GUIDELINES FOR CONTRACT PRICE ESCALATION

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WHEREAS, Republic Act No. 9184 ("R.A. 9184"), entitled "An Act Providing for Modernization, Standardization and Regulation of the Procurement Activities of the Government for other Purposes," was signed into law on January 10, 2003, and took effect on January 26, 2003. On the other hand, its Implementing Rules and Regulations Part A ("IRR-A") took effect on October 8, 2003;

WHEREAS, Section 61 of R.A. 9184 explicitly provides that all bid prices shall be considered as fixed prices, and therefore not subject to price escalation during contract implementation, except under extraordinary circumstances and upon prior approval of the Government Procurement Policy Board ("GPPB");

WHEREAS, pursuant to Section 61 of R.A. 9184 which designates the GPPB as the approving authority for all requests for price escalation based on "extraordinary circumstances," the GPPB, during its 6th meeting for year 2003 held on October 20, 2003, tasked the GPPB-Technical Support Office ("GPPB-TSO") and the National Economic and Development Authority ("NEDA") to draft the guidelines that will govern requests for contract price escalation for the procurement of goods and infrastructure projects;

WHEREAS, the members of the GPPB have reviewed the draft Guidelines for Contract Price Escalation submitted by the GPPB-TSO and the NEDA during its 4th meeting for the year held on June 10, 2004, and unanimously agreed to adopt the said draft Guidelines, subject to the incorporation of their comments;

WHEREAS, during the 5th meeting of the GPPB held on July 22, 2004, the Members of the GPPB discussed and unanimously approved to adopt the Guidelines for Contract Price Escalation, a copy of which is attached hereto as Annex "A" to form an integral part hereof;

NOW, THEREFORE, for and in consideration of the foregoing, WE, the Members of the GOVERNMENT PROCUREMENT POLICY BOARD, by virtue of the powers vested on US by law, hereby RESOLVE to confirm, adopt and approve, as WE hereby confirm, adopt and approve the Guidelines for Contract Price Escalation as submitted to US and modified according to OUR comments.

Adopted: 22 July 2004

(SGD.) HON. EMILIA T. BONCODIN
Secretary, Department of Budget and Management

(SGD.) HON. ROMULO L. NERI
Director General, National Economic and Development Authority

Also signed by the Representatives of the following agencies:

Department of Education
Department of Energy
Department of Finance
Department of Health
Department of Interior and Local Government

Department of National Defense
Department of Science and Technology
Department of Trade and Industry
Private Sector

Annex "A"

GUIDELINES FOR CONTRACT PRICE ESCALATION

1. SCOPE

These guidelines shall govern requests for contract price escalation during contract implementation of all contracts for the procurement of goods and infrastructure projects under extraordinary circumstances pursuant to and in accordance with Section 61 of Republic Act No. 9184 (R.A. 9184), otherwise known as "Government Procurement Reform Act" and its Implementing Rules and Regulations Part A (IRR-A).

These guidelines shall apply to all branches, constitutional commissions and offices, agencies, departments, bureaus, offices and instrumentalities of the Government, including government-owned and/or controlled corporations (GOCCs), government financial institutions (GFIs), state universities and colleges (SUCs), and local government units (LGUs).

2. PURPOSE

These guidelines are being formulated to meet the following objectives:

2.1 To prescribe the rules and procedures in the approval by the Government Procurement Policy Board (GPPB) of requests for price escalation;

2.2 To ensure that the task mandated by Section 61 of R.A. 9184 shall be undertaken competently, objectively and expeditiously by the GPPB and the National Economic and Development Authority (NEDA); and

2.3 To establish the legal and technical parameters for an objective determination of events that will result to extraordinary circumstances in accordance with the Civil Code of the Philippines.

3. DEFINITION OF TERMS

3.1 Price Escalation. Refers to an increase in the contract price during contract implementation on the basis of the existence of "extraordinary circumstances" as determined by the NEDA and upon prior approval of the GPPB.

