

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 2024.

Index	2024	Weight	Weighted Average
Labor Index ECI	3.61%	0.4751	1.72%
Industrial Electric Power PPI	-0.27%	0.1053	-0.03%
Industrial Chemicals PPI	-3.19%	0.0270	-0.09%
CPI	2.89%	0.3926	1.13%
Weighted Index		1	2.73%

Based on the table, the annual cost index for 2024 is 2.73%.