

THIS AGREEMENT dated this 1st day of June, 1999.

BETWEEN:

MONARCH CABLE SYSTEMS LTD.,
a body corporate, having a head office
in Medicine Hat, Alberta
(hereinafter referred to as the "Owner")

OF THE FIRST PART

- and -

TOTAL TELCOM LTD.,
a body corporate, having a head office
in Edmonton, Alberta
(hereinafter referred to as the "Contractor")

OF THE SECOND PART

WHEREAS:

The Owner supplies CATV services to certain areas located in southern and central Alberta;

The Owner intends to upgrade its existing CATV system and offer a complete bundled service to its customers, providing Voice, Data and Bi-directional Video within its areas of operation;

The Contractor is prepared to provide the required planning, design, engineering, construction, material supply, installation and maintenance to enable the Owner, on a turnkey basis, to become a Bundled Service Provider.

1.00 **Definitions**

1.01 The terms in this Memorandum of Understanding will have the following meanings:

- 1.01.1 "ATM (Asynchronous Transfer Mode)" means a cell-based data transfer technique in which channel demand determines packet allocation.
- 1.01.2 "Bundled Service Provider" means the providing by a common provider of voice data and bi-directional video through a single or blanket technology delivery system;
- 1.01.3 "CATV (Cable TeleVision)" means Cable system covering defined areas franchised to install and operate a cable television system.

- 1.01.4 “Coaxial Cable” means any of a number of kinds of electrical communications cable designed so one conductor is in the center and the second conductor forms a ring around it.
- 1.01.5 “DSU (Data Service Unit)” means data transmission equipment used to interface to a digital circuit at customer site.
- 1.01.6 “Ethernet” means a LAN and data-link protocol based on a packet frame, usually operating at 10Mbps, multiple devices can share access to the link.
- 1.01.7 “Head-end” means the control center for a cable system where signals are processed and sent for distribution down the cable system.
- 1.01.8 “IN” means intelligent network, a sophisticated network capable of recognizing the profile (authorization, chosen services) of its users and subscribers.
- 1.01.9 “IP Address” means the internet protocol address which is a 32-bit address assigned to a host The IP address has a host component and a network component.
- 1.01.10 “IP Device” means a computer running on an ethernet network addressable by an internet protocol address.
- 1.01.11 “MTBF (Mean Time Between Failures)” means a term describing the reliability of equipment established by testing kit to its limits and promoting the MTBF as a selling point.
- 1.01.12 “Network” means a series of interrelated elements that are interconnected in a dedicated or switched linkage to provide local or remote communication of voice, video, data, etc.;
- 1.01.13 “Node” means a generic term used to refer to an entity that accesses a network.
- 1.01.14 “Packet” means a collection of bits, including the address, data and control that are switched and transmitted together.
- 1.01.15 “RF” means radio frequency;
- 1.01.16 “Redundancy (otherwise known as fault-tolerance, in data transmission)” refers to characters and bits that can be removed from a transmission without affecting the message. In data processing and data communications, it means providing backup for components. Should one of them fail, the system continues to run without interruption.
- 1.01.17 “VPN” means Virtual Private Network.

2.00 Planning

2.01 The Contractor will undertake the planning required to provide for the Owner, a fully connected network. The planning will include but not be limited to:

- 2.01.1 A description of the services to be offered by the Owner.
- 2.01.2 Identification of the clients intended to be serviced including commercial, industrial and residential.
- 2.01.3 Preparation of a list of approved component manufactures and selection of same.
- 2.01.4 Case scenarios of bundled deployment, CATV and INET and basic CATV.
- 2.01.5 Preparation of a sales and public relations model.
- 2.01.6 Budgets for each phase of the intended network.

