



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**December 15, 2004**

**Ordinance 15098**

**Proposed No.** 2002-0556.2

**Sponsors** Constantine and Hague

1 AN ORDINANCE relating to an extension of the term of  
2 cable television franchise 12132 and cable television  
3 franchise 11680 for an additional five years.  
4  
5

6 **PREAMBLE:**

7 King County is granted authority under federal, state and county law and  
8 the terms of existing cable television franchises to grant an extension to  
9 the term of Franchise 12132 and Franchise 11680 as well as other  
10 amendments to the cable television franchise agreements held by Comcast  
11 of Washington, Inc. IV (formerly TCI Cablevision of Washington, Inc.),  
12 holder of Franchise 12132 with TCI West, Inc., as guarantor and Comcast  
13 of California/Colorado/Texas/Washington, Inc. (formerly Tele-Vue  
14 Systems, Inc.), holder of Franchise 11680 with TCI Pacific, Inc., as  
15 guarantor. For the reasons set forth in this ordinance the proposed  
16 franchise agreement and lease amendments are in the public interest if the  
17 conditions set forth in this ordinance are fully satisfied.

18 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

19 SECTION 1. Findings: The council hereby finds the following facts:

20 A. Comcast of Washington IV, Inc., and Comcast of  
21 California/Colorado/Texas/Washington, Inc. (together, for the purposes of this ordinance,  
22 "franchisees"), subsidiary corporations of Comcast, Inc. (for the purposes of this  
23 ordinance, "Comcast"), provide cable television service in unincorporated King County  
24 under cable television Franchise 12132 and Franchise 11680, as amended (for the  
25 purposes of this ordinance, "franchise agreements").

26 B. Franchise 12132 and Franchise 11680 currently remain in effect until  
27 February 16, 2005.

28 C. K.C.C. 6.27A.020 provides for franchise terms of no more than fifteen years.  
29 Franchise 12132 and Franchise 11680 presently have been granted a ten-year term.

30 SECTION 2. The county has received public comment and public testimony  
31 regarding the proposed extension of five additional years.

32 SECTION 3. King County hereby grants an extension to the term of Franchise  
33 12132 and Franchise 11680 and the accompanying lease for an additional five years,  
34 subject to the following conditions as set forth and agreed to by the county and the  
35 franchisees in franchise agreement 12132 and franchise agreement 11680, as amended:

36 A. Franchisees shall confirm in writing that approval by the county of the five-  
37 year extension of the franchise terms shall not constitute a waiver or release of any rights  
38 of the county under the franchise agreements, prior transfer ordinances, this ordinance or  
39 applicable law, before or after the effective date of the five-year extension of the  
40 franchise terms;

41 B. TCI West, Inc., and TCI Pacific, Inc., shall confirm in writing that the  
42 performance guarantees on behalf of Comcast of Washington IV, Inc., and Comcast of  
43 California/Colorado/Texas/Washington, Inc., shall remain in full force and effect before  
44 and after the effective date of the five-year extension;

45 D. Franchisee shall contribute the sum of one million two hundred thousand  
46 dollars, payable within one hundred twenty calendar days of execution of the franchise  
47 amendments, in consideration of the benefits received by this franchise extension and  
48 amendments, and for the purpose of maintaining the mix, level and quality of the cable  
49 services provided under franchise agreements 12132 and 11680, as amended, throughout  
50 the term of the extension. The parties agree further that such payment is not a franchise  
51 fee and franchisees waive any claims otherwise. Upon approval of this ordinance, the  
52 executive is authorized to enter into franchise amendments to extend Franchise 12132  
53 and Franchise 11680 and the lease for an additional five years, to February 16, 2010.

54 SECTION 4. Where this ordinance requires submittal of written confirmations by  
55 the franchisees, the confirmation shall be filed with the clerk of the council, with a copy  
56 also filed with the office of cable communications within sixty days after approval.

57 Where this ordinance requires payment of funds, such payment shall be made within one  
58 hundred twenty days after approval of this ordinance. If these conditions for the  
59 extension of five additional years are not satisfied, the extension shall be deemed to have  
60 been denied and Franchise 12132 and Franchise 11680 shall terminate on February 16,  
61 2005.

62 SECTION 5. Ordinance 13409, Section 4, as amended, is hereby amended to  
63 read as follows:

64 King County hereby approves the transfer of control of TCI to AT&T, subject to  
65 the following conditions:

66 A. AT&T and TCI shall confirm in writing that they shall cause the franchisees  
67 to comply, and that franchisees agree to comply, fully with K.C.C. chapter 6.27A and  
68 rules promulgated thereunder, and with all the franchisees' franchise agreement  
69 provisions and other contractual obligations with the county, including without limitation  
70 the lease agreement between the county and the franchisees, as amended, the construction  
71 and performance bonds and the payment bond related thereto and all other applicable  
72 laws.

73 B. AT&T, TCI and franchisees shall confirm in writing that the franchisees shall  
74 remain responsible for the obligations and liabilities of the franchisees, known or  
75 unknown, under their respective franchise agreements and contracts with the county and  
76 under applicable law, before and after the effective date of the change of control.

