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LIABILITY COMPANY

Inflation Adjustment Figures for Cable Operators using Forms 1210 and 1240

October, 2007

Under the Commission's rules, cable operators may adjust the non-external cost portion of their rates for inflation. Operators filing FCC Form 1240 may make an adjustment based on quarterly figures.

FCC Form 1210

The inflation factor for the twelve months ended June 30, 2007 is 1.0273. Operators that wish to take this year's inflation adjustment using FCC Form 1210 should enter the figure "1.0273" on Lines I5 and 5 of the form. This year's inflation adjustment factor is calculated by dividing the second quarter 2007 GNP-PI (119.518) by the second quarter 2006 GNP-PI (116.342). Operators may take this year's inflation adjustment between October 1, 2007 and August 31, 2008.

FCC Form 1240

The Second Quarter 2007 inflation factor for operators using FCC Form 1240 is 1.0265. The second quarter 2007 began April 1, 2007 and ended June 30, 2007. The inflation factor is a measure of the annualized change in prices occurring over that period. When calculating the Inflation Factor for a True-Up Period (which includes some portion of the second quarter 2007) enter the inflation factor as 0.0265 in the appropriate line of Worksheet 1 to FCC Form 1240. Operators using this factor for calculating the Projected Period Inflation Segment of FCC Form 1240 should enter this number on Line C3 (January 1996 version), or Line C5 (July 1996 version) as "1.0265."

If you have any questions regarding this alert, please contact [Mark Palchick](mailto:mpalchick@wcsr.com) at (202) 857-4411 or mpalchick@wcsr.com or [Howard Barr](mailto:hbarr@wcsr.com) at (202) 857-4506 or hbarr@wcsr.com.

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