

**STATE OF VERMONT
PUBLIC SERVICE BOARD**

Petition of Vermont Telephone Company, Inc.)
for a Certificate of Public Good to Own and) Docket No. _____
Operate a Cable Television System in the)
Company's Existing Service Areas within the)
Municipalities of Andover, Athens, Bridgewater,)
Chester, Clarendon, Danby, Dorset, Grafton,)
Hartland, Ira, Killington, Middletown Springs,)
Mount Holly, Mount Tabor, Pawlet, Plymouth,)
Reading, Rockingham, Rupert, Shrewsbury,)
Springfield, Tinmouth, Wallingford,)
Weathersfield, Wells, West Windsor,)
Westminster, Windham, and Woodstock,)
Vermont Pursuant to 30 V.S.A. §§ 503, 504)

**MEMORANDUM OF UNDERSTANDING BETWEEN VERMONT TELEPHONE
COMPANY, INC. AND THE VERMONT DEPARTMENT OF PUBLIC SERVICE**

This Memorandum of Understanding (the "MOU") dated as of June 30, 2011 sets forth the agreement of the Vermont Department of Public Service (the "Department") and Vermont Telephone Company, Inc. ("VTel") (collectively, the "Parties") in support of VTel's petition for a Certificate of Public Good ("CPG") to provide cable television service, attached hereto as Attachment I ("Petition").

Introduction and Recitals

1. VTel provides telecommunications services (as defined in 30 V.S.A. §§ 201(a) and 203(5)), and is subject to the regulatory jurisdiction of the Public Service Board ("Board") and the Department, pursuant to a CPG issued by the Board on June 14, 1994 in Docket Nos. 5716/5717.
2. Over the past several months, VTel and the Department have engaged in discussions concerning the proposed terms associated with a cable television CPG.
3. Board approval of a VTel CPG to provide cable television service is necessary for VTel to obtain disbursement of Rural Utility Service ("RUS") funding relating to VTel's Wireless Open World project ("WOW Project").

4. Many areas of VTel's present service territory presently are not served by any other cable television provider.

Petition and Proposed CPG

5. As a result of the discussions between VTel and the Department, (1) VTel agrees to file the Petition and the attachments thereto and to request Board approval based on terms reflected in the proposed CPG attached as Attachment II, and (2) the Department agrees to support Board approval of the Petition and issuance of the proposed CPG, without the need for hearing.
6. VTel and the Department further agree that the Petition and attachments demonstrate that issuance of the proposed CPG will meet with the requirements of 30 V.S.A. §§ 503, 504 and will promote the general good of the state.

Procedure

7. VTel shall file testimony in support of the Petition and CPG within one week.
8. To the extent necessary, the Parties will cooperate in connection with Board review of the Petition and any Board proceedings relating thereto, to support this MOU, the Petition and the proposed CPG.
9. VTel further agrees to hold discussions with various Access Management Organizations ("AMOs"), both before and after a Board decision in this matter, as to Public, Educational and Governmental ("PEG") access relating to cable television service in VTel's service territory, and to report the results of those discussions to the Department.
10. The Parties further agree to discuss, both before and after a Board decision in this matter, issues concerning joint provision of telephone and cable television service.

Other Terms and Conditions

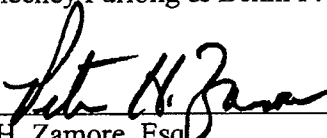
11. This MOU is governed by Vermont law and any disputes under this MOU shall be decided by the Board.
12. The Parties agree that this MOU and any Order approving the Petition, issuance of the proposed CPG and this MOU ("Approval Order") relate only to these Parties and should

not be construed by any party or tribunal as having precedential or any other impact on future proceedings involving the Parties, except as necessary to implement this MOU or to enforce the Approval Order. The Parties reserve the right in future proceedings to advocate positions that differ from those set forth in this MOU, and any Approval Order may not in any future proceeding be used against any Party, except as necessary to enforce the Parties' rights and obligations under this MOU or to enforce the Approval Order.

13. The Parties have made specific compromises to reach the agreements reflected in this MOU. In the event that the Board fails to approve the MOU or the Petition and the proposed CPG in all material respects, then either Party in its sole discretion may terminate this MOU and all obligations hereunder, upon five days' written notice to the other Party, and in such event each Party shall have the same rights as each would have had absent this MOU.

VERMONT TELEPHONE COMPANY, INC.
By: Sheehey Furlong & Behm P.C.

By:



Peter H. Zamore, Esq

Dated: June 30, 2011 at Burlington, Vermont

STATE OF VERMONT
DEPARTMENT OF PUBLIC SERVICE

By:



Megan Ludwig, Special Counsel

Dated: June 30, 2011 at Montpelier, Vermont