

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

| | |
|-------------------------------------|----------------------|
| In re: Application of CENTURY) | DOCKET NO. 890640-WS |
| UTILITIES, INC. for a 1989 price) | |
| index and pass-through rate) | ORDER NO. 21387 |
| adjustments in Palm Beach County.) | ISSUED: 6-16-89 |

ORDER ACKNOWLEDGING INDEXING
AND PASS-THROUGH RATE ADJUSTMENTS

BY THE COMMISSION:

On May 8, 1989, Century Utilities, Inc. (Utility) notified this Commission of its intention to increase rates to its customers in Palm Beach 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. 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 the cost of water quality testing required by the Department of Environmental Regulation (DER). Pursuant to Section 367.081(4)(b), Florida Statutes, a utility may not increase its rates by passing through charges for water testing which were initiated more than twelve months before the filing. Two of the tests, totalling \$230, were dated April 8, 1988, more than twelve months prior to the May 8, 1989 filing date. Further, the utility incorrectly included the testing charge as an annual charge. Since the charge will occur every three years, we have amortized it over three years. The Utility was contacted prior to our calculations and concurs with our adjustments.

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 1.0288 and 1.0164 to the existing rate schedules results in increased water and sewer revenues of \$18,793 and \$18,839, respectively. The schedules of our computations are as follows:

DOCUMENT NUMBER-DATE

05979 JUN 16 1989

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1989 Pass-through Calculation

| | <u>Water</u> |
|-------------------------------|---------------|
| Water Testing Expenses | \$ 2,705 |
| Less April 1988 Testing | <u>230</u> |
| Subtotal | \$ 2,475 |
| Divide by Amortization Period | + <u>3</u> |
| Pass-Through Expenses | \$ <u>825</u> |

1989 Price Index and Pass-Through Application
Test Year Ended December 31, 1988

| | <u>Water</u> | <u>Sewer</u> |
|---|------------------|--------------------|
| 1988 Operation and Maintenance Expenses | \$ 448,914 | \$ 533,866 |
| Less: | | |
| (1) Pass-through Items: | | |
| (a) Purchased Power | (39,661) | (73,479) |
| (b) Purchased Water | 0 | 0 |
| (c) Purchased Sewage Treatment | 0 | 25,262) |
| (d) DER Required Water Testing* | (2,705) | 0 |
| (2) Rate Case Expense Included in 1988 O & M Expenses | (<u>4,290</u>) | (<u>12,868</u>) |
| Costs to be Indexed | \$ 402,258 | \$ 422,257 |
| Multiply by Change in GNP Implicit Price Deflator Index | x <u>.0435</u> | x <u>.0435</u> |
| Additional O & M Expenses | \$ 17,498 | \$ 18,368 |
| Add Pass-through Increase: | <u>825</u> | <u>0</u> |
| Total Increased Expenses | \$ 18,323 | \$ 18,368 |
| Divide by Expansion Factor for Regulatory Assessment Fees | ÷ <u>.975</u> | ÷ <u>.975</u> |
| Increase in Revenue | \$ 18,793 | \$ 18,839 |
| Divide by 1988 Annualized Revenues | ÷ <u>653,554</u> | ÷ <u>1,145,506</u> |
| Percentage Increase | <u>2.88%</u> | <u>1.64%</u> |
| Increase Factor to Apply to Existing Rate Schedules | <u>1.0288</u> | <u>1.0164</u> |

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

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

WATER (2.88% Increase)
Monthly Rate

Residential Service

| <u>Base Facility Charge</u> <u>Meter Size</u> | <u>Existing</u> | <u>New</u> |
|--|-----------------|------------|
| 5/8" x 3/4" | \$ 3.95 | \$ 4.06 |
| 1" | \$ 9.88 | \$ 10.16 |
| <u>Gallage Charge</u> Per 1,000 Gallons | \$.98 | \$ 1.01 |

