

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of HIGHLANDS)	DOCKET NO. 890740-SU
UTILITIES CORPORATION for a 1989 price)	ORDER NO. 21638
index rate adjustment in Highlands Co.)	ISSUED: 7-31-89
)	

ORDER ACKNOWLEDGING PRICE INDEX RATE ADJUSTMENT

BY THE COMMISSION:

On June 5, 1989, Highlands Utilities Corporation (Utility) notified this Commission of its intention to increase rates to its customers in Highlands 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 provided notice to its customers on July 20, 1989, 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 1.0339 to the existing rate schedules results in increased sewer revenues of \$6,946. The schedule of our computation is as follows:

1989 Price Index Application
Test Year Ended December 31, 1988

	<u>Sewer</u>
1988 Operation and Maintenance Expenses	\$ 187,307
Less: (1) Pass-through Item - Purchased Power	(31,639)
(2) Rate Case Expense Included in 1988 O & M Expenses	<u> 0</u>
Costs to be Indexed	\$ 155,668

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Multiply by Change in GNP Implicit Price Deflator Index	x	.0435
Additional O & M Expenses	\$	6,772
Divide by Expansion Factor for Regulatory Assessment Fees	÷	.975
Increase in Revenue	\$	6,946
Divide by 1988 Annualized Revenues	÷	204,989
Percentage Increase		<u>3.39%</u>
Increase Factor to Apply to Existing Rate Schedules		<u>1.0339</u>

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

SEWER (3.39% INCREASE)
Monthly Rate
Residential Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>New</u>
All Meter Sizes	\$ 7.33	\$ 7.58
<u>Gallonge Charge</u> Per 1,000 Gallons (10,000 Gallons Maximum)	\$ 2.11	\$ 2.18

General Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>New</u>
5/8" x 3/4"	\$ 7.33	\$ 7.58
1"	\$ 18.33	\$ 18.95
1-1/2"	\$ 36.65	\$ 37.89
2"	\$ 58.64	\$ 60.63
3"	\$ 117.28	\$ 121.26
4"	\$ 190.91	\$ 197.38
6"	\$ 366.50	\$ 378.92
<u>Gallonge Charge</u> Per 1,000 Gallons	\$ 2.11	\$ 2.18

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It is, therefore,

ORDERED by the Florida Public Service Commission that the indexing application of Highlands Utility Corporation, 136 State Road 29, Lake Placid, Florida 33852, 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 August 4, 1989, subject to approval of revised tariff sheets and customer notice as previously indicated in this Order. It is further

ORDERED that Docket No. 890740-SU shall be closed upon approval of the revised tariff sheets.

By Order of the Florida Public Service Commission,
this 31st day of July, 1989.



STEVE TRIBBLE, Director
Division of Records and Reporting

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