

**Calculation of Utilities Expense Level (UEL) Inflation Factor for Calendar Year (CY) 2011**

The data for calculating the UEL Inflation factor for CY 2011 is extracted from the Bureau of Labor Statistics (BLS)‘Consumer Price Index for All Urban Consumers (CPI-U), shown in Table 1. 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 2010 and CY 2011 reporting periods (weighted by the percentage of total public housing spending on utilities, by type) was -3.81% (Table 2).

The rate of change in the reporting period (-3.81%) 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 2011 UEL inflation factor of -5.72%**.

**-3.81% (weighted rate of change in reporting period) x 1.5 (18 month lag) = -5.72% (2011 UEL Inflation Factor)**

The inflation factor used in the CY 2011 HUD-52722 is **0.9428** (1.00 – 0.0572)

**Table 1: 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
<b>Water &amp; Sewerage Maintenance</b>														
CY 2010 (Jul 08 - Jun 09)	330.693	335.915	336.067	339.437	341.181	341.965	344.374	345.232	346.222	347.420	349.813	350.418	342.395	
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	7.54%
CUUR0000SEHG01	Not Seasonally adjusted													
<b>Electricity</b>														
CY 2010 (Jul 08 - Jun 09)	199.068	200.795	198.579	191.513	187.473	188.342	190.471	190.645	190.065	189.007	191.066	199.924	193.079	
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	-0.47%
CUUR0000SEHF01	Not Seasonally adjusted													
<b>Utility Gas Service</b>														
CY 2010 (Jul 08 - Jun 09)	291.713	272.982	247.788	239.218	235.114	232.548	227.000	218.459	207.179	193.534	182.464	183.979	227.665	
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	-16.94%
CUUR0000SEHF02	Not Seasonally adjusted													
<b>Fuel Oil</b>														
CY 2010 (Jul 08 - Jun 09)	451.625	408.493	381.707	339.343	288.406	252.024	238.731	233.018	220.067	223.648	222.165	234.500	291.144	
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	-8.56%
CUUR0000SEHE01	Not Seasonally adjusted													
<b>All Utilities</b>														
CY 2010 (Jul 08 - Jun 09)	239.039	235.650	228.450	221.199	216.285	215.184	215.232	213.520	210.501	207.175	206.358	212.677	218.439	
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	-3.11%
CUUR0000SAH2	Not Seasonally adjusted													

**Table 2: Calculation of CY 2011 Weighted Average Inflation Factor Based on CPI Indices**

Utility Type	Percent of Total Utility Costs [b]	Jul 2008 - Jun 2009 CPI Average [c]	Jul 2009 - Jun 2010 CPI Average [d]	Inflation Factor [e]	Weighted Inflation Factor [b] x [e]
Water	22.0%	342.39	368.21	7.54%	1.66%
Electricity	33.0%	193.08	192.18	-0.47%	-0.15%
Natural Gas/ Gas	22.0%	227.66	189.10	-16.94%	-3.73%
Fuel	16.0%	291.14	266.23	-8.56%	-1.37%
Other Utilities	7.0%	218.44	211.64	-3.11%	-0.22%
<b>Total Utility Costs</b>	<b>100.0%</b>				
<b>Weighted Average Inflation Factor</b>					<b>-3.81%</b>