



2750 Monroe Blvd
Audubon, PA 19403

January 06, 2023

To: Cost Development Subcommittee

Re: Maintenance Adder Escalation Index Numbers / Escalation Indexes

Dear Members:

PJM has completed the annual update of Maintenance Adder Escalation Index Numbers. The annual escalation factors are derived from the July Handy-Whitman Index, Table E-1 "Cost Trends of Electric Utility Construction; North Atlantic Region", line 6, "Total Steam Production Plant." The year 2022 now reflects the actual index of 953. The year 2023 has been updated with an estimated index of 992, which represents an inflation factor of 4.04% compared to 2022. This inflation factor was calculated by taking the average of the inflation factors over the last 10 years. New escalation factors were then derived for the past 20 years based on the estimated 2023 index. These values are shown in the attached table.

These escalation indexes should be used in the calculation of generating unit Maintenance Adders, in accordance with the Variable Maintenance Cost, Section 2.6 in the Cost Development Guidelines, Manual 15.

Sincerely,

Nicole Scott
Chairman, Cost Development Subcommittee

NS
Attachment

Chronology of Maintenance Adder Escalation Index Numbers

| YEAR | INDEX | ESCALATION FACTOR |
|------|-----------|-------------------|
| 2003 | 441 | 2.248 |
| 2004 | 465 | 2.132 |
| 2005 | 493 | 2.011 |
| 2006 | 515 | 1.925 |
| 2007 | 546 | 1.816 |
| 2008 | 596 | 1.664 |
| 2009 | 578 | 1.715 |
| 2010 | 604 | 1.642 |
| 2011 | 631 | 1.571 |
| 2012 | 645 | 1.505 |
| 2013 | 653 | 1.518 |
| 2014 | 672 | 1.475 |
| 2015 | 700 | 1.416 |
| 2016 | 714 | 1.389 |
| 2017 | 711 | 1.395 |
| 2018 | 745 | 1.331 |
| 2019 | 760 | 1.305 |
| 2020 | 779 | 1.273 |
| 2021 | 861 | 1.152 |
| 2022 | 953 | 1.040 |
| 2023 | 992 (est) | 1.000 |