3.00 Design

3.01 The Contractor will provide the design for the overall traffic modeling for the network to ensure a proper amount of spectrum is available for each offered service including, but not limited to:

- 3.01.1 Coordination with the manufacturer to provide a layered roll-out of the network;
- 3.01.2 Develop a strategy to ensure the degree of network reliability to communications standards;
- 3.01.3 Develop a system with traffic monitoring for pre-warning of band width blockage;
- 3.01.4 Identify the required electronics including transport for connectors and data rings, head ends, nodes, radio active frequency, customer premise, network interface device, modem and Commercial DSUs;
- 3.01.5 Design for a single cable placement with sufficient spares to accommodate future node placement and redundancy;
- 3.01.6 Prepare an analysis of the current material versus net passive components to provide for additional reliability to the overall network;
- 3.01.7 Prepare a list of acceptance and maintenance test gear.

4.00 Engineering and Drafting

4.01 The Contractor will provide the engineering and drafting for the overall network which will include, but not be limited to:

- 4.01.1 Layout for the most cost effective and expandable equipment and cabling network;
- 4.01.2 Route selection;
- 4.01.3 Length of fibre reels required.
- 4.01.4 Materials required in association with the fibre (peds, pullboxes, etc.);
- 4.01.5 Fibre splicing information;
- 4.01.6 Obtaining all crossing agreements including railways, high pressure gas pipeline; gas co-ops; water co-ops, water courses, Telus and TransAlta;
- 4.01.7 Obtaining all joint use, right of way and utility attachment agreements;
- 4.01.8 Obtaining all permits associated with Transportation, Provincial, Federal and Local governments;
- 4.01.9 Providing on site consulting as required during construction;
- 4.01.10 Negotiate and authorize required changes during construction with associated cost impact;
- 4.01.11 Compile as-built information from placement crews;

5.00 Material Supply Inventory Control

5.01 The Contractor will supply sufficient material and inventory control including, but not limited to:

- 5.01.1 Procurement of materials identified through the engineering and drafting process and directly billed to the Contractor. The establishment and yard in Medicine Hat, Alberta with full-time control and project cost accounting clerks;
- 5.01.2 Y2K Clause on the equipment.

6.00 Construction

6.01 The Contractor will provide the construction required to effectively bring up the network on an area by area basis for immediate sales of new service including, but not limited to:

- 6.01.1 The phasing of construction to most effectively bring up the network;
- 6.01.2 The establishment of a time line for completion per area;
- 6.01.3 The establishment of a time line for the service offering;
- 6.01.4 The establishment of manpower requirements;
- 6.01.5 To employ and train local residents;
- 6.01.6 Conducting any service effective work only after 24 hr. advance notice to the customer service department of the Owner.

6.02 The phasing of the construction and the completion dates for each area will be as provided for in the attached Schedule "A" (the "Contract Time").

7.00 Deleted

8.00 Deleted

9.00 Authorization to Commence Work

9.01 The proposed CATV system upgrade consists of multiple phases with each phase requiring pre-authorization to proceed with the work. The agreed procedure will be as follows:

- 9.01.1 A proposal from the Contractor outlining the scope of work to be completed, resources to be provided, a schedule and time line for completion, benchmarks and an estimated budget to complete each phase will be completed and forwarded to the Owner 15 business days prior to the commencement of work.
- 9.01.2 The Owner shall promptly review each segment proposal and upon acceptance, issue to the Contractor, authorization to commence the work by way of a Purchase Order. No work shall be commenced by the Contractor without an authorized Purchase Order.
- 9.01.3 Any deviations in the proposal including, but not limited to, those items set out in 9.01.1 will be presented in writing to the Owner for approval prior to implementing changes (See "Changes in Work").

10.00 Contract Price

10.01 The compensation paid to the Contractor will be as set out in the attached Schedule "B".

10.02 Deleted

10.03 The Contractor will invoice bi-monthly for services rendered, a final invoice remitted upon completion and acceptance of each phase. Payment terms shall be net 30 days from receipt of invoice subject to required builder's lien holdback.

