



PUBLIC NOTICE

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MEDIA BUREAU ACTION

THIRD QUARTER 2018 INFLATION ADJUSTMENT FIGURES FOR CABLE OPERATORS USING FCC FORM 1240 NOW AVAILABLE

This Public Notice is applicable to rate-regulated cable operators that use FCC Forms to justify their cable rates.¹ Cable operators adjusting the non-external cost portion of their rates for inflation should follow the instructions provided with the applicable FCC Form. All inflation adjustment figures 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 indexes from the BEA news release dated December 21, 2018 (BEA 18-71) at Table 1.7.4 (Price Indexes for Gross Domestic Product, Gross National Product, and Net National Product) Line 4 (Gross National Product).²

Operators filing FCC Form 1240 may make an adjustment based on quarterly figures. The third quarter 2018 inflation factor for operators using FCC Form 1240 is 1.81%. The adjustment factor of 1.81% is a measure of the annualized change in prices occurring over the period from July 1, 2018 to September 30, 2018. The inflation adjustment factor is calculated by dividing the GNP-PI for the third quarter of 2018 (110.596) by the GNP-PI for the second quarter of 2018 (110.100). 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 that includes some portion of the third quarter of 2018 should enter the inflation factor on the appropriate lines of Worksheet 1 of FCC Form 1240 as “0.0181.” 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 “1.0181”.

To date, the Commission has released eighty-nine quarterly inflation factors for use with FCC Form 1240. The following table lists these factors beginning in 2013:³

¹ Pursuant to 47 CFR § 76.922(d)(2) and § 76.922(e)(2) of the Commission’s rules, cable operators may adjust the non-external cost portion of their rates for inflation.

² Table 1.7.4 can be found at this link:
<https://apps.bea.gov/iTable/iTable.cfm?reqid=19&step=3&isuri=1&1921=survey&1903=42>

³ For pre-2013 inflation figures *see* DA 13-2056, 28 FCC Rcd 14654 (rel. October 23, 2013), available at <https://www.fcc.gov/general/inflation-updates-forms-1210-and-1240>.

Year	Quarter	Dates Covered	Inflation Factor
2013	First	Jan. 1, 2013 – Mar. 31, 2013	1.24%
2013	Second	Apr. 1, 2013 – Jun. 30, 2013	0.65%
2013	Third	Jul. 1, 2013 – Sep. 30, 2013	1.97%
2013	Fourth	Oct. 1, 2013 – Dec. 31, 2013	1.56%
2014	First	Jan. 1, 2014 – Mar. 31, 2014	1.28%
2014	Second	Apr. 1, 2014 – Jun. 30, 2014	2.11%
2014	Third	Jul. 1, 2014 – Sep. 30, 2014	1.42%
2014	Fourth	Oct. 1, 2014 – Dec. 31, 2014	0.12%
2015	First	Jan. 1, 2015 – Mar. 31, 2015	-0.03%
2015	Second	Apr. 1, 2015 – Jun. 30, 2015	2.10%
2015	Third	Jul. 1, 2015 – Sep. 30, 2015	1.32%
2015	Fourth	Oct. 1, 2015 – Dec. 31, 2015	0.87%
2016	First	Jan. 1, 2016 – Mar. 31, 2016	0.41%
2016	Second	Apr. 1, 2016 – Jun. 30, 2016	2.30%
2016	Third	Jul. 1, 2016 – Sep. 30, 2016	1.42%
2016	Fourth	Oct. 1, 2016 – Dec. 31, 2016	2.07%
2017	First	Jan. 1, 2017 – Mar. 31, 2017	1.96%
2017	Second	Apr. 1, 2017 – Jun. 30, 2017	1.01%
2017	Third	Jul. 1, 2017 – Sep. 30, 2017	2.09%
2017	Fourth	Oct. 1, 2017 – Dec. 31, 2017	2.33%
2018	First	Jan. 1, 2018 – Mar. 31, 2018	2.20%
2018	Second	Apr. 1, 2018 – Jun. 30, 2018	3.04%
2018	Third	Jul. 1, 2018 – Sep. 30, 2018	1.81%

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: <https://www.fcc.gov/general/inflation-updates-forms-1210-and-1240>.

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