

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of MARION UTILITIES,)	DOCKET NO. 890783-WS
INC. for a 1989 price index rate )	ORDER NO. 21642
adjustment in Marion County. )	ISSUED: 7-31-89
_____)	

ORDER ACKNOWLEDGING PRICE INDEX RATE ADJUSTMENT

BY THE COMMISSION:

On June 12, 1989, Marion Utilities, Inc. (Utility) notified this Commission of its intention to increase rates to its customers in Marion 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, during the review it was noted that the 1988 expense and revenue figures included in the Utility's calculation of the price index did not agree with those contained in its 1988 Annual Report. After a discussion with the Utility, it was determined that the figures in the Annual Report are correct and the price index has been recomputed. As indicated above, the Utility was advised of the discrepancy prior to our recalculation of the price index and agrees with the correction.

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 1.0251 and 1.0486 to the existing rate schedules results in increased water and sewer

DOCUMENT NUMBER-DATE

07653 JUL 31 1989

FPSC-RECORDS/REPORTING

ORDER NO. 21642  
 DOCKET NO. 890783-WS  
 Page 2

revenues of \$12,783 and \$872, 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	\$ 325,203	\$ 21,993
Less:		
(1) Pass-through Item:		
(a) Purchased Power	( 38,682)	( 2,442)
(2) Rate Case Expense Included in 1988 O & M Expenses	<u>0</u>	<u>0</u>
Costs to be Indexed	\$ 286,521	\$ 19,551
Multiply by Change in GNP Implicit Price Deflator Index	x <u>.0435</u>	x <u>.0435</u>
Additional O & M Expenses	\$ 12,464	\$ 850
Divide by Expansion Factor for Regulatory Assessment Fees	÷ <u>.975</u>	÷ <u>.975</u>
Increase in Revenue	\$ 12,783	\$ 872
Divide by 1988 Annualized Revenues	÷ <u>508,846</u>	÷ <u>17,939</u>
Percentage Increase	<u>2.51%</u>	<u>4.86%</u>
Increase Factor to Apply to Existing Rate Schedules	<u>1.0251</u>	<u>1.0486</u>

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

ORDER NO. 21642  
 DOCKET NO. 890783-WS  
 Page 3

WATER (2.51% 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"	\$ 6.42	\$ 6.58
1"	\$ 16.07	\$ 16.47
1-1/2"	\$ 32.12	\$ 32.93
2"	\$ 51.39	\$ 52.68
3"	\$ 102.78	\$ 105.36
4"	\$ 160.61	\$ 164.64
 <u>Gallonage Charge</u> Per 1,000 Gallons	 \$ 1.31	 \$ 1.34

SEWER (4.86% INCREASE)  
Monthly Rates

Residential Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>New</u>
All Meter Sizes	\$ 7.69	\$ 8.06
 <u>Gallonage Charge</u> Per 1,000 Gallons (Maximum 10,000 Gallons)	 \$ .75	 \$ .79

It is, therefore,

ORDERED by the Florida Public Service Commission that the indexing application of Marion Utilities, Inc., 710 N.E. 30th Avenue, Post Office Box 70400, Ocala, Florida 32670, is hereby acknowledged. It is further

ORDERED that the rates contained herein shall become effective for service rendered on or after August 11, 1989, subject to approval of revised tariff sheets and customer notice as previously indicated in this Order. It is further

ORDER NO. 21642  
DOCKET NO. 890783-WS  
Page 4

ORDERED that Docket No. 890783-WS may be closed upon Staff's approval of the tariff sheets.

By Order of the Florida Public Service Commission,  
this 31st day of July, 1989.

  
\_\_\_\_\_  
STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

ALC