



# PUBLIC NOTICE

FEDERAL COMMUNICATIONS COMMISSION  
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## **MEDIA BUREAU ACTION**

**January 12, 2004**

### **THIRD QUARTER 2003 INFLATION ADJUSTMENT FIGURES FOR CABLE OPERATORS USING FCC FORM 1240 NOW AVAILABLE**

As described in the instructions for FCC 1240, cable operators may adjust the non-external cost portion of their rates for inflation based on quarterly figures released by the Federal Communications Commission. The Third Quarter 2003 Inflation Factor for operators using FCC Form 1240 is 1.66%.

The adjustment factor of 1.66% is a measure of the annualized change in prices occurring over the period from July 1, 2003 to September 30, 2003. All adjustments are based on changes in the Gross National Product Price Index (GNP-PI), Table 6, published by the United States Department of Commerce, Bureau of Economic Analysis (BEA), December 23, 2003 (BEA-03-52).

The inflation adjustment factor is calculated by dividing the GNP-PI for the third quarter of 2003 (105.872) by the GNP-PI for the second quarter of 2003 (105.438). The result of this calculation is converted from a quarterly change measurement factor to an annual change measurement factor by raising it to the fourth power.

The disparity between the figures for the second quarter 2003 GNP-PI, shown in today's release as 105.438 and in our October 11, 2003 release (DA 03-3103) as 112.16, is the result of the BEA's change of its base year for calculating the GNP-PI from 1996 to 2000. The BEA also reformatted its tables, and the GNP-PI can now be found in Table 6 under Addenda, Gross national product.

Operators calculating the Inflation Factor for a True-Up Period which includes some portion of the third quarter of 2002 should enter the inflation factor on the appropriate lines of Worksheet 1 of FCC Form 1240 as "0.0166". 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 "1.0166".

To date, the Commission has released thirty-three quarterly inflation factors for use with FCC Form 1240. The following table lists these factors:

<b>Year</b>	<b>Quarter</b>	<b>Dates Covered</b>	<b>Inflation Factor</b>
1995	Third	Jul. 1, 1995 - Sep. 30, 1995	2.22%
1995	Fourth	Oct. 1, 1995 - Dec. 31, 1995	2.22%
1996	First	Jan. 1, 1996 - Mar. 31, 1996	2.39%
1996	Second	Apr. 1, 1996 - Jun. 30, 1996	2.22%
1996	Third	Jul. 1, 1996 - Sep. 30, 1996	2.21%
1996	Fourth	Oct. 1, 1996 - Dec. 31, 1996	1.83%
1997	First	Jan. 1, 1997 - Mar. 31, 1997	2.70%
1997	Second	Apr. 1, 1997 - Jun. 30, 1997	1.77%
1997	Third	Jul. 1, 1997 - Sep. 30, 1997	1.43%
1997	Fourth	Oct. 1, 1997 - Dec. 31, 1997	1.43%
1998	First	Jan. 1, 1998 - Mar. 31, 1998	1.14%
1998	Second	Apr. 1, 1998 - Jun. 30, 1998	0.82%
1998	Third	Jul. 1, 1998 - Sep. 30, 1998	1.00%
1998	Fourth	Oct. 1, 1998 - Dec. 31, 1998	0.78%
1999	First	Jan. 1, 1999 - Mar. 31, 1999	1.60%
1999	Second	Apr. 1, 1999 - Jun. 30, 1999	1.35%
1999	Third	Jul. 1, 1999 - Sep. 30, 1999	1.04%
1999	Fourth	Oct. 1, 1999 - Dec. 31, 1999	1.96%
2000	First	Jan. 1, 2000 - Mar. 31, 2000	3.00%
2000	Second	Apr. 1, 2000 - Jun. 30, 2000	2.40%
2000	Third	Jul. 1, 2000 - Sep. 30, 2000	1.62%
2000	Fourth	Oct. 1, 2000 - Dec. 31, 2000	1.99%
2001	First	Jan. 1, 2001 - Mar. 31, 2001	3.23%
2001	Second	Apr. 1, 2001 - Jun. 30, 2001	2.08%
2001	Third	Jul. 1, 2001 - Sep. 30, 2001	2.25%
2001	Fourth	Oct. 1, 2001 - Dec. 31, 2001	(0.11%)
2002	First	Jan. 1, 2002 - Mar. 31, 2002	1.21%
2002	Second	Apr. 1, 2002 - June 30, 2002	1.24%
2002	Third	Jul. 1, 2002 - Sep. 30, 2002	1.02%
2002	Fourth	Oct. 1, 2002 - Dec. 31, 2002	1.78%
2003	First	Jan. 1, 2003 - Mar. 31, 2003	2.39%
2003	Second	Apr. 1, 2003 - Jun. 30, 2003	1.00%
2003	Third	Jul. 1, 2003 - Sep. 30, 2003	1.66%

The Commission releases a new quarterly inflation factor for operators using FCC Form 1240 four times each year. The inflation factor for a given quarter is usually released between three and four months after the end of the quarter, depending on the schedule of the Department of Commerce. The release of a new factor is posted on the Commission's Internet site at: <http://www.fcc.gov/mb/csinflat.html>

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