3.2 Extraordinary Circumstances. Refers to an event or occurrence, or series of events or occurrences during contract implementation which give/s rise to price escalation as may be determined by the NEDA, in accordance with the provisions of the Civil Code of the Philippines, as enumerated in Section 4 hereof.

3.3 Extraordinary Inflation or Deflation. Refers to the decrease or increase of the purchasing power of the Philippine currency which is unusual or beyond the common fluctuation in the value of said currency, in accordance with the two (2) standard deviation rule computed under Section 5.2.b of these guidelines and such decrease or increase could not have been reasonably foreseen or was manifestly beyond the contemplation of the parties at the time of the establishment of the obligation.

3.4 Fortuitous Event. Refers to an occurrence or happening which could not be foreseen, or even if foreseen, is inevitable. It is necessary that the contractor or supplier is free from negligence. Fortuitous events may be produced by two (2) general causes: (1) by Nature, such as but not limited to, earthquakes, storms, floods,

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epidemics, fires, and (2) by the act of man, such as but not limited to, armed invasion, attack by bandits, governmental prohibitions, robbery, provided that they have the force of an imposition which the contractor or supplier could not have resisted.

3.5 WPI. Refers to the Wholesale Price Index, which measures the monthly changes in the general price level of commodities, usually in large quantities, that flow into the wholesale trading system.

3.6 CPI. Refers to the Consumer Price Index, which measures the monthly changes in the average retail prices of goods and services commonly purchased by a particular group of people in a particular area.

3.7 PPI. Refers to the Producer Price Index, which measures the average change in the unit price of a commodity as it leaves the establishment of the producer.

4. FOR PURPOSES OF THESE GUIDELINES, THE TERM "EXTRAORDINARY CIRCUMSTANCES" SHALL REFER TO THE FOLLOWING ARTICLES OF THE CIVIL CODE OF THE PHILIPPINES:

4.1 Article 1174, as it pertains to Ordinary Fortuitous Events or those events which ordinarily happen or which could be reasonably foreseen but are inevitable, such as, but not limited to the following:

a. Typhoons;
c. Flooding of lowly areas; and

b. Thunderstorms; d. Vehicular accidents

Provided that the following requisites are present:

a. The cause of the extraordinary circumstance must be independent of the will of the parties;
b. The event must be either unforeseeable or unavoidable;
c. The event must be such as to render it difficult but not impossible for the supplier or contractor to fulfill his obligation in a normal manner or within the contemplation of the parties;
d. The supplier or contractor must be free from any participation in or aggravation of the injury to the procuring entity; and
e. The allowance for price escalation should an ordinary fortuitous event occur is stipulated by the parties or the nature of the obligation requires the assumption of risk.

4.2 Article 1250, as it pertains to Extraordinary Inflation or Deflation, as defined in Section 3.3 hereof;

4.3 Article 1680, as it enumerates Extraordinary fortuitous events or those events which do not usually happen, such as, but not limited to the following:

a. Fire; c. Pestilence; e. Locusts; and

b. War; d. Unusual flood; f. Earthquake

Provided that the circumstances before, during and after the event shall be taken into consideration.

5. REVIEW AND APPROVAL PROCESS FOR REQUESTS FOR PRICE ESCALATION.

In the review and approval of a request for price escalation, the procuring entity shall comply with the following conditions before the same can be acted upon:

5.1 Endorsement. The Head of the Procuring Entity concerned shall endorse the request for price escalation to the NEDA, through its Director-General, accompanied by the following documents:

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- A certification from the Head of the Procuring Entity stating that the request for price escalation is justified in accordance with R.A. 9184, its IRR and these Guidelines;

- A description of the nature of the requested price escalation as well as the identification of the specific legal and technical parameters stated in these guidelines that have been complied with by the request. For the technical requirements, supporting documents shall contain information/data in accordance with Section 5.2.b hereof;

- Certified copy of the original contract including the original scope of work and the original contract price, as awarded;

- Original cost estimates and/or bill of materials of the items, goods or components affected by the request for price escalation and the proposed escalated prices thereof, as applicable to the type of contract;

- Original and, if applicable, revised schedule of contract implementation;

- Original copy of the request for price escalation submitted by the contractor/supplier to the procuring entity, including information on the quantity of materials/components and/or scope of work being proposed for price escalation;

- Ten (10)-year historical data on the price indices of the materials or goods under consideration, including the source of data; and

- Other information/documents as may be required by NEDA/GPPB.

