

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of IBSCO, INC. for ) DOCKET NO. 890347-WS  
 1988 price index and pass-through rate ) ORDER NO. 20998  
 adjustments in Martin County. ) ISSUED: 4-7-89

ORDER ACKNOWLEDGING INDEXING  
 AND PASS-THROUGH RATE ADJUSTMENTS

BY THE COMMISSION:

On March 8, 1988, IBSCO, Inc. (Utility) notified this Commission of its intention to increase rates to its customers in Martin 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. 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.

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.

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 1.0160 and 1.0272 to the existing rate schedules, plus a pass-through increase per factored equivalent residential connection (ERC) of \$.73 and \$.74, results in increased water and sewer revenues of \$3,132 and \$3,403, respectively. The schedules of our computations are as follows:

1988 Price Index Application  
Test Year Ended December 31, 1987

	<u>Water</u>	<u>Sewer</u>
1987 Operation and Maintenance Expenses	\$ 24,881	\$ 30,824
Less:		
(1) Pass-through Item: Purchased Power	( 8,035)	( 4,889)
(2) Rate Case Expense Included in 1987 O & M Expenses	0	0
Costs to be Indexed	\$ 16,846	\$ 25,935

DOCUMENT NUMBER-DATE

03552 APR -7 1989

FPSC-RECORDS/REPORTING

ORDER NO. 20998  
DOCKET NO. 890347-WS  
Page 2

Multiply by Change in GNP Implicit Price Deflator Index	x	<u>.0289</u>	x	<u>.0289</u>
Additional O & M Expenses	\$	487	\$	750
Divide by Expansion Factor for Regulatory Assessment Fees	÷	<u>.975</u>	÷	<u>.975</u>
Increase in Revenue	\$	499	\$	769
Divide by 1987 Booked Revenues	÷	<u>31,119</u>	÷	<u>28,226</u>
Percentage Increase		<u>1.60%</u>		<u>2.72%</u>
Increase Factor to Apply to Existing Rate Schedules		<u>1.0160</u>		<u>1.0272</u>

Pass-Through Adjustment

Increase in 1988 Property Taxes	\$	2,567	\$	2,568
Gross Receipts Tax Expansion Factor	÷	<u>.975</u>	÷	<u>.975</u>
Total Pass-Through Increase	\$	<u>2,633</u>	\$	<u>2,635</u>
Divide by Annualized Year-End ERC's	÷	<u>3,588</u>	÷	<u>2,634</u>
Percentage Increase	\$	<u>.73</u>	\$	<u>.74</u>

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

WATER  
Monthly Rate

Residential and General Service

	<u>Existing</u>	<u>New</u>
Base Facility Charge	\$ 4.75	\$ 5.56
Gallonge Charge Per 1,000 Gallons	\$ .65	\$ .66

SEWER  
Monthly Rate

Residential and General Service

	<u>Existing</u>	<u>New</u>
Flat Rate	\$ 8.00	\$ 8.96

It is, therefore,

ORDERED by the Florida Public Service Commission that the indexing and pass-through application of IBSCO, Inc., 1900 NE Savanna Road, Jensen Beach, Florida 33457, is hereby acknowledged. It is further

ORDER NO. 20998  
DOCKET NO. 890347-WS  
Page 3

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 May 7, 1989, subject to approval of revised tariff sheets and customer notice as previously indicated in this Order. It is further

ORDERED that Docket No. 890347-WS shall be closed upon approval of the revised tariff sheets.

By Order of the Florida Public Service Commission,  
this 7th day of April, 1989.

\_\_\_\_\_  
STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

ALC

by: Kay Flynn  
Chief, Bureau of Records