



May 25, 2004

Mr. George Small  
Director - Engineering  
Town of Chapel Hill  
306 N. Columbia Street  
Chapel Hill, North Carolina 27516

Dear Mr. Small:

Madison River Communications, LLC ("Madison River") is a provider of telecommunications services headquartered in Mebane, North Carolina. Madison River has been selected as the provider of voice and data telecommunications services (the "Services") to the residents and businesses in The Cedars of Chapel Hill ("Cedars") in Chapel Hill. Madison River already provides services to many customers in Chapel Hill and is extremely excited about this opportunity to provide the Services to Cedars residents.

In order to provide Services to some Cedars residents, Madison River needs place facilities across a Chapel Hill public right-of-way. As discussed in our meeting of May 24, 2004, we may also need to place fiber optic cable in and near Cedars to deliver Services. Based on our meeting, we understand a franchise agreement with the Town of Chapel Hill is necessary in order to utilize the public right-of-way in Chapel Hill as a franchised public utility.

We appreciate your providing us with a copy of a franchise agreement template. We recognize the franchise agreement addresses various concerns of the City, such as requiring Madison River to relocate its facilities at its own cost in the event the City needs the right of way for a legitimate public purpose. Madison River desires to satisfy the franchise requirements as we provide Services to Chapel Hill's residents and businesses.

Madison River, a Certificated Provider of Telecommunications Services in the State of North Carolina now pays annual tax on gross receipts from local telecommunications services provided in North Carolina pursuant to Section 105-164.4C. At our May 24<sup>th</sup> meeting, Mr. Karpinos informed us that no added taxes or fees would be imposed by the Town of Chapel Hill for the use of public right-of-way in the course of providing the Services under a franchise agreement.

As we already provide voice and data services to customers in Chapel Hill, please be assured we are on top of telecommunications related issues important to the community. We have the procedures in place to have customers' telephone number listings placed in the Bell South directory assistance data base, where they generally are available within five business days of service activation. These listings appear in the Bell South Chapel Hill and adjacent directories when they are published annually. We also have in place administrative linkages to the E911 emergency bureaus and procedures to enter customer address information into the Master Street Address Guides for all the counties (including Orange and Durham) and communities we serve. We have ample capacity to connect emergency calls to the appropriate Public Service Access Point, and proactively monitor these links to assure rapid connection to vital emergency services.

Madison River respectfully requests a franchise agreement be prepared in substantially the same form as the document provided to us. This will permit Madison River to proceed with necessary construction activities to enable us to serve the residents of The Cedars of Chapel Hill.

Thank you for your consideration and timely attention to our requests in this matter. We look forward to working with you to provide Services to the residents of Chapel Hill.

Sincerely,

Madison River Communications, LLC



Richard M. Alder  
Executive Vice President

cc: W. Calvin Horton – Town Manager  
Ralph Karpinos – Town Attorney