10.04 Following substantial completion it is agreed that the Owner will hold back a percentage of the Contract Price payable to the Contractor herein referred to as the "Performance Holdback" until such time as there has been proof of performance of the work performed by the Contractor. The particulars of the Performance Holdback, including release of same, for each phase of Work to be performed by the Contractor is as outlined in Schedule "B".

11.00 Preferential Services

11.01 The Contractor agrees to complete the work on a timely basis and to provide preferential treatment to the Owner and will endeavor to make available on a priority basis, access to the resources of the Contractor.

11.02 The Owner recognizes the demand for the Contractor's Services across North America by other service providers and agrees not to impede or limit the Contractor's ability to work for other service providers.

11.03 The Owner shall have the right to approve any subcontractor, such approval not to be unreasonably withheld.

11.04 It is agreed that no other entity of person will be allowed access to the project as described herein .

12.00 Exclusive Right to Perform

12.01 The Owner agrees to exclusively use the Contractor to perform the services described in this Agreement unless mutually agreeable in writing.

13.00 Priority Rights

13.01 The Contractor recognizes the exclusive ownership of the Owner to the project.

13.02 The Contractor warrants that it will not disclose or make available any information regarding the design or system as that information may relate to the Owner to any other entity or person without the express written consent of the Owner.

14.00 Documentation and Reporting

14.01 The Contractor will provide written progress reports to the Owner every two weeks, such reports to include the overall effectiveness of the design and the comparative budget versus actual costs incurred.

14.02 Documentation will be required to substantiate all requests for compensation.

15.00 Term

15.01 The term of this Agreement and the completion schedule will be as outlined in Schedule "A".

16.00 Termination - Contractor's Right to Perform Work

16.01 If the Contractor should be adjudged a bankrupt, or if it should make a general assignment for the benefit of its creditors, or if a receiver should be appointed on account of its insolvency or if it should refuse or fail to supply enough properly skilled workmen or proper materials after having received ten (10) days' notice in writing from the Owner to supply additional workmen or materials, or if it should fail to make prompt payment to sub-contractors or for material or labour, or persistently disregard laws, ordinances or the instructions of the Owner, or otherwise be guilty of a substantial violation of the provisions of this Agreement, then the Owner, may, without prejudice to any other right or remedy it may have, by giving the Contractor written notice, terminate the employment of the Contractor and take possession of the premises and of all materials, tools and appliances thereon and finish the work by whatever method it may deem expedient but without undue delay or expense. Including the hiring of a Third Party Contractor in order to complete the Work.

16.02 If the Owner terminates this Agreement under the provisions of this paragraph, the Owner shall reimburse the Contractor for the cost of the work completed in accordance with Schedule "B"

16.03 The Contractor shall, as a condition of receiving the payments mentioned in this article, execute and deliver all such papers and take such steps, including the legal assignment of its contractual rights, as the Owner may require for the purposes of fully vesting in itself the rights and benefits of the Contractor under the obligations or commitments to be assumed by the Owner.

17.00 Delays/Force Majeure

17.01 If the Contractor is delayed in the completion of the work by any act or neglect of the Owner, the Owner's employees or agents of the Owner, or by changes ordered in the work, then the time of completion shall be extended for such reasonable time as the Owner may decide. If the Contractor is delayed in completion of the work by labour disputes, strikes, lock-outs (including lock-outs decreed or

recommended by a recognized contractors' association for its members of which the Contractor is a member), fire, storm, act of civil unrest or an Act of God, unusual delay by common carriers or unavoidable casualties, or, without limit to any of the foregoing, by any cause of any kind whatsoever beyond the Contractor's control, then the time of completion shall be extended for a period of time equal to the time lost due to such delays. in addition and without limit to the foregoing the time of completion shall be extended because of any cause whatsoever within the Contractor's control which the Owner shall decide as justifying a delay for such reasonable time as the Owner may decide.

17.02 No such extension shall be made for delay unless written notice of claim is given to the Owner within seven (7) days of its commencement, provided however, that in the case of a continuing cause of delay only one claim shall be necessary.