77 C. AT&T, TCI, franchisees and the applicable bonding company shall confirm in  
78 writing that the construction and performance bonds and the payment bond presently  
79 filed with the county in connection with the franchisees' franchise agreements and  
80 contractual obligations shall remain in full force and effect before and after the effective  
81 date of the change of control.

82 D. AT&T, TCI and franchisees shall confirm in writing that approval by the  
83 county of the transfer shall not constitute a waiver or release of any rights of the county  
84 under the franchise agreements or applicable law, before or after the effective date of the  
85 change of control.

86 E. AT&T, TCI and franchisees, directly or indirectly through one or more

87 affiliates, shall not engage in unfair methods of competition in connection with the  
88 operation of the cable system, or the delivery of services over that system, in violation of  
89 K.C.C. 6.27A.035.

90 F. AT&T, TCI and franchisees shall confirm in writing that they and their  
91 affiliates have not since ~~((the effective date of Ordinance 13409))~~ February 16, 1999, and  
92 shall not during the term of this conditional transfer of control agreement, enter into any  
93 agreement~~((s) which))~~ or agreements that would inhibit or preclude them from offering,  
94 after June 5, 2002, nondiscriminatory access, as defined in ~~((section 3Q of this~~  
95 ~~e))~~ Ordinance 13855, Section 3.Q, including unbundled transport and ISP services  
96 unincorporated King County.

97 G. AT&T, TCI and franchisees shall confirm in writing that they shall cause  
98 franchisees to interconnect the county I-Net to the public switched telephone network to  
99 enable the county to offer I-Net participants the telephone services offered to cable  
100 subscribers and trunk service connections for PBX and NBX-based lines. The  
101 establishment and maintenance of the facilities needed to provide this interconnection  
102 will be provided at no cost to the county. The interconnection shall be capable of  
103 ensuring quality of service between networks and will be made available no later than six  
104 months after such telephone services are made available to five percent of the cable  
105 subscribers within any franchise area in the incorporated or unincorporated county. This  
106 interconnection will also be enabled to freely exchange Internet traffic through such  
107 network, and the county will thereby be able to use this interconnection to provide  
108 Internet services. The county may purchase, in the mix and quantities it desires, and  
109 AT&T, TCI and franchisees shall provide telephone, Internet, or other services that it

110 provides anywhere in the incorporated or unincorporated county. The county shall pay  
111 for these services at the lowest rate charged to similarly situated customers. At such time  
112 as the County contracts for the provision of such services, the County may review the  
113 rates for the services every twenty-four months. The county I-Net shall only utilize the  
114 preceding interconnection and services for noncommercial purposes such as public  
115 agencies or not-for-profit organizations, although costs of the county may be recovered  
116 from I-Net users. The county shall not use these connections to offer commercial, for-  
117 profit services to the general public.

118 ~~((H. AT&T, TCI and franchisees shall confirm in writing that the interconnection~~  
119 ~~facility at the Westin Carrier Hotel has been upgraded to OC 48 capability as of April 30,~~  
120 ~~2000. AT&T, TCI and franchisees shall continue to meet the local peering protocols~~  
121 ~~recommended by the expert review panel which requires the Excite@Home service~~  
122 ~~interconnection to be available to all Internet service providers (ISPs) and online service~~  
123 ~~providers (OSPs) through a local interconnection point such as is currently provided at~~  
124 ~~the Westin Carrier Hotel. AT&T, TCI and the franchisees shall confirm in writing that~~  
125 ~~the Excite@Home service will continue to be interoperable with all generally available~~  
126 ~~Internet protocol applications and will not restrict services that can be provided by online~~  
127 ~~service providers. AT&T, TCI, and the franchisees shall confirm in writing that~~  
128 ~~customers of the Excite@Home service will continue to be able to access other ISPs or~~  
129 ~~OSPs on the Internet without having to view content provided by Excite@Home, if a~~  
130 ~~customer so chooses.~~

131 I. AT&T, TCI and the franchisees shall confirm in writing that, for a period of  
132 twenty-four months, commencing with ~~((the effective date of this ordinance))~~ June 3,

133 ~~2000, Excite@Home subscribers in the unincorporated area will be charged no more than~~  
134 ~~the lower of: (i) \$39.95 per month or (((ii))) the lowest price per month for which~~  
135 ~~equivalent Excite@Home service is offered to residential customers in any other AT&T~~  
136 ~~or TCI cable system in the United States, subject only to exceptions for temporary~~  
137 ~~promotional offers in AT&T or TCI cable systems.~~

138 ~~J. AT&T, TCI and the franchisees have orally indicated to the Council that it~~  
139 ~~intends to deploy the Excite@Home cable service in unincorporated King County and~~  
140 ~~shall confirm in writing the commitment of the franchisees to deploy Excite@Home~~  
141 ~~throughout the franchise areas and indicate when full deployment will be realized.~~

