

Calculation of Utilities Expense Level (UEL) Inflation Factor for Calendar Year (CY) 2012

The data for calculating the UEL Inflation factor for CY 2012 is extracted from the Bureau of Labor Statistics (BLS) Consumer Price Index for All Urban Consumers (CPI-U). The reporting periods for operating subsidy calculations 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 2011 and CY 2012 reporting periods (weighted by the percentage of total public housing spending on utilities by type) was 5.28% (see Table 1).

The rate of change in the reporting period (5.28%) 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 2012 UEL inflation factor of 7.92%.

5.28% (weighted rate of change in reporting period) x 1.5 (18 month lag) = 7.92% (2012 UEL Inflation Factor)

The inflation factor to be used on the CY 2012 HUD-52722 is 1.0792 (1 + 0.0792)

Table 1: Calculation of CY 2012 UEL Inflation Factor

Utility Type [a]	Percent of Total Utility Costs [b]	July 2009-June 2010 CPI Average [c]	July 2010-June 2011 CPI Average [d]	Inflation Factor [e]	Weighted Inflation Factor [f] = [b] x [e]
Water	22%	\$ 368.21	\$ 392.28	6.54%	1.44%
Electricity	33%	\$ 192.18	\$ 194.42	1.17%	0.38%
Gas	22%	\$ 189.10	\$ 186.18	-1.54%	-0.34%
Fuel	16%	\$ 266.23	\$ 326.59	22.67%	3.63%
Other Utilities	7%	\$ 211.64	\$ 216.83	2.45%	0.17%
Total Utility Costs	100%				
Weighted Average Inflation Factor					5.28%

CY 2012 UEL Inflation Factor – Using 18-months Adjustment **7.92%**

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 2011 (Jul 09-Jun 10)	354.834	359.915	360.657	363.712	364.951	365.664	370.268	373.080	374.109	375.775	377.921	377.579	368.205	
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	6.54%
CUUR0000SEHG01 Not Seasonally adjusted														
Electricity														
CY 2011 (Jul 09-Jun 10)	199.251	198.360	198.286	190.376	187.708	187.388	186.903	185.448	189.061	190.210	192.416	200.767	192.181	
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	1.17%
CUUR0000SEHF01 Not Seasonally adjusted														
Utility Gas Service														
CY 2011 (Jul 09-Jun 10)	186.191	183.632	178.424	181.922	191.324	190.497	199.199	200.120	195.832	188.014	186.595	187.442	189.099	
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	185.94	186.179	-1.54%
CUUR0000SEHF02 Not Seasonally adjusted														
Fuel Oil														
CY 2011 (Jul 09-Jun 10)	233.688	245.314	244.478	249.977	268.379	268.396	284.786	277.928	279.826	286.351	282.293	273.349	266.230	
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	22.67%
CUUR0000SEHE01 Not Seasonally adjusted														
All Utilities														
CY 2011 (Jul 09-Jun 10)	212.961	212.661	211.618	207.937	208.955	208.760	211.381	210.819	212.295	211.726	212.773	217.820	211.642	
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	2.45%
CUUR0000SAH2 Not Seasonally adjusted														