



PUBLIC NOTICE

FEDERAL COMMUNICATIONS COMMISSION

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CABLE SERVICES BUREAU ACTION

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INFLATION ADJUSTMENT FIGURES FOR CABLE OPERATORS USING FCC FORMS 1210 AND 1240 NOW AVAILABLE

Under Commission rules, cable operators may adjust the non-external cost portion of their rates for inflation, 47C.F.R. § 76.922(d)(2). For operators filing FCC Form 1210, an annual adjustment may be made based on inflation occurring from June 30 of the previous year to June 30 of the year in which the inflation adjustment is made. For operators filing FCC Form 1240, an adjustment may be made based on quarterly figures. All adjustments are based on changes in the Gross National Product Price Index (GNP-PI) as published by the Bureau of Economic Analysis (BEA) of the United States Department of Commerce. The indexes used, the Gross National Product: Chain-type price indexes, were obtained from Table 5 of the BEA news release dated September 30, 1999 (BEA 99-28).

FCC Form 1210

The inflation factor for the 12 months ended June 30, 1999 is 1.0118. Operators that wish to take this year's inflation adjustment using FCC Form 1210 should enter the figure 1.0118 on Lines I5 and J5 of the form. This year's inflation adjustment factor is calculated by taking the GNP-PI from the second quarter of 1999 (113.84) and dividing by the GNP-PI for the second quarter of 1998 (112.51). Operators may take this year's inflation adjustment between October 1, 1999 and August 31, 2000.

FCC Form 1240

The Second Quarter 1999 Inflation Factor for operators using FCC Form 1240 is 1.0135. The adjustment factor of 1.0135 is a measure of the annualized change in prices occurring over the period from April 1, 1999 to June 30, 1999. The inflation adjustment factor is calculated by taking the GNP-PI from the second quarter of 1999 (113.84) and dividing by the GNP-PI for the first quarter of 1999 (113.46). 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 second quarter of 1999 should enter the inflation factor on the appropriate lines of Worksheet 1 of FCC Form 1240 as "0.0135." 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 "1.0135."

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

Year	Quarter	Dates Covered	Inflation Factor
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%

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/Bureaus/Cable/WWW/csb.html>.

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