142 ~~K.)) H.~~ In addition to the other provisions of ~~((this e))~~ Ordinance 13855, AT&T,  
143 TCI and franchisees shall confirm in writing that if at any time during the term of the  
144 franchise agreement there is a controlling federal judicial ruling or federal regulatory  
145 action confirming the power of local franchising authorities to require open and  
146 nondiscriminatory access to Internet services over cable modem networks, or on such  
147 networks, then the county, by enactment of a subsequent ordinance amending the  
148 franchise agreements, may immediately require AT&T, TCI and franchisees to promptly  
149 comply with such conditions consistent with K.C.C. 6.27A.020E and Section 1 of the  
150 franchise agreements. The executive shall transmit a proposed ordinance to amend  
151 franchise agreements 11680 and 12132, to require nondiscriminatory access, as defined  
152 in ~~((section 3Q of this e))~~ Ordinance 13855, Section 3.Q, including unbundled transport  
153 and ISP services. If such an ordinance is transmitted to the council for its consideration,  
154 the EMP shall immediately review the executive proposal and forward its  
155 recommendations on the proposal to the utilities and technology committee, or its

156 successor.

157           ~~((L-))~~ I. In the event that nondiscriminatory open access, including unbundled  
158 transport and ISP services, is provided pursuant to an agreement with a local franchising  
159 authority, on other than a temporary test or promotional basis not to exceed twelve  
160 months, by any cable system owned or operated by AT&T, TCI or the franchisees or any  
161 affiliate that is owned or operated by AT&T, TCI or franchisees or successors in interest,  
162 then AT&T, TCI and franchisees shall provide the same type of access on comparable  
163 terms and conditions to cable subscribers in the unincorporated areas of King County.



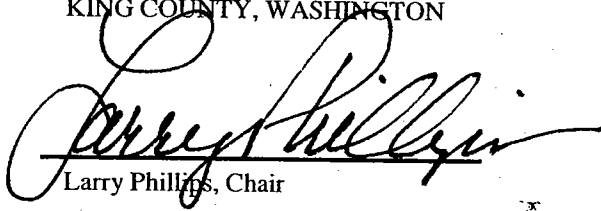
164            SECTION 6. The executive is hereby authorized to execute written amendments  
165 to the franchise agreements in substantially the same form as attached to this ordinance.

166

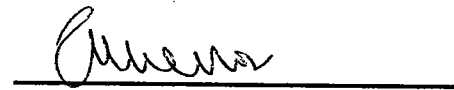
Ordinance 15098 was introduced on 11/12/2002 and passed as amended by the Metropolitan King County Council on 12/13/2004, by the following vote:

Yes: 9 - Ms. Edmonds, Mr. von Reichbauer, Ms. Lambert, Mr. Pelz, Mr. Hammond, Ms. Hague, Mr. Irons, Ms. Patterson and Mr. Constantine  
No: 3 - Mr. Phillips, Mr. Ferguson and Mr. Gossett  
Excused: 1 - Mr. McKenna

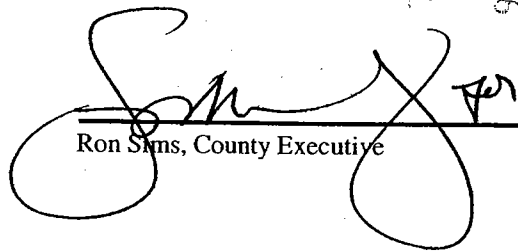
KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

  
Larry Phillips, Chair

ATTEST:

  
Anne Noris, Clerk of the Council

APPROVED this 20<sup>th</sup> day of December, 2004.

  
Ron Sims, County Executive

RECEIVED  
2004 DEC 22 PM 12:06  
CLERK  
KING COUNTY COUNCIL

**Attachments**      A. Franchise No. 11680 Amendment No. 3, dated December 13, 2004, B. Franchise No. 12132 Amendment No. 2, dated December 13, 2004

ATTACHMENT A

FRANCHISE NO. 11680

AMENDMENT NO. 3

EFFECTIVE DATE January 3, 2005

Effective this 3<sup>rd</sup> day of January, 2005, Franchise No. 11680 between King County (hereinafter "County") and Comcast of California/Colorado/Texas/Washington, Inc. is hereby amended as described herein.

Except as provided herein, all terms and conditions of Franchise No. 11680 as heretofore changed, remain unchanged and in full force and effect. Franchise Amendment No. 3 shall become effective following action by the Metropolitan King County Council pursuant to Ordinance No. 15098 and the following acts by Comcast of California/Colorado/Texas/Washington, Inc.:

1. Execution of Franchise Amendment No. 3; and
2. Submittal of a fully executed performance bond, in accordance with the requirements as set forth in Franchise Amendment No. 3.

COMCAST OF CALIFORNIA/COLORADO/TEXAS/WASHINGTON, INC.

By: 

Name: Leonard J. Rozek

Title: Senior Vice President

KING COUNTY WASHINGTON

By: Ronald Sims

Name: 

Title: King County Executive

1. Paragraph 1 is not amended.
2. Paragraph 2 is amended as follows:

**2. Grant of Authority; Limits and Reservations.**

(a) Grant of Authority The Franchisee is hereby granted, subject to the terms and conditions of this Franchise Agreement, the right, privilege, and authority to construct, operate and repair a Cable System within the franchise territory defined in this Agreement and to provide Cable Services and to provide a related Institutional Network ("I-Net") for Public, Educational and Governmental use for voice, video and data subject to Section 17.(a)(9). The Franchise issued to the Franchisee is subject to the terms and conditions of this Agreement. It shall remain in effect from the Effective Date of this grant to February 16, 20105, unless otherwise terminated by action of the County.

