

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Annual reestablishment of) DOCKET NO. 940005-WS
price increase or decrease index) ORDER NO. PSC-94-0127-FOF-WS
of major categories of operating) ISSUED: February 2, 1994
costs incurred pursuant to)
Section 367.081(4)(a), Florida)
Statutes)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JULIA L. JOHNSON
DIANE K. KIESLING
LUIS J. LAUREDO

NOTICE OF PROPOSED AGENCY ACTION

ORDER ESTABLISHING PRICE INDEX FOR APPLICATION IN 1994

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 a formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

Each year, pursuant to Section 367.081(4)(a), Florida Statutes, and Rule 25-30.420, Florida Administrative Code, this Commission is required to "establish a price increase or decrease index for major categories of operating costs incurred by [water and wastewater] utilities subject to its jurisdiction reflecting the percentage of increase or decrease in such costs from the most recent 12-month historical data available."

Upon consideration, we find that the index should be applied to all operation and maintenance costs, except for amortization of rate case expense, costs subject to pass-through adjustments pursuant to Section 367.081(4)(a), Florida Statutes, and adjustments or disallowances made in a utility's most recent rate proceeding. The latter two categories are specifically excluded from application of the index by Section 367.081(4)(a), Florida Statutes. This is consistent with what we have done in prior years.

DOCUMENT NUMBER-DATE

01069 FEB-25

FPSC-RECORDS/REPORTING

Pursuant to Rule 25-30.420(1)(b), Florida Administrative Code, we have received the results of various United States (U.S.) Government indicators, including the Gross Domestic Product (GDP) Implicit Price Deflator Index, the Gross National Product (GNP) Implicit Price Deflator Index, as well as other alternatives. In previous years the Commission had used the Gross National Product Implicit Price Deflator Index as the indexing factor for water and wastewater utilities. However, after reviewing the various indices available, we determined in Docket No. 930005-WS that the Gross Domestic Product Implicit Price Deflator would be the most appropriate for use in determining the water and wastewater index.

We have decided to continue to use the GDP again this year. As we noted in last year's docket, the Department of Commerce has switched its emphasis from the GNP to the GDP for use as the primary measure of U.S. production because there is a time lapse in obtaining information on foreign production, and the GDP is the primary measure of production in the System of National Accounts which is the set of international economic guidelines that the U.S. will be using in the near future. Also, there is little difference between the GDP and the GNP for the U.S. Therefore, we find that it is appropriate to continue to use the Gross Domestic Product Implicit Price Deflator Index rather than the Gross National Product Implicit Price Deflator Index.

The 1994 GDP Price Deflator Index will not be available until the publication of the March, 1994, "Survey of Current Business" prepared by the U.S. Department of Commerce, Bureau of Economic Analysis. Since we are required by statute to establish the index by March 31, we are issuing this notice of proposed agency action now, and we will incorporate the actual index percentage in a subsequent final order.

Pursuant to Rule 25-30.420(2)(f), Florida Administrative Code, utilities must use annualized revenue figures in the index calculation if there have been any changes in the utility's rates during or subsequent to the test year. Consistent with what we have done in prior years, we will provide each utility with a sample format for calculating annualized revenues as part of a packet to be attached to the final order. This packet explains the index and pass-through rate adjustments and how to apply for each. Also to be attached to the final order are a form for the calculation of the 1994 price index adjustments, copies of the appropriate rules and statutes, sample affidavits, and sample notices to customers for both the price index and pass-through adjustments. Consistent with changes in the Florida Public Service

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Commission Administrative Procedures effective September 1, 1989, any utility desiring to file for a price index or pass-through adjustment shall file six copies of the index and/or pass-through application with the Division of Water and Wastewater.

It is therefore,

ORDERED by the Florida Public Service Commission that a price index is hereby established for use in 1994 pursuant to Section 367.081(4)(a), Florida Statutes, as set out in the body of this Order. It is further

ORDERED that the provisions of this Order are issued as proposed agency action and 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 close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto.

By ORDER of the Florida Public Service Commission this 2nd day of February, 1994.

STEVE TRIBBLE, Acting Director
Division of Records and Reporting

(S E A L)

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by: Kay Flynn

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.

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 23, 1994.

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 wastewater 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.