

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of SPRING HILL)	DOCKET NO. 890629-SU
UTILITIES for a 1989 price index rate)	ORDER NO. 21616
adjustment in Hernando County.)	ISSUED: 7-28-89

ORDER ACKNOWLEDGING PRICE INDEX RATE ADJUSTMENT

BY THE COMMISSION:

On May 3, 1989, Spring Hill Utilities (Utility) notified this Commission of its intention to increase rates to its customers in Hernando County by application of the price-indexing provisions of Section 367.081(4)(a), Florida Statutes, and Rule 25-30.420, Florida Administrative Code. Since the Utility's 1988 Annual Report contained deficiencies, processing of this application was deferred pending correction of the Annual Report. Corrections to the Annual Report were received on June 5, 1989, and that date has been established as the official filing date.

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.

After review of the indexing filing, we find that it meets the Commission's requirements, as set forth in Rule 25-30.420, Florida Administrative Code. However, the tariff sheets submitted with the application contained minor deficiencies, i.e. incorrect sheet numbers and incorrect revision levels. The Utility was advised of the deficiencies and the tariff sheets have been corrected.

In compliance with Rule 25-30.420(6), Florida Administrative Code, 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 application of the price index to certain operation and maintenance expenses.

Applying an increase factor of 1.0128 to the existing rate schedules results in increased sewer revenues of \$13,360. The schedule of our computation is as follows:

DOCUMENT NUMBER-DATE

07569 JUL 28 1989

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1989 Price Index Application
Test Year Ended December 31, 1988

	<u>Water</u>
1988 Operation and Maintenance Expenses	\$ 392,821
Less: (1) Pass-through Item - Purchased Power	(87,048)
(2) Rate Case Expense Included in 1988 O & M Expenses	(<u>6,317</u>)
Costs to be Indexed	\$ 299,456
Multiply by Change in GNP Implicit Price Deflator Index	x <u>.0435</u>
Additional O & M Expenses	\$ 13,026
Divide by Expansion Factor for Regulatory Assessment Fees	÷ <u>.975</u>
Increase in Revenue	\$ 13,360
Divide by 1988 Annualized Revenues	÷ <u>1,043,626</u>
Percentage Increase	<u>1.28%</u>
Increase Factor to Apply to Existing Rate Schedules	<u>1.0128</u>

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

SEWER (1.28% INCREASE)
Monthly Rates

Residential Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>New</u>
All Meter Sizes	\$ 6.44	\$ 6.52
<u>Gallage Charge</u> Per 1,000 Gallons (Maximum 10,000 Gallons)	\$ 2.63	\$ 2.66

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General Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>New</u>
5/8" x 3/4"	\$ 6.44	\$ 6.52
1"	\$ 14.81	\$ 15.00
1-1/2"	\$ 28.78	\$ 29.15
2"	\$ 45.53	\$ 46.11
3"	\$ 90.21	\$ 91.36
4"	\$ 140.48	\$ 142.28
6"	\$ 280.10	\$ 283.69
8"	\$ 447.66	\$ 453.39

<u>Gallonge Charge</u>		
Per 1,000 Gallons	\$ 3.17	\$ 3.21

Bulk Rate - Master Flow Meter

	<u>Existing</u>	<u>New</u>
Per 1,000 Gallons of Treated Sewage	\$ 2.21	\$ 2.24

It is, therefore,

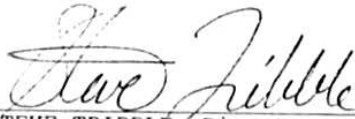
ORDERED by the Florida Public Service Commission that the indexing application of Spring Hill Utilities, 9500 Eldridge Road, Spring Hill, Florida, is hereby acknowledged. It is further

ORDERED that the rates contained herein shall become effective for service rendered on or after August 4, 1989, subject to approval of revised tariff sheets and customer notice as previously indicated in this Order. It is further

ORDERED that Docket No. 890629-SU may be closed upon Staff's approval of the tariff sheets.

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By Order of the Florida Public Service Commission,
this 28th day of JULY, 1989.



STEVE TRIBBLE, Director
Division of Records and Reporting

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