a larger amount of this capital funding upfront, and not spread it out over the course of the term of the license, if Comcast, solely of its own volition sees fit to do so based on its cash situation or borrowing capacity. As Comcast is aware, the capital payment amount must be viewed in light of the significant capital funding needed for building the new access studio, including the recent purchase of land on which to build the new studio at 58 Edgartown-Vineyard Haven Road (\$215,000), which was necessitated by the unavailability and inadequacy of the current studio (e.g. it lacked bathroom facilities). The equipment required for the studio over the course of the next ten (10) years, is, of course, in addition to the construction and build-out costs. The work of the Towns' PEG Access provider is significantly greater than that of an access provider serving one community of a similar size, because there are six (6) communities, including six (6) separate town governments to serve and assist, as well as Island-wide institutions. Additionally, there are, of course, an extensive amount of arts and cultural groups and events which seek or require assistance in order to produce Public Access programming.

Given the expanded obligations and responsibilities of the Town's Access provider, both now and going forward, it is not able to meet its facility and equipment capital needs from operating revenues, but instead requires reasonable capital funding. This reduced capital amount of \$800,000 fairly balances these interests.

There can be no dispute as to the importance of PEG Access operations and programming to the Vineyard. This was clearly demonstrated throughout the ascertainment process and the documentation thereof, and by the ascertainment performed by Comcast itself. An even stronger PEG Access program means an even stronger Comcast on the Vineyard. Building a stronger PEG Access Program is, as discussed in the context of build-out above, no different from the

“build value” approach of Comcast. (See for example Boston Globe article regarding Comcast, October 7, 2005.) While the Towns’ Access provider cannot, given its size and scale, seek to pursue or achieve all the many accomplishments sought and/or achieved by Comcast, or aim quite so high, given the inherent limitations, it can and does work to live up to a standard similar to that which Comcast sets for itself and is set out on the Comcast web-site.⁵

⁵ *Our Credo* [Footnote continued on next page]

Comcast will deliver a superior experience to our customers every day. Our products will be the best and offer the most customer-friendly and reliable service on the market.

Our Promise

When Comcast was founded, Ralph J. Roberts’ dream was to bring more choice and a better television picture to our customers. Today, in an age of constantly changing technology, we are still committed to big dreams-and to making those dreams a reality for our customers, our employees, and the communities we serve.

Our promise is made real through:

The Customer's Experience

We want our customers to be amazed with the choice Comcast offers, excited by the innovation Comcast provides and satisfied with the service and reliability of every interaction with Comcast.

The Reliability of Our Products

High quality products and services are what our customers expect and what we will deliver.

Superior Products

Superior products offer more choice and value. Innovation is a constant at Comcast. We will continue to find new ways to give our customers more than ever before.

Comcast Touchstones

Our touchstones are our values. They define us as a company. They help us achieve consistent financial results. They lay the foundation for our future success. They are:

Ethics

We will always act with the highest standards of honesty, fairness, and integrity.

Respect

We will show respect for our customers and for each other.

Quality

We will offer the finest and most reliable products available.

Flexibility

We will always be open to new thinking and approaches, as this helps us adapt to an ever-changing marketplace.

Diversity

We will respect and reflect the customers, communities, and cultures we serve.

[Footnote continued.]

PEG Access programming is an important part of the cultural, economic, social and political fabric of the Vineyard. It is a growing part of the Island’s creative economy, and as such, the Committee has proposed an additional Access Channel, focusing on “Arts, Culture and Events”. For these reasons, in addition to appropriately asking the question of whether the Island and its residents can afford a certain level of PEG Access support, the question should be asked as to whether the Island and its residents can afford not to do so.

