

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for approval of) DOCKET NO. 950684-WS
an allowance for funds used) ORDER NO. PSC-95-1439-FOF-WS
during construction (AFUDC) rate) ISSUED: November 27, 1995
in Marion County by Rainbow)
Springs Utilities, Inc.)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING ACCRUAL OF ALLOWANCE FOR
FUNDS USED DURING CONSTRUCTION

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

Rainbow Springs Utilities, Inc. (Rainbow Springs or utility) is a Class B utility providing water and wastewater service in Marion County. As of December 31, 1994, the utility had 995 water customers and 651 wastewater customers. In its annual report, the utility reported annual water and wastewater revenues as of December 31, 1994 of \$181,718 and \$162,331, respectively. The utility reflected operating losses of \$25,021 for water and \$31,207 for wastewater for that same period.

Rainbow Springs filed an application for approval of an Allowance for Funds Used During Construction (AFUDC) rate on June 16, 1995. The application, as filed, met the filing requirements of Rule 25-30.116, Florida Administrative Code. The utility has not previously had a rate proceeding before us, and therefore, a return on equity has not been established.

DOCUMENT NUMBER-DATE

11811 NOV 27 95

FPSC-RECORDS/REPORTING

The requested AFUDC rate is to be used by the utility for the expansion and improvement of its water and wastewater treatment and disposal facilities.

ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION

Rule 25-30.116(2), Florida Administrative Code, provides that an AFUDC rate shall be determined for the most recent 12-month average embedded cost of capital by using all sources of capital, and adjusted using adjustments consistent with those used in the utility's last rate case. The cost rates for the components in the capital structure shall be the midpoint of the last allowed return on common equity, the most recent 12-month average cost of short-term debt and customer deposits, and a zero cost rate for deferred taxes and all investment tax credits. A utility that has not previously had its equity return established in a rate case shall calculate it by applying the most recent water and wastewater leverage formula.

Rule 25-30.116(5), Florida Administrative Code, states that the AFUDC rate shall be effective the month following the end of the 12-month period used to establish that rate. We find it appropriate to approve the utility's accrual of AFUDC for eligible projects beginning April 1, 1995. The rate at which the utility may accrue AFUDC shall be determined in the utility's current rate case, Docket No. 950828-WS.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the request of Rainbow Springs Utilities, Inc. for approval of an Allowance for Funds Used During Construction rate is hereby approved for all eligible construction projects beginning April 1, 1995. It is further

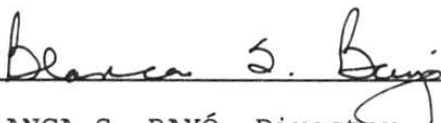
ORDERED that the rate at which Rainbow Springs Utilities, Inc. may accrue Allowance for Funds Used During Construction shall be determined in Docket No. 950828-WS. It is further

ORDERED that the provisions of this Order, issued as proposed agency action and shall become final unless an appropriate petition, in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" below. It is further

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ORDERED that upon expiration of the protest period, if no timely protest is received from a substantially affected person, this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 27th day of November, 1995.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 18, 1995.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party substantially affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.