5.2 Two-Stage Review Process. The review process shall commence only after the NEDA has acknowledged the completeness of the request in accordance with this Section. A request for price escalation shall only be granted if it satisfies both the First and Second Stage reviews.

a. First Stage: Legal Parameters. This stage shall establish the legal basis for extraordinary circumstances that will allow contract price escalation. The determination shall strictly be in accordance with any of the extraordinary circumstances mentioned in Section 4 of these guidelines.

b. Second Stage: Technical Parameters. After establishing the legal basis under the First Stage review, the request for price escalation shall be further reviewed in accordance with the technical parameters stipulated herein.

b.1
Standard Deviation. The escalation in the price of an item, good, or component, as requested, should at least be two (2) standard deviations from the mean calculated based on the historical trend of said price covering a ten (10) - year period, reckoned from the time when the contract was awarded or the time when the latest price escalation was awarded. In computing for the standard deviation, the following shall be observed:

i. The prevailing price (e.g., monthly, weekly, daily, etc.) to be used in computing the mean shall be determined based on the volatility of the price concerned. Data for a locally available good, item, or component shall be those issued/published by the appropriate entity;

ii. In case of an international good, item, or component wherein appropriate data is not available from domestic sources, data shall be those issued/published by the appropriate foreign entity.

b.2 Ten Percent (10%) Increase. If Section 5.2.b.1 hereof is inapplicable based on the conditions set forth therein, the review of a request for escalation in price of an item, good or component, as requested, shall be reviewed pursuant to this Section wherein the subject applicable price index of a request should have registered an increase of more than ten percent (10%), as determined from the prevailing price index at the time of bid submission.

c. Detailed Technical Parameters/Applicable Price Indices for Goods. The detailed computation and validation of price escalation for goods as described in Sec. 5.2.b above shall use the most appropriate price index of the commodity group under the three types of price indices, WPI, CPI, and PPI. Provided that, based on availability and applicability, the WPI for the commodity group shall first be utilized, followed by the CPI, and lastly the PPI. The indices for commodity groups shall be those presented under Annex A, as classified and issued by the National Statistics Office (NSO). For an item, good or component wherein the prevailing price index cannot be established, the review shall be conducted utilizing the most relevant and applicable index.

d. Detailed Technical Parameters/Applicable Price Indices for Infrastructure Projects. The detailed computation and validation of price escalation for infrastructure projects as described in Sec. 5.2.b above shall use the coefficient K, which is the coefficient representing the increase or decrease of the unit price as a result of price fluctuation.

d.1

The value K varies for each item of work and is represented by the following:

$$K = a + b (Xi/Xo) + c (Yi/Yo) + d (Zi/Zo) + \dots n (Ni/No)$$

Where:

a — is a 0.15 fixed coefficient representing contractor's profit, and other non-adjustable items.

b,c,d, ... n — are the coefficients representing the proportionate value of each pay item to the total. b + c +d ... +n = 0.85.

Xi, Yi, Zi, ... Ni — are the current price indices representing cost of labor, materials and other contract items at the time of the request for price escalation.

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Xo, Yo, Zo, ... No — are the price indices representing cost of labor, materials and other contract items at the time of bid submission.

