



State of North Carolina

Department of Justice
PO Box 629
Raleigh, North Carolina
27602
April 20, 2010

KEVIN ANDERSON
CONSUMER PROTECTION
TELEPHONE NO: 919-716-6052
FAX NO. 919-716-6050

ROY COOPER
ATTORNEY GENERAL

Craig S. Mitchell
Senior Vice President - Finance
Morris Broadband
725 Broad Street
Augusta, GA 30901

Re: Letter Agreement Between the North Carolina Attorney General's Office
and Morris Broadband, LLC ("MBB") Concerning Consumer Credits For Outages

Dear Craig:

The purpose of this letter is to confirm the terms on which we have agreed to resolve the 2009 service outage issues raised in my October 14, 2009 letter (attached) and discussed in your December 1, 2009 letter (attached) to me.

The parties agree that MBB will issue an additional \$60,006.78 in customer credits as set forth in MBB's March 10, 2010 credit summary (attached). The credits shall be issued by May 14, 2010. No later than May 21, 2010, an officer of MBB shall submit a declaration to this Office confirming that all credits have been timely issued in accordance with this Letter Agreement. MBB believes that it has accurately identified all households experiencing service outages during the 2009 time period discussed in the above letters and that these credits result in all such consumers receiving full credits for the time period in which they were out of service.

The parties agree that the courts of the State of North Carolina have personal jurisdiction over MBB and subject matter jurisdiction to enforce this agreement.

Nothing in this agreement shall be construed as an admission of liability by MBB or as an endorsement or approval by the Attorney General's office of any of MBB's business practices. In addition, nothing in this agreement shall be construed as relieving MBB of the obligation to comply with other state or federal laws.

The parties further agree that in the event a consumer complains to MBB or the Attorney General before June 30, 2010 and alleges that the consumer experienced a service outage during

the 2009 time frame referenced above and did not receive a full credit, MBB shall issue the requested credit, except that if MBB investigates the consumer's allegation and believes that the consumer did not experience a service outage or already received a full credit for the time period in which the consumer was out of service, MBB shall submit the dispute between the consumer and MBB regarding the credit to the Attorney General's office. The Attorney General's office shall review, in good faith, any supporting documentation provided by both the consumer and MBB. The dispute shall be resolved by the Attorney General's office, except that MBB may petition a North Carolina court if it disagrees with the Attorney General's determination in this regard, and the court's determination will govern.

We appreciate MBB's cooperation on this matter. Based on the representations made in your December 1, 2009 letter, I understand that MBB has taken corrective action and restored service to all its subscribers; obviously, if any significant outage problems or other service-related problems occur in the future, we'll have to address those issues separately.

Subject to MBB's compliance with this agreement, the Attorney General's office shall take no further action with respect to the 2009 service outages.

Please execute this agreement by signing below and returning the document to me. With best wishes, I am

Sincerely,



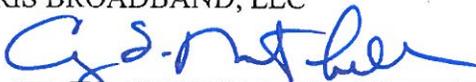
Kevin Anderson
Assistant Attorney General

Attachments

Agreed to and accepted this 20th day of April, 2010.

MORRIS BROADBAND, LLC

By:


Signature

Craig S. Mitchell

Senior Vice President - Finance

Attachments



State of North Carolina

ROY COOPER
ATTORNEY GENERAL

Department of Justice
PO Box 629
Raleigh, North Carolina
27602

REPLY TO: KEVIN ANDERSON
CONSUMER PROTECTION
TELEPHONE No: 919-716-6052
FAX No. 919-716-6050

October 14, 2009

VIA FACSIMILE (828-692-2253) AND U.S. MAIL

Ms. Maggie Blythe
Director of Customer Service
Morris Broadband
719 Old Spartanburg Hwy
Hendersonville, NC 28792

Dear Ms. Blythe:

I write to express concern over the recent service outages experienced by Morris Broadband (Morris) customers.