(o) External Costs. The Franchisee may itemize any external costs on subscriber bills to the extent permitted by federal law. Franchisee agrees that it was planning the upgrade and rebuild of the subscriber system before entering this Franchise Agreement and therefore will not claim the upgrade and rebuild costs attributable to the subscriber system as an external cost for which recovery could be sought through 47 CFR Sec. 76.922.(d)(3). In addition, Franchisee agrees that the County is extending the construction schedule, reducing the amount of the performance bond, reducing the peering capacity and reducing the PEG channel capacity at the Franchisee's request; and the extension of the term of the Franchise Agreement is for the benefit of both Franchisee and County; therefore, the Franchisee agrees that it will not claim that any cost arising from the extension of the construction schedule, the extension of the term of the franchise, reduction of the performance bond, reduction of the peering capacity and reduction of the PEG channel capacity, or from the simultaneous modification of any provision of this franchise agreement, the Lease Agreement, or any other related document, as an external cost for which recovery could be sought through 47 CFR Sec. 76.922(d)(3). Notices of price changes caused by external costs shall be in accordance with federal rules.

3. Paragraph 3 is not amended.
4. Paragraph 4 is not amended.
5. Paragraph 5 is not amended.
6. Paragraph 6 is amended as follows:

All notices to Franchisee shall be mailed to:

TCI Cablevision of Washington, Inc.  
2233 112 Ave. N.E.  
Bellevue, WA 98004

~~AT&T-Comcast~~ Comcast of California/Colorado/Texas/Washington, Inc.  
~~22025—30<sup>th</sup> Drive SE 19909~~ – 120<sup>th</sup> Ave. NE, Suite 200  
Bothell, WA 98021-4444 98011

until Franchisee changes that address by making an appropriate filing with the Cable Office, as contemplated by K.C.C. §6.27A.070. A notice may be "mailed" to Franchisee by depositing it in the U.S. Mail, first class postage prepaid, or by providing the notice to Franchisee by overnight delivery service. Notwithstanding any other provision of the Cable Ordinance, notice also may be provided to the Franchisee by facsimile at the following number: (425) 462-2853398-6238. The Franchisee may change this number by providing written notice of a substitute number to the Cable Office.

7. Paragraph 7 is not amended.
8. Paragraph 8 is not amended.
9. Paragraph 9 is not amended
10. Paragraph 10 is amended as follows:

**10. Security Fund, Performance Bond and Letter of Credit.**

(f) Franchise Performance Bond and Payment Bond. Franchisee shall post a performance bond in the form attached as Appendix 1 in the amount of ~~twenty one million (\$21,000,000)~~ one hundred thousand dollars (\$100,000) to ensure performance ~~under Franchise No. 12132, Franchise No. 11680 and the Lease Agreement, as amended,~~ and a one hundred thousand dollar (\$100,000) payment bond (in the form attached as Appendix 2) for all construction and repairs ~~under Franchise No. 12132, Franchise No. 11680 and the Lease Agreement, as amended.~~ All bonds ~~must~~shall be executed by a duly licensed surety registered with the Washington State Insurance Commissioner, and the surety shall appear in the current Authorized Insurance Company list in the state of Washington published by the Office of the Insurance Commissioner. The surety shall designate an attorney-in-fact in the State of Washington. King County may require the surety to appear and qualify upon any bond.

All duties and obligations of the Principal as set forth in the performance bond (Appendix 1) are hereby incorporated as duties of the Franchisee under this Agreement as though fully set forth herein.

Upon final acceptance by the County of satisfactory completion of the upgrade and rebuild of the former Viacom and TCI franchise areas, including channel capacity and construction of the I-

Net, the franchise performance bond amount shall be ~~reduced from twenty one million dollars (\$21,000,000)~~ to one hundred thousand dollars (\$100,000) throughout the remaining term of this Agreement. The one hundred thousand dollar (\$100,000) payment bond shall be released only after the Franchisee certifies to King County that it has paid all its obligations including labor and vendors for the upgrade and rebuild of the former Viacom and TCI franchise areas and King County provides written acceptance to the Franchisee of satisfactory completion of the upgrades. On an annual basis, Franchisee shall provide documentation sufficient to prove that it has complied with all bond requirements in this Agreement.

11. Paragraph 11 is not amended.
12. Paragraph 12 is not amended.
13. Paragraph 13 is not amended.
14. Paragraph 14 is not amended.
15. Paragraph 15 is not amended.
16. Paragraph 16 is amended as follows:

(c) Other System Design Requirements.