The sum of a +b +x + ... n must be equal to 1 (100%)

d.2

The items/components being proposed for price escalation by a contractor shall be the ones that shall be considered in the validation of the corresponding coefficients, while those items/components not included in the proposal shall have a corresponding coefficient equal to 1. However, if the fluctuation factor K is being claimed as a whole, the contractor shall demonstrate the effect of the extraordinary circumstance on all of the component items of K.

d.3

The fluctuation factor and its application in the parametric formula shall include, among others, those listed in Annex B.

5.3 Amount of Price Escalation to be Granted. After this determination, the amount of escalation to be granted in the case of goods should only be the remaining amount over and above the thresholds as computed under Sections 5.2.b.1 or 5.2.b.2 hereof. In the case of civil works, the amount to be granted shall be determined based on the following:

a. Where K > 1.10,

P= Po (K - 0.10)

Where 0.90 < K < 1.10, P = Po

Where K < 0.90, P = Po (K + 0.10)

Where P - escalated bid/unit price

Po - original bid/unit price

K

- fluctuation factor

5.4 Period and Frequency of Requests for Price Escalation. Requests for price escalation shall only be made for cost items already incurred by the contractor/supplier. No escalation shall only be granted to those items included in a specific request. Provided further, that requests for price escalation shall be made not shorter than six (6) months reckoned from the start of contract implementation, and not shorter than six (6)-month period thereafter. For contracts wherein the duration is shorter than six (6) months, the request for contract price escalation shall be made after the completion of the contract.

5.5 Misrepresentation. Any misrepresentation made by the procuring entity or the contractor/supplier in any stage of the processing of a particular request for price escalation shall cause the automatic denial/disapproval of said claim.

5.6 Recommendation/Approval. NEDA shall, upon completion of its review pursuant to Section 5.2 hereof, submit its recommendations to the GPPB for appropriate action. The GPPB shall then approve/act upon the request for price escalation during one of its meetings, to be attended by the Head of the Procuring Entity concerned or his duly authorized representative/s.

6. AUTHORITY TO APPROVE CONTRACT PRICE ESCALATION

The Head of the Procuring Entity shall not pay any contract price escalation until after the GPPB has approved the claim.

7. REVIEW OF CONTRACT PRICES AFTER THE COMPLETION OF THE CONTRACT

Upon completion of the contract, the procuring entity shall calculate the amount of price escalation supposedly due the contractor/supplier/consultant to consider likewise any downward movement in prices during the entire contract implementation period. If the resulting amount of price escalation is lower than the amount of price escalation already paid, the amount of overpayment shall be deducted by the procuring entity from the retention money, in case of infrastructure projects, or the warranty security, in case of goods, on or before its expiration.

8. OTHER CONDITIONS FOR APPROVAL

In case the project is behind schedule based on the approved Project Evaluation Review Technique/Critical Path Method (PERT/CPM) network or schedule, price escalation on the portion of work that should have been, but was not, actually accomplished within the period shall be based on the applicable price index for the period in which it should have been accomplished. Payment of the computed amount shall not be made until said unaccomplished portion of the work is completed and upon prior approval of the GPPB and the Head of the procuring entity.

8.1 Where advance payment has been made, no price escalation shall be granted for the following:

- That portion of work accomplished during the period corresponding to a value equal to the amount of recoupment of advance payment;

- The amount of materials for which advance payment was made.

9. AMENDMENT AND ADDENDA

The GPPB may amend these Guidelines as may be necessary. Nevertheless, the GPPB may formulate supplemental guidelines in the form of addenda or annexes for the review process as stipulated in Section 5.2 hereof without need of amending these Guidelines.

10. EFFECTIVITY

These Guidelines or any amendments thereof shall take effect immediately after publication in the Official Gazette or a newspaper of general nationwide circulation and upon filing with the University of the Philippines Law Center of three (3) certified copies of these guidelines.

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ANNEX A

PRICE INDICES FOR COMMODITY GROUPS

The indices listed herein shall be used for the detailed computation and validation of price escalation for goods.

