

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Sunray)	DOCKET NO. 890992-WS
Utilities, Inc. for 1989 price index)	ORDER NO. 21932
rate adjustment in Nassau County.)	ISSUED: 9-21-89
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 JOHN T. HERNDON

ORDER APPROVING PRICE INDEX RATE ADJUSTMENT

BY THE COMMISSION:

On July 26, 1989, Sunray Utilities, Inc. (Sunray or Utility) notified this Commission of its intent to implement a price index rate increase pursuant to Section 367.081(4)(a), Florida Statutes. Sunray was granted its certificates by Order No. 19392 and rates by Order No. 20252, in Docket No. 870649-WS. Sunray currently serves 22 customers in Nassau County.

Since the Utility currently has few customers and little revenue, a large percentage increase in rates results when actual revenues and expenses are used to calculate the price index rate increase, as required by Section 367.081(4), Florida Statutes. In its notice, the Utility proposed to use projected revenues and expenses, which were used to calculate its present rates, in the calculation of the price index rate increase.

Sunray's revenues for 1988 were \$119 for water and \$154 for sewer. Using these revenues in the calculation of the index results in a 189% increase in water rates and a 164% increase in sewer rates. As stated previously, the Utility has proposed using projected revenues and expenses, which would result in water and sewer rates increasing by 2.25% and 2.1%, respectively. In essence, the Utility has waived its rights under the Statute to a higher indexing increase by its proposal to use projected figures.

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The intent of the price index procedure is to keep the utility whole with respect to inflation; this will be accomplished under the Utility's proposal. We have assumed that the projected expenses from Order No. 20252 are in 1988 dollars and, therefore, do not have a built-in inflation factor. The utility's proposal also requires an exception to Appendix "A" of Order No. 20972, the 1989 price index order, since the expenses used in the index calculation do not match the 1988 annual report.

Although, in its filing, Sunray also proposes using projected expenses for future index applications, we are only addressing the current index application at this time. We will consider future index applications on a case by case basis.

Applying increase factors of 1.0225 and 1.0210 to the existing rate schedules results in increased water and sewer revenues of \$9,018 and \$11,401, respectively. The schedule of our computation is as follows:

1989 Price Index Application
Test Year Ended December 31, 1988

	<u>Water</u>	<u>Sewer</u>
1988 Operation and Maintenance Expenses	\$ 231,906	\$ 321,248
Less:		
(1) Pass-through Item: Purchased Power	(29,774)	(65,710)
(2) Rate Case Expense Included in 1988 O & M Expenses	<u>0</u>	<u>0</u>
Costs to be Indexed	\$ 202,132	\$ 255,538
Multiply by Change in GNP Implicit Price Deflator Index	x <u>.0435</u>	x <u>.0435</u>
Additional O & M Expenses	\$ 8,793	\$ 11,116
Divide by Expansion Factor for Regulatory Assessment Fees	÷ <u>.975</u>	÷ <u>.975</u>

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Increase in Revenue	\$ 9,018	\$ 11,401
Divide by Revenue	÷ <u>400,506</u>	÷ <u>543,783</u>
Percentage Increase	<u>2.25%</u>	<u>2.10%</u>
Increase Factor to Apply to Existing Rate Schedules	<u>1.0225</u>	<u>1.0210</u>

Rates which will allow the Utility to recognize these increases are as follows:

MONTHLY RATES

WATER
Residential and General Service

	<u>Existing</u>	<u>New</u>
<u>Base Facility Charge</u>		
<u>Meter Size</u>		
5/8" x 3/4"	\$ 7.51	\$ 7.68
3/4"	11.27	11.52
1"	18.78	19.20
1 1/2"	37.55	38.39
2"	60.08	61.43
3"	120.16	122.86
4"	187.75	191.97
6"	375.50	383.95
<u>Gallonge Charge</u>		
Per 1,000 Gallons	\$.95	\$.97

SEWER
Residential

	<u>Existing</u>	<u>New</u>
<u>Base Facility Charge</u>		
<u>Meter Size</u>		
All Meter Sizes	\$ 9.71	\$ 9.91
<u>Gallonge Charge</u>		
Per 1,000 Gallons (Maximum 10,000 Gallons)	\$ 1.75	\$ 1.79

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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"	\$ 9.71	\$ 9.91
3/4"	14.57	14.88
1"	24.28	24.79
1 1/2"	48.55	49.57
2"	77.68	79.31
3"	155.36	158.62
4"	242.75	247.85
6"	485.50	495.70
<u>Gallonage Charge</u> Per 1,000 Gallons	\$ 2.09	\$ 2.13

These rates shall become effective for service rendered on or after September 27, 1989. The Utility has filed the appropriate tariff pages and has advised us that it will notify its customers prior to the implementation of the rate increase.

It is, therefore,

ORDERED by the Florida Public Service Commission that the methodology used by Sunray Utilities, Inc., Post Office Box 1708, Fernandina Beach, Florida 32034, in calculating the rate increase is hereby approved for this price index rate increase only. All future price index increases shall be considered individually and processed on a case by case basis. It is further

ORDERED that the rates and charges set forth in the body of this Order are hereby approved. It is further

ORDERED that the rates contained herein shall become effective for service rendered on or after September 27, 1989, subject to approval of the tariff sheets and customer notice as previously indicated in this Order. It is further

ORDERED that Docket No. 890992-WS is hereby closed.

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By Order of the Florida Public Service Commission,
this 21st day of September, 1989.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

ALC

by: Kay Hegan
Chief, Bureau of Records

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.