ORDINANCE NO. 26-07

ORDINANCE OF TOWAMENCIN TOWNSHIP ("THE TOWNSHIP") AUTHORIZING EXECUTION OF A CABLE FRANCHISE AGREEMENT BETWEEN THE TOWNSHIP AND VERIZON PENNSYLVANIA LLC ("THE FRANCHISEE")

WHEREAS, the Franchisee is a "cable operator" and the Township is a "local franchising authority" in accordance with Title VI of the Communications Act (see 47 U.S.C. § 522(5), (10)) and the Township is authorized to grant one or more nonexclusive cable franchises to operate a Cable System within the Township pursuant to Title VI of the Communications Act;

WHEREAS, the Township previously granted to the Franchisee a nonexclusive Franchise to install, maintain, extend, and operate a Cable System in the Township (the "Prior Franchise");

WHEREAS, the Franchisee has operated a Cable System in accordance with the Prior Franchise on its existing Telecommunications Facilities consisting of a Fiber to the Premises Telecommunications Network ("FTTP Network") in the Township which also transmits Non-Cable Services pursuant to authority granted by applicable state law and Title II of the Communications Act, and which are not subject to Title VI of the Communications Act or this Agreement;

WHEREAS, the Franchisee has requested that the Township renew the Franchisee's Franchise to provide Cable Service to residents of the Township;

WHEREAS, pursuant to and in accordance with applicable federal and state law, the Township undertook a process to determine whether it should renew the Prior Franchise and the terms for such a renewal;

WHEREAS, the Township has examined the past performance of the Franchisee and has identified the Township's future cable-related needs and interests;

WHEREAS, following good faith negotiations between the parties, the Township and the Franchisee have agreed on the terms for a Franchise Renewal Agreement (the "Agreement") under which the Franchisee will continue to operate its Cable System in the Township; and

WHEREAS, the Township has determined that this Agreement and the process for consideration of this Agreement complies with all applicable federal, state and local laws and regulations.

NOW THEREFORE, **BE IT ORDAINED** that the Township Board of Supervisors does hereby approve the Agreement, including all of the terms and conditions contained therein, and does hereby authorize the execution of such Agreement.

ENACTED AND ORDAINED this 23rd, day of September, 2026.

ATTEST:	TOWAMENCIN TOWNSHIP
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Kofi Osei, Secretary	Joyce F. Snyder Chair,

Cohen Law Group

EXECUTIVE SUMMARY OF CABLE FRANCHISE RENEWAL AGREEMENT WITH VERIZON PENNSYLVANIA LLC
August 2026

Introduction

We are pleased to inform you that the Cohen Law Group ("CLG") has reached agreement with Verizon Pennsylvania LLC ("Verizon") on a new Cable Franchise Renewal Agreement ("Agreement"). As with our firm's negotiations with Verizon in prior cable franchise renewals, the negotiations leading to this Agreement took place in a challenging environment for municipalities. The reason is that the video service industry is even more competitive today than it was during the last negotiation with Verizon five years ago.

The primary source of the competition and a major threat to the cable industry is the continued rise of video streaming services, such as Netflix, Hulu, and Disney+. According to a Pew Research Center survey, 83% of Americans report that they subscribe to one or more streaming services, while only 36% say that they subscribe to cable or satellite services.[1] Nielsen reported in June 2025 that 44% of Americans watched streaming services while only 24% watched cable. This was a significant increase from June 2021, when Nielsen reported that 26% of Americans watched streaming while 39% watched cable.[2] Current law does not permit municipalities to franchise streaming service companies.

A secondary reason is that recent federal funding for broadband expansion has also increased cable competition in Pennsylvania. The now-completed Broadband Infrastructure Program (BIP) and the ongoing Broadband Equity, Access and Deployment (BEAD) grant process have provided significant funding for broadband service providers, some of which also provide cable television service, to expand their networks. Some broadband providers that have received grant funding are also choosing to offer cable service. This has further increased cable competition for Verizon in certain geographical areas.

It was within this climate of increased cable competition that CLG negotiated a cable franchise renewal agreement with Verizon. While much of our negotiation involved fighting to retain the benefits in your current franchise agreement, we are also pleased to report that we were able to secure several key improvements to your current agreement.

[1] Pew Research Center, *American Trends Panel* (July 2025). Pew further reported that 64% of Americans aged 65 and older state they subscribe to cable or satellite television. Cable or satellite viewers comprised 44% of those aged 50-64, 23% of those aged 30-49 and 16% ages 18-29.
[2] Nielsen, *The Gauge* (June 2021, June 2025)

The following is a summary of the major provisions contained in the Agreement. While there are many other important provisions in the Agreement, this summary addresses only those items we feel are most important to your municipality. The Agreement is, of course, subject to the approval by your local governing body.

1. Franchise Fees (Section 6.1)

As with your current Verizon agreement, the new Agreement allows your municipality to assess a franchise fee of up to five percent (5%) of the cable operator's "gross revenue" received from cable services derived from the municipality. The percentage in the new Agreement is the same as in your current Verizon agreement. We negotiated to expand the definition of "gross revenue" in the new Agreement, however, such that it includes 27 enumerated revenue sources, which is 5 more than the 22 revenue sources in your current agreement.

