

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed AFUDC letter request)	DOCKET NO. 880413-PU
required by Rules 25-4.0171, F.A.C.,)	
for local exchange companies (LECs) and)	ORDER NO. 22999
25-6.0141, F.A.C., for investor-owned)	
electrics (IOUs))	ISSUED: 5-29-90
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 BETTY EASLEY
 GERALD L. GUNTER

ORDER ESTABLISHING AFUDC RATE FOR
GTE FLORIDA INCORPORATED

BY THE COMMISSION:

Rule 25-4.0171, Florida Administrative Code (the Rule), gives utilities the choice of filing private letter ruling requests with the Internal Revenue Service (the IRS) concerning the calculation of their rates to be used in determining the allowance for funds used during construction (AFUDC). This election was provided for companies wishing to obtain assurance that all investment tax credits (ITCs) can be assigned a cost rate of zero in this calculation without violating Section 46(f)(2) of the Internal Revenue Code.

By Order No. 20582, issued January 10, 1989, we approved GTE Florida Incorporated's (GTEFL's) proposed private letter ruling request for submission to the IRS. Additionally, we ordered GTEFL to revise its AFUDC rate from July 7, 1987 forward upon receipt of an IRS ruling. The IRS ruling was received March 31, 1989.

Upon review, we conclude that 8.57% is the AFUDC rate to be applied by GTEFL beginning on January 1, 1990. This rate is based on the 12.30% return on equity established for GTEFL for all regulatory purposes by Order No. 22352, issued on December 29, 1989, in Dockets Nos. 870171-TL and 890216-TL. This rate is further based on GTEFL'S capital structure for the twelve months ending December 31, 1989, which is the most current available capital structure.

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With respect to the AFUDC rate to be applied retroactively, GTEFL has recalculated its AFUDC rate using zero-cost ITCs. The resultant 9.40% rate necessitated a reduction in AFUDC retroactive to July 1, 1987. Accordingly, a reduction in AFUDC of \$41,158 was booked by GTEFL in June of 1989 to accomplish this purpose.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that, effective January 1, 1990, the rate to be used in determining GTE Florida Incorporated's Allowance for Funds Used During Construction shall be 8.57% in accordance with Rule 25-4.0171, Florida Administrative Code, in compliance with Order No. 22352, issued on December 29, 1989. It is further

ORDERED that this docket shall remain open pending the disposition by the Internal Revenue Service of the letter ruling request by Southern Bell Telephone and Telegraph Company.

By ORDER of the Florida Public Service Commission, this 29th day of MAY, 1990.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

DLC

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

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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 the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) 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 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 after the issuance 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.