

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of BEAUCLERC )	DOCKET NO. 880446-WU
UTILITIES COMPANY for increased water )	ORDER NO. 21611
rates in Duval County. )	ISSUED: 7-27-89
_____ )	

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, CHAIRMAN  
 BETTY EASLEY  
 GERALD L. GUNTER  
 JOHN T. HERNDON

NOTICE OF PROPOSED AGENCY ACTIONORDER APPROVING STIPULATION AND AGREEMENT

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.

On November 1, 1988, Beauclerc Utilities Company filed an application for increased water rates in Duval County. The official date of filing for the application was later established as November 21, 1988. At our May 2, 1989, Agenda Conference, we approved final water rates for this utility and on May 22, 1989, we issued proposed agency action Order No. 21270. No protests were filed in response to that Order. Accordingly, we issued our Consummating Order No. 21377 on June 14, 1989, which stated that Order No. 21270 was final and effective. In Consummating Order No. 21377, we stated that this docket was to remain open solely to address a Stipulation and Agreement that had been submitted by the utility, subsequent to our consideration of its rate application, regarding the overall rate of return for its sewer system.

In Order No. 21270, we stated that the previously authorized overall rate of return for the sewer system had been established as 22%, which is excessive when compared to the return we have approved for the water system in this docket.

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Also in that Order, we stated that we were reluctant to reestablish the cost of equity for the sewer system since this rate application did not address the rates of the sewer system. Therefore, we directed our Staff to work toward the resolution of this concern, possibly through a stipulation with the utility.

The Stipulation and Agreement (the Stipulation) we have subsequently received from Beauclerc Utilities Company is Attachment A to this Order. The Stipulation states that the utility voluntarily agrees to accept for its sewer system the overall rate of return that we have authorized for its water system. The Stipulation further states that the utility agrees that such overall rate of return may be applied to Allowance for Funds Used During Construction, federal and state income taxes, and any price index increase based upon the calendar year ended December 31, 1989. In addition, the utility agrees that such overall rate of return may be used for overearnings and for interim rates "from the date of the Commission's Order in this Docket No. 880446-WU." That date is June 14, 1989, the effective date of our proposed agency action Order No. 21270 granting a rate increase for the utility's water system. Also, the Stipulation confirms in writing the utility's agreement to implement our guideline depreciation rates for the sewer system for the year ended December 31, 1989.

By Order No. 21270 we approved an overall rate of return of 11.88%, with a range of reasonableness of 11.19% to 12.57%, for this utility's water system. The authorized return on equity included in that calculation was 12.59%, with a range of plus or minus 100 basis points. To establish a reasonable overall rate of return and cost of equity for Beauclerc's sewer system, we find it appropriate to approve the Stipulation received from the utility. Therefore, we hereby approve the Stipulation and authorize an overall rate of return of 11.88% and a return on equity of 12.59% for Beauclerc's sewer system.

If no protests are received within 21 days of the issuance of this proposed agency action Order, it will become final and this docket shall be closed.

It is, therefore

ORDERED by the Florida Public Service Commission that the Stipulation and Agreement submitted by Beauclerc Utilities

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Company is hereby approved and an overall rate of return of 11.88% and a return on equity of 12.59% are authorized for the utility's sewer system as set forth in the body of this Order. It is further

ORDERED that the Stipulation and Agreement submitted by Beauclerc Utilities Company, Attachment A hereto, is hereby incorporated into this Order by this reference. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final unless an appropriate petition in the form provided by Rule 25-22.036, 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 August 17, 1989. It is further

ORDERED that, after August 17, 1989, this Commission shall issue either a notice of further proceedings or an order acknowledging that the provisions of this Order have become final. It is further

ORDERED that, in the event no protest is timely received, this docket shall be closed.

By ORDER of the Florida Public Service Commission  
this \_\_\_\_\_ day of \_\_\_\_\_.

  
STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

SFS

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

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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 August 17, 1989. In the absence of such a petition, this Order shall become effective August 18, 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 August 18, 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.

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ATTACHMENT A

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Docket No. 880446-WU

APPLICATION OF BFAUCLERC UTILITIES COMPANY  
FOR A WATER RATE INCREASE IN DUVAL COUNTY.

STIPULATION AND AGREEMENT

BEAUCLERC UTILITIES COMPANY (Beauclerc), by its undersigned attorneys, hereby agrees and stipulates that the Florida Public Service Commission (Commission) may use the overall rate of return for Beauclerc's sewer system which the Commission properly finds applicable to Beauclerc's water system in this Docket No. 880446-WU. This said overall rate of return may be applied to Allowance for Funds Used During Construction, federal and state income taxes, and price index increases, based upon the calendar year ended December 31, 1989, and for overearnings and interim rates from the date of the Commission's Order in this Docket No. 880446-WU.

The Commission may also apply the depreciation rates pursuant to Rule 25-30.140(2)(b), Florida Administrative Code, to Beauclerc's sewer system for the year ended December 31, 1989.



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Company

Dated: April 21, 1989