

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request of JACKSONVILLE)	DOCKET NO. 890466-WS
SUBURBAN UTILITIES CORPORATION for)	ORDER NO. 21492
approval to establish AFUDC rate in)	ISSUED: 6-30-89
Duval County.)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 JOHN T. HERNDON

NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING AFUDC RATES

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 substantially affected files a petition for formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

On April 4, 1989, Jacksonville Suburban Utilities Corporation (Jacksonville Suburban or utility) filed an application for approval of an 11.12% Allowance for Funds Used During Construction (AFUDC) rate. The initial application did not satisfy the minimum filing requirements. Subsequently, the utility filed additional information which did satisfy the minimum filing requirements and May 22, 1989, was established as the official filing date. This is the first request by this utility for an AFUDC rate. The filing is pursuant to Rule 25-30.116, Florida Administrative Code.

Jacksonville Suburban calculated its AFUDC rate in accordance with Rule 25-30.116(2)(a), Florida Administrative Code, using the most recent 12-month average embedded cost of capital from all sources. Rule 25-30.116(2)(b), Florida Administrative Code, requires the use of the midpoint of the last allowed rate of return on common equity, the most recent 12-month average cost of customer deposits, the cost of long term debt at the end of such 12-month period, and a zero cost rate for deferred income taxes and all investment tax credits to calculate the AFUDC rate. The utility calculated the AFUDC rate in accordance with the rule, except that a rate of 9.00% was incorrectly applied to customer deposits, instead of 8.00%. Because the weighting of the customer deposits is only .04%, the use of an 8.00% rate has no effect on the annual percentage rate when rounded to two decimal places, as required by the rule. As the utility complied with Rule 25-30.116(2), Florida Administrative Code, in all other respects, no adjustments to the AFUDC rate were necessary. A schedule reflecting the calculation of the 11.12% AFUDC rate is attached to this Order as Attachment "A".

Rule 25-30.116(5), Florida Administrative Code, provides that the AFUDC rate shall become effective the month following the end of the 12-month period used to establish that rate.

DOCUMENT NUMBER-DATE

06509 JUN 30 1989

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Since the 12-month period ended on December 31, 1988, the AFUDC rate shall be effective for eligible projects as of January 1, 1989.

Based on the foregoing, it is hereby

ORDERED by the Florida Public Service Commission that the application of Jacksonville Suburban Utilities Corporation for establishment of an 11.12% AFUDC rate is approved. It is further

ORDERED that the AFUDC rate shall be effective for eligible projects as of January 1, 1989.

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition in the form provided by Rule 25-22.36, Florida Administrative Code, is received by the Director, Division of Records and Reporting, at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on July 21, 1989.

ORDERED that in the event that this Order becomes final, this docket shall be closed.

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)

DCS

by: Kay Flynn
 Chief, Bureau of Records

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

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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 at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on July 21, 1989. In the absence of such a petition, this order shall become effective July 24, 1989 as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

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 July 24, 1989, any party adversely 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 sewer 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.

Class of Capital	Average Capital Structure	Commission Adjustments	Adjusted Capital Structure	Percent of Capital	Cost Rates	Weighted Cost	Discounted Monthly Rate
Common Equity	12,524,293		12,524,293	43.35%	13.63%	5.91%	
Long-Term Debt	14,179,956		14,179,956	49.08%	10.60%	5.20%	
Short-Term Debt	0		0	0.00%	0.00%	0.00%	
Customer Deposits	11,833		11,833	0.04%	8.00%	0.00%	
Tax Credits - Zero Cost	1,496,467		1,496,467	5.18%	0.00%	0.00%	
Deferred Income Taxes	676,029		676,029	2.34%	0.00%	0.00%	
Total	28,888,578	0	28,888,578	100.00%		11.12%	0.882543%