

Escalating Marginal Costs using GDPLEV from Bureau of Economic Analysis data:

- 1) Go to -> <http://www.bea.gov/national/index.htm#gdp> web page;
- 2) Click on the link for *Current-Dollar and "Real" Gross Domestic Product*;
- 3) Update annual GDP "current dollars" and "chained 2009 dollars" data in the table below;
- 4) Forward year GDP estimates use EIA Energy Outlook projections (2.9% in early release overview report, Table 20);
 Go to -> <http://www.eia.doe.gov/oiaf/aeo/index.html> web page;
- 5) Update prior to start of each contract year.

Adjustment escalators to Marginal Costs

	GDP in billions of current dollars	GDP in billions of chained 2009 dollars	% of Chained 2009	GDP-IPD	Marginal Cost Study Escalation Factor Calculation
1993	6,878.7	9,510.8			
1994	7,308.7	9,894.7	0.6951	0.7386	
1995	7,664.0	10,163.7	0.7140	0.7541	
1996	8,100.2	10,549.5	0.7411	0.7678	
1997	8,608.5	11,022.9	0.7743	0.7810	
1998	9,089.1	11,513.4	0.8088	0.7894	
1999	9,665.7	12,071.4	0.8480	0.8007	
2000	10,289.7	12,565.2	0.8827	0.8189	
2001	10,825.3	12,684.4	0.8910	0.8377	
2002	10,980.2	12,909.7	0.8069	0.8505	
2003	11,512.2	13,270.0	0.9322	0.8675	
2004	12,277.0	13,774.0	0.9676	0.8913	
2005	13,095.4	14,235.6	1.0000	0.9189	
2006	13,857.9	14,615.2	1.0267	0.9482	
2007	14,480.3	14,876.8	1.0450	0.9733	
2008	14,720.3	14,833.6	1.0420	0.9924	
2009	14,417.9	14,417.9	1.0128	1.0000	
2010	14,958.3	14,779.4	1.0382	1.0121	
2011	15,533.8	15,052.4	1.0574	1.0320	
2012	16,244.8	15,470.7	1.0888	1.0500	
2013	16,797.5	15,759.0	1.0930	1.0859	1.0831
2014	17,618.8	16,216.0	1.1247	1.0865	
2015	18,570.0	16,767.4	1.1630	1.1075	1.1236 (Midpoint of contract year (September 2015))
2016	19,515.8	17,287.1	1.1990	1.1289	
Calculation of Escalation Factor ->					1.0374

Marginal Cost Estimate

A	B	C	D	E	F	G
			2013 MCS(1)	2014 Est		Notes
1	Escalation Factor			1.0374		
2	Marginal Cost Data					
3	Customer Charge					D3 x E1
4	Pressure Support					D4 x E1
5	Main Reinforcement					D5 x E1
6	Main Extension					D6 x E1
7						
8	Customer Data					
9	Annual Usage				D1h	2013 Annual Usage
10	Design Day Usage				D1h	Customer MDTQ
11						
12	Marginal Revenue Requirement					
13	Customer Charge					E3 x 12
14	Pressure Support					E4 x E10
15	Main Reinforcement					E5 x E10
16	Main Extension					E6 x E10
17	Total					Sum(E13..E16)
18						
19	Marginal Cost Floor - All Components					
20	Revenue Requirement					E17
21	Customer Charge					E3 x 12
22	Remaining Revenue					E20 - E21
23	Volumetric Charge					E22 / E9

(1)- Price escalation to midpoint of rate year (November 2013).

Note:

- Customer Charge from Table - 11 in MCS @12/31/2012
- Main Reinforcement Cost from Table - 9 in MCS @12/31/2012
- Main Extension Cost from Table - 9 in MCS @12/31/2012

Go to -> http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=latest_numbers&series_id=CUUR0000SA0&output_view=pct_1mth
 Filter formatting options - 12 month, February to February, html format, comma delimited

CPI Table Paste Area

Data extracted on: March 21, 2014 (10:03:04 AM)

Consumer Price Index - All Urban Consumers

12-Month Percent Change
 Series Id: CUUR0000SA0

Not Seasonally Adjusted
 Area: U.S. city average
 Item: All Items
 Base Period: 1982-84=100



Inflation Factor Template			Annual Special Contract Rate Adjustment Template						
CPI-U Year	CPI-U, NSA, 12 months, Feb. - Feb.	Inflation Factor	March 1 Contract Rate Year	Monthly Customer Charge	First	Delivery Rate	Delivery Rate	Delivery	Notes
2005	191.800		2005	\$					Actual billed rates
2006	198.700	3.60%	2006	\$					Actual billed rates
2007	203.499	2.42%	2007	\$					Actual billed rates
2008	211.693	4.03%	2008	\$					Actual billed rates
2009	212.193	0.24%	2009	\$					Actual billed rates
2010	216.741	2.14%	2010	\$					Actual billed rates
2011	221.309	2.11%	2011	\$					Actual billed rates
2012	227.663	2.87%	2012	\$					Actual billed rates
2013	232.166	1.98%	2013	\$					Actual billed rates
2014	234.781	1.13%	2014	\$					Actual billed rates

Note: Updated 2015 contract rates will be determined when February 2015 CPI-U data is available, approximately the end of March 2015.