

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of MARTIN DOWNS)	DOCKET NO. 890799-WS
UTILITIES, INC. for rate increase)	ORDER NO. 21885
in Martin County)	ISSUED: 9-13-89
)	

ORDER GRANTING REQUEST TO USE FORMULA METHOD AND FOR WAIVER OF THIRTEEN-MONTH AVERAGE RULE REQUIREMENTS

By letter dated June 15, 1989, Martin Downs Utilities, Inc. (Martin Downs) requested approval of a test year ended May 31, 1989, for a proposed rate increase in Martin County. Its request was granted by the Chairman of this Commission by letter dated August 3, 1989.

Martin Downs' letter also requested that it be allowed to use the formula method of calculating working capital rather than the balance sheet method. Martin Downs argues that the formula method is a simple, cost-effective method of calculating working capital and that the resulting calculation would not materially differ from that using the balance sheet method.

In addition to its request to use the formula method, Martin Downs requested that it be allowed to calculate its rate base and capital structure using a beginning and end of year balance rather than a thirteen-month average. Martin Downs has, therefore, requested a waiver of the thirteen-month average requirements of Rule 25-30.437, Florida Administrative Code. Martin Downs argues that the simple average method is the least costly method of calculating rate base and capital structure and that the resulting calculations would not materially differ from those using a thirteen-month average.

Although the formula method of calculating working capital and the simple average method of calculating rate base and capital structure lack the precision of the balance sheet and thirteen-month average methods, they are reliable and are significantly less costly. Accordingly, Martin Downs' request to use the formula method and for a waiver of the thirteen-month average requirements of Rule 25-30.437, Florida Administrative Code, is hereby granted.

It is, therefore,

DOCUMENT NUMBER-DATE

09189 SEP 13 1989

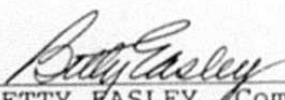
FPSC-RECORDS/REPORTING

ORDER NO. 21885
DOCKET NO. 890799-WS
PAGE 2

ORDERED by Commissioner Betty Easley, as Prehearing Officer, that the request by Martin Downs Utilities, Inc. to use the formula method to calculate working capital is granted. It is further

ORDERED that the request by Martin Downs Utilities, Inc. for a waiver of the thirteen-month average requirements of Rule 25-30.437, Florida Administrative Code, is granted.

By ORDER of Commissioner Betty Easley, as Prehearing Officer, this 13th day of SEPTEMBER, 1989.



BETTY EASLEY, Commissioner and
Prehearing Officer

(S E A L)

JRF

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.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a

ORDER NO. 21885
DOCKET NO. 890799-WS
PAGE 3

Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or sewer utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.