

**Calculation of Utilities Expense Level (UEL) Inflation Factor for Calendar Year (CY) 2009**

The data for calculating the UEL Inflation factor for CY 2009 is extracted from the BLS ‘Consumer Price Index- All Urban Consumers’. The following table shows the seasonally adjusted, U.S. city average for fuels and utilities for CY 2008 and CY 2009 reporting periods. The reporting periods for operating subsidy calculation run from July 1 to June 30. Using the monthly indices for the 12-month period, an average index is calculated for each of the reporting periods. The change in average index from the CY 2008 reporting period to the CY 2009 reporting period is 6.29%.

Reporting Period	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Average Index	Inflation Factor
CY 2008 (Jul 2006 - Jun 2007)	193.7	194.8	196.0	191.7	193.3	195.2	194.8	197.1	199.4	199.8	200.6	201.3	196.5	N/A
CY 2009 (Jul 2007 - Jun 2008)	201.1	200.0	200.6	202.6	204.9	205.6	205.6	208.2	212.3	216.9	222.1	226.2	208.8	6.29%

Reference: Series ID CUSR0000SAH2

The CY 2009 UEL inflation factor is calculated by multiplying the rate of change in the reporting period, 6.29%, by 1.5. As shown below, this calculation results in a CY 2009 UEL inflation factor of 9.44%.

$$6.29\% \times 1.5 = 9.44\%$$

The rate of change in the reporting period is multiplied by 1.5 to reflect the anticipated rate that PHAs will pay during the funding period. In essence, the funding period lags the reporting period by 18 months (1.5 years).