

In Cause No. 44203 (March 14, 2013), the Commission approved an Alternative Regulatory Plan (“ARP”) for small water and wastewater utilities. The ARP required the calculation of a cost index based on the following formula (see Exhibit A, page 4):

$$\text{Cost Index} = [(W * \text{Labor ECI Index}) + (X * \text{Electric Power PPI Index}) + (Y * \text{Chemical PPI Index}) + (Z * \text{CPI})]$$

The table below shows the calculation for 2023.

Index	2023	Weight	Weighted Average
Labor Index ECI	4.29%	0.4751	2.04%
Industrial Electric Power PPI	9.42%	0.1053	0.99%
Industrial Chemicals PPI	-8.48%	0.027	-0.23%
CPI	3.35%	0.3926	1.32%
Weighted Index		1	4.11%

Based on the table, the annual cost index for 2023 is 4.11%.