

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/oiat/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	10,625.3	12,684.4	0.8910	0.8377	
2002	10,980.2	12,909.7	0.9069	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	0.9199	
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	14,964.4	14,783.8	1.0385	1.0122	
2011	15,517.9	15,020.6	1.0551	1.0331	
2012	16,163.2	15,369.2	1.0796	1.0517	
2013	16,768.1	15,710.3	1.0896	1.0673	
2014	17,420.7	16,089.8	1.1160	1.0827	
2015	17,942.9	16,345.0	1.1337	1.1609	
2016	20,976.1	16,851.7	1.1688	1.2447	
2017	23,188.1	17,374.1	1.2050	1.3346	

Calculation of Escalation Factor ->

Original figures

GDP in billions of current dollars	GDP in billions of chained 2009 dollars
6,878.7	9,510.8
7,308.7	9,894.7
7,664.0	10,163.7
8,100.2	10,549.5
8,608.5	11,022.9
9,089.1	11,513.4
9,665.7	12,071.4
10,289.7	12,565.2
10,625.3	12,684.4
10,980.2	12,909.7
11,512.2	13,270.0
12,277.0	13,774.0
13,095.4	14,235.6
13,857.9	14,615.2
14,480.3	14,876.8
14,720.3	14,833.6
14,417.9	14,417.9
14,964.4	14,783.8
15,517.9	15,020.6
16,163.2	15,369.2
16,768.1	15,710.3
17,420.7	16,089.8
17,942.9	16,345.0

Marginal Cost Estimate

A	B	C	D	E	F	G
			2015 MCS(1)	2016 Est		Notes
1	Escalation Factor					
2	Marginal Cost Data					
3	Customer Charge		\$255.81			D3 x E1
4	Pressure Support		\$0.00			D4 x E1
5	Main Reinforcement		\$81.10			D5 x E1
6	Main Extension		\$176.50			D6 x E1
7						
8	Customer Data					
9	Annual Usage				Dth	2015 Annual Usage
10	Design Day Usage				Dth	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	Remaing Revenue					E20 - E21
23	Volumetric Charge					E22 / E9

(1)- Price escalation to midpoint of rate year (November 2016).

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 16, 2016

Year	Feb
2000	169.800
2001	175.800
2002	177.800
2003	183.100
2004	186.200
2005	191.800
2006	198.700
2007	203.499
2008	211.693
2009	212.193
2010	216.741
2011	221.309
2012	227.663
2013	232.166
2014	234.781
2015	234.722
2015	237.111

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 200,000 Therms	Delivery Rate 200,001-300,000	Delivery Rate 300,001-400,000	Delivery Rate Over 400,001	Notes
2005	191.800								Actual billed rates
2006	198.700								Actual billed rates
2007	203.499								Actual billed rates
2008	211.693								Actual billed rates
2009	212.193								Actual billed rates
2010	216.741								Actual billed rates
2011	221.309								Actual billed rates
2012	227.663								Actual billed rates
2013	232.166								Actual billed rates
2014	234.781								Actual billed rates
2015	234.722								Actual billed rates
2016	237.111								Actual billed rates

Note: Updated 2017 contract rates will be determined when February 2017 CPI-U data is available, approximately the end of March 2017.
 Pursuant to the contract: In no event shall fluctuations in the CPI-U reduce the Special Transportation Rates or Charges below the then current Special Transportation Rates and Charges.