Examples of new revenue sources subject to the franchise fee include broadcast retransmission fees and service plan protection fees. The "gross revenue" list also includes a "catch all" item to capture future revenue sources that are not in existence today, but may arise during the term of the Agreement. As with the current agreement, franchise fees in the new Agreement are payable on a quarterly basis and are subject to interest at six percent (6%) if they are not paid on time. All franchise fees are passed through to cable subscribers as a separate line item on their bills.

2. Franchise Fee Accountability (Sections 6.3, 6.4)

One of the most unaccounted-for line items in the revenue portion of your municipal budget is franchise fees. Verizon and your incumbent cable operator submit quarterly checks (or electronic deposits) to your municipality, but it is impossible to know whether the amounts on the checks are accurate without further investigation. As such, we strongly recommend periodic franchise fee audits of your cable operators.

As with your current agreement, the new Agreement authorizes your municipality to conduct an audit of Verizon to ensure the accurate payment of franchise fees. The audit is subject to a four-year "look back" period, meaning you are able to review the previous four years of franchise fee payments when conducting an audit. Verizon is required to pay six percent (6%) interest in addition to any underpayments. If the audit reveals underpayments of five percent (5%) or more, then Verizon must also reimburse the municipality up to $8,000 for the cost of the audit. The current agreement limits this reimbursement to $3,000.

Based on our firm's experience in conducting numerous franchise fee audits of Verizon, we negotiated heavily for a more efficient audit process that is fair to both sides. The Agreement requires Verizon to provide all records requested by the municipality within 45 days of the request. This will accelerate the audit process, as the current agreement does not include a time frame for production of audit materials by Verizon. Verizon also agreed to provide such records through a "secure electronic communication" rather than in person at a "designated [Verizon] office" as provided in the current agreement.[3] The audit must be completed within 180 days of the receipt of all requested documents. Finally, Verizon tried to impose a "competitive equity" requirement such that the municipality could not conduct an audit of Verizon without also auditing the incumbent cable operator. After we objected, Verizon agreed to drop this request.

3. Cable Services to Community Facilities (Section 3.4)

The Agreement restructures and clarifies the section on cable services to municipal facilities, schools, and public libraries. Due to the uncertainty surrounding the Federal Communications Commission's ("FCC's") Third Report and Order (2019) and the decision of the Sixth Circuit Court of Appeals (2021) regarding the Order, your current agreement does not clearly state whether Verizon is required to provide free services to such facilities. The Order required that "in-kind contributions" to municipalities, including cable services, be treated as franchise fees. As such, it found that the cost of such services may be offset against franchise fee revenue. The Sixth Circuit, however, held that such in-kind services must be valued at the cable operator's "marginal cost" rather than its "retail rate-card" price, the latter of which is significantly higher.

Given this clarification by the Sixth Circuit Court, the Agreement clearly states that Verizon must provide free cable service to municipal facilities, schools and public libraries within 90 days of a written request by the municipality.[4] If Verizon decides in the future to charge for this service, it must provide written notice to the municipality, may only charge its marginal cost and must provide "reasonable detail sufficient to substantiate the marginal cost and the amount due." Note that, since the Sixth Circuit decision in 2021, no known cable operator, including Verizon, has stated its marginal cost for providing cable service to community facilities. Please note that the free service does not include internet service.

4. Customer Service Standards (Exhibit B)

The Agreement includes a set of comprehensive, quantifiable, and enforceable customer service standards. These standards adopt the recommendations of the FCC, which are not enforceable unless they are included in a franchise agreement, and also add certain additional requirements that benefit your residents. The customer service standards include, but are not limited to, the following:

- Telephone answering time limits for customer service representatives, including the requirement that Verizon measure compliance if there are customer complaints;
- Time limits for commencing installation, service interruption, and repair work;
- A four-hour "appointment window" for service calls and restrictions on technicians cancelling appointments with customers;
- Credits for service interruptions of four or more hours upon request;
- Requirements that bills be clear and fully itemized, and that Verizon may not impose late fees on a customer who disputes a bill in good faith until the dispute is resolved;

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[3] Note that Verizon's release of financial records and other information pertinent to the audit must follow the signing of a non-disclosure agreement.

[4] The facilities must be located within 200 feet of a Verizon distribution line. The free service is Verizon's Basic Service package and includes one cable drop.

- Customer complaint procedures and time frames for responding to customer complaints;
- Requirements that employees of Verizon and its contractors who visit residences must wear a “clearly visible ID card” and that every service vehicle of Verizon or its contractors must be “clearly identified as such to the public.”
- Requirements that must be met prior to Verizon disconnecting cable service to a subscriber.

5. Reporting and Records Requirements (Sections 6.2, 8.2)

As with the current agreement, the new Agreement requires Verizon to send the municipality a quarterly, line-item franchise fee report. In addition, Verizon must keep the following specific records that may be inspected by the municipality: 1) records of all written “complaints” regarding any aspect of Verizon’s cable service or cable system; 2) records of all “significant outages” as defined in the Agreement; 3) records of service calls for repair or maintenance; and 4) records of installation/reconnection activities and requests for service extensions. The municipality also has the right to inspect Verizon’s records pertaining to the Agreement or any aspect of its cable service. Verizon must retain the records for at least four years.

