

# Verizon, Montgomery Reach Tentative Deal

*Phone Firm Could Offer Cable Television in County Pending Council Approval*

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Verizon Communications Inc. and Montgomery County officials said yesterday that they have reached a tentative agreement that could allow the telecommunications giant to sell its new fiber-optic cable television service in an area heavily dominated by Comcast Cable Communications Inc.

The agreement, which needs county council approval, follows long and at times tense negotiations that resulted in Verizon filing a federal lawsuit against the county in June. Verizon alleged that the county's franchise approval process violated the First

Amendment, as well as federal communications and antitrust law.

County and Verizon officials restarted negotiations with the help of a mediator. If the council approves the agreement, the lawsuit will be dismissed.

As the traditional telephone business has dwindled, Verizon has been aggressively building a fiber-optic cable network, called FiOS, around the country. It has been challenging Comcast, the country's largest cable company, by offering bundled packages of high-speed cable TV, Internet and phone service. Comcast has been adding telephone service to its video and Internet offerings.

Verizon already offers FiOS

phone and Internet service in Montgomery County, and it has struck TV deals in other local jurisdictions, including Fairfax and Howard counties and Herndon.

As part of the 15-year agreement, Verizon will pay a franchise fee of 5 percent of television revenue. Another 3 percent of TV revenue will go toward public access programming and other cable television needs. Verizon must also pay \$1 million over five years for cable-related investments and provide cable TV for schools, libraries and fire stations.

Jane Lawton, the county's cable administrator, said the county's goal was to get a deal that was equitable to the agreements with

Comcast and RCN Corp., the two other cable operators in the county.

"We didn't want to disrupt a level playing field and be open to challenges by competitors," she said.

William R. Roberts, president of Verizon Maryland, said in a statement: "We're eager to work with the council to bring this matter to conclusion so that Verizon can bring the many benefits of choice and competition to Montgomery County residents as quickly as possible."

A public hearing on the agreement is scheduled for Sept. 28. Lawton said council approval could come by the end of the year.