(ii) PEG Video Return/Local Origination

As discussed at our last negotiation session, in the continuing effort to fine tune and prioritize the cable-related needs and interests in order to reach a license agreement, the respective Town representatives on the Committee have agreed to recommend that the following locations be deleted from the list of video origination sites required in a renewal license. (I have listed the estimated cost for connecting each of the listed origination sites, as provided by Comcast):

Aquinnah	
Wampanoag Tribal Headquarters -	\$69,363*
* Listed in the current license as a location to be included as an origination site.	
Edgartown	
Dukes County Admin. Bldg. -	\$77,200
Dukes County Courthouse -	\$6,024
Oak Bluffs	
Mainstay Sailing Camp -	\$44,100
Tisbury	
Veterans Memorial Park -	\$52,300
Tisbury Police Department -	\$6,024
Tisbury Water Company -	\$6,024
Total Reduction:	\$261,035 ⁶

Employee Focus

We will invest in our people because our company can only be as strong as the people who work here.

Enthusiasm

We will work with an unbridled passion for our customers and for our business.

⁶ The West Tisbury Town Administrator indicates that at this time the Town is not willing to delete the MV Public Charter School from the list of required origination locations. As you are aware, this school was listed in the current renewal license as an origination site.

Based on further discussions with the Town of Tisbury, I am not able to delete the Tisbury Town Hall Annex from the list of new video origination locations needed. Based on the considerable estimated cost of connecting to the Annex provided by Comcast (\$93,800), it was originally thought that the benefit (e.g. ability to have live cablecasting of important meetings, such as the Planning Board, Board of Appeals and Board of Health) while very substantial, was outweighed by the high cost of completing this connection. However, upon further review the Town believes that the actual cost of connecting to the Town Hall Annex, may be significantly less than the estimated \$93,800, given the building's proximity to the Public Works facility. The Town would like to discuss this further with Comcast to determine if there are such cost savings, in order to make a final determination.

As discussed in at our last negotiation session, the Aquinnah Public Library (1 Church Street) was inadvertently omitted from the list of sites needing video origination. As I noted at that time, the Library is an important location to add video origination capability to, and as such, the Town request that it be added to the list of locations to be provided such capability. The Town recognizes that Comcast will need to do a field survey regarding this connection. Please feel free to let the Town Administrator, Adam Wilson, know if Comcast needs any assistance in this regard. The remaining cost, based on Comcast estimates, to complete the video return from the locations still required by the Town's under this compromise approach (not including: (i) the West Tisbury School, the MV Public Charter School or the Menemsha School (now a police station), since these buildings were listed as origination sites in the existing licenses and as such I will not include the cost of building them in this calculation⁷; (ii) the Tisbury Town Hall Annex, since it is yet clear as to whether this can be built in a cost effective manner; nor (iii) the newly added Aquinnah Public Library, referenced above, since we do not yet have a cost for this addition) is Eighty Thousand Two Hundred Forty-Four Dollars (\$80,244). The sites included in this calculation are: Edgartown Public Library (\$6,024); MV Ice Arena, Oak Bluffs (\$6,024); Vineyard Haven Public Library (\$44,100); Tisbury Fire Dept. (\$12,048); Owen Park (Tisbury) (\$6,024); and West Tisbury Library (\$6,024).

Thinking ahead, it now appears that Edgartown will be voting for a new library at its annual town meeting in April, and subject to that approval, the new library would be completed in approximately two (2) years. This library, if approved, will be on the same campus as the current Edgartown School which is currently a local origination site. The old Edgartown School, which is now abandoned will be torn down, and a new library building constructed. The new library will be a location of many events and meetings. It may simply make sense to include in the license, as we have in the past in other cable licenses, a process for providing local origination from buildings needing such that arise during the course of the renewal license.

⁷ Based on Comcast's estimates, the cost of connecting these three (3) locations as video origination sites, is One Hundred Twenty Thousand One Hundred Twenty Dollars (\$120,120). (West Tisbury School - \$56,359; MV Public Charter School - \$57,737; and Menemsha School (now the Chilmark Police Station) - \$6,024).

Finally, as discussed, Comcast will need to connect the new Access provider facility/studio to be built at 58 Edgartown-Vineyard Haven Road to Comcast's video return system, so that a quality video and audio signal can be returned to its cable subscribers from its headend. This must, of course, be provided for in the renewal license. Please feel free to call me, or Mr. Stephen Warriner of MVTV directly, if you need any further information with respect to the studio build-out plans.

