

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Ocean Reef ) DOCKET NO. 890785-SU  
Utility Company for a 1989 price index ) ORDER NO. 21575  
rate adjustment in Monroe County. ) ISSUED: 7-18-89  
\_\_\_\_\_ )

ORDER ACKNOWLEDGING PRICE INDEX RATE ADJUSTMENT

BY THE COMMISSION:

On June 12, 1989, Ocean Reef Utility Company (Utility) notified this Commission of its intention to increase rates to its customers in Monroe 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. 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. 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 1.0205 to the existing rate schedules results in increased sewer revenues of \$8,661. The schedule of our computation is as follows:

1989 Price Index Application  
Test Year Ended December 31, 1988

	<u>Water</u>
1988 Operation and Maintenance Expenses	\$ 276,772
Less: (1) Pass-through Item: Purchased Power	( 45,880)
(2) Rate Case Expense Included in 1988 O & M Expenses	( 36,784)

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Costs to be Indexed	\$ 194,108
Multiply by Change in GNP Implicit Price Deflator Index	x <u>.0435</u>
Additional O & M Expenses	\$ 8,444
Divide by Expansion Factor for Regulatory Assessment Fees	÷ <u>.975</u>
Increase in Revenue	\$ 8,661
Divide by 1988 Annualized Revenues	÷ <u>422,505</u>
Percentage Increase	<u>2.05%</u>
Increase Factor to Apply to Existing Rate Schedules	<u>1.0205</u>

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

SEWER (2.05% INCREASE)  
Monthly Rate

Residential Service

<u>Description</u>	<u>Existing</u>	<u>New</u>
One-Bath Unit	\$ 26.33	\$ 26.87
Two-Bath Unit	\$ 26.33	\$ 26.87

General Service and Multi-Residential Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>New</u>
5/8" x 3/4"	\$ 14.36	\$ 14.65
1"	\$ 35.90	\$ 36.64
1-1/2"	\$ 71.79	\$ 73.26
2"	\$ 114.87	\$ 117.22
3"	\$ 229.74	\$ 234.45
4"	\$ 358.97	\$ 366.33
<u>Gallonge Charge</u> Per 1,000 Gallons	\$ 2.36	\$ 2.41

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It is, therefore,

ORDERED by the Florida Public Service Commission that the indexing application of Ocean Reef Utility Company, 31 Ocean Reef Drive, Key Largo, Florida 33037, is hereby acknowledged. It is further

ORDERED that the rates contained herein shall become effective for service rendered on or after August 11, 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. 890785-SU may be closed upon Staff's approval of the tariff sheets.

By Order of the Florida Public Service Commission,  
this 18th day of July, 1989.

  
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STEVE TRIBBLE, Director  
Division of Records and Reporting

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