



PUBLIC NOTICE

Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

News Media Information 202 / 418-0500
Internet: <http://www.fcc.gov>
TTY: 1-888-835-5322

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MEDIA BUREAU ACTION

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INFLATION ADJUSTMENT FIGURES FOR CABLE OPERATORS USING FCC RATE REGULATION FORMS 1210 AND 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 September 30, 2020 (BEA 20-48) at Table 1.7.4 (Price Indexes for Gross Domestic Product, Gross National Product, and Net National Product) Line 4 (Gross National Product).²

FCC Form 1210

Operators filing FCC Form 1210 may make an annual adjustment based on inflation occurring from June 30 of the previous year to June 30 of the year in which the inflation adjustment is made. The inflation factor for the twelve months ended June 30, 2020 is 1.0060. Operators who wish to take this year's inflation adjustment using FCC Form 1210 should enter the figure "1.006" on Lines I5 and J5 of the form. This year's inflation adjustment factor is calculated by dividing the second quarter 2020 GNP-PI (112.822) by the second quarter 2019 GNP-PI (112.412). Operators may take this year's inflation adjustment between October 1, 2020 and August 31, 2021.

FCC Form 1240

Operators filing FCC Form 1240 may make an adjustment based on quarterly figures. The second quarter 2020 inflation factor for operators using FCC Form 1240 is -1.82%. The negative adjustment factor of -1.82% is a measure of the annualized change in prices occurring over the period from April 1, 2020 to June 30, 2020. The inflation adjustment factor is calculated by dividing the GNP-PI for the second quarter of 2020 (112.822) by the GNP-PI for the first quarter of 2020 (113.341). The result of this calculation is converted from a quarterly change measurement factor to an annual change

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=2#reqid=19&step=2&isuri=1&1921=survey>

measurement factor by raising it to the fourth power. We then convert the calculation to an inflation adjustment factor by subtracting one.

Operators calculating the Inflation Factor for a True-Up Period that includes some portion of the second quarter of 2020 should enter the negative inflation factor on the appropriate lines of Worksheet 1 of FCC Form 1240 as “-0.0182.” 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 “0.9818” (1 plus -0.0182 = 0.9818).

To date, the Commission has released ninety-six quarterly inflation factors for use with FCC Form 1240. The following table lists these factors beginning in 2017.³

Year	Quarter	Dates Covered	Inflation Factor
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%
2018	Fourth	Oct. 1, 2018 – Dec. 31, 2018	1.68%
2019	First	Jan. 1, 2019 – Mar. 31, 2019	0.90%
2019	Second	Apr. 1, 2019 – Jun. 30, 2019	2.42%
2019	Third	Jul. 1, 2019 – Sep. 30, 2019	1.81%
2019	Fourth	Oct. 1, 2019 – Dec. 31, 2019	1.28%
2020	First	Jan. 1, 2020 – Mar. 31, 2020	1.41%
2020	Second	Apr. 1, 2020 – Jun. 30, 2020	-1.82%

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>.

Media Contact: Janice Wise at (202) 418-8165
 Media Bureau Contact: Kevin Green at (202) 418-2127

TTY: (202) 418-0432 or 1 (888) 835-5322

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³ For pre-2017 inflation figures *see* DA 17-646, 32 FCC Rcd 5479 (rel. July 5, 2017), available at <https://www.fcc.gov/general/inflation-updates-forms-1210-and-1240>.