- (13) The Franchisee shall make its high-speed cable Internet service available for local peering to all Internet service providers (ISP) and online service providers (OSP) through a local interconnection point, currently located at the Westin Carrier Hotel, on terms and conditions that are customary in the data networking industry and consistent with Franchisee's internal policies, without discrimination, degradation or blockage of the content or carriage of data from such an interconnected ISP or OSP. ISPs and OSPs must deliver their traffic, individually or aggregated, to the Franchisee's designated location on the 19<sup>th</sup> floor of the Westin Carrier Hotel. If delivered in aggregation, peering costs will be charged for the aggregated capacity requested to one entity representing the aggregated traffic, so they in turn can share that cost among the aggregated ISPs and OSPs. This interconnection shall be maintained at OC-12 capacity, but may be increased to a maximum capacity of OC-48 if necessary to accommodate an increase in traffic traveling over the interconnection. This interconnection shall be interoperable with all generally available Internet protocol applications and will not restrict services that can be provided by online service providers. The cost of providing capacity beyond OC-12 shall be paid by the users of such capacity.

The parties acknowledge Franchisee's current policy of permitting OC-12 capacity interconnection at no cost to public, educational and government entities for public, non-commercial purposes. Franchisee agrees to maintain such policy

for the term of this Franchise and provided that the use remains exclusively for public, educational and government non-commercial purposes. Nothing in this Section shall be construed to prevent Franchisee from charging its regular, nondiscriminatory rates to commercial users of interconnection, whether public or private, to the extent allowed by law.

The foregoing represents the entire agreement between Franchisee and the County with respect to the subject matter hereof and supersedes all prior oral negotiations and agreements between them, and is consistent with Ordinances 13409, 13855 and 15098 . . .

17. Paragraph 17 is amended as follows:

**17. Channels, Facilities, Equipment and Services for Public, Educational and Governmental Use.**

(a) Access Channels.

~~(1) — In addition to the Minority Programming Channel described in Section 17(i), the Franchisee shall make available to all Subscribers not later than June 1, 1995 four (4) additional standard (6 Mhz) video channels for public, educational and governmental use, which channels shall be carried on the basic tier of service throughout the remaining Franchise term and shall be in addition to the Institutional Network. The public educational and governmental use channels required in this paragraph shall be available free of charge to the County.~~

(1) ~~In addition to the channels specified in Section 17.(a)(1),~~ After the rebuild of the System as described in Section 16, the Franchisee shall activate and, subject to federal rate regulations applicable to the adding of PEG channels, make available free of charge to the County additional public, educational and governmental channels as specified in this paragraph.

(i) Upon completion of each phase of the rebuild, the Franchisee shall ~~providemake available within the rebuilt areas up to eight (8) a minimum of ten (10) and a maximum of twenty five (25) video channels for to facilitate Public, Educational and Governmental programming on the Subscriber Network, throughout the remaining term of this Franchise. Any channels provided pursuant to Section 17(a)(1) above count toward the maximum and maximum PEG totals. No fewer than ten (10) and no more than thirteen(13) of those channels may be analog format channels. There shall be no more than 13 PEG channels until the Subscriber Network begins to carry digitally transmitted video channels. At that time, and when additional channels are required as described in this section, the Franchisee shall make available to subscribers the equipment required to receive the Public, Educational and Governmental digital channels. If permitted by applicable law, this equipment shall be available at cost to subscribers who take only the digital PEG channels and no other digital services. At the County's~~

request, one analog channel may be converted into four (4) digital channels, for a total not to exceed eleven (11) video channels in combined digital and analog formats. The Franchisee agrees to carry these four (4) digital channels on its system within the franchise area. The County shall pay for the cost of digital conversion equipment and for transmission to the Franchisee's headend, and further agrees that any channel or channels converted to digital format pursuant to this Section need not be carried on Franchisee's Basic Service Tier. In addition, in the event that the Franchisee converts to an all-digital system in the King County franchise area, the Franchisee shall make available, for King County PEG purposes, seven (7) additional PEG channels for a total of eighteen (18) PEG channels, seven (7) of which are subject to the activation thresholds set forth below, and six (6) MHz of PEG capacity. The Franchisee agrees to carry these digital channels on its system within the franchise area. The County shall pay for the cost of its own digital conversion equipment and for transmission to the franchisee's headend, and further agrees that any channel or channels converted to digital format pursuant to this Section need not be carried on Franchisee's Basic Service Tier before a regional conversion to an all digital system. In accordance with franchise requirements regarding TCI's obligation to provide countywide PEG channel distribution in both incorporated and unincorporated areas, TCI shall provide a report to the county for approval detailing plans for regional distribution of PEG channels by July 31, 1998. Failure to deliver the report by July 31, 1998 shall constitute a material breach of the franchise. The report shall contain the following:

- (a) Description of PEG channel obligations in both incorporated and unincorporated areas.
- (b) Proposed options for countywide PEG channel distribution, including incorporated and unincorporated areas.
- (c) Planned activities and timeline for achieving regional coordination on proposed options.
- (d) Plan for countywide implementation of King County PEG channels in accordance with franchise requirements if regional coordination is not possible within the agreed-to dates.

(ii) The County will initially allocate the first ten its available channels at the sole discretion of the County. as follows: two (2) Public, six (6) Educational and two (2) Governmental. After that allocation, additional channels will be made available by the Franchisee in accordance with the following criteria. . . .

