

DOCKET NO. 920222-WS

REQUEST TO ESTABLISH DOCKET

Date March 9, 1992

**ORIGINAL
FILE COPY**

- 1. Division Name/Staff Name Water and Wastewater / Bob Dearden
- 2. OPR WAW Accounting
- 3. OCR AJA
- 4. Suggested Docket Title Application for approval of AFUDC rate in Lee County by GULF UTILITY COMPANY.

5. Suggested Docket Mailing List (attach separate sheet if necessary)

A. Parties (Provide names of regulated companies; provide names and addresses of nonregulated companies; provide names, addresses, and affiliation (i.e., attorney, company liaison officer, or customer) of individuals)

Gulf Utility Company WS096

B. Interested Persons/Companies (Provide names, complete mailing addresses, and affiliation)

C. This is a generic proceeding and the Interested Persons mailing list should be expanded to include the industries checked below:

- Investor-Owned Electrics
- Electric Cooperatives
- Municipal Electrics
- Gas Utilities
- Sewer Utilities

- Water Utilities
- Local Exchange Telephone Cos.
- Interexchange Telephone Cos.
- Coin-Operated Telephone Cos.
- Shared Tenant Telephone Cos.

6. Check One:

- Documentation attached.
- Documentation will be provided with recommendation.



Gulf Utility Company

P.O. Box 350
Estero, FL 33928-0350
18513 Bartow Blvd, S.E.
Ft. Myers, FL 33912
813/267-1000

March 4, 1992

Mr. Charles H. Hill
Director, Division of Water & Sewer
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0873

RECEIVED

MAR 09 1992

Fla. Public Service Commission
Division of Water and Sewer

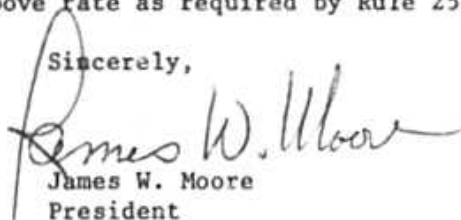
Re: Application for AFUDC Rate

Dear Mr. Hill:

This is a request for authorization to charge a monthly rate of 0.833231% for an allowance for funds used during construction.

There are attached schedules supporting the above rate as required by Rule 25-30.121.

Sincerely,


James W. Moore
President

JWM/kb
enc.

**Gulf Utility Company
Request for
Approval to Change AFUDC Rate**

Gulf Utility Company
Request for
Approval of AFUDC Rate

The Company's present monthly AFUDC rate of 0.803520% was authorized by the Commission in Docket No. 880676-WS, Order No. 19499 issued June 15, 1988.

In this application, the Company is requesting a monthly AFUDC rate of 0.833231%.

Attached hereto is the following schedule:

Schedule A: Capital structure and cost of capital as of December 31, 1991. The capital structure is comparable to that set forth in the Company's last two rate cases, namely, Docket No. 880308-SU and Docket No. 900718-WU.

The Company is proposing a capital structure as of December 31, 1991 rather than an average. The debt capital, which represents 90.5% of total capital, was unchanged in the twelve months period, with equity capital decreasing due to operating losses. The December 31, 1991 capitalization is more representative of the future period.

Schedule B: The Company long-term debt is summarized in this schedule and is comparable to a similar schedule in Docket No. 900718-WU. There is no adjustment to the amount of debt outstanding.

The only adjustment to the capital structure is \$115,307 of plant acquisition adjustment. This adjustment was recognized in the Company's last two rate cases.

Schedule C: Monthly AFUDC calculations.

SCHEDULE A

Cost of Capital

Company: Gulf Utility Company
 Docket No.
 Year Ended: 12/31/91

Line No.	Class of Capital	(1) Amount	(2) Ratio	(3) Cost Rate	(4) Weighted Cost
1	Long-Term Debt	\$8,975,000	89.71 %	10.43 %	9.36 %
2	Short-Term Debt	75,360	0.75	10.50	0.08
3	Preferred Stock				
4	Customer Deposits	173,092	1.73	8.00	0.14
5	Common Equity (a) (b)	683,278	6.83	13.11	0.90
6	Construction Advances				
7	Tax Credits - Wtd. Cost				
8	Accum. Deferred Income Taxes	97,473	0.97		
9	Other (Explain)				
10	Total	\$10,004,203	100.00 %		10.47 %

(a) Same recognition as in Docket 880306-SU and Docket 900718-WU

Common Equity	\$567,971
PI Acq Adj	115,307
	\$683,278

(b) The return on equity authorized in Docket 900718-WU was 13.11%.

SCHEDULE B

Cost of Long-Term Debt

Company: Gulf Utility Company
 Docket No:
 Year Ended: 12/31/91

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Line No.	Description, Coupon Rate, Years of Life	Issue Date-Maturity Date	Principal Amount Sold (Face Value)	Principal Amount Outstanding	Amount Outstanding Within One Year	Unamortized Discount (Premium) Associated With Col(4)	Unamortized Issuing Expense Associated With Col(4)	Annual	Annual	Interest Cost (Coupon Rate) x Col (4)	Total Interest Cost (8)+(9)+(10)	Effective Cost Rate (11)/(4)-(6)-(7)
								Amortization of Discount (Premium) on Principal Outstanding	Amort. of Issuing Expense on Principal Outstanding			
1	1988-A 1284 9.60%		\$6,000,000	\$6,000,000	\$6,000,000		\$250,080		\$9,911	\$576,000	\$583,911	10.19%
2	Renewal & Replacement Fund(a)		(25,000)	(25,000)	(25,000)					(2,094)	(2,094)	
3	Debt Service Reserve Fund(b)		(600,000)	(600,000)	(600,000)					(50,250)	(50,250)	
4	1988-B 1284 9.50%		4,000,000	4,000,000	4,000,000		215,924		7,510	380,000	387,510	10.24%
5	Debt Service Reserve Fund(b)		(400,000)	(400,000)	(400,000)					(24,000)	(24,000)	
7	Total		\$6,975,000	\$6,975,000	\$6,975,000		\$466,004		\$17,421	\$667,656	\$687,077	10.43%

(a) Minimum of \$25,000

(b) 10% of Principle-Invested @ 8.375% and 8.50%

SCHEDULE C

Gulf Utility Company

Annual AFUDC Rate

Discounted to Reflect Monthly Compounding

Formula:

$$M = \left[\left(1 + \frac{A}{100} \right)^{\frac{1}{12}} - 1 \right] \times 100$$

Where:

M = discounted monthly AFUDC rate

A = annual AFUDC rate

$$M = \left[\left(1 + \frac{10.47}{100} \right)^{.083333} - 1 \right] \times 100$$

$$= 0.833231\%$$