

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of ROLLING OAKS UTILITIES, INC. for 1989 price index and pass-through rate adjustment in Citrus County.	)	DOCKET NO. 890701-WS
	)	ORDER NO. 21490
	)	ISSUED: 6-30-89

ORDER ACKNOWLEDGING INDEXING AND PASS-THROUGH RATE ADJUSTMENTS

BY THE COMMISSION:

On May 22, 1989, Rolling Oaks Utilities, Inc. (Utility) notified this Commission of its intention to increase rates to its customers in Citrus County by application of the price-indexing and pass-through provisions of Subsections 367.081(4)(a) and (b), Florida Statutes, respectively, and Rules 25-30.420 and 25-30.425, Florida Administrative Code, respectively.

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.

The Utility also intends to pass through to its customers an increase in its property taxes. The Utility waived its right to place the pass-through rates into effect thirty days from the filing date of this notice and states that these rates are to become effective simultaneously with the indexing adjustment.

The documentation submitted by the Utility in support of its indexing and pass-through notice meets the Commission's requirements, as set forth in Rules 25-30.420 and 25-30.425, Florida Administrative Code. In compliance with said rules, 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 pass-through provisions and the application of the price index to certain operation and maintenance expenses.

Applying increase factors of 1.0318 and 1.0296 to the existing rate schedules, plus a pass-through increase of \$.05 and \$.04 per equivalent residential connection (ERC), results in increased water and sewer revenues of \$24,653 and \$23,508, respectively. The schedules of our computations are as follows:

1989 Price Index Application  
Test Year Ended December 31, 1988

	<u>Water</u>	<u>Sewer</u>
1988 Operation and Maintenance Expenses	\$ 583,525	\$ 540,479
Less: (1) Pass-through Item: Purchased Power	( 80,074)	( 29,642)
(2) Rate Case Expense Included in 1988 O & M Expenses	( 23,901)	( 23,903)
Costs to be Indexed	\$ 479,550	\$ 486,934

DOCUMENT NUMBER-DATE

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Multiply by Change in GNP Implicit Price Deflator Index	x	<u>.0435</u>	x	<u>.0435</u>
Additional O & M Expenses	\$	20,860	\$	21,182
Divide by Expansion Factor for Regulatory Assessment Fees	+	<u>.975</u>	+	<u>.975</u>
Increase in Revenue	\$	21,395	\$	21,725
Divide by 1988 Annualized Revenues	+	<u>673,092</u>	+	<u>734,769</u>
Percentage Increase		<u>3.18%</u>		<u>2.96%</u>
Increase Factor to Apply to Existing Rate Schedules		<u>1.0318</u>		<u>1.0296</u>

1989 Pass-Through Application

		<u>Water</u>	<u>Sewer</u>	
1988 Property Taxes	\$	22,038	\$ 18,691	
1987 Property Taxes		<u>18,861</u>	<u>15,745</u>	
Total Increase in Property Taxes	\$	3,177	\$ 2,946	
Percent Used and Useful	\$	<u>100%</u>	<u>59%</u>	
Used and Useful Increase In Property Taxes	\$	3,177	\$ 1,738	
Divide by Gross Receipts Tax Expansion Factor	+	<u>.975</u>	+	<u>.975</u>
Total Pass-Through Increase	\$	3,258	\$ 1,783	
Divide by Total Factored ERCs	+	<u>59,696</u>	+	<u>42,338</u>
Pass-Through Increase Per ERC	\$	<u>.05</u>	\$	<u>.04</u>

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

WATER  
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"	\$ 4.62	\$ 4.82
1"	\$ 11.56	\$ 12.06
1-1/2"	\$ 23.09	\$ 24.07
2"	\$ 36.95	\$ 38.53
3"	\$ 73.90	\$ 77.05
4"	\$ 115.47	\$ 120.39
6"	\$ 231.00	\$ 240.85
8"	\$ 369.00	\$ 384.73
<u>Gallage Charge</u> Per 1,000 Gallons	\$ .45	\$ .46

SEWER  
Monthly Rate

Residential Service

<u>Meter Size</u>	<u>Existing</u>	<u>New</u>
All Meter Sizes	\$ 8.68	\$ 8.98
Gallorage Charge Per 1,000 Gallons (Maximum 6,000 Gallons)	\$ 1.70	\$ 1.75
Minimum Bill	\$ 8.68	\$ 8.98
Maximum Bill	\$ 18.88	\$ 19.48

General Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>New</u>
5/8" x 3/4"	\$ 8.68	\$ 8.98
1"	\$ 21.71	\$ 22.45
1-1/2"	\$ 43.71	\$ 45.20
2"	\$ 69.46	\$ 71.84
3"	\$ 138.92	\$ 143.67
4"	\$ 217.00	\$ 224.42
6"	\$ 434.00	\$ 448.85
<u>Gallorage Charge</u> Per 1,000 Gallons	\$ 2.05	\$ 2.11

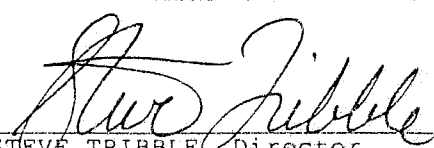
It is, therefore,

ORDERED by the Florida Public Service Commission that the indexing and pass-through application of Rolling Oaks Utilities, Inc., Post Office Box 1, Beverly Hills, Florida 32665-0001, is hereby acknowledged. It is further

ORDERED that the rates contained herein shall become effective for service rendered on or after July 21, 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. 890701-WS may be closed upon Staff's approval of the tariff sheets.

By Order of the Florida Public Service Commission,  
this 30th day of JUNE, 1989.

  
STEVE TRIBBLE, Director  
Division of Records and Reporting

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