(b) Capital Grant for Access Equipment and Facilities

(1) The Franchisee shall provide the County an annual capital grant in a base amount subject to the adjustments and payment schedule set forth below, to be used by the County in its sole discretion for cable related and Institutional Network related purposes. These grants are not franchise fees and Franchisee waives any claim otherwise. Commencing on February 1, 2005 and ending on January 31, 2007, Franchisee shall provide the County with a payment equal to one dollar (\$1.00) per month multiplied by the number of cable subscribers served by the Franchisee pursuant to this Franchisee. Commencing on February 1, 2007 through January 31, 2008, Franchisee shall provide the County with a payment equal to eighty-five cents (\$0.85) per month multiplied by the number of cable subscribers served by the Franchisee pursuant to this Franchisee. Commencing on February 1, 2008 through January 31, 2009, Franchisee shall provide the County with a payment equal to seventy cents (\$0.70) per month multiplied by the number of cable subscribers served by the Franchisee pursuant to this Franchisee. Commencing on February 1, 2009 through the end of the franchise term, Franchisee shall provide the County with a payment equal to fifty-five cents (\$0.55) per month multiplied by the number of cable subscribers served by the Franchisee pursuant to this Franchisee. Payments may be made quarterly and routinely in conjunction with the Franchise Fee payments pursuant to paragraph Section 5(a). The monthly per subscriber amount is hereby approved for treatment as an external cost that may be passed through by Franchisee to subscribers. . . .

18. Paragraph 18 is not amended.

19. Paragraph 19 is not amended.

20. Paragraph 20 is not amended.

21. Paragraph 21 is not amended.

22. Paragraph 22 is not amended.

23. Paragraph 23 is not amended.

24. Paragraph 24 is not amended.



**ATTACHMENT B**  
**FRANCHISE NO. 12132**  
**AMENDMENT NO. 2**

**EFFECTIVE DATE \_\_\_\_\_**

Effective this \_\_\_\_ day of \_\_\_\_\_, 2004, Franchise No. 11680 between King County (hereinafter "County") and Comcast of California/Colorado/Texas/Washington, Inc. is hereby amended as described herein.

Except as provided herein, all terms and conditions of Franchise No.11680 as heretofore changed, remain unchanged and in full force and effect. Franchise Amendment No. 3 shall become effective following action by the Metropolitan King County Council pursuant to Ordinance No. \_\_\_\_\_ and the following acts by Comcast of California/Colorado/Texas/Washington, Inc.:

1. Execution of Franchise Amendment No. 3; and
2. Submittal of a fully executed performance bond, in accordance with the requirements as set forth in Franchise Amendment No. 3.

**COMCAST OF CALIFORNIA/COLORADO/TEXAS/WASHINGTON, INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

**KING COUNTY WASHINGTON**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

1. Paragraph 1 is not amended.
2. Paragraph 2 is amended as follows:

**2. Grant of Authority; Limits and Reservations.**

(a) Grant of Authority. The Franchisee is hereby granted, subject to the terms and conditions of this Franchise Agreement, the right, privilege, and authority to construct, operate and repair a Cable System within the franchise territory defined in this Agreement and to provide Cable Services and to provide a related Institutional Network ("I-Net") for Public, Educational and Governmental use for voice, video and data subject to Section 17.(a)(9). The Franchise issued to the Franchisee is subject to the terms and conditions of this Agreement. It shall remain in effect from the Effective Date of this grant to February 16, 20105, unless otherwise terminated by action of the County.

(o) External Costs. The Franchisee may itemize any external costs on subscriber bills to the extent permitted by federal law. Franchisee agrees that it was planning the upgrade and rebuild of the subscriber system before entering this Franchise Agreement and therefore will not claim the upgrade and rebuild costs attributable to the subscriber system as an external cost for which recovery could be sought through 47 CFR Sec. 76.922.(d)(3). In addition, Franchisee agrees that the County is extending the construction schedule, reducing the amount of the performance bond, reducing the peering capacity and reducing the PEG channel capacity at the Franchisee's request; and the extension of the term of the Franchise Agreement is for the benefit of both Franchisee and County; therefore, the Franchisee agrees that it will not claim that any cost arising from the extension of the construction schedule, the extension of the term of the franchise, reduction of the performance bond, reduction of the peering capacity and reduction of the PEG channel capacity, or from the simultaneous modification of any provision of this franchise agreement, the Lease Agreement, or any other related document, as an external cost for which recovery could be sought through 47 CFR Sec. 76.922(d)(3). Notices of price changes caused by external costs shall be in accordance with federal rules.