A large number of Morris customers in the western part of the State recently lost Internet, telephone, and/or cable television service for various periods of time. Consumers rely on telephone service in order to, among other things, access 911 and contact family members and health care providers. Likewise, for many businesses, it is crucial that their telephone and Internet services are up and running so that they do not lose customers.

N.C. Gen. Stat. 66-356 (b) states that a person who provides cable service over a cable system must comply with the FCC's customer service requirements in 47 C.F.R. Part 76. Under N.C. Gen. Stat. 66-356(c), the Consumer Protection Division of the Attorney General's office is the designated State agency to receive and respond to customer complaints against cable companies with a state franchise. Persistent or repeated violations of the FCC's customer service requirements are unfair and deceptive trade practices, and the Attorney General's office can seek penalties for such violations. In addition, under N.C. Gen. Stat. 75-9 et seq., the Attorney General's office has broad authority to investigate corporations operating within the State.

Morris was ultimately responsible for working out all the details with respect to the customer transition from Medicom to Morris and ensuring that this transition went smoothly. It is simply unacceptable for consumers and businesses to be out of service for inordinate periods of time. Furthermore, it would be unfair for Morris to charge consumers and businesses for any

October 14, 2009

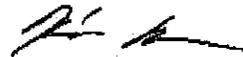
period of time in which it was not providing service to such consumers and businesses. Please contact me at your earliest convenience so that we can discuss the root cause of the service outages, the current status of the problem, corrective action Morris needs to take with respect to customers who experienced outages, and Morris' intent and ability to comply with the FCC's customer service standards on a going forward basis.

We also need to discuss Morris' failure to respond in a prompt manner to prior inquiries made by Susan Davis, a Consumer Specialist in the Consumer Protection Division, regarding this issue. I am concerned that Morris waited an inordinately long period of time before returning Ms. Davis' phone calls.

In addition, N.C. Gen. Stat. 66-354 states that "[w]hen a change in ownership occurs, the owner must file a notice of change in ownership with the Secretary within 14 days after the change becomes effective." Please let me know if Morris has filed change in ownership documents with the Secretary of State's office for former Mediacom franchises that Morris acquired. If so, please provide me with copies of those change in ownership documents.

I look forward to speaking with you.

Sincerely,



Kevin Anderson
Assistant Attorney General



725 Broad Street - Augusta, Georgia 30901

December 1, 2009

Kevin Anderson
Assistant Attorney General
Department of Justice
Consumer Protection
9001 Mail Service Center
Raleigh, NC 27699-9001

Re: Morris Broadband, LLC (“Morris Broadband”) Service Outages; Response to October 14, 2009 letter to Morris.

Dear Mr. Anderson:

As a follow-up to our telephone calls, I provide this written response to your October 14, 2009, letter to Maggie Blythe. As I explained during our calls, the service outages resulted primarily from a combination of very disappointing failures by our key contractors. We devoted all available resources to deal with an extraordinary set of complicated problems. At the same time, we take with the utmost seriousness our responsibilities as the service provider, and understand that Morris is ultimately accountable to our customers and regulatory agencies.

From our perspective, the service outages were especially disturbing because they occurred in the midst of our campaign to rebrand the systems and services as “Morris Broadband”. We focused intensively for months on planning for a positive and smooth transition; but were not successful in achieving that goal.

That said, we have corrected the problems, dealt firmly with the culpable contractors, and credited customers for services not provided. To that end, I provide this formal response to you, with the aim of closing out your inquiry.

A. Background.

Our company and the transaction. Morris Broadband is an affiliate of Morris Communications, a family-owned media company based in Augusta, GA. Morris was a long-time investor in Mediacom, and held two board seats, of which I held one for the entire term of our investment. In 2008, the companies decided to unwind the relationship in a transaction involving Morris returning its stock to Mediacom in exchange for receiving four North Carolina

cable systems and cash. The four headends are located in Hendersonville, Franklin, Nebo and West Jefferson. In total, the systems serve approximately 24,000 basic cable customers.

