



# PUBLIC NOTICE

FEDERAL COMMUNICATIONS COMMISSION  
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**MEDIA BUREAU ACTION**

**December 28, 2006**

## **THIRD QUARTER 2006 INFLATION ADJUSTMENT FIGURES FOR CABLE OPERATORS USING FCC FORM 1240 NOW AVAILABLE**

As described in the instructions for FCC Form 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 2006 inflation factor for operators using FCC Form 1240 is 1.89%.

The adjustment factor of 1.89% is a measure of the annualized change in prices occurring over the period from July 1, 2006 to September 30, 2006. All adjustments are based on changes in the Gross National Product Price Index (GNP-PI) published by the United States Department of Commerce, Bureau of Economic Analysis (BEA). The Media Bureau obtained the chain-type price indices from the BEA news release dated December 21, 2006 (BEA 06-58) at Table 6 (Addenda: Gross national product).

The inflation adjustment factor is calculated by dividing the GNP-PI for the Third Quarter of 2006 (116.440) by the GNP-PI for the Second Quarter of 2006 (115.897). 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.

Operators calculating the Inflation Factor for a True-Up Period which includes some portion of the Third Quarter of 2006 should enter the inflation factor on the appropriate lines of Worksheet 1 of FCC Form 1240 as "0.0189." 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 "1.0189."

To date, the Commission has released forty-five quarterly inflation factors for use with FCC Form 1240. The following table lists these factors beginning in 2000:<sup>1</sup>

<b>Year</b>	<b>Quarter</b>	<b>Dates Covered</b>	<b>Inflation Factor</b>
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%
2003	Fourth	Oct.1, 2003 – Dec. 31, 2003	1.50%
2004	First	Jan. 1, 2004 – Mar. 31, 2004	2.84%
2004	Second	Apr. 1, 2004 – Jun. 30, 2004	3.23%
2004	Third	Jul. 1, 2004 – Sep. 30, 2004	1.43%
2004	Fourth	Oct. 1, 2004 – Dec. 31, 2004	2.26%
2005	First	Jan. 1, 2005 – Mar. 31, 2005	2.89%
2005	Second	Apr. 1, 2005 – Jun. 30, 2005	2.57%
2005	Third	Jul. 1, 2005 – Sep. 30, 2005	3.31%
2005	Fourth	Oct. 1, 2005 - Dec. 31, 2005	3.47%
2006	First	Jan. 1, 2006 - Mar. 31, 2006	3.12%
2006	Second	Apr. 1, 2006 - Jun. 30, 2006	3.31%
2006	Third	July 1, 2006 – Sep. 30, 2006	1.89%

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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<sup>1</sup> For pre-2000 inflation figures *see* DA 06-1987 (rel. October 5, 2006), available at <http://www.fcc.gov/mb/csinflat.html>.