3. Paragraph 3 is not amended.
4. Paragraph 4 is not amended.
5. Paragraph 5 is not amended.
6. Paragraph 6 is amended as follows:

All notices to Franchisee shall be mailed to:

TCI Cablevision of Washington, Inc.  
2233 112 Ave. N.E.  
Bellevue, WA 98004

~~AT&T Comcast~~ Comcast of California/Colorado/Texas/Washington, Inc.  
22025 ~~30<sup>th</sup> Drive SE~~ 19909 – 120<sup>th</sup> Ave. NE, Suite 200  
Bothell, WA 98021-4444 98011

until Franchisee changes that address by making an appropriate filing with the Cable Office, as contemplated by K.C.C. §6.27A.070. A notice may be "mailed" to Franchisee by depositing it in the U.S. Mail, first class postage prepaid, or by providing the notice to Franchisee by overnight delivery service. Notwithstanding any other provision of the Cable Ordinance, notice also may be provided to the Franchisee by facsimile at the following number: (425) 462-2853398-6238. The Franchisee may change this number by providing written notice of a substitute number to the Cable Office.

7. Paragraph 7 is not amended.
8. Paragraph 8 is not amended.
9. Paragraph 9 is not amended.
10. Paragraph 10 is amended as follows:

**10. Security Fund, Performance Bond and Letter of Credit.**

(f) Franchise Performance Bond and Payment Bond. Franchisee shall post a performance bond in the form attached as Appendix 1 in the amount of ~~twenty one million (\$21,000,000)~~ one hundred thousand dollars (\$100,000) to ensure performance under ~~Franchise No. 12132, Franchise No. 11680 and the Lease Agreement, as amended,~~ and a one hundred thousand dollar (\$100,000) payment bond (in the form attached as Appendix 2) for all construction and repairs under ~~Franchise No. 12132, Franchise No. 11680 and the Lease Agreement, as amended.~~ All bonds ~~must~~shall be executed by a duly licensed surety registered with the Washington State Insurance Commissioner, and the surety shall appear in the current Authorized Insurance Company list in the state of Washington published by the Office of the Insurance Commissioner. The surety shall designate an attorney-in-fact in the State of Washington. King County may require the surety to appear and qualify upon any bond.

All duties and obligations of the Principal as set forth in the performance bond (Appendix 1) are hereby incorporated as duties of the Franchisee under this Agreement as though fully set forth herein.

Upon final acceptance by the County of satisfactory completion of the upgrade and rebuild of the former Viacom and TCI franchise areas, including channel capacity and construction of the I-

Net, the franchise performance bond amount shall be ~~reduced from twenty-one million dollars (\$21,000,000)~~ to one hundred thousand dollars (\$100,000) throughout the remaining term of this Agreement. The one hundred thousand dollar (\$100,000) payment bond shall be released only after the Franchisee certifies to King County that it has paid all its obligations including labor and vendors for the upgrade and rebuild of the former Viacom and TCI franchise areas and King County provides written acceptance to the Franchisee of satisfactory completion of the upgrades. On an annual basis, Franchisee shall provide documentation sufficient to prove that it has complied with all bond requirements in this Agreement.

11. Paragraph 11 is not amended.
12. Paragraph 12 is not amended.
13. Paragraph 13 is not amended.
14. Paragraph 14 is not amended.
15. Paragraph 15 is not amended.
16. Paragraph 16 is amended as follows:

(c) Other System Design Requirements.

(13) The Franchisee shall make its high-speed cable Internet service available for local peering to all Internet service providers (ISP) and online service providers (OSP) through a local interconnection point, currently located at the Westin Carrier Hotel, on terms and conditions that are customary in the data networking industry and consistent with Franchisee's internal policies, without discrimination, degradation or blockage of the content or carriage of data from such an interconnected ISP or OSP. ISPs and OSPs must deliver their traffic, individually or aggregated, to the Franchisee's designated location on the 19<sup>th</sup> floor of the Westin Carrier Hotel. If delivered in aggregation, peering costs will be charged for the aggregated capacity requested to one entity representing the aggregated traffic, so they in turn can share that cost among the aggregated ISPs and OSPs. This interconnection shall be maintained at OC-12 capacity, but may be increased to a maximum capacity of OC-48 if necessary to accommodate an increase in traffic traveling over the interconnection. This interconnection shall be interoperable with all generally available Internet protocol applications and will not restrict services that can be provided by online service providers. The cost of providing capacity beyond OC-12 shall be paid by the users of such capacity.

The parties acknowledge Franchisee's current policy of permitting OC-12 capacity interconnection at no cost to public, educational and government entities for public, non-commercial purposes. Franchisee agrees to maintain such policy

for the term of this Franchise and provided that the use remains exclusively for public, educational and government non-commercial purposes. Nothing in this Section shall be construed to prevent Franchisee from charging its regular, nondiscriminatory rates to commercial users of interconnection, whether public or private, to the extent allowed by law.

The foregoing represents the entire agreement between Franchisee and the County with respect to the subject matter hereof and supersedes all prior oral negotiations and agreements between them, and is consistent with Ordinances 13409, 13855 and XXXXX (the current ordinance/striker)...

17. Paragraph 17 is amended as follows:

**17. Channels, Facilities, Equipment and Services for Public, Educational and Governmental Use.**

(a) Access Channels.

