

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of MARTIN DOWNS UTILITIES, INC. for 1989 price index and pass-through rate adjustment in Martin County.)	DOCKET NO. 890644-WS
)	ORDER NO. 21463
)	ISSUED: 6-28-89

ORDER ACKNOWLEDGING INDEXING
AND PASS-THROUGH RATE ADJUSTMENTS

BY THE COMMISSION:

On May 9, 1989, Martin Downs Utilities, 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. 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 property 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 1.0255 and 1.0281 to the existing rate schedules, plus a pass-through rate adjustment of \$.34 per equivalent residential connection (ERC), results in increased water and sewer revenues of \$22,191 and \$18,482, respectively. The schedules of our computations are as follows:

1989 Price Index Application
Test Year Ended December 31, 1988

	<u>Water</u>	<u>Sewer</u>
1988 Operation and Maintenance Expenses	\$ 332,208	\$ 298,249
Less:		
(1) Pass-through Item: Purchased Power	(33,230)	(34,614)

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(2) Rate Case Expense Included in 1988 O & M Expenses	(4,998)	(4,998)
Costs to be Indexed	\$ 293,980	\$ 258,637
Multiply by Change in GNP Implicit Price Deflator Index	x .0435	x .0435
Additional O & M Expenses	\$ 12,788	\$ 11,251
Divide by Expansion Factor for Regulatory Assessment Fees	÷ .975	÷ .975
Increase in Revenue	\$ 13,116	\$ 11,539
Divide by 1988 Annualized Revenues	÷ 514,164	÷ 409,947
Percentage Increase	<u>2.55%</u>	<u>2.81%</u>
Increase Factor to Apply to Existing Rate Schedules	<u>1.0255</u>	<u>1.0281</u>

1989 Pass-Through Calculation

	<u>Water</u>	<u>Sewer</u>
Total Used and Useful Increase In 1988 Property Taxes	\$ 8,848	\$ 6,769
Divide by Gross Receipts Tax Expansion Factor	÷ 975	÷ .975
Total Pass-Through Increase	\$ 9,075	\$ 6,943
Divide by Total Factored ERC's	÷ 26,718	÷ 20,630
Pass-Through Increase Per Factored ERC	\$ <u>.34</u>	\$ <u>.34</u>

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

WATER (2.55% 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"	\$ 11.21	\$ 11.84
3/4"	\$ 16.82	\$ 17.76
1"	\$ 28.02	\$ 29.58
1-1/2"	\$ 56.04	\$ 59.17
2"	\$ 89.66	\$ 94.67
3"	\$ 179.31	\$ 189.32
4"	\$ 280.17	\$ 295.81
6"	\$ 560.35	\$ 591.64
<u>Gallonage Charge</u> Per 1,000 Gallons	\$ 1.77	\$ 1.82

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SEWER (2.81% Increase)
Monthly Rate

Residential Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>New</u>
All Meter Sizes	\$ 11.18	\$ 11.83
<u>Gallonge Charge</u> Per 1,000 Gallons (Maximum 10,000 Gallons)	\$ 2.36	\$ 2.43

General Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>New</u>
5/8" x 3/4"	\$ 11.18	\$ 11.83
3/4"	\$ 16.78	\$ 17.76
1"	\$ 27.96	\$ 29.60
1-1/2"	\$ 55.89	\$ 59.16
2"	\$ 89.43	\$ 94.66
3"	\$ 178.86	\$189.33
4"	\$ 279.47	\$295.82
6"	\$ 558.94	\$591.65
<u>Gallonge Charge</u> Per 1,000 Gallons	\$ 2.36	\$ 2.43

It is, therefore,

ORDERED by the Florida Public Service Commission that the indexing and pass-through application of Martin Downs Utilities, Inc., Post Office Box 620, Palm City, Florida 34990, is hereby acknowledged. It is further

ORDERED that the rates contained herein shall become effective for service rendered on or after July 8, 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. 890644-WS may be closed.

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By Order of the Florida Public Service Commission,
this 28th day of JUNE, 1989.



STEVE TRIBBLE, Director
Division of Records and Reporting

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