17.03 The Owner shall not, except by written notice to the Contractor stop or delay any part of the work pending decisions or proposed changes.

18.00 The Contractor's Right to Suspend Work or Terminate Contract

18.01 If the work should be stopped under an order of any court or other public authority, through no act or fault of the Contractor or of anyone employed by it or if the Owner should fail to pay to the Contractor, within the time provided, any sum certified by the Owner or awarded by arbitrators, then the Contractor may, upon thirty (30) days' written notice to the Owner, stop work, or terminate this Agreement without prejudice to any other right or remedy it may have, and recover from the Owner payment for all work executed together with a percentage fee or a proportionate part of the fixed fee as the case may be, and such other damages as the Contractor may have sustained as a result of the termination of the contract.

19.00 Damages and Mutual Responsibility

19.01 If either party to this Contract should suffer damage in any manner because of any wrongful act or neglect of the other party or of anyone employed by him, then it shall be reimbursed by the other party for such damage. Claims under this paragraph shall be made in writing to the party liable within a reasonable time after the first observance of such damage and not later than the time of final certificate, except as expressly stipulated otherwise in the case of faulty work or materials, and may be adjusted by agreement and the party reimbursing the other party as aforesaid shall thereupon be subrogated to the rights of the other party in respect of such wrongful act or neglect if it be that of a third party.

19.02 The Contractor will be responsible for damage to the work of any subcontractor caused by the Contractor or its employees and the Contractor shall indemnify and save harmless the Owner from any and all liability arising therefrom.

20.00 Inspection of Work

20.01 Notwithstanding that the work by the Contractor is turnkey to the Owner, the Owner or its representative shall at all times have access to the work wherever it is in preparation or progress and the Contractor shall provide facilities for such access and for inspection.

20.02 If the Specifications, the Owner's instructions, the laws, or the ordinances of any public authority require any work to be specially tested or approved, the Contractor shall give the Owner timely notice of its readiness for inspection, and if the inspection is by an authority other than the Owner, of the date and time fixed for such inspection. If any such work should be covered up without approval or consent of the Owner, it must, if required by the Owner, be uncovered for examination and made good at the Contractor's expense.

20.03 Re-examination of questioned work may be ordered by the Owner. If such work be found in accordance with the Contract, the Owner shall pay the cost of re-examination and replacement. If such work be found not in accordance with the Contract, through the fault of the Contractor, its employees, agents and sub-contractors, the Contractor shall pay such cost.

21.00 Superintendence

21.01 The Contractor shall keep on the work, during its progress, competent superintendent and any necessary assistants. The superintendent shall represent the Contractor in his absence and directions on minor matters given to him shall be held to be given to the Contractor. Important directions shall be given in writing to the Contractor. The Contractor shall give efficient supervision to the work using his best skills and attention.

22.00 Protection of Work and Property

22.01 The Contractor shall maintain continuously adequate protection of all his work from damage and shall take all reasonable precautions to protect the Owner's property from all injury arising in connection with this Contract. The Contractor shall make good at its own expense any damage or injury to his work and shall make good any damage or injury to the property of the Owner resulting from the lack of reasonable protective precautions. The Contractor shall not be responsible, however, for any damages or injury to his work and to the property of the Owner which may be directly due to errors in the documents provided by the Owner and which are the responsibility of the Owner, his agent or employees or from any work or risk which the Owner has agreed to assume, provided the Contractor has taken reasonable protective precautions. The Contractor shall adequately protect adjacent property as required by law and the contract document.

23.00 Contractor's Liability Insurance

23.01 The Contractor shall protect himself and indemnify and save the Owner harmless from any and all claims which may arise from the Contractor's operations under the contract where bodily injury, death, or property damage is caused and for this purpose shall, without restricting the generality of the foregoing, maintain insurance acceptable to the Owner.