The cable systems were attractive to Morris because of their proximity to Augusta and their “non-core” status while they were controlled by Mediacom -- meaning that the systems were not high priorities for investment and other resources. We believed that through additional capital investment, updated technology, and better customer service, the systems would improve their performance and grow.

The transaction closed on February 13, 2009. The agreement with Mediacom included transition support by them for a variety of system functions for up to one year after closing.

Near-term system plans. Our near term plans for the systems included:

- upgrades to plant and electronics;
- a complete system sweep and balance to improve signal quality and integrity;
- reassignment of a variety of customer service, provisioning and programming functions from Mediacom and its vendors to Morris Broadband and our vendors; and
- hiring more local technical and customer service personnel.

At the completion of these efforts, we planned to “cut the cord” from Mediacom and formally launch the Morris Broadband brand.

The transition was scheduled for mid-September. A complicated combination of problems resulted in services outages prompting your letter. I respond below to each of your questions.

B. Response to Questions.

1. Cause of the service outages and current status.

In short, the service outages during the transition resulted from: (a) improperly configured OTNs from our principal equipment contractor; and (b) a breakdown in the data transfer process at our billing vendor. We resolved these problems, restored service, and have resumed normal operations.

a. Improperly configured OTNs. As part of our near-term plant and equipment upgrades, we had new fiber optic equipment installed in the Hendersonville and Franklin headends. This included equipment necessary to transition the systems from Mediacom’s network and systems. The equipment included components known as OTN modules (optical transport network modules), devices essential for properly coding and transporting video, voice and data streams related to all our services.

Our prime contractor committed to delivering and installing the OTNs fully tested and ready for the transition. We verified this plan in numerous calls and meetings.

Unfortunately, there were a number of “deep in” OTN settings that were misconfigured. This surfaced only on the night of the cutover. As a result, OTNs affecting 24 Nodes (17 in Franklin/Sylva and 7 in Hendersonville) would not reliably pass traffic. Corrections were made and all 27 nodes became operational. In addition, a few cables connecting the new CMTS (“cable modem termination service”) platforms in Hendersonville to the combining systems developed intermittent contact. These problems were isolated and corrected within the first 18 hours of the cutover. These connectivity issues affected about 2,500 customers for a period of 2-6 days; roughly 10% of the subscriber base.

b. Billing vendor data conversion failures. As part of decoupling the systems from Mediacom, all systems dealing with billing, provisioning, monitoring, and process control needed to be transferred from Mediacom’s systems and vendors. This requires coordination and interoperability between several platforms and software systems. At the center of the process is the billing vendor, processing all customer and service information, and is responsible for correctly communicating that information to vendors that support other services, including cable modem service and VoIP service.

Months before the target transition date, Morris requested verification that the billing system vendor could correctly convert customer data and communicate that data to our other vendors. Tests were conducted, and test results presented by the vendors confirmed interoperability and readiness for the transition. We relied upon this verification in proceeding with the transition.

Just before the transition, our billing vendor proceeded with the data transfer of all customer account information. Breakdowns occurred in the process, interfering with correct provisioning of cable modem service and VoIP service. We discovered this set of problems only after the connectivity problems discussed above were corrected.

This failure accounted for the majority of the voice and Internet service outages and required the most time to correct. Approximately 1800 voice customers experienced intermittent or no service for up to 10 days. About 8,000 Internet customers experienced similar problems during the same time period.

2. Corrective Action and FCC compliance.

For a new local cable company aiming to make a positive impression, I hope it is self-evident that the situation was awful. Customers were justifiably upset, confused and angry. I am proud to say our people responded accordingly, putting in hundreds of hours of overtime, both on the technical issues and working with customers.

Most of the connectivity issues were resolved within two to three days; all were corrected within six days. The software problems took longer, in part, because the connectivity problems masked the software problems. Only after correcting the connectivity problems could we ascertain that cable modem service and VoIP outages were resulting from our billing vendor's data transfer breakdowns. We dealt intensely and firmly with the vendors involved, troubleshooting and correcting the problems within 10 days.