6. Educational and Governmental Channels (Section 5)

Federal law grants municipalities the right to dedicated channel space for public, educational and governmental (“PEG”) channels. The Agreement reserves the right for the municipality to obtain up to two educational and governmental (“EG”) channels from Verizon to be used for programming related to educational and/or governmental activities. The municipality would have complete control over the content, scheduling, and administration of the channel, and may delegate these functions, or a portion of these functions, to a designated access administrator, such as the School District.

If the municipality activates a channel or channels, Verizon will provide the wires and other signal distribution equipment so that programming can originate from the selected video origination location and be distributed over the cable system. In the Agreement, Verizon is required to maintain these wires and equipment “in good working order.” The Agreement also requires the technical specifications of the channel(s) to be comparable to the technical specifications used for commercial channels.

7. Liquidated Damages for Violations (Section 12.1-12.3)

Once Verizon has agreed to the obligations described in this summary and the other obligations contained in the Agreement, it is important for the municipality to be able to enforce these obligations. As with the current Verizon agreement, the new Agreement authorizes the municipality to impose monetary fines, also known as “liquidated damages,” on a daily basis in the event of a violation by Verizon. The amounts of the fines in the new Agreement, however, are 83% higher than those in the old agreement ($275 per day rather than $150 per day for nearly all violations).

The municipality may assess these monetary fines after providing Verizon with written notice and allowing it 30 days to correct the violation. If the nature of the violation is such that it cannot be corrected within 30 days, the municipality may extend the cure period if it chooses to do so. The total amount of liquidated damages per year may not exceed $20,000, after which the municipality may commence revocation proceedings or initiate a lawsuit. Note that Verizon requested a "competitive equity" clause, such that liquidated damages could only be assessed on Verizon if the incumbent cable operator is also subject to such damages. After we objected, Verizon dropped this request.

8. Unilateral Termination (Section 2.4)

As with your current agreement, the new Agreement includes a unilateral termination provision. Verizon initially insisted upon the right to terminate the Agreement upon 60 days' written notice to the municipality. The reason for this request is consistent with the issues discussed in the introduction above—namely, the rise of video streaming services and increased competition in the cable industry. It is possible that these developments, combined with Verizon's internal business priorities, could in the future cause the company to cease its cable operations.

Recognizing that, if Verizon decides to terminate its cable business, there is little the municipality could do to stop it, we pushed for the longest possible notice period. An appropriate notice period would give Verizon subscribers the time to switch to Comcast or another video provider prior to termination. It would also ensure that the municipality would not suffer an abrupt drop in franchise fee revenue from Verizon before receiving increased franchise fees from the incumbent cable provider due to the newly migrated subscribers.

In the end, Verizon agreed to a requirement that it must give written notice to the municipality at least 12 months prior to any termination. We also attempted to insert a condition based on a specific loss of subscribers before Verizon could terminate—similar to that in the current agreement—but Verizon had no appetite for such a condition. We can confidently state that the 12-month notice period is as far as Verizon is willing to go regarding this issue.

9. Competitive Equity (Section 2.5)

Like Comcast and other incumbent cable operators, Verizon insisted on a competitive equity provision to ensure that the municipality does not grant a separate franchise to another company that is more favorable to that company than this Agreement is to Verizon. As with your current agreement, we insisted upon and Verizon agreed that the competitive equity provision will trigger only if the municipality enters into another franchise agreement with a "video service provider (VSP)" and that agreement "taken as a whole upon consideration of all of its material obligations, is materially less burdensome than the terms imposed by this Franchise."[5] The term "VSP" applies to wired companies that offer video services in the municipality and use the public rights-of-way. It does not apply to wireless companies.

[5] The provision also applies to "changes in federal, state, or local law that reduces any material financial and/or operational obligation that the municipality has required from or imposed upon a VSP…"

If Verizon believes there is a lack of equity with the other VSP agreement, then it may notify the municipality and, within 60 days of such notice, the parties must begin negotiations to modify the Agreement to create “reasonable competitive equity” between Verizon and the other VSP. If the parties cannot reach agreement, then either party may request mediation or, if both parties agree, they may submit the matter to arbitration. Initially, Verizon wanted the right to terminate the Agreement altogether if the parties could not reach agreement on modifications to the Agreement, but we refused. Verizon dropped this request.

10. Length of Franchise Term (Section 2.3)

Verizon insisted on a 5-year term for this Agreement, stating that it does not want to be locked into a longer term (despite the “unilateral termination” provision described above). According to Verizon attorneys, no local government in the United States has negotiated a longer renewal term than 5 years. From the beginning of the negotiations, Verizon’s attorneys said that this item was non-negotiable. As such and as with your current agreement, the length of term in this Agreement is 5 years.

Thank you for the opportunity to present this summary of the major provisions of the Agreement. Please do not hesitate to contact either of us directly if you have any questions or concerns.

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