WPI Commodity Groups:

a.1 food;

a.2 beverages and tobacco;

a.3 crude materials except fuel;

a.4 mineral fuels, lubricants and related materials;

a.5 chemicals including animal and vegetable oils and fats;

a.6 manufactured goods classified chiefly by materials;

a.7 machinery and transport equipment; and

a.8 miscellaneous manufactured articles.

CPI Commodity Groups:

b.1 food, beverages and tobacco;

b.2 clothing;

b.3 housing and repairs;

b.4 fuel, light and water;

b.5 services; and

b.6 miscellaneous.

PPI Commodity Groups.

c.1 beverage;

c.2 tobacco;

c.3 textile;

c.4 leather products;

c.5 footwear and wearing apparel;

c.6 wood and wood products;

c.7 furniture and fixtures;

c.7 paper and paper products;

c.8 publishing and printing;

c.9 chemical products;

c.10 petroleum products;

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c.11 rubber products;

c.12 plastic products;

c.13 non-metallic mineral products;

c.14 miscellaneous non-metallic mineral;

c.15 glass and glass products;

c.16 cement;

c.17 basic metals;

c.18 iron and steel;

c.19 non-ferrous metal;

c.20 fabricated metal products;

c.21 machinery;

c.22 electrical machinery;

c.23 transport equipment; and

c.24

other manufacturing industries.

ANNEX B

PARAMETRIC FORMULA FOR INFRASTRUCTURE PROJECTS

The fluctuation factor and its application in the parametric formula shall include among others, any or combination of the following:

1. Common earthwork fluctuation factor for clearing and grubbing, subgrade preparation, common excavation, common borrow, embankment construction, common fill or backfill and select borrow.

$K1 = 0.15 + 0.05 (Li/Lo) + 0.60 (Ei/Eo) + 0.20 (Fi/Fo)$

2. Rock excavation fluctuation factor

$K2 = 0.15 + 0.08 (Li/Lo) + 0.27 (Zi/Zo) + 0.12 (Fi/Fo) + 0.38 (Ei/Eo)$

3. Structural excavation fluctuation factor

$K3 = 0.15 + 0.08 (Li/Lo) + 0.19 (Fi/Fo) + 0.58 (Ei/Eo)$

4. Structural backfill fluctuation factor

$K4 = 0.15 + 0.15 (Li/Lo) + 0.17 (Fi/Fo) + 0.53 (Ei/Eo)$

5. Daywork fluctuation factor for equipment

$K5 = 0.15 + 0.05 (Li/Lo) + 0.20 (Fi/Fo) + 0.60 (Ei/Eo)$

6. Daywork fluctuation factor for labor

K6 = 0.15 + 0.85 (Li/Lo)

7. Graded subbase or vase course fluctuation factor using screened or processed aggregate, granular materials, crushed adobe or the like

K7= 0.15 + 0.02 (Li/Lo) + 0.62 (Bi/Bo) + 0.05 (Fi/Fo) + 0.16 (Ei/Eo)

8. Asphaltic materials fluctuation factor for prime or tack coat.

K8 = 0.15 + 0.01 (Li/Lo) + 0.82(Ai/Ao) + 0.01 (Fi/Fo) + 0.01 (Ei/Eo)

9. Asphaltic concrete fluctuation factor for bituminous wearing or surface course

K9 = 0.15 + 0.01 (Li/Lo) + 0.62 (Ai/Ao) + 0.12 (Bi/Bo) + 0.03 (Fi/Fo) + 0.07 (Ei/Eo)

10. Portland cement concrete pavement (PDCP) fluctuation factor

K10 = 0.15 + 0.02 (Li/Lo) + 0.47 (Ci/Co) + 0.21 (Bi/Bo) + 0.02 (Di/Do) + 0.03 (Fi/Fo) + 0.10 (Ei/Eo)

11. Concrete fluctuation factor for curb, gutter and sidewalk

K11 = 0.15 + 0.06 (Li/Lo) + 0.36 (Ci/Co) + 0.16 (Bi/Bo) + 0.03 (Di/Do) + 0.06 Fi/Fo) + 0.18 (Ei/Eo)

