

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):

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

The table below shows the calculation for 2025.

Index	2025	Weight	Weighted Average
Labor Index ECI	3.55%	0.4751	1.69%
Industrial Electric Power PPI	5.00%	0.1053	0.53%
Industrial Chemicals PPI	-1.63%	0.027	-0.04%
CPI	2.68%	0.3926	1.05%
Weighted Index		1	3.22%

Based on the table, the annual cost index for 2025 is 3.22%.