

FLORIDA PUBLIC SERVICE COMMISSION

Fletcher Building
101 East Gaines Street
Tallahassee, Florida 32399-0850

May 9, 1991

TO : DIRECTOR, DIVISION OF RECORDS AND REPORTING
FROM : DIVISION OF WATER AND SEWER (S. CAUSSEUX, STARLING) *Wlw G. H. S. C. 98 RC*
DIVISION OF LEGAL SERVICES (FRAZIER) *RA ASD*
RE : UTILITY: TOMOKA WATER WORKS, INC.
DOCKET NO.: 910072-WU
COUNTY: VOLUSIA
CASE: APPLICATION FOR LIMITED PROCEEDING RATE INCREASE
AGENDA : 5/21/91 - CONTROVERSIAL AGENDA - PROPOSED AGENCY ACTION - PARTIES MAY PARTICIPATE

CRITICAL DATES: NONE

CASE BACKGROUND

Tomoka Water Works, Inc. (utility) is a Class C water utility which serves approximately 255 customers in Volusia County. According to the 1989 Annual Report on file with the Commission, the utility reported operating revenue of \$27,344 for 1989 with an operating loss of \$5,176.

The utility's rates were last adjusted by the 1990 Price Index provisions, with the rates becoming effective July 6, 1990. The utility's last rate case was addressed in Docket No. 881583-WU, Order No. 21674, issued on August 3, 1989. As part of that proceeding, the utility was authorized a return on equity of 12.19%, with an overall rate of return of 11.85%.

The Department of Environmental Regulation (DER) has required the installation of an auxiliary generator, with automatic start-up capabilities. On January 18, 1991, the utility filed its application requesting a limited proceeding rate increase. Several deficiencies were noted and the utility was notified of the deficiencies by letter dated January 30, 1991. On March 22, 1991, the utility filed additional data to address the deficiencies. The official date of filing was established on March 22, 1991. The utility submitted additional expense data on April 8, 1991.

DOCUMENT NUMBER-DATE

04393 MAY-3 1991

FPSC-RECORDS/REPORTING

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DISCUSSION OF ISSUES

ISSUE 1: What is the appropriate increase percentage to apply to existing rates?

RECOMMENDATION: The utility should be authorized a revenue increase of \$1,119, or 2.74% increase in rates. (S. CAUSSEUX, STARLING)

STAFF ANALYSIS: As part of the application, the utility submitted invoices detailing the cost of the generator installed to correct the DER deficiency. Additional invoices supporting the power costs to operate the generator were submitted on April 8, 1991. Staff has reviewed the invoices, and has determined the costs to be reasonable. The utility did not request rate case expense for the limited proceeding, therefore, no allowance for rate case expense will be considered by staff.

The utility requested an increase of \$1,119 in annual revenue. Staff agrees with the calculated increase to revenue, and the calculation is reflected on Schedule No. 1, attached to this recommendation. This results in an increase to rates of 2.74%.

ISSUE 2: What are the appropriate rates?

RECOMMENDATION: The rates as reflected in the staff analysis should be approved. These rates will become effective for meter readings thirty (30) days after the stamped approval date of the tariff sheets. The tariff sheets will be approved upon staff's verification that they are consistent with the Commission's decision and review of the customer notice. The utility should file revised tariff sheets which reflect the approved rates contained herein and a proposed customer notice. (S. CAUSSEUX)

STAFF ANALYSIS: Staff calculated the rates by applying the increase percentage of 1.0274% to the existing rates currently approved in the tariff. The recommended rates are reflected on the following page:

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RESIDENTIAL AND GENERAL SERVICE RATES
MONTHLY RATES

<u>METER SIZE</u>	<u>EXISTING RATE</u>	<u>RECOMMENDED RATE</u>
5/8" x 3/4"	\$ 3.57	\$ 3.67
1"	8.93	9.17
1-1/2"	17.86	18.35
2"	28.57	29.35
Gallonage Charge: Per 1,000 Gallons	\$ 1.05	\$ 1.08

ISSUE 3: Should this docket be closed?

RECOMMENDATION: Yes. If there are no protests filed to the proposed agency action order for this docket, this docket should then be closed. (S. CAUSSEAU)

STAFF ANALYSIS: If no protests are filed in a timely manner with the Division of Records and Reporting, this docket may be closed.

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 TOMOKA WATER WORKS, INC.

SCHEDULE NO. 1

	DESCRIPTION	ITEM AMOUNT	EFFECT ON NOI/RB	EFFECT ON REVENUE REQ
1	A. O & M EXPENSES ADDED:	\$	\$	\$
2	1. PURCHASED POWER	100	100	105
3				
4				
5	B. INSTALLATION COSTS OF GENERATOR			
6	1. PLANT ADDITIONS - GENERATOR	5,684	674	705
7	2. ANNUAL DEPR EXP @ 5.88%	5,684	334	350
8	3. ANNUAL INCREASE TO ACCUM DEPR	(334)	(40)	(41)
9				-----
10				
11				
12	TOTAL EFFECT ON REVENUE REQUIREMENT			\$ 1,119
13				-----
14				
15	DIVIDE BY ANNUALIZED REVENUE			\$ 40,806
16				-----
17				
18	PERCENTAGE INCREASE TO RATES			2.74%
19				-----
20				