

## Explanation of the Cost-of-Living Adjustment (COLA) Calculation

COLA is a measure of the change in the *Alberta Consumer Price Index (ACPI)* monthly values reported by Statistics Canada.

The COLA rate is determined by taking the sum of the 12 most recent ACPI values (leading months ending October 2011) and dividing by the sum of the previous 12 months (trailing months ending October 2010). The rounded result less one multiplied by 60 per cent yields the COLA for pre-2001 service, and the rounded result less one multiplied by 30 per cent yields the COLA for post-2000 service.

The determination of 2011 COLA, effective January 1, 2012, is as follows:

Pre-2001 Service:  $[(1500.4/1470.9 \text{ rounded}) - 1] \times 60\% = 1.2\%$

Post-2000 Service:  $[(1500.4/1470.9 \text{ rounded}) - 1] \times 30\% = 0.6\%$

\* Results rounded to three decimal places

### Appendix I

Appendix I provides the monthly *ACPI* values in a table along with the corresponding 60 per cent of the monthly year-over-year percentage changes from November 2009 through October 2011.

	<b>2009/2010</b>	<b>2010/2011</b>	<b>60% of Monthly</b>	<b>30% of Monthly</b>
	<b>ACPI</b>	<b>ACPI</b>	<b>Year- Over-Year</b>	<b>Year- Over-Year</b>
			<b>Change*</b>	<b>Change*</b>
November	122.6	122.7	0.00%	0.00%
December	121.9	122.9	0.50%	0.20%
January	122.3	123.5	0.60%	0.30%
February	122.7	124.2	0.70%	0.40%
March	122.1	124.5	1.20%	0.60%
April	122.3	126.0	1.80%	0.90%
May	122.7	126.1	1.70%	0.80%
June	122.7	125.3	1.30%	0.60%
July	123.3	125.7	1.20%	0.60%
August	122.7	126.3	1.80%	0.90%
September	122.6	126.0	1.70%	0.80%
October	123.0	127.2	2.00%	1.00%
<b>Total COLA</b>	1,470.9	1,500.4		
<b>Pre-2001 service</b>	<b>0.60%</b>	<b>1.20%</b>		
<b>Post-2000 service</b>	<b>0.30%</b>	<b>0.60%</b>		
<b>Effective</b>	Jan. 1, 2011	Jan. 1, 2012		

\* Rounded value.

**Appendix II**

Appendix II displays the changes in the *ACPI* over a two-year period.

**2011 Indexing Calculation**

Total ACPI (Nov. 2009 to Oct. 2010)	1,470.9
Total ACPI (Nov. 2010 to Oct. 2011)	1,500.4

