

HISTORY

In 1978 the OPA granted TRIAD CATV, Inc. exclusive right and privilege to build, operate and maintain a cable TV system in the OPA assessment area. They were required to provide 20 channels and maintain an office within 12 miles of OP. There is no record of any competition to TRIAD in 1978. The term of the contract was for 15 years (to 1993), but at the company's option the contract could be extended for two more five year periods (to 1998 and to 2003) unless they were found to be in "substantial default". An important contract clause is that if the OPA does not grant a third additional term in 1998 then it *must purchase the system at its fair market value*. Another clause gives the Grantee the right to assign the contract with OPA written consent. Prior to the end of the first 15 year period the Triad contract was assigned to Simmons Cable, which in turn was acquired by American Cable TV in 1992. In 1993 American Cable TV was granted the first five year extension under the contract.

In 1997, with the approval of the OPA, the contract was transferred from American Cable TV to Mediacom. The following year instead of granting the third contract extension, the contract was substantially amended such that a new 15 year term began with one five year extension. By granting this amendment the OPA received in consideration the replacement of the existing cable with a fiber optic systems that would provide more channels and services, 550Mhz bandwidth for internet access and extension of the system to service additional OPA subdivisions. The OPA also received the video equipment and training used in establishing Channel 78 and a "Franchise Fee" of up to 5% of billed services. The latter is billed directly to cable subscribers and by OPA choice has been maintained at 3%.

The terms of the new contract are similar to those in the preceding one. Mediacom has exclusive TV cable rights only. Satellite or broadcast TV and DSL Internet are available from other companies. If the OPA wishes to deny an extension at the end of 15 years (2013) it must cite substantial default and have it upheld in a court of law. It must also purchase, or arrange to have purchased, the Mediacom fiber optic cable system at fair market value.

CURRENT STATUS

Mediacom's principal responsibilities under the current contract are to maintain, improve and expand the system, correct problems with service and communicate with the OPA regarding unresolved issues. Mediacom is not responsible for providing specific programming content. While it is recognized that some OPA members have had problems with Mediacom service and at times the company's response has been less than satisfactory, it is unlikely that their

performance would be found legally to be that of substantial default. Even if it were to be judged so, there is hardly a line of competitors lining up to buy the system. In fact there have been no expressions of such interest.

FUTURE

The OPA, in accordance with the terms of the contract, will continue to forward member complaints to Mediacom and hold annual meetings in order to discuss issues face to face. However, at this point it seems likely that Mediacom will continue to be our cable service provider at least until 2013 and more likely through 2018.

Prior to that time there is the possibility that new technology will render the system we have now obsolete. The Verizon Fiber Optic System (FIOS) for example offers much higher bandwidth. But, conversations with that company's representatives indicate that they be five years away from making an investment in a market of our size. Some OPA members currently have the option of selecting a satellite based system and/or a microwave antenna system to receive stations within line of sight and these options are defined in another fact sheet.

The OPA shares the frustration of many of its members who are dissatisfied with Mediacom and the lack of viable options. However, in fairness to Mediacom they have delivered on their promise to introduce new technology and there have been tangible and visible improvements to their service. The OPA will continue to work with them to make it even better. We encourage all Mediacom subscribers to bring shortfalls in service/quality to the Mediacom office in Dagsboro Delaware.