

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 2021.

Index	2021	Weight	Weighted Average
Labor Index ECI	4.10%	0.4751	1.95%
Industrial Electric Power PPI	8.53%	0.1053	0.90%
Industrial Chemicals PPI	47.91%	0.027	1.29%
CPI	6.81%	0.3926	2.67%
Weighted Index		1	6.81%

Based on the table, the annual cost index for 2021 is 6.81%.