12. Reinforced concrete structures fluctuation factor for bridge, culvert, retaining wall, bulkhead, piles, precast, parapet wall, railing, footing, columns, supporting slab and beam

K12 = 0.15 + 0.03 (Li/Lo) + 0.28 (Ci/Co) + 0.13 (Bi/Bo) + 0.03 (Di/Do) + 0.25 (Ri/Ro) + 0.03 (Fi/Fo) + 0.10 (Ei/Eo)

13. Reinforced concrete structures fluctuation factor for headwall, catch basin, manhole, drop inlet concrete post.

K13 = 0.15 + 0.21 (Li/Lo) + 0.25 (Ci/Co) + 0.03 (Di/Do) + 0.19 (Ri/Ro) + 0.09 (Bi/Bo) + 0.02 (Fi/Fo) + 0.06 (Ei/Eo)

14. Reinforced concrete pipe (RCP) or culvert pipe (RCCP) fluctuation factor

K14 = 0.15 + 0.05 (Li/Lo) + 0.61 (Qi/Qo) + 0.02 (Ci/Co) + 0.01 (Bi/Bo) + 0.04 (Fi/Fo) + 0.12 (Ei/Eo)

15. Non-reinforced concrete pipes fluctuation factor

K15 = 0.15 + 0.13 (Li/Lo) + 0.69 (Qi/Qo) + 0.02 (Ci/Co) + 0.01 (Bi/Bo)

16. Concrete for structure Class A or B fluctuation factor

K16 = 0.15 + 0.03 (Li/Lo) + 0.41 (Ci/Co) + 0.19 (Bi/Bo) + 0.09 (Di/Do) + 0.04 (Fi/Fo) + 0.09 (Ei/Eo)

17. Grouted rip-rap or stone masonry fluctuation factor

K17 = 0.15 + 0.18 (Li/Lo) + 0.27 (Ci/Co) + 0.13 (Bi/Bo) + 0.07 (Fi/Fo) + 0.20 (Ei/Eo)

18. Concrete masonry (CHB) fluctuation factor

K18 = 0.15 + 0.33 (Li/Lo) + 0.30 (Qi/Qo) + 0.13 (Ci/Co) + 0.04 (Bi/Bo) + 0.01 (Fi/Fo) + 0.04 (Ei/Eo)

19. Reinforcing steel bars fluctuation factor

K19 = 0.15 + 0.06 (Li/Lo) + 0.67 (Ri/Ro) + 0.04 (Fi/Fo) + 0.08 (Ei/Eo)

20. Structural steel works fluctuation factor

K20 = 0.15 + 0.03 (Li/Lo) + 0.71 (Si/So) + 0.03 (Fi/Fo) + 0.08 (Ei/Eo)

21. Demolition of concrete structure fluctuation factor

K21 = 0.15 + 0.07 (Li/Lo) + 0.20 (Fi/Fo) + 0.58 (Ei/Eo)

22. Demolition of PCCP strip fluctuation factor

K22 = 0.15 + 0.09 (Li/Lo) + 0.19 (Fi/Fo) + 0.57 (Ei/Eo)

23. Demolition AC pavement strip fluctuation factor

K23 = 0.15 + 0.05 (Li/Lo) + 0.20 (Fi/Fo) + 0.60 (Ei/Eo)

24. Painting fluctuation factor with use of equipment

K24 = 0.15 + 0.28 (Li/Lo) + 0.48 (Ni/No) + 0.02 (Fi/Fo) + 0.07 (Ei/Eo)

25. Painting fluctuation factor using labor only

K25 = 0.15 + 0.19 (Li/Lo) + 0.66 (Ni/No)

26. Wood structure fluctuation factor for falsework, temporary wood bridge, wood guardrail

K26 = 0.15 + 0.06 (Li/Lo) + 0.63 (Di/Do) + 0.04 (Fi/Fo) + 0.12 (Ei/Eo)

