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OFFICE OF PUBLIC AND INDIAN HOUSING
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FINANCIAL MANAGEMENT DIVISION

Calculation of Utilities Expense Level (UEL) Inflation Factor for Calendar Year (CY) 2013

The data for calculating the UEL Inflation factor for CY 2013 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 2012 and CY 2013 reporting periods (weighted by the percentage of total public housing spending on utilities, by type) was 2.97% (see Table 1).

The rate of change in the reporting period (2.97%) 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 2013 UEL inflation factor of 4.45%. The 2.97% (weighted rate of change in reporting period) x 1.5 (18 month lag) = 4.45% (2013 UEL Inflation Factor). **The inflation factor to be used on the CY 2013 HUD-52722 is 1.0445 (1 + 0.0445)**

Table 1: Calculation of CY 2013 UEL Inflation Factor

Utility Type [a]	Percent of Total Utility Costs [b]	July 2010-June 2011 CPI Average [c]	July 2011-June 2012 CPI Average [d]	Inflation Factor [e]	Weighted Inflation Factor [f] = [b] x [e]
Water	24%	\$ 392.28	\$ 414.81	5.74%	1.38%
Electricity	38%	\$ 194.42	\$ 197.72	1.69%	0.64%
Gas	16%	\$ 186.18	\$ 174.34	-6.36%	-1.01%
Fuel	13%	\$ 326.59	\$ 373.28	14.30%	1.80%
Other Utilities	10%	\$ 216.83	\$ 220.18	1.54%	0.15%
Total Utility Costs	100%				
Weighted Average Inflation Factor					2.97%
CY 2013 UEL Inflation Factor -- Using 18-months Adjustment					4.45%

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

Reporting Period	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Average Index	Inflation Factor
Water & Sewerage Maintenance														
CY 2012 (Jul 10-Jun 11)	381.694	385.242	385.959	387.509	389.255	390.362	393.336	396.895	398.361	399.072	399.649	400.044	392.282	
CY 2013 (Jul 11-Jun 12)	403.385	405.874	408.108	409.102	409.527	411.067	414.691	418.722	420.614	424.463	425.355	426.863	414.814	5.74%
CUUR0000SEHG01 Not Seasonally adjusted														
Electricity														
CY 2012 (Jul 10-Jun 11)	201.914	201.624	200.405	191.481	188.198	188.711	189.166	189.539	191.028	191.323	195.838	203.836	194.422	
CY 2013 (Jul 11-Jun 12)	205.963	205.362	205.812	197.003	193.193	192.777	193.612	193.183	192.148	192.472	196.159	204.907	197.716	1.69%
CUUR0000SEHF01 Not Seasonally adjusted														
Utility Gas Service														
CY 2012 (Jul 10-Jun 11)	192.003	190.655	183.759	185.293	182.120	185.106	186.351	188.289	185.110	185.197	184.327	185.940	186.179	
CY 2013 (Jul 11-Jun 12)	186.719	186.808	184.144	181.220	179.708	178.193	176.044	169.753	168.196	163.692	156.863	160.714	174.338	-6.36%
CUUR0000SEHF02 Not Seasonally adjusted														
Fuel Oil														
CY 2012 (Jul 10-Jun 11)	268.947	271.261	273.386	286.119	298.220	312.718	333.993	353.223	375.042	386.950	383.814	375.363	326.586	
CY 2013 (Jul 11-Jun 12)	368.867	367.286	364.563	362.809	372.654	369.085	374.377	384.747	395.016	390.483	379.681	349.807	373.281	14.30%
CUUR0000SEHE01 Not Seasonally adjusted														
All Utilities														
CY 2012 (Jul 10-Jun 11)	219.614	219.602	217.695	213.031	210.978	212.505	214.045	215.587	216.672	217.254	219.956	225.022	216.830	
CY 2013 (Jul 11-Jun 12)	226.643	226.493	226.409	220.450	218.199	217.674	218.199	217.189	216.667	216.006	216.388	221.789	220.176	1.54%
CUUR0000SAH2 Not Seasonally adjusted														