

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of SOUTHERN STATES) DOCKET NO. 890886-WS
 UTILITIES, INC., ZEPHYR SHORES SYSTEM,)
 for 1989 price index and pass-through) ORDER NO. 21828
 rate adjustments in Pasco County.)
 _____) ISSUED: 9-5-89

ORDER ACKNOWLEDGING INDEXING
 AND PASS-THROUGH RATE ADJUSTMENTS

BY THE COMMISSION:

On July 12, 1989, Southern States Utilities, Inc. (Utility) notified this Commission of its intention to increase rates to the customers of its Zephyr Shores System 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.

Although the application, as filed, meets the requirements of the above-mentioned Rules, it should be noted that Southern States pays a higher price for water purchased from Pasco County for the Zephyr Shores system than it does for its other system, Ell Nar, in Pasco County. The contract between the former owner of the Zephyr Shores system and Pasco County does not provide for the purchase of water at wholesale prices. Southern States is attempting to renegotiate the contract. In the event that Southern States and Pasco County are unable to reach an agreement, Southern States intends to run a water line from one of its other systems to the Zephyr Shores system. The difference in the cost of water does not affect the processing of this price index and pass-through rate adjustment for Southern States' Zephyr Shores system.

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 an increase in its ad valorem taxes. 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.

DOCUMENT NUMBER-DATE

08868 SEP -5 1989

FPSC-RECORDS/REPORTING

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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 1.0448 and 1.0769 to the existing rate schedules results in increased water and sewer revenues of \$1,282 and \$1,268, 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 | \$ 30,393 | \$ 26,358 |
| Less: | | |
| (1) Pass-through Items: | | |
| (a) Purchased Power | (1,491) | (6,724) |
| (b) Purchased Water | (7,560) | 0 |
| (c) DER Required Water Testing* | (160) | 0 |
| (2) Rate Case Expense Included in 1988 O & M Expenses | (13) | (12) |
| Costs to be Indexed | \$ 21,169 | \$ 19,622 |
| Multiply by Change in GNP Implicit Price Deflator Index | x .0435 | x .0435 |
| Additional O & M Expenses | \$ 921 | \$ 854 |
| Pass-through Item: | | |
| Increase in Ad Valorem Taxes | \$ 329 | \$ 382 |
| Total Increased Expenses | \$ 1,250 | \$ 1,236 |

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| | | |
|--|-----------------|-----------------|
| Divide by Expansion Factor for Regulatory Assessment Fees | ÷ <u>.975</u> | ÷ <u>.975</u> |
| Increase in Revenue | \$ 1,282 | \$ 1,268 |
| Divide by 1988 Annualized Revenues | ÷ <u>28,625</u> | ÷ <u>16,489</u> |
| Percentage Increase | <u>4.48%</u> | <u>7.69%</u> |
| Increase Factor to Apply to Existing Rate Schedules | <u>1.0448</u> | <u>1.0769</u> |

*Testing for organic contaminants per DER Rules 17-550.310(2) and 17-550.410, F.A.C.

Rates which will allow the Utility to recognize this increase for the Zephyr Shores system are as follows:

WATER (4.48% Increase)
Monthly Rates*

Residential and General Service

| <u>Base Facility Charge</u> <u>Meter Size</u> | <u>Gallage</u> <u>Allowance</u> | <u>Existing</u> | <u>New</u> |
|--|------------------------------------|-----------------|------------|
| 5/8" x 3/4" | 4,000 | \$ 5.38 | \$ 5.62 |
| Full 3/4" | 6,000 | \$ 8.06 | \$ 8.42 |
| 1" | 10,000 | \$ 13.44 | \$ 14.04 |
| 1-1/2" | 20,000 | \$ 26.86 | \$ 28.06 |
| 2" | 32,000 | \$ 42.99 | \$ 44.92 |
| 3" | 64,000 | \$ 86.00 | \$ 89.85 |
| 4" | 100,000 | \$ 134.38 | \$ 140.40 |
| 6" | 200,000 | \$ 268.76 | \$ 280.80 |
| <u>Gallage Charge</u> | | | |
| Per 1,000 Gallons | | | |
| (In Excess of Allowance) | | \$.79 | \$.83 |

*This Schedule is not applicable to American Condominium Park Customers.