(iii) Additional PEG Access Channel – Arts, Culture and Events

As Comcast is aware, there is a strong community interest in beginning a dedicated “arts, culture and events” Access channel, which will serve as another engine for the Vineyard's creative economy. For residents and small business, including establishments which welcome visitors to the Island, Comcast cable service will be where people turn to find out about Vineyard places, events, arts and culture simply by turning on the television. An experience geared not to only a slice of the population, but for all who choose to reside, conduct business or even visit the Vineyard. The Committee appreciates that Comcast understands the power of video not only to inform, but to inspire. While the new channel will certainly require even greater effort on the part of MVTV, it will also serve as the catalyst for further participation by the arts and cultural community in Access programming, all benefiting both the Vineyard and Comcast. While competing satellite providers also offer hundreds of channels, they do not offer the experience of the Vineyard. The Committee appreciates that Comcast has been supportive of this goal and willing to provide the additional Access channel. It is important, however, that the availability of the “Arts, Culture and Events” Access channel should not be based on a formula regarding the use of the other PEG Access Channels, since such a formulation misses the point of why the new channel is needed, and would we believe be unworkable. Rather, the renewal license should provide for the additional channel on a date certain. The Committee has previously indicated that it would leave the specific date for providing this additional Access channel to Comcast based on channel availability and engineering issues, and that if necessary Comcast could take up to one (1) year after the effective date of the Renewal License, to provide the channel. However with the transition to the new Access studio by MVTV, it would make sense to coordinate the timing of this channel with the Committee and MVTV since there may be a need for earlier preparatory work, and flexibility with respect to the commencement of operation and cablecasting.

(iv) Electronic Program Guide

The Committee has expressed its willingness to have the placement of the PEG Access programming schedule on the electronic program guide (“EPG”) addressed outside of the cable license, by simply starting that service through the coordination of the Town's Access provider and the Comcast's contractor responsible for this service. It is our understanding that Comcast has agreed with this approach, and thus the Town's Access provider should coordinate this matter with Comcast. The Committee would, however, respectfully request a letter from

Comcast, at or before the execution of a renewal license, briefly acknowledging this understanding. I also note, for record purposes, that Comcast has indicated that because the Vineyard towns are served by a Comcast facility, which is separate from that which serve non-Vineyard communities, the technical ability to use the electronic program guides for Access programming that is available for the Vineyard would not be similarly be available in most other communities served by Comcast.

(v) PEG Access Video-On-Demand

As you are aware, the Committee deems PEG Access Video-On-Demand (“VOD”) to be crucially important moving forward. Comcast is of course aware of the importance of VOD, because of its own emphasis on VOD with respect to much of its commercial programming. In fact as we have discussed, Comcast has recently agreed to provide PEG Access VOD in a number of Portland area communities, and currently provides such services in a limited number of other communities outside of the Commonwealth of Massachusetts. However, Comcast has indicated a reluctance to agree to provide PEG Access VOD at this time in the Vineyard and other cities and towns across the Commonwealth. In discussion with the Committee, Comcast has referenced the PEG Access VOD trials occurring or planned for a few communities across the nation, including Medford, Massachusetts. As you are aware, it is with great reluctance that the Committee has agreed to compromise this issue, by means of a side letter agreement in which Comcast states in a reasonable and clear manner that the Vineyard will not be left behind if and when PEG Access VOD is provided by Comcast or its affiliate, other than on a trial basis, elsewhere in the Commonwealth.