27. Carpentry works fluctuation factor

K27 = 0.15 + 0.15 (Li/Lo) + 0.62 (Di/Do) + 0.02 (Fi/Fo) + 0.06 (Ei/Eo)

28. Cast and / or galvanized iron pipes fluctuation factor

K28 = 0.15 + 0.02 (Li/Lo) + 0.78 (Ii/Io) + 0.01 (Fi/Fo) + 0.04 (Ei/Eo)

29. Steel pipes fluctuation factor

K29 = 0.15 + 0.03 (Li/Lo) + 0.69 (Ii/Io) + 0.03 (Fi/Fo) + 0.10 (Ei/Eo)

30. Asbestos cement pipes fluctuation factor

K30 = 0.15 + 0.02 (Li/Lo) + 0.77 (Ki/Ko) + 0.02 (Fi/Fo) + 0.04 (Ei/Eo)

31. PVC pipes fluctuation factor

K31 = 0.15 + 0.07 (Li/Lo) + 0.69 (Ji/Jo) + 0.02 (Fi/Fo) + 0.07 (Ei/Eo)

32. Gate valves and fire hydrants fluctuation factor

K32 = 0.15 + 0.04 (Li/Lo) + 0.77 (Ii/Io) + 0.01 (Fi/Fo) + 0.03 (Ei/Eo)

33. Check valves fluctuation factor

K33 = 0.15 + 0.03 (Li/Lo) + 0.79 (Pi/Po) + 0.01 (Fi/Fo) + 0.02 (Ei/Eo)

34. Water service connection fluctuation factor

K34 = 0.15 + 0.10 (Li/Lo) + 0.40 (Pi/Po) + 0.35 (Ji/Jo)

35. Plumbing fixtures fluctuation factor

K35 = 0.15 + 0.08 (Li/Lo) + 0.77 (Pi/Po)

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36. Plain and corrugated G.1 sheets fluctuation factor

K36 = 0.15 + 0.09 (Li/Lo) + 0.76 (Wi/Wo)

37. Cement plaster fluctuation factor

K37 = 0.15 + 0.38 (Li/Lo) + 0.37 (Ci/Co) + 0.10 (Bi/Bo)

38. Marble floor finish fluctuation factor

K38 = 0.15 + 0.07 (Li/Lo) + 0.03 (Ci/Co) + 0.01 (Bi/Bo) + 0.65 (Xi/Xo) + 0.03 (Fi/Fo) + 0.06 (Ei/Eo)

39. Glazed and ceramic tiles fluctuation factor

K39 = 0.15 + 0.12 (Li/Lo) + 0.66 (Xi/Xo) + 0.05 (Ci/Co) + 0.02 (Bi/Bo)

40. Window frames and grills fluctuation factor

K40 = 0.15 + 0.09 (Li/Lo) + 0.53 (Si/So) + 0.06 (Fi/Fo) + 0.17 (Ei/Eo)

41. Glazing fluctuation factor

K41 = 0.15 + 0.03 (Li/Lo) + 0.82 (Gi/Go)

42. Electrical rough-in fluctuation factor

K42 = 0.15 + 0.16 (Li/Lo) + 0.69 (Vi/Vo)

43. Lighting fixtures and devices fluctuation factor

K43 = 0.15 + 0.13 (Li/Lo) + 0.72 (Ui/Uo)

44. PVC waterstop (9") fluctuation factor

K44 = 0.15 + 0.03 (Li/Lo) + 0.82 (Ji/Jo)

45. Electrical wood pole fluctuation factor

K45 = 0.15 + 0.01 (Li/Lo) + 0.73 (Di/Do) + 0.03 (Fi/Fo) + 0.08 (Ei/Eo)

46. Wood crossarm fluctuation factor

K46 = 0.15 + 0.11 (Li/Lo) + 0.74 (Di/Do)

47. Lightning arrester (3,000v to 15,000v) fluctuation factor

K47 = 0.15 + 0.09 (Li/Lo) + 0.76 (Ti/To)

