

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of FOREST HILLS) DOCKET NO. 890579-WS
 UTILITIES, INC. for 1989 price index)
 and pass-through rate adjustment in) ORDER NO. 21316
 Pasco County.)
 _____) ISSUED: 6-2-89

ORDER ACKNOWLEDGING INDEXING
 AND PASS-THROUGH RATE ADJUSTMENTS

BY THE COMMISSION:

On April 20, 1989, Forest Hills Utilities, Inc. (Utility) notified this Commission of its intention to increase rates to its customers in Pasco County by application of the price-indexing and pass-through provisions of Subsections 367.081(4)(a) and (b), Florida Statutes, respectively, and Rules 25-30.420 and 25-30.425, Florida Administrative Code, respectively.

By Order No. 20972, issued by this Commission on March 31, 1989, in Docket No. 890005-WS, the rates of water and sewer utilities are subject to adjustment as a result of the application of the price index to certain utility operation and maintenance costs. The indexing factor is 4.35 percent.

The Utility also intends to pass through to its customers the increased cost of purchased water imposed by Pasco County. The Utility waived its right to place the pass-through rates into effect thirty days from the filing date of this notice and states that these rates are to become effective simultaneously with the indexing adjustment.

The documentation submitted by the Utility in support of its indexing and pass-through notice meets the Commission's requirements, as set forth in Rules 25-30.420 and 25-30.425, Florida Administrative Code. In compliance with said rules, the Utility advised us that it will provide notice to its customers prior to the effective date of the rates, informing them of the impending rate adjustment and explaining that the increase is due to the pass-through provisions and the application of the price index to certain operation and maintenance expenses.

Applying increase factors of 1.0237 and 1.0390 to the existing rate schedules, plus an increase of \$.06 in the gallonage charge for purchased water, results in increased water and sewer revenues of \$17,362 and \$6,328, respectively. The schedules of our computations are as follows:

1989 Price Index and Pass-Through Application
Test Year Ended December 31, 1988

	<u>Water</u>	<u>Sewer</u>
1988 Operation and Maintenance Expenses	\$ 347,467	160,085
Less:		
(1) Pass-through Items:		
(a) Purchased Power	(11,908)	(18,252)
(b) Purchased Water	(125,403)	0

DOCUMENT NUMBER-DATE

05537 JUN -2 1989

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(2) Rate Case Expense Included in 1988 O & M Expenses	<u>0</u>	<u>0</u>
Costs to be Indexed	\$ 210,156	\$ 141,833
Multiply by Change in GNP Implicit Price Deflator Index	x <u>.0435</u>	x <u>.0435</u>
Additional O & M Expenses	\$ 9,142	\$ 6,170
Divide by Expansion Factor for Regulatory Assessment Fees	÷ <u>.975</u>	÷ <u>.975</u>
Increase in Revenue	\$ 9,376	\$ 6,328
Divide by 1988 Annualized Revenues	÷ <u>395,953</u>	÷ <u>162,150</u>
Percentage Increase	<u>2.37%</u>	<u>3.90%</u>
Increase Factor to Apply to Existing Rate Schedules	<u>1.0237</u>	<u>1.0390</u>

Calculation of Purchased Water Pass-Through

Gallons Purchased - New Rate	\$ 153,782
Less Gallons Purchased - Old Rate	- 145,996
Increase	\$ 7,786
Expand for Regulatory Assessment Fees	÷ <u>.975</u>
Increase in Revenue	\$ 7,986
Divide by Gallons Sold	÷ <u>140,413</u>
Increase in Gallonage Charge	\$ <u>.06</u>

Rates which will allow the Utility to recognize this increase, are as follows:

WATER (2.37% Increase)
Monthly Rate

Residential and General Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>New</u>
5/8" x 3/4"	\$ 2.95	\$ 3.02
1"	\$ 7.35	\$ 7.52
1-1/2"	\$ 14.72	\$ 15.07
2"	\$ 23.56	\$ 24.12
3"	\$ 47.10	\$ 48.22
4"	\$ 73.61	\$ 75.35
6"	\$ 147.31	\$ 150.80
 <u>Gallonage Charge</u> Per 1,000 Gallons	 \$ 2.42	 \$ 2.54

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SEWER (3.90% Increase)
Monthly Rate

Residential Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>New</u>
All Meter Sizes	\$ 7.33	\$ 7.62
<u>Gallonge Charge</u> Per 1,000 Gallons (10,000 Gallons maximum)	\$ 1.04	\$ 1.08

General Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>New</u>
5/8" x 3/4"	\$ 7.33	\$ 7.62
1"	\$ 18.32	\$ 19.03
1-1/2"	\$ 36.37	\$ 37.79
2"	\$ 58.65	\$ 60.94
3"	\$ 117.29	\$ 121.86
4"	\$ 183.25	\$ 190.40
6"	\$ 366.54	\$ 380.84
<u>Gallonge Charge</u> Per 1,000 Gallons	\$ 1.04	\$ 1.08

It is, therefore,

ORDERED by the Florida Public Service Commission that the indexing and pass-through application of Forest Hills Utilities, Inc., 1518 U.S. Highway 19, Holiday, Florida 34690, is hereby acknowledged. It is further

ORDERED that the Utility shall submit revised tariff sheets containing the new rates indicated in this order. It is further

ORDERED that the rates contained herein shall become effective for service rendered on or after June 19, 1989, subject to approval of revised tariff sheets and customer notice as previously indicated in this Order. It is further

ORDERED that Docket No. 890579-WS shall be closed upon approval of the revised tariff sheets.

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By Order of the Florida Public Service Commission,
this 2nd day of June, 1989.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

by: *Kay Flynn*
Chief, Bureau of Records

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