



By Order No. 25011, issued September 4, 1991, Gulf Aire was granted interim authority to continue with gross-up pending final review of the application. The information as filed did meet the filing requirements of Order No. 23541; however, several items in the filing needed clarification. On October 15, 1991, the utility responded sufficiently to our clarification request.

APPROVAL TO CONTINUE GROSS-UP

In accordance with Order No. 23541, Gulf Aire has provided the Commission with a schedule which reflects that the utility will incur an actual above-the-line tax liability; a statement of interest coverage indicating a times interest earned (TIE) ratio of less than 2x; and a statement that it does not have an alternative source of financing available at a reasonable rate. Further, as justification for the gross-up, Gulf Aire states that based on the total operating revenues generated in 1990, it will not be able to generate enough revenues to cover its operating expenses, the taxes associated with the donated assets expected to be received from a developer in the near future, and service existing debt.

The utility also states that additional unsecured, third-party loans are not available at any cost to fund the additional tax burden related to CIAC, due to the level of secured debt, which exceeds its rate base. The utility has unsecured third party non-interest bearing debt of \$92,775, in addition to the secured debt. Additional borrowings, even if available, would further erode the utility's capital structure and add to operating losses via additional interest expense. Therefore, the utility's ability to obtain alternative financing may be impaired. Gulf Aire also indicated that it selected the full gross-up method because it has not resulted in competitive disadvantage or decreased growth in the service area. Finally, the utility submitted proposed tariffs for the gross-up.

Based on the information filed, we find that Gulf Aire will continue to have an actual above-the-line tax liability associated with the collection of CIAC and has demonstrated a continued need to gross-up. The utility's request to continue collecting CIAC gross-up is, therefore, approved. The tariffs submitted by the utility shall be effective upon the expiration of the protest period set forth in the Notice of Further Proceedings attached to this Order, if no timely protests are filed. All gross-up CIAC collections are to be made in accordance with the accounting and regulatory treatments and record keeping method prescribed in Orders Nos. 16971, issued December 18, 1986, and 23541, and all matters discussed in the body of those Orders are expressly

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incorporated herein by reference.

Based on the foregoing, it is therefore,

ORDERED by the Florida Public Service Commission that approval is granted for Gulf Aire Wastewater Treatment Plant to continue collecting the gross-up of CIAC. It is further,

ORDERED that all gross-up collections are to be made in accordance with the provisions of Orders Nos. 16971 and 23541 which are incorporated herein by reference. It is further

ORDERED that the tariffs filed by Gulf Aire Wastewater Treatment Plant for CIAC gross-up shall be effective upon the expiration date of the protest period set forth in the Notice of Further Proceedings attached to this Order, if no timely protests are filed. It is further

ORDERED that all provisions of this Order are issued as proposed agency action and shall become final, unless an appropriate petition in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director of the Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED that this docket shall be closed upon expiration of the protest period, if no protest is received.

By ORDER of the Florida Public Service Commission, this 3rd day of MARCH, 1992.

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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

LAJ

by: Kay Flynn  
Chief, Bureau of Records

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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.

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  
03/24/92.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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 the date described above, 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 wastewater 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.