



TOWN OF CHAPEL HILL
OFFICE OF THE TOWN ATTORNEY

Telephone: (919) 968-2746
Facsimile (919) 969-2063

October 19, 2004

Mr. Keith Pado
Staff Attorney
TelCove
121 Champion Way
Canonsburg, PA 15317

RE: Request for Franchise Agreement

Dear Mr. Pado:

I have received your letter of October 14, 2004, requesting a franchise be issued to TelCove Operations, Inc. I am forwarding your request to Robert Avery, the Town's Director of Information Technology, for handling.

Sincerely,

Ralph D. Karpinos
Town Attorney

RDK/tcp

cc: Robert Avery, Information Technology ✓
Mike Taylor, Engineering



Advanced • Secure • Communications

7

October 14, 2004

VIA FEDERAL EXPRESS

Ralph D. Karpinos, Esq.
Town Attorney
Town of Chapel Hill
306 N. Columbia Street
Chapel Hill, North Carolina 27516

Re: Franchise Agreement for TelCove Operations, Inc.

Dear Mr. Karpinos:

TelCove Operations, Inc. (“TelCove”) requests that the Town of Chapel Hill (“Chapel Hill” or the “Town”) prepare a franchise agreement on TelCove’s behalf in substantially the form offered to Madison River Communications, LLC on June 14, 2004 (Agenda #4d).

TelCove – founded in 1991 – is a leading provider of business critical telecommunications services that offers enterprise companies and carriers superior Internet, Data, and Voice solutions via its reliable, secure, and independently-owned metropolitan and intercity fiber optic network. TelCove’s network stretches throughout most of the eastern half of the United States, including Raleigh and Charlotte, and it is anxious to bring its highly competitive package of world class telecommunications offerings to enterprise companies and carriers in Chapel Hill.

Because it will be necessary for TelCove to occupy the Chapel Hill rights-of-way in serving the Town, we understand that a franchise agreement with the Town is necessary. We have reviewed the terms of the existing franchise agreement between Chapel Hill and Madison River Communications, LLC, and that franchise agreement is generally acceptable to TelCove, as well. We would ask that, because TelCove typically posts performance bonds (rather than letters of credit), the Town permit TelCove to maintain a letter of credit “or performance bond” in the amount of \$50,000 to ensure compliance with all applicable State or local laws, ordinances and regulations and directives of the Town.

It is my understanding that, because TelCove currently pays taxes and fees to the state of North Carolina as a result of its certification as a competitive provider of telecommunications services, the contemplated franchise will not impose any additional taxes or fees for the use of the Town’s public rights-of-way.

TelCove prides itself on providing customers with a level of telecommunications service they have not previously enjoyed, and if the Town has any questions about the

8

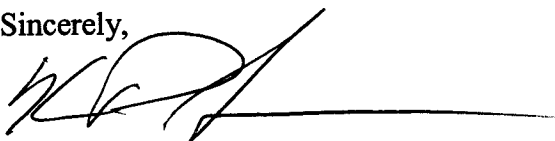
Keith Pado
Staff Attorney
TelCove
(724) 743-9442 (tel.)
(724) 743-9791 (fax)
keith.pado@telcove.com

company's ability to meet the commercial and public safety needs of Chapel Hill's corporate citizens, you may feel free to contact Ms. Laura Philipp, who is the General Manager of TelCove's North Carolina operations.

TelCove respectfully requests a franchise agreement be prepared in substantially the same form as the franchise awarded to Madison River Communications, LLC. With the franchise in place, TelCove can begin improving the quality of competition in the Chapel Hill market and provide the Town's corporate residents with the world class telecommunications services on which the company has staked its reputation.

Thank you, and we look forward to working with the Town and serving its corporate residents.

Sincerely,



Keith Pado
Staff Attorney

ETD/bc
Enclosure

Cc: Laura Philipp
Marty Reinhard