

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of DECCA UTILITIES)	DOCKET NO. 891346-WS
for approval of allowance for funds)	ORDER NO. 22621
used during construction (AFUDC) rates)	ISSUED: 3-1-90
in Marion County.)	
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 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 December 1, 1989, Decca Utilities (Decca or utility) filed an application for approval of Allowance for Funds Used During Construction (AFUDC) rates for its water and sewer systems in Marion County. This is the first request by Decca for approval of an AFUDC rate. The filing is pursuant to Rule 25-30.116, Florida Administrative Code. The application satisfied the minimum filing requirements and December 1, 1989, was established as the official filing date.

Decca calculated a 10.73% AFUDC rate in accordance with Rule 25-30.116(2)(a), Florida Administrative Code, using the most recent twelve-month average embedded cost of capital from all sources. Pursuant to Rule 25-30.116(2)(b), Florida Administrative Code, the utility used the end of period cost of long-term debt and the most recent twelve-month average cost of short-term debt. The utility submitted documents supporting a

DOCUMENT NUMBER-DATE

01897 MAR -1 1990

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reclassification of long-term debt to short-term debt. The adjustment did not have a material effect on the utility's calculation of the AFUDC rate.

Decca has never had its equity return set in a rate case. Rule 25-30.116(2)b), Florida Administrative Code, provides that a utility that has not had its equity return set in a rate case shall calculate its return on common equity by applying the most recent water and sewer equity leverage formula. Applying the equity leverage formula in Order No. 21775, issued August 23, 1989, Decca calculated a return on common equity of 13.95%.

Based on the foregoing, Decca calculated a 10.73% AFUDC rate, which we find to be reasonable. Accordingly, we find it appropriate to approve an AFUDC rate of 10.73% for Decca, the calculation of which is presented in Schedule No. 1 to this Order.

Rule 25-30.116(5), Florida Administrative Code, provides that the AFUDC rate shall become effective the month following the end of the twelve-month period used to establish that rate. Since the twelve-month period ended on October 31, 1989, the AFUDC rate shall be effective for eligible projects as of November 1, 1989. No retroactive application is authorized.

Based on the foregoing, it is hereby

ORDERED by the Florida Public Service Commission that the request by Decca Utilities for approval to charge a 10.73% AFUDC rate is hereby approved. Schedule No. 1, reflecting the calculation of the AFUDC rate, is attached to this Order and by reference incorporated herein. It is further

ORDERED that the AFUDC rate approved in this Order shall be effective for eligible projects as of November 1, 1989. It is further

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 date set forth in the Notice of Further Proceedings, below.

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

By ORDER of the Florida Public Service Commission
this 1st day of MARCH, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

DCS

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 at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on March 22, 1990.

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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, 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 the date described above, 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.

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SCHEDULE NO. 1

Decca Utilities
 12-Month Period Ended October 31, 1989
 Schedule No. 1

Class of Capital	Average Capital Structure	Commission Adjustments	Adjusted Capital Structure	Percent of Capital	Cost Rates	Weighted Cost	Discounted Monthly Rate
Common Equity	106,064		106,064	6.37%	13.95%	0.89%	
Long-Term Debt	1,559,874	(12,822)	1,547,052	92.86%	10.50%	9.75%	
Short-Term Debt	0	12,822	12,822	0.77%	11.50%	0.09%	
Tax Credits - Zero Cost	0		0	0.00%	0.00%	0.00%	
Deferred Income Taxes	0		0	0.00%	0.00%	0.00%	
Total	1,665,938	0	1,665,938	100.00%		10.73%	0.852989%