

STATE	PEG & I-NET FUNDING	PEG CHANNELS AND CARRIAGE	CABLE COMPANY OPT IN	OTHER
<p>Illinois</p>	<ul style="list-style-type: none"> • State franchise fee: 5% of gross revenues or the same % as the incumbent. • Service provider shall pay to LFA or its designee a fee of no less than (i) 1% of gross revenues for PEG; or (ii) if greater, the % of gross revenues that incumbent cable operators pay for PEG access support as of 1-1-07. This includes a calculation of the lump sum payments required over the term of the franchise. • Service providers may itemize PEG support fee payments on subscriber bills. • If the incumbent cable operator elects to obtain a state franchise, all accrued but unpaid fees due the LFA or PEG entity must be remitted before the 46th day after the date the local franchise agreement is terminated. PEG payment obligations must be met through end of franchise term at the time they would have been due. These payments may be credited against the PEG fees due under the state franchise. 	<ul style="list-style-type: none"> • State franchisees must designate the same amount of PEG capacity as the incumbent is required to designate in franchises effective on 1-1-07 and retransmit the same number of PEG channels as the incumbent is transmitting as of 1-1-07, within 3 months of LFA's request. • State franchisee must make programming compatible with its delivery system, at no cost to LFA or PEG, while maintaining equivalent visual and audio quality and equivalent functionality, from the viewing perspective of a subscriber, to that of commercial channels. • PEG channels must be receivable with lowest cost tier equipment. • Service providers shall interconnect to provide PEG programming within 3 months of LFA's request. LFA may settle interconnection disputes. State franchisee shall pay costs to interconnect, unless otherwise agreed to by the parties. • PEG channels may only be used for noncommercial purposes, but may present sponsorship recognition for funding of PEG-related activities. • All PEG channels on basic service tier. PEG channels shall not be separated numerically from other basic tier channels. • PEG channel numbers shall be the same as used by incumbent unless prohibited by federal law, and their locations may not be changed unless the LFA agrees and if the change is required by fed law. PEG channels shall be capable of carrying an NTSC television signal. • Service providers shall provide PEG channel listings on channel cards and menus in a manner equivalent to other channels, and program listings on its electronic program guide if such a guide is used. • If franchise area has under 3 PEG channels on 1-1-07, LFA may request up to 3 channels from state franchisee. • PEG channel to be added within 90 days of a request by the LFA or its designee when programming on a given access channel exceeds 40 hours per week as measured on a quarterly basis. "Programming" means content produced or provided by any person, group, governmental agency or noncommercial agency or organization. • Content responsibility: LFA or its designee. 	<p>Incumbents may retain a local franchise or elect to obtain a state franchise when:</p> <p>(1) local franchises expire; or (2) by terminating its current agreement after providing written notice 180 days prior to filing for state authorization</p>	<ul style="list-style-type: none"> • No net neutrality language. • No I-net language. • A court of competent jurisdiction enforces PEG channel provisions. • Customer service provisions extend to incumbent cable operators on 1-1-08, whether or not cable operator opts in to state franchise.

STATE	PEG & I-NET FUNDING	PEG CHANNELS AND CARRIAGE	CABLE COMPANY OPT IN	OTHER
Michigan	<ul style="list-style-type: none"> • In addition to franchise fees, a state franchisee shall pay an annual PEG support fee equal to one of the following: <ul style="list-style-type: none"> (a) if an existing franchise is in effect, the fee paid to the LFA (as determined by the existing franchise agreement) by the incumbent with the most subscribers; (b) when the existing franchise expires, the amount required in (a), up to 2% of gross revenues; (c) if no franchise exists, a % of gross revenues as set by the LFA, not to exceed 2% as determined by a community need assessment; (d) an amount agreed to by the LFA and the state franchisee. <p><i>(NOTE: Except for the few places where a franchise had expired when the state law was adopted, the above provisions preserves the status quo in perpetuity, as the interplay of subdivisions (a) and (b) appears to lock existing PEG funding arrangements -- or lack thereof -- in place. But this could be even worse, due to the potential loss of all current PEG funding, depending how the "opt in" language for an incumbent is interpreted -- see subdivision (b) in the "Cable Co. Opt In" column.)</i></p>	<ul style="list-style-type: none"> • State franchisee must provide the same number of PEG channels as required of incumbent (as of 1-1-07), within 90 days of LFA's request. <i>(NOTE: This provision preserves the status quo in perpetuity, apparently locking the number of existing PEG channels -- or lack thereof -- in place. There is no provision to add channels due to: [1] usage level benchmarks for existing channels, or [2] LFA request to provide one or more channels in a community where no PEG channels are currently provided.)</i> • PEG channel must be used at least 8 hours per day or may be forfeited. • LFA must ensure PEG programming is transmitted compatibly with state franchisee's technology or protocol, without need for state franchisee to alter PEG signal. <i>(NOTE: This provision is a major problem because: [1] It appears to permit a company like AT&T to require PEG signals to be delivered to it via the internet -- as it has often stated would be how it wants to deal with PEG signals -- certainly not a method that would yield similar quality and functionality to that of other channels; and [2] the cost to set up and deliver PEG signals to a state franchisee appears to be the responsibility of the LFA/PEG entity.)</i> • State franchisee <u>may</u> ask incumbent to interconnect with its system to provide access to PEG channels in LFA served by both providers. Where technically feasible, interconnection shall be allowed by agreement of the parties, negotiated in good faith and not unreasonably withheld, and done by any mutually agreed upon method. State franchisee/overbuilder shall pay costs to interconnect. • Content responsibility: Person producing the PEG content. State franchisee may not exercise editorial control over PEG programming. • PEG channels may only be used for noncommercial purposes. Period. 	<ul style="list-style-type: none"> • Incumbent may continue to provide video service by electing to: <ul style="list-style-type: none"> (a) terminate existing local franchise and get a state franchise; or (b) continue under existing franchise, amended to only include requirements of a state franchise; or (c) continue under terms of expired franchise until state franchise is effective. <p><i>(Incumbent must file for a state franchise by 5-1-07.)</i></p>	<ul style="list-style-type: none"> • No net neutrality language. • No "fail-safe" language. • State franchise fee: 5% of gross or the same % as incumbent. <i>(However, this amount may be reduced by applying certain credits as permitted by other state laws.)</i> • After 1-1-07, local franchises may not be renewed or extended.

