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Dated : 9/12/2014



OFFICE OF PUBLIC AND INDIAN HOUSING
REAL ESTATE ASSESSMENT CENTER
FINANCIAL MANAGEMENT DIVISION

Calculation of Utilities Expense Level (UEL) Inflation Factor for Calendar Year (CY) 2015

The data for calculating the UEL Inflation factor for CY 2015 is extracted from the Bureau of Labor Statistics (BLS) 'Consumer Price Index for All Urban Consumers (CPI-U). 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, by utility type. Nationally, the weighted change in utility price between the CY 2014 and CY 2015 reporting periods (weighted by the percentage of total public housing spending on utilities, by type) was 03.75% (see Table 1).

The rate of change in the reporting period (03.75%) is then 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). As shown below, this calculation results in a CY 2015 UEL inflation factor of 5.63%. The 03.75% (weighted rate of change in reporting period) x 1.5 (18 month lag) = 5.63% (2015 UEL Inflation Factor).

The inflation factor to be used on the CY 2014 HUD-52722 is 1.0563 (1 + 0.0563)

Table 1: Calculation of CY 2015 UEL Inflation Factor

Utility Type [a]	Percent of Total Utility Costs [b]	July 2012-June 2013 CPI Average [c]	July 2013-June 2014 CPI Average [d]	Inflation Factor [e]	Weighted Inflation Factor [f] = [b] x [e]
Water	32%	\$ 440.69	\$ 457.67	3.85%	1.24%
Electricity	36%	\$ 197.75	\$ 204.61	3.47%	1.26%
Gas	17%	\$ 171.12	\$ 182.26	6.51%	1.08%
Fuel	13%	\$ 373.58	\$ 376.42	0.76%	0.10%
Other Utilities	2%	\$ 221.65	\$ 230.56	4.02%	0.08%
Total Utility Costs	100%				
Weighted Average Inflation Factor					3.75%

CY 2015 UEL Inflation Factor - Using 18-months Adjustment	5.63%
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See Table 2 for details on the computation of utility specific CPI indices.

Table 2: Calculation of Inflation Factor by Utility Type Using CPI-U

Dated : 9/12/2014

Reporting Period	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Average Index	Inflation Factor
Water & Sewerage Maintenance														
CY 2014 (Jul 12 - Jun 13)	429.460	435.793	435.246	436.200	437.628	438.486	442.190	444.814	446.071	446.612	447.548	448.234	440.690	
CY 2015 (Jul 13 - Jun 14)	451.200	452.459	452.456	454.864	454.999	455.317	458.119	461.013	462.214	462.830	462.998	463.579	457.671	3.85%
Electricity														
CY 2014 (Jul 12 - Jun 13)	203.318	202.870	202.628	194.544	191.837	191.879	194.525	194.739	193.856	194.553	199.557	208.737	197.754	
CY 2015 (Jul 13 - Jun 14)	209.538	208.514	209.106	200.392	197.442	198.043	203.026	202.224	204.131	198.654	206.715	217.529	204.61	3.47%
Utility Gas Service														
CY 2014 (Jul 12 - Jun 13)	162.972	165.953	164.528	165.966	171.243	173.098	171.597	171.888	171.248	176.159	179.173	179.557	171.115	
CY 2015 (Jul 13 - Jun 14)	177.356	173.861	173.315	173.329	173.035	172.898	179.982	186.095	199.340	196.872	192.303	188.769	182.263	6.51%
Fuel Oil														
CY 2014 (Jul 12 - Jun 13)	348.104	364.165	379.131	383.117	382.355	382.532	381.889	393.782	385.552	368.552	357.838	355.966	373.582	
CY 2015 (Jul 13 - Jun 14)	359.780	364.124	367.519	365.450	366.749	375.607	389.522	405.344	393.705	382.025	376.855	370.317	376.416	0.76%
All Utilities														
CY 2014 (Jul 12 - Jun 13)	221.449	222.769	222.634	218.287	217.964	218.496	220.228	220.992	220.251	221.382	224.847	230.506	221.650	
CY 2015 (Jul 13 - Jun 14)	230.899	229.580	230.318	225.244	223.566	224.407	230.098	232.014	235.139	230.588	234.483	240.396	230.561	4.02%