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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of LEHIGH UTILITIES) INC. for a 1989 price index rate adjust-) ment in Lee County.) <hr/>	DOCKET NO. 890802-WS ORDER NO. 21700 ISSUED: 8-8-89
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ORDER ACKNOWLEDGING PRICE INDEX RATE ADJUSTMENT

BY THE COMMISSION:

On June 15, 1989, Lehigh Utilities, Inc. (Utility) notified this Commission of its intention to increase rates to its customers in Lee 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. However, the application did contain an error. The amount of Operation and Maintenance expense (\$522,125) submitted by the Utility for water is incorrect. In accordance with the Utility's 1988 Annual Report, the correct amount is \$552,125, which would produce a higher indexed revenue. The Utility has been notified of the discrepancy and has chosen not to amend its application to reflect the higher amount.

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 increase factors of 1.0160 and 1.0128 to the existing rate schedules results in increased water and sewer revenues of \$20,511 and \$13,120, respectively. The schedule of our computation is as follows:

DOCUMENT NUMBER-DATE

07984 AUG -8 1989

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1989 Price Index Application
Test Year Ended December 31, 1988

	<u>Water</u>	<u>Sewer</u>
1988 Operation and Maintenance Expenses	\$ 522,125	\$ 395,626
Less:		
(1) Pass-through Item: Purchased Power	(62,396)	(101,551)
(2) Rate Case Expense Included in 1988 O & M Expenses	<u>0</u>	<u>0</u>
Costs to be Indexed	\$ 459,729	\$ 294,075
Multiply by Change in GNP Implicit Price Deflator Index	x <u>.0435</u>	x <u>.0435</u>
Additional O & M Expenses	\$ 19,998	\$ 12,792
Divide by Expansion Factor for Regulatory Assessment Fees	÷ <u>.975</u>	÷ <u>.975</u>
Increase in Revenue	\$ 20,511	\$ 13,120
Divide by 1988 Annualized Revenues	÷ <u>1,278,988</u>	÷ <u>1,027,835</u>
Percentage Increase	<u>1.60%</u>	<u>1.28%</u>
Increase Factor to Apply to Existing Rate Schedules	<u>1.0160</u>	<u>1.0128</u>

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

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WATER (1.60% INCREASE)
Monthly Rates
Residential and General Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>New</u>
5/8" x 3/4"	\$ 3.84	\$ 3.90
1"	\$ 9.58	\$ 9.73
1-1/2"	\$ 19.14	\$ 19.45
2"	\$ 30.63	\$ 31.12
3"	\$ 61.23	\$ 62.21
4"	\$ 95.67	\$ 97.20
6"	\$ 191.35	\$ 194.41
 <u>Gallage Charge</u> Per 1,000 Gallons	 \$ 2.71	 \$ 2.75

Private Fire Protection
Annual Charges

<u>Line Size</u>	<u>Existing</u>	<u>New</u>
5/8" x 3/4"	\$ 45.41	\$ 46.14
2"	\$ 122.44	\$ 124.40
4"	\$ 382.67	\$ 388.79
6"	\$ 765.33	\$ 777.58
8"	\$1,224.53	\$1,244.12
10"	\$1,760.27	\$1,788.43
12"	\$3,290.94	\$3,343.60

SEWER (1.28% INCREASE)
Monthly Rates
Residential Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>New</u>
All Meter Sizes	\$ 5.09	\$ 5.16
 <u>Gallage Charge</u> Per 1,000 Gallons (Maximum 10,000 Gallons)	 \$ 2.49	 \$ 2.52

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General Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>New</u>
5/8" x 3/4"	\$ 5.09	\$ 5.16
1"	\$ 12.76	\$ 12.92
1-1/2"	\$ 25.49	\$ 25.82
2"	\$ 40.78	\$ 41.30
3"	\$ 81.59	\$ 82.63
4"	\$ 127.47	\$ 129.10
6"	\$ 254.95	\$ 258.21
 <u>Gallonage Charge</u>		
Per 1,000 Gallons	\$ 2.49	\$ 2.52

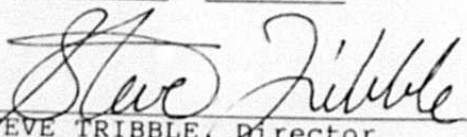
It is, therefore,

ORDERED by the Florida Public Service Commission that the indexing application of Lehigh Utilities, Inc., 305 Collidge Avenue, Lehigh Acres, Florida 33936, is hereby acknowledged. It is further

ORDERED that the rates contained herein shall become effective for service rendered on or after August 14, 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. 890802-WS may be closed upon Staff's approval of the tariff sheets.

By Order of the Florida Public Service Commission,
this 8th day of AUGUST, 1989.



STEVE TRIBBLE, Director
Division of Records and Reporting

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