

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition by County-Wide Utility Co., Inc. for establishment of approved allowance- for-funds-used-during-construction (AFUDC) rate in Marion County.	DOCKET NO. 050588-WU ORDER NO. PSC-05-1152-PAA-WU ISSUED: November 17, 2005
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The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
LISA POLAK EDGAR
ISILIO ARRIAGA

NOTICE OF PROPOSED AGENCY ACTION ORDER ESTABLISHING AFUDC RATE

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 a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

County-Wide Utility Co., Inc. (County-Wide) is a Class C water utility providing service to 480 customers in Marion County. On September 6, 2005, County-Wide filed a petition for establishment of an Allowance-for-Funds-Used-During-Construction (AFUDC) rate. County-Wide seeks approval of an AFUDC rate in order to accurately accrue and recover its costs of providing service. AFUDC is an accounting entry designed to permit a utility to recover the cost associated with financing eligible construction activities. AFUDC is not a tariffed rate or charge.

In accordance with Rule 25-30.116(4), Florida Administrative Code (F.A.C.), County-Wide filed the following Schedules: (A), a schedule showing the capital structure, cost rates and weighted average cost of capital that are the basis for the AFUDC rate requested; (B), a schedule showing capital structure; and (C), a schedule showing the calculation of monthly AFUDC rate using the methodology set out in Rule 25-30.116(4), F.A.C.

This Order addresses the establishment of an AFUDC rate for County-Wide. We have jurisdiction pursuant to Section 367.121, Florida Statutes.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSIONER

CALCULATION OF APPROPRIATE AFUDC RATE

County-Wide requested an AFUDC rate of 8.26%. The rate was calculated in accordance with Rule 25-30.116, F.A.C. Rule 25-30.116(2)(a), F.A.C., provides that an AFUDC rate shall be determined using the utility's most recent 12-month average embedded cost of capital. County-Wide calculated the average cost of capital using the 12-month period ended June 30, 2005.

The requested AFUDC rate reflects the installation of an interconnection with the City of Ocala to its well site. County-Wide is requesting an AFUDC rate which will include the cost of the money borrowed to fund this project. County-Wide's calculation and capital structure have been reviewed by our staff. We have never approved an AFUDC rate for County-Wide. Approval of the requested rate will allow County-Wide to recover the cost associated with financing the installation of the interconnection with the City of Ocala.

Schedule C of County-Wide's filing shows the formula to discount the simple interest rate of 8.26% to reflect the effects of compounding monthly. The monthly compounding rate to achieve an annual AFUDC rate of 8.26% is 0.663572%. Upon review of County-Wide's calculations, we find that the requested AFUDC rate and monthly discounted rate shall be approved.

EFFECTIVE DATE OF AFUDC RATE

In its petition, County-Wide requests that the approved rate be effective January 1, 2005. Rule 25-30.116(5), F.A.C., states that "(t)he new AFUDC rate shall be effective the month following the end of the 12-month period used to establish that rate and may not be retroactively applied to a previous fiscal year unless authorized by the Commission." County-Wide used the 12-month period ended June 30, 2005, to establish its requested rate, and provided no explanation as to why it believes that we should authorize an effective date earlier than the date specified by Rule 25-30.116(5), F.A.C. Accordingly, the new AFUDC rate shall be effective for qualified construction projects beginning July 1, 2005.


Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that County-Wide Utility Company, Inc., shall use an allowance for funds used during construction rate of 8.26%, with a monthly discounted rate of 0.663572% beginning July 1, 2005 for eligible construction projects. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that if no timely protest from a substantially affected person on the approved AFUDC rate is filed, this Proposed Agency Action Order shall become final upon issuance of a Consummating Order, and the docket shall be closed.

By ORDER of the Florida Public Service Commission this 17th day of November, 2005.


BLANCA S. BAYO, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, 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 will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 8, 2005.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

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