23.02 The Contractor shall furnish evidence of compliance with all requirements of the applicable workmen's compensation act, including payments due thereunder.

23.03 The Contractor shall maintain comprehensive general liability insurance covering premises and operations liability, elevator, Contractor's contingency liability with respect to the operations of subcontractors, completed operations liability; contractual liability and automobile liability insurance.

23.04 Prior to the commencement of any work hereunder, the Contractor shall file with the Owner a copy of each insurance policy and certificate required. All such insurance shall be maintained until final completion of the work including the making good of faulty work or materials; except that coverage of completed operations liability shall in any event be maintained for twelve (12) months from the date of substantial completion.

23.05 Such policies shall also provide that they are not terminable without at least thirty (30) day's prior notice to the Owner except as set out in the preceding paragraph.

24.00 Fire Insurance

24.01 The Contractor [if the Owner decides to insure, interchange the work "Owner" and "Contractor" where appropriate] shall maintain fire insurance acceptable to the Owner, the standard Extended Coverage Endorsement, in the joint names of the Owner and Contractor to a total no less than eighty (80%) percent of the total value of the work done and material delivered to the site, payable to the Owner and Contractor as their respective interests may appear, and protecting each in such terms as will preclude subrogation claims by the Insurer against anyone insured thereunder.

24.02 In the event of a loss, the Contractor shall act on behalf of the Owner and himself for the purpose of adjusting the amount of such loss with the Insurer. On completion of such adjustment the Contractor shall repair the damage and complete the work. Damage shall not affect the rights and obligations of either party under the Contract except as aforesaid, and except that the Contractor shall be entitled to such reasonable extension of time for completion of the work as the Engineer may decide.

24.03 The work of restoration of the damage shall be carried out on the same cost plus percentage basis as the original work, subject to a deduction from the amount due under the Contract of the amount the Contractor has received from the Insurer.

24.04 Prior to commencement of any work hereunder, the Contractor shall file with the Owner a copy of the insurance policy. All such insurance shall be maintained continuously until a date ten (10) days after issue by the Owner of certificate of substantial completion and readiness for occupancy, after which date the Owner shall assume responsibility for insuring the whole work.

24.05 Such policy shall also provide that it is not terminable without at least thirty (30) days' prior notice to the Owner.

25.00 Changes in the Work

25.01 Changes

25.01.1 The Owner, without invalidating the Contract, may make changes in the work consisting of additions, deletions or other revisions to the work by Change Order.

25.01.2 The Contractor shall not perform a change in the work without a Change Order.

25.02 Change Order

25.02.1 When a change in the work is proposed or required, the Owner shall provide a notice describing the proposed change in the work to the Owner. The Contractor shall present, in a form acceptable to the Owner, a method of adjustment or an amount of adjustment for the Contract Price, if any, and the adjustment in the Contract Time, if any, for the proposed change in the work.

25.02.2 When the Owner and the Contractor agree to the adjustments in the Contract Price and Contract Time or to the method to be used to determine the adjustments, such agreement shall be effective immediately and shall be recorded in a Change Order, signed by Owner and Contractor. The value of the work performed as the result of a Change Order shall be included in applications for progress payment.

25.02.3 If a change to the work results in a decrease or increase in the Contract Price, there shall be a reduction or an increase in the Contract Price as the case may be and such deduction or increase shall be in accordance with the mechanism for establishing the Contract Price as set out in Schedule "B".

26.00 Assignment

26.01 Neither party to this Agreement shall assign this Agreement without the written consent of the other.

27.00 Relations of Contractor and Subcontractor

27.01 The Contractor agrees to bind every subcontractor by the terms of this Agreement as far as applicable to the work of the subcontractor.

28.00 Arbitration

28.01 In the case of a dispute arising between the Owner and the Contractor as to their respective rights and obligations under this Agreement, either party hereto shall be entitled to give to the other notice of such dispute and to request arbitration thereof. The first step will be a meeting between the representative of the Contractor and the Owner at a specified time, within the next seven days, when they are available and willing to meet for not less than three consecutive hours to review the dispute. Each party shall attend the meeting and shall bring with them such documents as they have in their possession as may be relevant to the dispute.