(vi) Reimbursement To PEG Access Provider as a Result of Changing PEG Access Channel Designation

As you are aware, with respect to the issue of the channel designation for the PEG Access the Channels, the Towns’ RFP provides, in summary, that the current channel designations of Channel 13 (Public Access), Channel 14 (Educational Access) and Channel 15 (Government Access), should be maintained, and that to the greatest extent possible the new 4th ACE Channel should be adjacent to or nearby these channels. In the RFP, Comcast was asked to commit to maintaining these channel designations for the PEG Access Channels, and in the event the Licensee does not make such a commitment in its response to this RFP, the Licensee was asked to state what commitment it will make with regard to the channel location of the PEG Access Channels, including, but not limited to: (i) restricting the movement of any Access Channel to the first forty (40) channels; (ii) reimbursing the Access provider for actual and reasonable expenses arising from the relocation of any such access channel [including rebranding and promotion costs]; (iii) providing notice of such change(s) on its cable system and on cable bills; and (iv) providing written notice to its cable subscribers. Throughout the negotiations, I have indicated that the Committee would be willing to compromise on this issue by dropping the reimbursement requirement. That said, because of we understand that Comcast may have recently notified a number of communities

outside of the Cape and Islands that they were moving access channels currently located in at Channel 10 to Channel 99, the Committee would like some clarification from Comcast as to what its general and specific intent, now and in the foreseeable future with respect to the location of the Vineyard Access Channels. The Committee remains prepared to compromise in some manner on this issue, beyond its preferred position, if the matter is, as the Committee understands, a matter of significant importance to Comcast, however the PEG Access channels placement, if subject to change, should be limited by a reasonable standard for location and accessibility, regardless of applicable technology.

(vii) Local Emergency Alert

As expressed by and on behalf of the Committee on numerous occasions, it is critically important to the Vineyard towns and residents that local emergency alert is made available on the Vineyard. The Committee appreciates Comcast's and your work, together with Mr. Kelly, in determining that there is a technically feasible and cost effective means to implement local emergency alert. The Committee looks forward to working with Comcast to finalize this matter in the cable license agreement.

(viii) Cable Service To Public Buildings

Comcast currently provides "Standard Service" (basic and expanded basic cable service) to public and school building under the terms of its current cable license. As Comcast is aware this level of service is of significant importance to the Town. The Committee has offered, consistent with practice elsewhere, to word the language of the renewal license to simply state that Comcast shall continue to provide the current level of cable service or its equivalent to current and future public and school buildings.

Finally, a word about costs and rates. As you are aware, outside of the license renewal process, the Committee has provided relevant rate information to Comcast, and asked that Comcast review its approach thereto and address the concerns of the Committee that arise therefrom, particularly as it affects the company's basic service subscribers (i.e. the balance between the rate for basic service versus the rate for expanded basic service). You have indicated that Comcast is prepared to, or is in the process of, reviewing this matter. The Committee believes such review to be both needed and very important, and is hopeful that as a result thereof, Comcast will conclude that certain changes are warranted. Additionally, the Committee has asked Comcast to address the matter of a senior discount, and Comcast is prepared to do so. This combination of: (i) attention to rate issues; (ii) emphasis on meeting the varied and unique needs of Vineyard in a cost effective manner; (iii) the communities tradition of balancing cable needs with considerations of cost, as evidenced by the lack of franchise-related costs arising from the current cable licenses, and (iv) the difficult compromises made to date by the Committee in these cable license negotiations, have set the stage for Comcast to submit an equitable proposal to the Committee which meets the needs set out herein, beginning with a

build-out proposal that recognizes the critical importance of making cable service available to residents as discussed herein.

Comcast has worked diligently to understand these issues and the position of the Vineyard communities as represented by the Committee. When one looks at the issues, and then takes a step or two back, what becomes even clearer is that the real interests of the Vineyard and that of Comcast are in many fundamental and material respects not very different. While a strong cable license which extends cable service, reestablishes local emergency alert, and provides the funding necessary to further build and expand an already strong PEG Access operation and programming is of great importance to Vineyard, the Committee is both hopeful and confident that Comcast recognizes that it shares a commonality of interests and values with respect to these issues. From that mutual recognition will come agreement on license terms which serve the communities well, and further expand Comcast's opportunity to provide its valued services to even greater numbers of Vineyard residents and businesses.

Sincerely,

William H. Solomon

William H. Solomon
Special Cable Counsel

cc: Mr. Timothy Kelly, Senior Manager of
Government and Regulatory Affairs
BY MAIL and E-MAIL
Ms. Jennifer Rand, Chair
Martha's Vineyard Cable Advisory Committee