

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of INDIANTOWN)	DOCKET NO. 881165-WS
COMPANY, INC. for a 1988 price index)	ORDER NO. 20229
rate adjustment in Martin County.)	ISSUED: 10-27-88

ORDER ACKNOWLEDGING PRICE INDEX RATE ADJUSTMENT

BY THE COMMISSION:

On September 7, 1988, Indiantown Company, Inc. (Indiantown or Utility) notified this Commission of its intention to increase rates to its customers in Martin County by application of the price-indexing provisions of Section 367.081(4)(a), Florida Statutes, and Rule 25-30.420, Florida Administrative Code.

By Order No. 19073, issued by this Commission on March 31, 1988, in Docket No. 880005-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 2.89 percent.

Upon receipt of Indiantown's notice, the Department of Environmental Regulation (DER) was contacted. Although no outstanding citations or violations exist at this time, the utility's wastewater operations are being monitored closely because of illegal discharge from percolation ponds. The Utility has applied for a construction permit from DER to install additional ponds to alleviate the problem. Therefore, we find it appropriate to acknowledge the price index rate increase. However, we will monitor the situation until the problem is corrected.

After reviewing the indexing filing, we find that it meets the Commission's requirements, as set forth in Rule 25-30.420, Florida Administrative Code. 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 increase factors of 1.0213 and 1.0174 to the existing rate schedules results in increased water and sewer revenues of \$6,009 and \$4,793, respectively. The schedule of our computation is as follows:

1988 Price Index Application
Test Year Ended December 31, 1987

	<u>Water</u>	<u>Sewer</u>
1987 Operation and Maintenance Expenses	\$ 238,337	\$ 221,272
Less:		
(1) Pass-through Item: Purchased Power	(28,302)	(44,189)
(2) Rate Case Expense Included in 1987 O & M Expenses	0	0

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(3) Adjustment to O & M Expenses from last rate case, if applicable	(7,293)	(9,116)
Costs to be Indexed	\$ 202,742	\$ 167,967
Multiply by Change in GNP Implicit Price Deflator Index	x .0289	x .0289
Additional O & M Expenses	\$ 5,859	\$ 4,854
Divide by Expansion Factor for Regulatory Assessment Fees	÷ .975	÷ .975
Increase in Revenue	\$ 6,009	\$ 4,979
Divide by 1987 Annualized Revenues	+ 282,395	÷ 275,109
Percentage Increase*	2.13%	1.80%
Requested Percentage Increase in Rates	2.13%	1.74%
Increase Factor to Apply to Existing Rate Schedules	1.0213	1.0174

*The Utility incorrectly removed \$6,265 from sewer expenses for DER required water testing, which results in an increase of 1.74% instead of an increase of 1.80% (the percentage increase when \$6,265 is included). It is not Commission practice to increase revenues by more than a utility requests. Indiantown was, therefore, advised of the discrepancy. The Utility stated that the "adjustment was immaterial." It further stated that it would not refile the index, but would accept the requested 1.74% increase.

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

WATER (2.13% 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"	\$ 7.20	\$ 7.35
1"	\$ 18.01	\$ 18.39
1-1/2"	\$ 36.01	\$ 36.78
2"	\$ 57.62	\$ 58.85
3"	\$ 108.02	\$ 110.32
4"	\$ 180.04	\$ 183.87
6"	\$ 360.10	\$ 367.77
8"	\$ 576.15	\$ 588.42
8" Turbo	\$ 648.19	\$ 662.00
<u>Gallonge Charge</u> Per 1,000 Gallons	\$ 1.03	\$ 1.05

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SEWER (1.74% Increase)
Monthly Rate

Residential Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>New</u>
All Meter Sizes	\$ 11.39	\$ 11.59
<u>Gallage Charge</u> Per 1,000 Gallons (Maximum 10,000 Gallons)	\$ 1.68	\$ 1.71

General Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>New</u>
5/8" x 3/4"	\$ 11.39	\$ 11.59
1"	\$ 28.47	\$ 28.97
1-1/2"	\$ 56.92	\$ 57.91
2"	\$ 91.08	\$ 92.66
3"	\$ 170.77	\$ 173.74
4"	\$ 284.61	\$ 289.56
6"	\$ 569.22	\$ 579.12
8"	\$ 910.73	\$ 926.58
8" Turbo	\$1,024.58	\$1,042.41
<u>Gallage Charge</u> Per 1,000 Gallons	\$ 1.68	\$ 1.71

It is, therefore,

ORDERED by the Florida Public Service Commission that the indexing application of Indiantown Company, Inc., Post Office Box 397, Indiantown, Florida 34956, 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 November 6, 1988, subject to approval of revised tariff sheets and customer notice as previously indicated in this Order. It is further

ORDERED that Docket No. 881165-WS shall be closed upon approval of the revised tariff sheets.

By Order of the Florida Public Service Commission,
this 27th day of OCTOBER, 1988.

STEVE TRIBBLE, Director
Division of Records and Reporting

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by: Kay Flynn
Chief, Bureau of Records