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American Condominium Park Customers Only

Residential and General Service

| <u>Base Facility Charge</u> <u>Meter Size</u> | <u>Gallonge</u> <u>Allowance</u> | <u>Existing</u> | <u>New</u> |
|--|-------------------------------------|-----------------|------------|
| 5/8" x 3/4" | 4,000 | \$ 6.79 | \$ 7.09 |
| Full 3/4" | 6,000 | \$ 10.18 | \$ 10.64 |
| 1" | 10,000 | \$ 16.97 | \$ 17.73 |
| 1-1/2" | 20,000 | \$ 33.93 | \$ 35.45 |
| 2" | 32,000 | \$ 54.30 | \$ 56.73 |
| 3" | 64,000 | \$ 108.63 | \$ 113.50 |
| 4" | 100,000 | \$ 169.73 | \$ 177.33 |
| 6" | 200,000 | \$ 339.46 | \$ 354.67 |

Gallonge Charge

| | | |
|---|---------|---------|
| Per 1,000 Gallons (In Excess of Allowance) | \$ 1.00 | \$ 1.04 |
|---|---------|---------|

Private Fire Protection Service

| <u>Line Size</u> | <u>Existing</u> | <u>New</u> |
|------------------|-----------------|------------|
| 2" | \$ 12.64 | \$ 13.21 |
| 3" | \$ 25.28 | \$ 26.41 |
| 4" | \$ 39.50 | \$ 41.27 |
| 6" | \$ 79.00 | \$ 82.54 |

SEWER (7.69% Increase)
Monthly Rates

Residential Service

| <u>All Meter Sizes</u> | <u>Existing</u> | <u>New</u> |
|------------------------|-----------------|------------|
| Flat Rate | \$ 4.94 | \$ 5.32 |

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General Service

| <u>All Meter Size Flat Rates</u> | <u>Existing</u> | <u>New</u> |
|--------------------------------------|-----------------|------------|
| 5/8" x 3/4" | \$ 4.94 | \$ 5.32 |
| Full 3/4" | \$ 7.41 | \$ 7.98 |
| 1" | \$ 12.35 | \$ 13.30 |
| 1-1/2" | \$ 24.72 | \$ 26.62 |
| 2" | \$ 39.55 | \$ 42.59 |
| 3" | \$ 79.05 | \$ 85.13 |
| 4" | \$ 123.52 | \$ 133.02 |
| 6" | \$ 247.04 | \$ 266.04 |

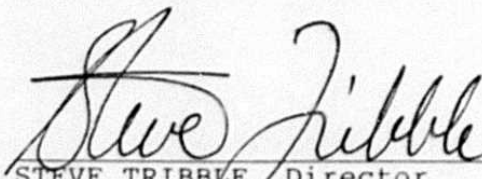
It is, therefore,

ORDERED by the Florida Public Service Commission that the indexing and pass-through application of Southern States Utilities, Inc., 1000 Color Place, Apopka, Florida 32703, is hereby acknowledged. It is further

ORDERED that the rates contained herein shall become effective for service rendered on or after September 10, 1989, subject to approval of revised tariff sheets and customer notice as previously indicated in this Order. It is further

ORDERED that the tariff sheets submitted with the Utility's application reflect the rates set forth in this Order, and Docket No. 890886-WS may be closed upon Staff's approval of the tariff sheets.

By Order of the Florida Public Service Commission,
 this 5th day of September, 1989.


 STEVE TRIBBLE, Director
 Division of Records and Reporting

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