48. Transformers (10KVA to 50KVA) fluctuation factor

K48 = 0.15 + 0.01 (Li/Lo) + 0.81 (Ti/To) + 0.01 (Fi/Fo) + 0.02 (Ei/Eo)

49. Bare copper wire fluctuation factor

K49 = 0.15 + 0.04 (Li/Lo) + 0.79 (Ti/To) + 0.01 (Fi/Fo) + 0.01 (Ei/Eo)

50. Bare aluminum wire fluctuation factor

K50 = 0.15 + 0.13 (Li/Lo) + 0.69 (Ti/To) + 0.01 (Fi/Fo) + 0.02 (Ei/Eo)

51. Dredging fluctuation factor

K51 = 0.15 + 0.06 (Li/Lo) + 0.20 (Fi/Fo) + 0.59 (Ei/Eo)

52. General construction fluctuation factor (for others not covered by any or combination of the above 51 fluctuation factors)

K52 = 0.15 + 0.85 (MI/Mo)

Where:

Mi - current general construction price index figure
Mo - base general construction price index figure

Li - current labor index figure
Lo - base labor index figure

Ei - current equipment index figure
Eo - base equipment index figure

Ai - current asphaltic material price index figure
Ao - base asphaltic material price index figure

Bi - current aggregates material price index figure
Bo - base aggregates material price index figure

Ci - current cement price index figure
Co - base cement material price index figure

Di - current lumber material price index figure
Do - base lumber material price index figure

Fi - current automotive fuel price index figure
Fo - base automotive fuel price index figure

Gi - current glass and glazing material price index figure
Go - base glass and glazing material price index figure

Hi - current hardware material price index figure
Ho - base hardware material price index figure

Ii - current galvanized and / or cast iron pipe (Plumbing) material price index figure
Io - base galvanized and / or cast iron pipe (Plumbing) material price index figure

Ji - current polyvinyl chloride pipe (Plumbing) material price index figure
Jo - base polyvinyl chloride pipe (Plumbing) material price index figure

Ki - current asbestos cement pipe (Plumbing) material price index figure
Ko - base asbestos cement pipe (Plumbing) material price index figure

Ni - current paint material price index figure
No - base paint material price index figure

Pi - current plumbing fixture material price index figure
Po - base plumbing fixture material price index figure

Qi - current concrete products material price index figure

Qo - base concrete products material price index figure

Ri - current reinforcing steel material price index figure
Ro - base reinforcing steel material price index figure

Si - current structural steel material price index figure
So - base structural steel material price index figure

Ti - current exterior electrical material price index figure
To - base exterior electrical material price index figure

Ui - current electrical fixtures / devices material price index figure
Uo - base electrical fixtures / devices material price index figure

Vi - current electrical (rough-in) material price index figure
Vo - base electrical (rough-in) material price index figure

Wi - current metal products material price index figure
Wo - base metal products material price index figure

Xi - current tile work material price index figure
Xo - base tile work material price index figure

Zi - current blasting material price index figure
Zo - base blasting material price index figure

For the preceding formula, the following Price Indices shall be used:

General construction price index as published by the National Statistics office (NSO) or other appropriate / authorized government agency.

Labor cost index as published by the Department of Labor and Employment.

Equipment index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Asphaltic material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Aggregates material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Cement material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Lumber material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Automotive fuel price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Glass and glazing material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Hardware material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

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Galvanized and/or cast iron pipe (Plumbing) material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Polyvinyl chloride pipe (Plumbing) material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Asbestos cement (Plumbing) material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Paint material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Plumbing fixture material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Concrete products material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Reinforcing steel material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Structural steel material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Exterior electrical material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Electrical (rough-in) material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Electrical fixtures/devices material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Metal product material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Tile work material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

Blasting material price index as published by the National Statistics office (NSO) or other appropriate/authorized government agency.

In the absence of any price index for a specified adjustable item, the price index of the nearest related item shall be used.

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