

## FEDERAL COMMUNICATIONS COMMISSION

Before the  
Federal Communications Commission  
Washington, D.C. 20554

## PUBLIC NOTICE

Released: November 9, 1995

Report No. CS 95-24 CABLE SERVICES ACTION

**CABLE RATES ADJUSTMENT FOR INFLATION  
APPLIED TO TRANSITION RATES**

The Cable Services Bureau issued Public Notices on March 8, 1995 and July 25, 1995 to address certain procedures for cable rates adjustments as prescribed by the Commission in the *Ninth Order on Reconsideration* in MM Docket No. 92-266 ("*Ninth Recon. Order*") (FCC 95-43, adopted February 3, 1995 and released February 6, 1995). Question No. 2 in the March 8 Public Notice was intended to provide guidance for the application of inflation to certain benchmark transition rates for cable services determined in accordance with FCC Form 1200. That Public Notice, however, failed to consider inflation that operators received previously in the calculation of their benchmark rates using the FCC prescribed methodology in the Form 1200. The Public Notice of July 25, 1995 was issued to modify Question No. 2 by taking into account the inflation built into the Form 1200 benchmark formula.

We stated in the March 8 Public Notice that Form 1200 benchmark rates did not receive any inflation subsequent to September 30, 1992 and that consequently such rates were eligible to receive an inflation adjustment up to 5.21% for the period from October 1, 1992 through June 30, 1994. In the July 25 Public Notice, however, we corrected that statement and pointed out that the Form 1200 rates were already adjusted by 3% for inflation from October 1, 1992 through September 30, 1993. Because the Form 1200 benchmark rates already had 3% inflation applied for the period October 1, 1992 through September 30, 1993, we stated that the Form 1200 benchmark rates were actually eligible to receive no more than an addition 2.15% inflation adjustment, the inflation rate applicable for the period from October 1, 1993 through June 30, 1994. The 2.15% adjustment is subject to further reduction based on the test set forth in the *Ninth Recon. Order* and explicated in the Public Notice of July 25.

We understand at this time that in some instances operators applied inflation adjustments to Form 1200 benchmark rates on the basis of the procedures set forth in the Public Notice of March 8 and put such rates into effect before we issued the correction of July 25. Rates in such instances may have been set too high. Such rates should be corrected to remove any excess inflation applied for the period October 1, 1992 through June 30, 1994. To avoid the cost and confusion associated with excessive rate changes, however, the correction must be reflected on the next filing of FCC Form 1210 or 1240 filed after the issuance date of this Public Notice, but no later than March 31, 1996 in any event.

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