

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of LEHIGH UTILITIES,) INC. for approval of AFUDC rates in Lee) County.)	DOCKET NO. 890477-WS ORDER NO. 21352 ISSUED: 6-7-89
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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 April 6, 1989, Lehigh Utilities, Inc. (Lehigh) filed an application for approval of an 11.03% Allowance for Funds Used During Construction (AFUDC) rate. This is the first request by this utility for an AFUDC rate. The filing is pursuant to Rule 25-30.116, Florida Administrative Code. The application satisfied the minimum filing requirements and April 6, 1989 was established as the official filing date.

Lehigh 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. Pursuant to Rule 25-30.116(2)(b), Florida Administrative Code, the utility used the midpoint of the last allowed 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. Since Lehigh calculated the AFUDC rate in accordance with the rule, no adjustments are necessary. A schedule reflecting the calculation of the AFUDC rate is attached 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 12-month period used to establish that rate. Since the 12-month period ended on December 31, 1988, the AFUDC rate of 11.03% shall be effective for eligible projects as of January 1, 1989.

Rule 25-30.116(5), Florida Administrative Code, states that a new AFUDC rate may not be retroactively applied to a previous fiscal year unless authorized by the Commission. Lehigh undertook projects in 1988 without making a timely request for approval of an AFUDC rate. Lehigh now requests

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that the AFUDC rate of 11.03% be applied retroactively to January 1, 1988. Although Lehigh's request for an AFUDC rate is well founded, we will subject a request for retroactive application to a penalty since the request should have been made in the prior year. We, therefore, grant Lehigh's request for retroactive application of the AFUDC rate, subject to a 100 basis point penalty. Thus, 10.03% is Lehigh's AFUDC rate for eligible projects from January 1, 1988, to December 31, 1988.

Based on the foregoing, it is hereby

ORDERED by the Florida Public Service Commission that the application of Lehigh Utilities, Inc. for establishment of an 11.03% AFUDC rate for eligible projects as of January 1, 1989, is approved. It is further

ORDERED that 10.03% shall be the AFUDC rate of Lehigh Utilities, Inc. for eligible projects from January 1, 1988, to December 31, 1988. 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 close of business on June 26, 1989.

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

By ORDER of the Florida Public Service Commission
this 7th 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

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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 June 26, 1989. In the absence of such a petition, this order shall become effective June 27, 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 June 7, 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.

Lehigh Utilities, Inc.
 Commission Approved AFUDC Rate
 12-Month Period Ended December 31, 1988

Schedule No. 1
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Class of Capital	Average Capital Structure	Commission Adjustments	Adjusted Capital Structure	Percent of Capital	Cost Rates	Weighted Cost	Discounted Monthly Rate
Common Equity	3,566,416		3,566,416	56.40%	13.27%	7.48%	
Long-Term Debt	2,499,297		2,499,297	39.52%	8.85%	3.50%	
Short-Term Debt	0		0	0.00%	0.00%	0.00%	
Customer Deposits	37,017		37,017	0.59%	8.00%	0.05%	
Tax Credits - Zero Cost	0		0	0.00%	0.00%	0.00%	
Deferred Income Taxes	220,919		220,919	3.49%	0.00%	0.00%	
Total	6,323,649	0	6,323,649	100.00%		11.03%	0.875625%