STATE	PEG & I-NET FUNDING	PEG CHANNELS AND CARRIAGE	CABLE COMPANY OPT IN	OTHER
<p>California</p>	<ul style="list-style-type: none"> • Obligations to support PEG facilities and I-Nets in a local franchise existing on 12-31-06 continue until: (a) it expires; (b) it would have expired if local franchisee had not elected to get a state franchise if permitted by law; or (c) 1-1-09, whichever is later. • After 1-1-07 and until the incumbent's franchise expires, existing unsatisfied obligations to pay ongoing PEG & I-Net costs shall be divided pro rata by the LFA among all providers. During this time, all providers are subject to the same PEG & I-Net support requirements, expressed as a percentage of gross revenue or an amount/sub/month, or otherwise. • LFA may enact ordinance to establish a PEG support fee (in addition to franchise fees), up to 1% of gross revenues. If no such fee exists, LFA may create this fee at any time. If LFA is imposing such a fee on 12-31-06 that exceeds 1%, LFA's ordinance may establish a fee to be paid by all providers, up to 3%. PEG support funds may be used for any purpose that is "consistent with federal law." • Service providers may itemize PEG support fee payments on subscriber bills. 	<ul style="list-style-type: none"> • State franchisee must provide same number of PEG channels as required of incumbent (as of 1-1-07), within 3 months of LFA's request. • PEG channel must be "utilized" at least 8 hours/day or may be forfeited. • PEG programming to be provided via industry standard manner. State franchisee must make it compatible with its delivery system. • PEG channels shall be capable of carrying an NTSC television signal. • PEG channels must be receivable with lowest cost tier equipment, with similar quality & functionality to other channels on that tier. • State franchisee may transmit PEG program outside of LFA's jurisdiction if it pays incremental licensing costs associated with that transmission. • Service providers <u>shall</u> interconnect to provide PEG programming. LFA may settle interconnection disputes. State franchisee/overbuilder shall pay costs to interconnect, unless otherwise agreed to by the parties. • Content responsibility: LFA or its designee. • State franchisee is only responsible for transmission of PEG programs. • PEG channels may only be used for noncommercial purposes, but may present sponsorship recognition for funding of PEG-related activities. • All PEG channels on basic service tier. • PEG channels shall not be separated numerically from other basic tier channels. • PEG channel numbers shall be the same as used by incumbent unless prohibited by federal law, and their locations may not be changed unless the LFA agrees and if the change is required by fed law. • If franchise area has under 3 PEG channels on 1-1-07, LFA may request up to 3 channels from state franchisee, to be provided within 3 months. • PEG channel to be added if 1st-run locally produced video programming exceeds 56 hours/week. "Locally produced video programming" defined as produced <u>or provided</u> by a local resident, LFA, or a public or private agency; or coverage of a local, state, or federal government meeting. 	<ul style="list-style-type: none"> • Incumbent may elect to obtain a state franchise when: <ul style="list-style-type: none"> (1) its local franchise expires; or (2) mutually agreed with LFA; or (3) a state franchisee notifies LFA that it intends to serve all or part of LFA's area. 	<ul style="list-style-type: none"> • No net neutrality language. • No "fail-safe" language (i.e., return to local franchising if cable competition ceases). • State franchise fee: 5% of gross or the same % as incumbent. • LFA may also elect to terminate a local franchise and require the cable ops to get a state franchise when another provider gets a state franchise that covers LFA's entire svc. area.