28.02 In the event the parties are unable to resolve the matter, the dispute shall be referred to a single arbitrator, for binding arbitration pursuant to the Alberta *Arbitration Act*. The arbitrator shall be selected by the Contractor from a list, of three persons with past experience in commercial arbitration, provided by the Owner failing same, the arbitrator will be appointed upon application by a Justice of the Court of Queen's Bench.

29.00 Confidentiality

29.01 The Contractor agrees that any and all information seen or knowledge gained about the Owner's business will remain absolutely confidential and cannot be disclosed to anyone.

30.00 Public Announcements

30.01 No public announcement or press release not required by law or by applicable stock exchange rule concerning this Memorandum of Understanding and the work involved shall be made by the Contractor without the consent of the Owner.

31.00 Notices

Any notice, direction or other instrument required or permitted to be given under the provisions of this Agreement shall be in writing and may be given by the delivery of same or by mailing the same or sending by facsimile transmission to the parties:

In the case of the Contractor:

Total Telcom Ltd.
12705 - 65 Street N.W.
Edmonton, Alberta
T5A 0Z4

With a copy to:

Hustwick Wetsch Moffat & McCrae
Barristers and Solicitors
Attention: Lawrence R. Cunningham
200, 9707 - 110 Street

Fax: (780) 472-1049
Attention: Glen Boyd

Edmonton, Alberta, T5K 2L9
Fax: (780) 482-6613

In the case of the Owner:

Monarch Cable Systems Ltd.
1001 Kingsway Avenue S.E.
Medicine Hat, Alberta
T1A 2X7
Fax:(403) 527-4770
Attention: Grant Pisko, President

With a copy to:

Gordon, Smith & Company
378 - 1st Street S.E.
Medicine Hat, Alberta
T1A 7G2
Fax: (403) 527-0577
Attention: Daniel J. Smith, Q.C.

Any such notice, direction or other instrument shall:

- 31.01 If delivered, be handed to an adult person at the designated address, and shall be deemed to have been given or received on the day on which it was so delivered if delivered prior to 3:00 o'clock p.m. (local time) on a Business Day. If delivered after 3:00 p.m. (local time) or if not a Business Day, then it shall have been deemed to have been given or received on the Business Day next following the day of delivery.
- 31.02 If mailed, shall be mailed by prepaid registered or certified post from a post office within the Province of Alberta, and shall be deemed to have been given or received on the fifth (5th) Business Day following the date of mailing.
- 31.03 If sent by facsimile transmission, it shall be deemed to have been given or received on the next Business Day following the day of confirmed transmission.

"Business Day" where used in this paragraph shall mean a day in which the offices of the Provincial Government of Alberta are open for business.

3200 Benefit and Binding Nature

32.01 This Agreement shall enure to the benefit of and be binding upon the parties hereto together with their respective successors and assigns.

33.00 Further Acts

33.01 Each of the parties to this Agreement will do such further and other acts and deliver such further and other documents as may be necessary to properly complete this intended transaction.

34.00 Governing Law

34.01 This Agreement shall in all respects be interpreted, construed, and governed by and in accordance with the laws of the Province of Alberta.

35.00 Counterparts

35.01 This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had all signed the same document. All counterparts and adopting instruments shall be construed together and shall constitute one and the same agreement.

36.00 Entire Agreement

36.01 This instrument embodies the entire agreement among the parties hereto with respect to the transactions contemplated herein, and there have been and are no agreements, representations or warranties between the parties other than those set forth or provided for herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF this Agreement has been executed by the parties.

TOTAL TELCOM LTD.

Per: "Craig Baker" _____

MONARCH CABLE SYSTEMS LTD.

