

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of FLORIDA CITIES)	DOCKET NO. 890509-WU
WATER COMPANY for increased rates)	ORDER NO. 21902
in Collier County)	ISSUED: 9-18-89
_____)	

ORDER GRANTING REQUEST TO USE FORMULA METHOD AND FOR
WAIVER OF THIRTEEN-MONTH AVERAGE RULE REQUIREMENTS

By letter dated April 27, 1989, Florida Cities Water Company. (Florida Cities) requested approval of a test year ended May 31, 1991, for a proposed rate increase in Collier County. Its request was granted by the Chairman of this Commission by letter dated May 8, 1989.

Florida Cities also requested that it be allowed to use the formula method of calculating working capital rather than the balance sheet method. Florida Cities argues that the formula method is a simple, cost-effective method of calculating working capital and that the resulting calculation would not materially differ from that using the balance sheet method.

In addition to its request to use the formula method, Florida Cities also requested that it be allowed to calculate its rate base and capital structure using a beginning and end of year balance rather than a thirteen-month average. Florida Cities has, therefore, requested a waiver of the thirteen-month average requirements of Rule 25-30.437, Florida Administrative Code. Florida Cities argues that the simple average method is the least costly method of calculating rate base and capital structure and that the resulting calculations would not materially differ from those using a thirteen-month average.

Although the formula method of calculating working capital and the simple average method of calculating rate base and capital structure lack the precision of the balance sheet and thirteen-month average methods, they are reliable and are significantly less costly. Accordingly, Florida Cities' request to use the formula method and for a waiver of the thirteen-month average requirements of Rule 25-30.437, Florida Administrative Code, is hereby granted.

It is, therefore,

ORDERED by Commissioner Thomas M. Beard, as Prehearing Officer, that the request by Florida Cities Water Company to

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use the formula method to calculate working capital is hereby granted. It is further

ORDERED that the request by Florida Cities Water Company for a waiver of the thirteen-month average requirements of Rule 25-30.437, Florida Administrative Code, is hereby granted.

By ORDER of Commissioner Thomas M. Beard, as Prehearing Officer, this 18th day of SEPTEMBER, 1989.


THOMAS M. BEARD, Commissioner and
Prehearing Officer

(S E A L)

JRF

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or

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the First District Court of Appeal, in the case of a water or sewer utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.