

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of INTERCOASTAL )  
 UTILITIES, INC. for increased rates )  
 in St. Johns County )

DOCKET NO. 890602-WS  
 ORDER NO. 21879  
 ISSUED: 9-12-89

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

By letter dated April 28, 1989, Intercoastal Utilities, Inc. (Intercoastal) requested approval of a test year ended December 31, 1989, for a proposed rate increase in St. Johns County. Its request was granted by the Chairman of this Commission by letter dated May 24, 1989.

In its letter of April 28, 1989, Intercoastal also requested that it be allowed to use the formula method of calculating working capital rather than the balance sheet method. Intercoastal 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, by letter dated May 11, 1989, Intercoastal 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. Intercoastal has, therefore, requested a waiver of the thirteen-month average requirements of Rule 25-30.437, Florida Administrative Code. Intercoastal 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, Intercoastal's 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,

ORDERED by Commissioner Thomas M. Beard, as Prehearing Officer, that the request by Intercoastal Utilities, Inc. to

DOCUMENT NO.

09144

9-12-89

ORDER NO. 21879  
DOCKET NO. 890602-WS  
PAGE 2

use the formula method to calculate working capital is hereby granted. It is further

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

By ORDER of Commissioner Thomas M. Beard, as Prehearing Officer, this 12th day of SEPTEMBER, 1989.

  
THOMAS M. BEARD, Commissioner and  
Prehearing Officer

( S E A L )

RJP :

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 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

ORDER NO. 21879  
DOCKET NO. 890602-WS  
PAGE 3

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.