

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of SANDY CREEK)	DOCKET NO. 890784-WS
UTILITIES, INC. for a 1989 price index))	ORDER NO. 21486
rate adjustment in Bay County.)	ISSUED: 6-30-89

ORDER ACKNOWLEDGING PRICE INDEX RATE ADJUSTMENT

BY THE COMMISSION:

On June 12, 1989, Sandy Creek Utilities, Inc. (Utility) notified this Commission of its intention to increase rates to its customers in Bay 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. 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 1.0778 and 1.0884 to the existing rate schedules results in increased water and sewer revenues of \$1,575 and \$1,680, 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	\$ 38,846	\$ 40,862
Less: (1) Pass-through Item: Purchased Power	(3,540)	(3,207)
(2) Rate Case Expense Included in 1988 O & M Expenses	<u>0</u>	<u>0</u>
Costs to be Indexed	\$ 33,306	\$ 37,655
Multiply by Change in GNP Implicit Price Deflator Index	x <u>.0435</u>	x <u>.0435</u>
Additional O & M Expenses	\$ 1,536	\$ 1,636
Divide by Expansion Factor for Regulatory Assessment Fees	÷ <u>.975</u>	÷ <u>.975</u>
Increase in Revenue	\$ 1,575	\$ 1,680
Divide by 1988 Revenues	÷ <u>20,243</u>	÷ <u>19,004</u>

DOCUMENT NUMBER-DATE

06489 JUN 30 1989

FPSC-RECORDS/REPORTING

ORDER NO. 21486
DOCKET NO. 890784-WS
PAGE 2

Percentage Increase	<u>7.78%</u>	<u>8.84%</u>
Increase Factor to Apply to Existing Rate Schedules	<u>1.0778</u>	<u>1.0884</u>

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

WATER (7.78% INCREASE)
Monthly Rate

Residential and General Service

	<u>Existing</u>	<u>New</u>
Flat Rate for First 3,000 Gallons	\$ 7.50	\$ 8.08
Gallonage Charge Per 1,000 Gallons in Excess of 3,000 Gallons Per Month	\$.90	\$.97

SEWER (8.84% INCREASE)
Monthly Rate

Residential and General Service

	<u>Existing</u>	<u>New</u>
Flat Rate	\$ 16.00	\$ 17.41

It is, therefore,

ORDERED by the Florida Public Service Commission that the indexing application of Sandy Creek Utilities, Inc., 1732 Highway 2297, Panama City, Florida, is hereby acknowledged. It is further

ORDERED that the Utility shall submit revised tariff sheets containing the new rates indicated in this Order. 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

ORDERED that Docket No. 890784-WS shall be closed upon approval of the revised tariff sheets.

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


STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

ALC