General Service

| <u>Base Facility Charge</u> <u>Meter Size</u> | <u>Existing</u> | <u>New</u> |
|--|-----------------|------------|
| 5/8" x 3/4" | \$ 3.95 | \$ 4.06 |
| 1" | \$ 9.88 | \$ 10.16 |
| 2" | \$ 31.60 | \$ 32.51 |
| 3" | \$ 63.20 | \$ 65.02 |
| 4" | \$ 98.75 | \$101.95 |
| 6" | \$ 197.50 | \$203.19 |
| <u>Gallage Charge</u> Per 1,000 Gallons | \$.98 | \$ 1.01 |

Multiple Dwelling

| <u>Base Facility Charge</u> <u>Meter Size</u> | <u>Existing</u> | <u>New</u> |
|--|-----------------|------------|
| 1" | \$ 9.88 | \$ 10.16 |
| 2" | \$ 31.60 | \$ 32.51 |
| 3" | \$ 63.20 | \$ 65.02 |
| <u>Gallage Charge</u> Per 1,000 Gallons | \$.98 | \$ 1.01 |

Private Fire Protection

| <u>Base Facility Charge</u> <u>Meter Size</u> | <u>Existing</u> | <u>New</u> |
|--|-----------------|------------|
| 4" | \$ 33.20 | \$ 34.16 |
| 6" | \$ 66.37 | \$ 68.28 |
| 8" | \$106.21 | \$109.27 |
| 10" | \$152.22 | \$156.60 |
| 12" | \$285.42 | \$293.64 |

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SEWER (1.64% Increase)
Monthly Rate

Residential Service

| | <u>Existing</u> | <u>New</u> |
|-----------------------------------|-----------------|------------|
| <u>Base Facility Charge</u> | | |
| <u>Meter Size</u> | | |
| All Meter Sizes | \$ 7.94 | \$ 8.07 |
| <u>Gallage Charge</u> | | |
| Per 1,000 Gallons (No maximum) | \$ 1.43 | \$ 1.45 |

General Service

| | <u>Existing</u> | <u>New</u> |
|-----------------------------------|-----------------|------------|
| <u>Base Facility Charge</u> | | |
| <u>Meter Size</u> | | |
| 5/8" x 3/4" | \$ 7.94 | \$ 8.07 |
| 1" | \$ 19.85 | \$ 20.18 |
| 2" | \$ 63.52 | \$ 64.56 |
| 3" | \$ 127.04 | \$129.12 |
| 4" | \$ 198.50 | \$201.76 |
| 6" | \$ 397.00 | \$403.51 |
| <u>Gallage Charge</u> | | |
| Per 1,000 Gallons (No maximum) | \$ 1.43 | \$ 1.45 |

Multiple Dwelling

| | <u>Existing</u> | <u>New</u> |
|-----------------------------------|-----------------|------------|
| <u>Base Facility Charge</u> | | |
| <u>Meter Size</u> | | |
| 1" | \$ 19.85 | \$ 20.18 |
| 2" | \$ 63.52 | \$ 64.56 |
| 3" | \$ 127.04 | \$129.12 |
| <u>Gallage Charge</u> | | |
| Per 1,000 Gallons (No maximum) | \$ 1.43 | \$ 1.45 |

It is, therefore,

ORDERED by the Florida Public Service Commission that the indexing and pass-through application of Century Utilities, Inc., Post Office Box 170569, West Palm Beach, Florida 33417-4384, is hereby acknowledged. It is further

ORDERED that the rates contained herein shall become effective for service rendered on or after July 7, 1989, subject to approval of revised tariff sheets and customer notice as previously indicated in this Order. It is further

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ORDERED that the tariff sheets submitted with the Utility's application reflect the rates set forth in this Order, and Docket No. 890640-WS may be closed upon Staff's approval of the tariff sheets.

By Order of the Florida Public Service Commission,
this 16th day of JUNE, 1989.


STEVE TRIBBLE, Director
Division of Records and Reporting

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