Per: "Janice R. Risko" _____

Schedule B – Compensation

Monarch Cablesystems Network

Upgrades and Expansion

Compensation will be comprised from a combination of fixed unit rates, and lump-sum fixed pricing as follows:

Engineering:

All engineering, planning and drafting for the Medicine Hat RF Rebuild and Fiber Backbone, and the Connector Construction will be charged in accordance with the attached Total Telcom (Canada) Ltd. "Engineering & Technical Service Rates" dated January 1, 1999.

- C A 10% discount will apply to these rates.
- C The maximum rate that will apply on this contract will be for a "Planning Engineer"
- C Cad equipment for this contract will be charged at a flat rate of only \$5.00/hr
- C Administrative charges for this contract will be charged at only 5%
- C Travel Expenses (if applicable) will be charged at our cost with no markup, however the 10% rate discount will not apply to travel expenses.
- C Third party service charges will apply only on change orders (see "Change Orders" next page)

Connector Construction:

All pricing for the construction and installation of the Connectors (not including engineering or materials) will be charged in accordance with the attached lump sum pricing calculation sheets per connector segment. This pricing is firm and not subject to escalation. Work will commence based on receiving a purchase order for the entire connector construction, or for each connector segment.

Medicine Hat RF Rebuild and Fiber Backbone Construction:

All pricing for the construction and installation (not including engineering or materials) of the RF Rebuild and Fiber backbone will be established as each node is engineered. Pricing will be lump sum per node, firm and not subject to escalation. Work will commence based on receiving a purchase order for the entire RF Rebuild and/ or the entire Fiber Backbone, or on a node by node basis.

Materials:

All materials will be charged at the Contractor's cost FOB Edmonton plus 15% markup. This markup covers charges for the following services:

- C Warehousing indoors in our Edmonton facility and full material management.
- C Transportation and delivery charges to the jobsite.
- C Just In Time delivery – material is delivered to the jobsite as it is installed. Monarch is invoiced only for material that is released to the jobsite.
- C Elimination of restocking charges. The Contractor assumes all responsibilities for returning defective, damaged or surplus material to the manufacturers.
- C Elimination of Scrap. There will inevitably be short roll ends of cable and miscellaneous splicing materials left over after job completion. This is the responsibility of the Contractor.
- C Rent and Insurance – These charges are absorbed entirely by the Contractor.

Change Orders:

All change orders will be priced in accordance to all unit rates as listed above including the following:

- C Materials or supplies that are not part of the defined material management program will be priced at cost plus 15% markup.
- C All 3rd party services or subcontracts will be priced at cost plus 15% markup.

Performance Holdbacks:

A revolving holdback of no greater than \$50,000 or 10% of each purchase order value, whichever is lower, or, a performance bond of 10% of the projected contract segment value will be established. Holdbacks will be in effect for a maximum period of 60 days following substantial completion of each contract segment as defined in the purchase orders.

TOTAL TELCOM (Canada) Ltd.

ENGINEERING & TECHNICAL SERVICE RATES

Effective January 1, 1999

NETWORK & OUTSIDE PLANT:

Sr. Planning Engineer	\$140.00/hr
Planning Engineer	\$125.00/hr
Sr. Design Engineer	\$110.00/hr
Design Engineer	\$ 90.00/hr
Field Engineer	\$ 65.00/hr
Drafting Tech	\$ 42.00/hr
Administrative 6% of Total Labor	
<i>(Clerical, Report Preparation, Photocopy, Telephone & Office Supplies)</i>	

DISBURSEMENTS:

SUBSISTENCE	\$90.00/Day
VEHICLE (c/w misc. hand tools, instruments)	\$12.00/hr
CAD EQUIPMENT	\$15.00/hr
TRAVEL EXPENSES (Airlines & Transportation)	our cost plus 15%

SUBCONTRACT:

ALL THIRD PARTY SERVICES	our cost plus 15%
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* All rates are subject to change without notice