

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of SOUTHERN STATES UTILITIES, INC. for 1989 price index and pass-through rate adjustments in Clay County.	)	DOCKET NO. 890875-WU
	)	
	)	ORDER NO. 21861
	)	
	)	ISSUED: 9-8-89

ORDER ACKNOWLEDGING INDEXING AND PASS-THROUGH RATE ADJUSTMENTS

BY THE COMMISSION:

On July 11, 1989, Southern States Utilities, Inc. (Southern States or Utility) notified this Commission of its intention to increase rates to the customers of its Keystone Heights, Lakeview Villas, and Postmaster Village systems in Clay 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. Southern States submitted revisions to its application on July 14, 1989, but omitted one of the tariff sheets. The filing was completed on July 26, 1989, and that date has been established as the official filing date.

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.

In its Notice, the Utility indicated that it intends to pass through to the customers of its Keystone Heights system the cost of water testing required by the Department of Environmental Regulation (DER) and an increase in its ad valorem taxes. The Utility also indicated that intends to pass through to the customers of its Postmaster Village system an increase in its ad valorem 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. However, upon review of Southern States' application, it was determined that Lakeview Villas is

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not a certificated system nor is it included in the Utility's certificated territory. The Utility apparently purchased the system and failed to file an application with this Commission. Southern States has been advised that since the system is not certificated, the rates cannot be increased by application of Section 367.081(4)(a) and (b), Florida Statutes. By letter, the Utility has withdrawn the Lakeview Villas portion of the price index and pass-through application.

Further, Southern States has been advised that it should, as soon as possible, file an application with this Commission for inclusion of the Lakeview Villas in its certificated territory.

In compliance with Rules 25-30.420 and 25-30.425, Florida Administrative Code, the Utility advised us that it will provide notice to the customers of its Keystone Heights and Postmaster Village systems 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 an increase factor of 1.0194 to the existing rate schedules results in increased water revenues of \$3,514 for Southern States' Keystone Heights system. Applying an increase factor of 1.0709 to the existing rate schedules results in increased water revenues of \$644 for the Utility's Postmaster Village system. The schedules of our computations are as follows:

KEYSTONE HEIGHTS

1989 Price Index and Pass-Through Application  
Test Year Ended December 31, 1988

	<u>Water</u>
1988 Operation and Maintenance Expenses	\$ 79,583
Less: (1) Pass-through Item - Purchased Power	( 14,525)
(2) Rate Case Expense Included in 1988 O & M Expenses	( <u>1,045</u> )
Costs to be Indexed	\$ 64,013

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Multiply by Change in GNP Implicit Price Deflator Index	x	<u>.0435</u>
Additional O & M Expenses	\$	2,785
Pass-through Items:		
DER Water Testing		393
Increase in Ad Valorem Taxes		<u>249</u>
Total Increased Expenses	\$	3,427
Divide by Expansion Factor for Regulatory Assessment Fees	÷	<u>.975</u>
Increase in Revenue	\$	3,514
Divide by 1988 Annualized Revenues	÷	<u>181,445</u>
Percentage Increase		<u>1.94%</u>
Increase Factor to Apply to Existing Rate Schedules		<u>1.0194</u>

Rates which will allow the Utility to recognize this increase for its Keystone Heights system are as follows:

WATER (1.94% Increase)  
Bi-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"	\$ 9.61	\$ 9.80
3/4"	\$ 14.41	\$ 14.69
1"	\$ 24.02	\$ 24.49
1-1/2"	\$ 48.03	\$ 48.96
2"	\$ 76.85	\$ 78.34
3"	\$ 153.69	\$ 156.67
4"	\$ 240.14	\$ 244.80
6"	\$ 480.29	\$ 489.61
8"	\$ 768.46	\$ 783.37
<u>Gallonge Charge</u> Per 1,000 Gallons	\$ 1.10	\$ 1.12

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Fire Hydrants  
Yearly Rates

	<u>Existing</u>	<u>New</u>
Fire Hydrants	\$ 127.84	\$ 130.32

POSTMASTER VILLAGE

1989 Price Index and Pass-Through Application  
Test Year Ended December 31, 1988

	<u>Water</u>
1988 Operation and Maintenance Expenses	\$ 16,963
Less: (1) Pass-through Item - Purchased Power	( 2,730)
(2) Rate Case Expense Included in 1988 O & M Expenses	( _____ 27)
Costs to be Indexed	\$ 14,206
Multiply by Change in GNP Implicit Price Deflator Index	x _____ .0435
Additional O & M Expenses	\$ 618
Pass-through Items: Increase in Ad Valorem Taxes	_____ 10
Total Increased Expenses	\$ 628
Divide by Expansion Factor for Regulatory Assessment Fees	÷ _____ .975
Increase in Revenue	\$ 644
Divide by 1988 Annualized Revenues	÷ _____ 9,087
Percentage Increase	_____ 7.09%
Increase Factor to Apply to Existing Rate Schedules	_____ 1.0709

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Rates which will allow the Utility to recognize this increase for the Postmaster Village system are as follows:

WATER (7.09% Increase)  
Quarterly Rates

Residential and General Service

<u>Meter Size</u>	<u>Existing</u>	<u>New</u>
5/8" x 3/4" (Includes 15,000 Gallons)	\$ 12.88	\$ 13.79
<u>Gallage Charge</u>		
Per 1,000 Gallons		
For Next 5,000 Gallons	\$ .47	\$ .50
For Next 5,000 Gallons	\$ .42	\$ .45
For Next 5,000 Gallons	\$ .37	\$ .40
For Next 30,000 Gallons	\$ .32	\$ .34

It is, therefore,

ORDERED by the Florida Public Service Commission that the indexing and pass-through application of Southern States Utilities, Inc., 1000 Color Place, Apopka, Florida 32703, is hereby acknowledged. It is further

ORDERED that the rates contained herein shall become effective for service rendered on or after September 24, 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. 890875-WU may be closed upon Staff's approval of the tariff sheets.

By Order of the Florida Public Service Commission,  
 this 8th day of SEPTEMBER, 1989.

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 STEVE TRIBBLE, Director  
 Division of Records and Reporting

( S E A L )

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by: Kay Flynn  
 Chief, Bureau of Records