

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 2019.

Index	2019	Weight	Weighted Average
Labor Index ECI	2.70%	0.4751	1.28%
Industrial Electric Power PPI	-1.83%	0.1053	-0.19%
Industrial Chemicals PPI	-11.49%	0.027	-0.31%
CPI	2.05%	0.3926	0.80%
<b>Weighted Index</b>		1	<b>1.58%</b>

Based on the table, the Commission will use 1.58% as the annual cost index for 2019.