

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Key Haven)	DOCKET NO. 900930-SU
Utility Corporation for a)	ORDER NO. 24051
limited proceeding to increase)	ISSUED: 2-1-91
wastewater rates)	
_____)	

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 BETTY EASLEY
 GERALD L. GUNTER
 FRANK S. MESSERSMITH
 MICHAEL McK. WILSON

NOTICE OF PROPOSED AGENCY ACTIONORDER GRANTING PETITION FOR
 LIMITED PROCEEDING RATE INCREASE

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for formal proceedings pursuant to Rule 25-22.029, Florida Administrative Code.

Key Haven Utility Corporation (Key Haven or utility) is a Class C utility that operates a wastewater system in Monroe County. The utility has approximately 351 customers.

On November 20, 1990, Key Haven filed its petition for a limited proceeding rate increase in wastewater rates, stating that it will incur substantial additional costs related to the increase in sludge disposal charges imposed by the City of Key West on the utility's disposal company, Jewells Sewer South. The increased sludge disposal charges were effective October 8, 1990.

Section 367.0822, Florida Statutes, gives us the authority to consider any matter in a limited proceeding, including an adjustment of rates. Key Haven's request for an increase in rates is based upon its need to generate sufficient revenue to pay the increased sludge disposal charges. The requested limited proceeding rate increase will not change Key Haven's authorized rate of return.

DOCUMENT NUMBER-DATE

01029 FEB -1 1991

PSC RECORDS/REPORTING

ORDER NO. 24051
 DOCKET NO. 900930-SU
 PAGE 2

Key Haven's rates were last established in Docket No. 880537-SU, Order No. 21100, issued April 24, 1989. The utility was also granted a 1990 price index rate increase in WS File No. WS-90-0182, effective July 30, 1990. The utility posted a \$22,911 operating loss for the year ending December 31, 1989.

Key Haven is required to dispose of sludge with a Municipal Service District affiliated with Monroe County. As a result of action taken by the Municipal Service District, sludge disposal fees have been increased from \$0.02 to \$0.11 per gallon, effective October 8, 1990. Also, the Municipal Service District has changed its calculation method of the gallons being disposed of. In the past, the Municipal Service District has charged sludge disposers based on the assumption that 9.25 pounds of sludge is equivalent to one gallon. It is changing the assumed pounds per gallon from the 9.25 pounds previously used to 8.10 pounds of sludge per gallon. As a consequence, the difference results in a cost increase to the utility of 14.20 percent.

The utility initially requested a revenue increase of \$9,205. However, after correcting certain errors contained in the utility's filing, the utility refiled the petition and requested an increase of \$9,324.

The calculation of the rate increase is as follows:

CALCULATION OF INCREASE IN RATES

Gallons Billed	75,800
*Percentage Change in Calculation Of Gallons Disposed (75,800 X 14.2%)	+ <u>10,764</u>
Total Gallons	86,564
New Charge/Gallon of Disposal	x <u>.11</u>
Current Cost of Disposal	9,522
Disposal Charges In Existing Rates	<u>(1618)</u>
Increase In Disposal Cost	7,904
Amortization Of Professional Fees	+ <u>1,000</u>
Total Increase In Revenues	8,904

ORDER NO. 24051
 DOCKET NO. 900930-SU
 PAGE 3

CALCULATION OF INCREASE IN RATES (con't)

Total Increase In Revenues	8,904
Divide By Expansion Factor For	
Regulatory Assessment Fee @ 4.5%	<u>.955</u>
Required Revenue Increase	9,324
Divide By Annualized Revenue	- <u>134,707</u>
Percentage Increase	<u>6.92%</u>
Old Flat Rate	x <u>31.01</u>
New Flat Rate	<u>\$ 33.16</u>

Upon consideration, we find the 6.92 percent increase in rates justified since Key Haven needs the additional revenue to pay the increased sludge disposal charges and the changes in gallonage calculation. Accordingly, we find \$33.16 per month to be the appropriate new rate. The 6.92 percent rate increase includes rate case expense of \$4,000 to be amortized over four years pursuant to Section 367.0816, Florida Statutes. At the end of the four year period the rate decrease will be \$0.26 per month reducing the rate from \$33.16 to \$32.90 per month.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the petition of Key Haven Utility Corporation for a limited proceeding to increase rates to compensate for increased sludge disposal charges is hereby granted. It is further

ORDERED that Key Haven Utility Corporation is authorized to charge the new rate set forth in the body of this Order. It is further

ORDERED the rate shall be effective for service rendered on or after February 25, 1991, provided no protest is filed. It is further

ORDERED that prior to its implementation of the rate approved herein, Key Haven Utility Corporation shall submit and have approved revised tariff pages and a proposed notice to its customers of the increased rates and the reasons therefor. The

ORDER NO. 24051
DOCKET NO. 900930-SU
PAGE 4

revised tariff pages and the notice will be approved upon the expiration of the protest period and Staff's verification that they are consistent with our decision herein. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final, unless an appropriate petition in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED that, in the event no protest is timely filed, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 1st
day of FEBRUARY, 1991.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

CB

ORDER NO. 24051
DOCKET NO. 900930-SU
PAGE 5

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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on February 25, 1991.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by 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 of the effective date 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.