



January 7, 2008

Mr. Alan Cass
Manager, Budget & Risk Management
City of Arlington
101 E. Abram Street, 8th Floor
Arlington, TX 76010

VIA FEDERAL EXPRESS OVERNIGHT DELIVERY

Re: Revised Collection Amount for Franchise Fees

Dear Mr. Cass:

Time Warner Cable has recently conducted a review of the amount of franchise fees being collected on its Arlington customer billings compared to amounts paid to the City of Arlington. The review determined that while sufficient payment of franchise fees had been remitted to the City, Time Warner collected insufficient charges to fully cover the company's payments as provided for under federal law.

As you are aware, collection or pass-through of the entire amount of franchise fees paid to a franchising authority on non-subscriber related revenue (such as advertising and home shopping revenue) by cable operators is permitted as well as collection of the portion of fee related to franchise fee revenues. While non-subscriber related revenues and franchise fee revenues are being included in franchise fee payments to the City of Arlington, pass-through of these amounts has not been entirely included in the amount of franchise fees being passed through on customer bills.

Based on that review, franchise fees to be passed through on non-subscriber revenue each month will be included on Arlington customer bills resulting in an increase of \$1.11 on an average bill of \$54.50. This change will be reflected beginning with January 23, 2007 customer statements with a message explaining the change.

If you have any questions, please do not hesitate to call me at 972 830-3878.

Sincerely,

Rence Capehart
Compliance Administrator