We responded to the service outages with an all-hands effort. We established teams at our headquarters to help customers, we met with our local franchise authorities, and we reached out to the community through newspaper and television interviews. Exhibit 1 contains copies of articles.

Through our media outreach and customer service representatives, we have publicized the availability of credits for outages, including the toll-free number to call. All customers requesting credits received a credit for at least the period of the outage. I am relieved to report that call center activity on that issue has completely tapered off. We will continue to honor all credit requests.

Moreover, to show our appreciation for all the customers that stuck with us, we plan to implement a system-wide promotion offering discounted service to our customers. We are in the process of completing the details of that promotion.

Morris is fully aware of, and prepared to comply with all applicable customer service obligations, including those under 47 CFR §76.309. In today's intensely competitive market, strong customer service is much more than meeting regulatory requirements, it is essential to keeping existing customers and attracting new ones. A key component of our business plan is providing our customer base a more attentive, local customer service experience.

Consistent with those plans, we are expanding our customer service and technical staff, using North Carolinians to perform functions that previously came from out-of-state. The transition-related service outages were extraordinary and difficult for our company and our customers. Thanks in large measure to the tremendous extra effort by our hard working team, we have fixed the multi-layered, complex problems that caused the outages, and all services are now fully operational.

3. Susan Davis' inquiries to Morris.

Your letter inquires into Maggie Blythe's responses to messages from Susan Davis, suggesting those responses were less than prompt. Foremost, we extend an apology to Ms. Davis for any perceived non-responsiveness. The combination of jammed phone lines and everyone's primary focus on helping customers and solving technical issues put all of us behind in other matters.

That said, Ms. Blythe reports speaking with Ms. Davis shortly after the outages occurred, providing an update on the situation, and leaving multiple voicemails thereafter. It is our company policy is to provide prompt and candid responses to any inquiry by a regulatory agency. Any deviation from that policy in this case was unintentional and due to the extraordinary nature of events.

4. Change of ownership notices.

Your letter inquires into Morris's change of ownership notices required under N.C. Gen. Stat. 66-354. Morris timely submitted those documents to the Secretary of State on February 26, 2009. We attach copies as Exhibit 2.

I hope this response fully addresses all issues raised in your letter. Should you have any questions, please contact me directly at (706) 823-3236.

Sincerely,

Craig S. Mitchell
Senior Vice President - Finance

Morris Broadband, LLC
 Summary of Credits from Fall, 2009 Conversion Outages
 17-Mar-10

Area	Franchises	Packages	Nodes	Outage Duration	Already Credited Dollars	Already Credited Count	Add'l Credit Due Dollars	Add'l Credit Due Count
Nebo HSD	13	601 603-607 620-626 650-651 990	1 6 15-18 24 26	2 days	\$ 1,357.78	72	\$ 2,028.43	656
Franklin/Sylva Video	7-12,20	102-104 130 151-152 241 902 990	all	2 days	\$ 2,392.75	111	\$ 10,413.00	3,531
Franklin/Sylva HSD	7-12,20	601 603-607 620-626 650-651 990	all	5 days	\$ 6,369.49	325	\$ 13,373.21	1,648
Hendersonville HSD-Phone	14-19	601 603-607 620-626 650-651 990 701	107-110 115	5 days	See Below		\$ 2,745.61	355
All Digital	7-20	202 512 513	all	7 days	\$ 18,966.94	979	\$ 12,714.78	10,798
Equip- Model 1700	all	102 505-506	all	3 days	\$ -	-	\$ 1,250.78	213
Hendersonville Add'l Phone and H.S.I	14-19	601 603-607 620-626 650-651 990	All but- 107-110 115	1 day	\$ 38,195.14	1,506	\$ 17,279.79	10,873
All Other					\$ 1,055.65	34	\$ 201.18	95
Total					\$ 68,337.75	3,027	\$ 60,006.78	28,169