

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of DELTONA UTILITIES) DOCKET NO. 890630-SU
 for a 1989 price index rate adjustment) ORDER NO. 21643
 in Volusia County, Florida.) ISSUED: 7-31-89
)

ORDER ACKNOWLEDGING PRICE INDEX RATE ADJUSTMENT

BY THE COMMISSION:

On May 3, 1989, Deltona Utilities (Utility) notified this Commission of its intention to increase rates to its customers in Volusia County by application of the price-indexing provisions of Section 367.081(4)(a), Florida Statutes, and Rule 25-30.420, Florida Administrative Code. The application, as filed, did not meet the requirements of Rule 25-30.420, Florida Administrative Code, since Deltona did not have an approved annual report on file with the Commission. Deltona submitted annual report revisions and the 1988 annual report was approved on June 8, 1989. That date has been established as the official filing date.

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. However, during the review it was noted that Deltona is currently under a consent order from the Department of Environmental Regulation (DER) regarding effluent disposal to Lake Monroe. The Consent Order requires the Utility to eliminate disposal to the Lake by November, 1990. Deltona is currently working toward an alternative disposal method. Docket No. 890272-WS was initiated for consideration of this problem. That docket also addresses whether or not to include the cost of the construction of a spray irrigation system to a nearby golf course in rate base.

Further, Deltona's water system is under restriction by the St. John's Water Management District (WMD) regarding its consumptive use permits. Deltona is required to dispose of effluent by means of spray irrigation to a nearby golf course in order to drill any future wells.

DOCUMENT NUMBER-DATE

07654 JUL 31 1989

FPSC-RECORDS/REPORTING

ORDER NO. 21643
 DOCKET NO. 890630-SU
 Page 2

The water system currently has no violations on file with DER or WMB regarding the actual operation of the water treatment plant and water distribution system. The only complaints received by the Commission concern the proposed allocation of the cost of the spray irrigation system between both water and sewer. Since these problems are being addressed in Docket No. 890272-WS, this index application is not affected.

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 1.0177 to the existing rate schedules results in increased sewer revenues of \$13,627. 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	\$ 356,731
Less: (1) Pass-through Item: Purchased Power	(45,633)
(2) Rate Case Expense Included in 1988 O & M Expenses	(<u>5,678</u>)
Costs to be Indexed	\$ 305,420
Multiply by Change in GNP Implicit Price Deflator Index	x <u>.0435</u>
Additional O & M Expenses	\$ 13,286
Divide by Expansion Factor for Regulatory Assessment Fees	- <u>.975</u>
Increase in Revenue	\$ 13,627

ORDER NO. 21643
DOCKET NO. 890630-SU
Page 3

Divide by 1988 Annualized Revenues	÷ 771,830
Percentage Increase	<u>1.77%</u>
Increase Factor to Apply to Existing Rate Schedules	<u>1.0177</u>

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

SEWER (1.77% INCREASE)
Monthly Rates

Residential Service

<u>All Meter Sizes</u>	<u>Existing</u>	<u>New</u>
Flat Rate	\$ 12.56	\$ 12.78

General Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>New</u>
5/8" x 3/4"	\$ 5.00	\$ 5.09
1"	\$ 11.37	\$ 11.57
1-1/2"	\$ 21.98	\$ 22.37
2"	\$ 34.71	\$ 35.32
3"	\$ 68.66	\$ 69.88
4"	\$ 106.85	\$ 108.74
<u>Gallonage Charge</u> Per 1,000 Gallons	\$ 1.99	\$ 2.03

It is, therefore,

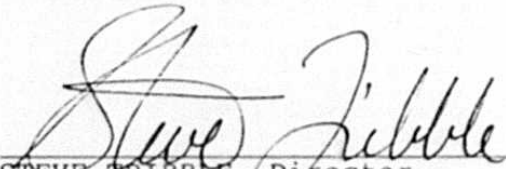
ORDERED by the Florida Public Service Commission that the indexing application of Deltona Utilities, 3250 SW Third Avenue, Miami, Florida 33129, is hereby acknowledged. It is further

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

ORDER NO. 21643
DOCKET NO. 890630-SU
Page 4

ORDERED that the tariff sheets submitted with the Utility's application reflect the rates set forth in this Order, and Docket No. 890630-SU may be closed upon Staff's approval of the tariff sheets.

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



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

ALC