



2750 Monroe Blvd
Audubon, PA 19403

March 8, 2021

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 2020 now reflects the actual index of 779. The year 2021 has been updated with an estimated index of 799, which represents an inflation factor of 2.59% compared to 2020. 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 2021 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
2002	438	1.825
2003	441	1.812
2004	465	1.719
2005	493	1.621
2006	515	1.552
2007	546	1.464
2008	596	1.341
2009	578	1.383
2010	604	1.323
2011	631	1.267
2012	645	1.239
2013	653	1.224
2014	672	1.189
2015	700	1.142
2016	714	1.119
2017	711	1.124
2018	745	1.073
2019	760	1.052
2020	779	1.026
2021	799	1.000