~~(1) — In addition to the Minority Programming Channel described in Section 17(i), the Franchisee shall make available to all Subscribers not later than June 1, 1995 four (4) additional standard (6 Mhz) video channels for public, educational and governmental use, which channels shall be carried on the basic tier of service throughout the remaining Franchise term and shall be in addition to the Institutional Network. The public educational and governmental use channels required in this paragraph shall be available free of charge to the County.~~

(1) In addition to the channels specified in Section 17.(a)(1), After the rebuild of the System as described in Section 16, the Franchisee shall activate and, subject to federal rate regulations applicable to the adding of PEG channels, make available free of charge to the County additional public, educational and governmental channels as specified in this paragraph.

(i) Upon completion of each phase of the rebuild, the Franchisee shall ~~providemake available~~ within the rebuilt areas ~~up to eight (8) a minimum of ten (10) and a maximum of twenty five (25) video channels for to facilitate~~ Public, Educational and Governmental programming on the Subscriber Network, throughout the remaining term of this Franchise. Any channels provided pursuant to Section 17(a)(1) above count toward the maximum ~~and maximum~~ PEG totals. ~~No fewer than ten (10) and no more than thirteen (13) of those channels may be analog format channels. There shall be no more than 13 PEG channels until the Subscriber Network begins to carry digitally transmitted video channels. At that time, and when additional channels are required as described in this section, the Franchisee shall make available to subscribers the equipment required to receive the Public, Educational and Governmental digital channels. If permitted by applicable law, this equipment shall be available at cost to subscribers who take~~

only the digital PEG channels and no other digital services. At the County's request, one analog channel may be converted into four (4) digital channels, for a total not to exceed eleven (11) video channels in combined digital and analog formats. The Franchisee agrees to carry these four (4) digital channels on its system within the franchise area. The County shall pay for the cost of digital conversion equipment and for transmission to the Franchisee's headend, and further agrees that any channel or channels converted to digital format pursuant to this Section need not be carried on Franchisee's Basic Service Tier. In addition, in the event that the Franchisee converts to an all-digital system in the King County franchise area, the Franchisee shall make available, for King County PEG purposes, seven (7) additional PEG channels for a total of eighteen (18) PEG channels, seven (7) of which are subject to the activation thresholds set forth below, and six (6) MHz of PEG capacity. The Franchisee agrees to carry these digital channels on its system within the franchise area. The County shall pay for the cost of its own digital conversion equipment and for transmission to the franchisee's headend, and further agrees that any channel or channels converted to digital format pursuant to this Section need not be carried on Franchisee's Basic Service Tier before a regional conversion to an all digital system. In accordance with franchise requirements regarding TCI's obligation to provide countywide PEG channel distribution in both incorporated and unincorporated areas, TCI shall provide a report to the county for approval detailing plans for regional distribution of PEG channels by July 31, 1998. Failure to deliver the report by July 31, 1998 shall constitute a material breach of the franchise. The report shall contain the following:

(a) Description of PEG channel obligations in both incorporated and unincorporated areas.

(b) Proposed options for countywide PEG channel distribution, including incorporated and unincorporated areas.

(c) Planned activities and timeline for achieving regional coordination on proposed options.

(d) Plan for countywide implementation of King County PEG channels in accordance with franchise requirements if regional coordination is not possible within the agreed to dates.

(ii) The County will initially allocate the first ten its available channels at the sole discretion of the County. as follows: two (2) Public, six (6) Educational and two (2) Governmental. After that allocation, additional channels will be made available by the Franchisee in accordance with the following criteria. . . .

(b) Capital Grant for Access Equipment and Facilities

(1) The Franchisee shall provide the County an annual capital grant in a base amount subject to the adjustments and payment schedule set forth below, to be used by the County in its sole discretion for cable related and Institutional Network related purposes. These grants are not franchise fees and Franchisee waives any claim otherwise. Commencing on February 1, 2005 and ending on January 31, 2007, Franchisee shall provide the County with a payment equal to one dollar (\$1.00) per month multiplied by the number of cable subscribers served by the Franchisee pursuant to this Franchisee. Commencing on February 1, 2007 through January 31, 2008, Franchisee shall provide the County with a payment equal to eighty-five cents (\$0.85) per month multiplied by the number of cable subscribers served by the Franchisee pursuant to this Franchise. Commencing on February 1, 2008 through January 31, 2009, Franchisee shall provide the County with a payment equal to seventy cents (\$0.70) per month multiplied by the number of cable subscribers served by the Franchisee pursuant to this Franchise. Commencing on February 1, 2009 through the end of the franchise term, Franchisee shall provide the County with a payment equal to fifty-five cents (\$0.55) per month multiplied by the number of cable subscribers served by the Franchisee pursuant to this Franchise. Payments may be made quarterly and routinely in conjunction with the Franchise Fee payments pursuant to paragraph Section 5(a). The monthly per subscriber amount is hereby approved for treatment as an external cost that may be passed through by Franchisee to subscribers. . . .

- 18. Paragraph 18 is not amended.
- 19. Paragraph 19 is not amended.
- 20. Paragraph 20 is not amended.
- 21. Paragraph 21 is not amended.
- 22. Paragraph 22 is not amended.
- 23. Paragraph 23 is not amended.
- 24. Paragraph 24 is not amended.