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identical to the items that OPM surveys in the DC area or be of closely similar quality and quantity, with quantity adjustments as necessary. An example of a quantity adjustment is converting prices for 10 and 12 oz. packages to a price per pound.

(c) Within any DEC, OPM may specify items that differ in quality and quantity from other items specified for the same DEC. However, when OPM compares prices for such items between the COLA area and the DC area, OPM compares prices of like products.

§591.213 What prices does OPM collect?

(a) OPM surveys the price charged to the consumer at the time of the survey. The price includes any sales, excise, or general business tax passed on to the consumer at the time of sale and any discounts, mark-downs, or “sales” in progress at the time the price was collected.

(b) *Exceptions:*

(1) OPM does not collect coupon prices, going-out-of-business prices, or area-wide distress sale prices.

(2) OPM prices automobiles at dealers and obtains the sticker (i.e. non-negotiated) price for the model and specified options. The prices are the manufacturer’s suggested retail price (including options), destination charges, additional shipping charges, appropriate dealer-added items or options, dealer mark-up, and taxes.

(3) OPM estimates prices for selected items, such as health insurance and K-12 education, based on employee usage of the item. For example, OPM estimates health insurance prices based on the employee’s share of the premium costs and weights reflecting Federal enrollment, as reported in OPM’s Central Personnel Data File, in the various plans available to Federal employees in each area.

§591.214 How does OPM collect prices?

(a) OPM collects most prices by visiting or calling retail outlets in each survey area and observing or verbally obtaining the item prices.

(b) OPM prices some items by catalog, Internet, or a similar source. Other items, not normally sold within an

area, may be priced in a different area. In either case, the price of such items includes any applicable taxes, shipping, and handling charges. When an item is normally sold within an area but is not available at the time of survey, OPM may, on a case-by-case basis, use the price of the item in a neighboring survey or COLA area.

§591.215 Where does OPM collect prices in the COLA and DC areas?

(a) *Survey areas.* Each COLA area has one survey area, except Hawaii County, HI, and the U.S. Virgin Islands COLA areas. Hawaii County has two survey areas: the City of Hilo and the Kailua-Kona area. The U.S. Virgin Islands also has two survey areas: the Island of St. Croix and the Islands of St. Thomas and St. John. The Washington, DC, area has three survey areas: the District of Columbia, the Maryland suburbs of the District of Columbia, and the Virginia suburbs of the District of Columbia. OPM collects non-housing data throughout the survey area. OPM may collect housing data throughout the survey area or in specific housing data collection areas. The following table shows the survey areas:

SURVEY AND DATA COLLECTION AREAS

COLA areas & reference areas	Survey area
Anchorage	City of Anchorage.
Fairbanks	City of Fairbanks.
Juneau	Juneau, Mendenhall.
Rest of Alaska	See paragraph (c) of this section.
Honolulu	City and County of Honolulu.
Hawaii County	City of Hilo, Kailua-Kona area.
Kauai	Kauai Island.
Maui	Maui Island.
Guam & CNMI	Guam.
Puerto Rico	San Juan area.
U.S. Virgin Islands.	St. Croix, St. Thomas, St. John (housing data only).
Washington, DC-DC.	District of Columbia.
Washington, DC-MD.	Montgomery County and Prince Georges County.

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SURVEY AND DATA COLLECTION AREAS—
Continued

COLA areas & reference areas	Survey area
Washington, DC-VA.	Arlington County, Fairfax County, Prince William County, City of Alexandria, City of Fairfax, City of Falls Church, City of Manassas, and City of Manassas Park.

(b) *Rest of the State of Alaska COLA area.* OPM may collect survey data on-site, use alternative indicators of relative living costs (e.g., price and cost information published by the University of Alaska), or both. If the use of alternative indicators would result in a COLA rate reduction, OPM will conduct onsite surveys in one or more locations in the Rest of the State of Alaska COLA area, before making a reduction, to ensure that the reduction is warranted.

(c) *Determining Survey Coverage.* To aid OPM in determining survey coverage, OPM may from time to time conduct surveys of Federal employees in the COLA areas and/or the Washington, DC, area to determine where employees shop and what they spend on certain goods or services and to collect other information related to the price surveys and the calculation of price indexes.

§ 591.216 How does OPM combine survey data for the DC area and for COLA areas with multiple survey areas?

(a) *Washington, DC, area.* For each survey item except shelter, OPM averages separately the prices collected in each of the DC survey areas identified in § 591.215(a) and then averages these average prices together using equal weights to compute an overall average by item for the DC area.

(b) *COLA areas with multiple survey areas.* OPM computes weighted average indexes at the PEG, MEG, and overall level by using the corresponding indexes and Federal employment weights from each survey area within the COLA area.

§ 591.217 In which outlets does OPM collect prices?

OPM collects prices in popular outlets in each survey area. OPM selects these outlets based on their proximity to the housing data collection areas, accessibility by road, physical size, advertising, and other characteristics that reflect sales volume. To the extent practical, OPM prices like items in the same types of outlets in the COLA areas and the Washington, DC, area. As warranted, OPM also may conduct point-of-purchase surveys and select outlets based on the results of those surveys.

§ 591.218 How does OPM compute price indexes?

Except for shelter and energy utilities, OPM averages by item the prices collected in each survey area. For the Washington, DC, area, OPM computes a simple average for each item based on the average prices from each DC survey area. On an item-by-item basis, OPM divides the COLA survey area average price by the DC average price and produces a price index.

§ 591.219 How does OPM compute shelter price indexes?

(a) In addition to rental and rental equivalence prices and/or estimates, OPM obtains for each unit surveyed information about the important characteristics of the unit, such as size, number of bathrooms, and other amenities that reflect the quality of the unit.

(b) OPM then uses these characteristics and rental prices and/or estimates in hedonic regressions (a type of multiple regression) to compute for each COLA area the price index for rental and/or rental equivalent units of comparable quality and size between the COLA survey area and the Washington, DC, area.

§ 591.220 How does OPM calculate energy utility cost indexes?

(a) OPM calculates energy utility cost indexes based on the relative cost of maintaining a standard size dwelling in each area at a given ambient temperature and the cost of other energy uses. Although the dwelling size may vary from one COLA survey area to another, OPM compares the utility cost