

**ERRATA SHEET  
RESPONSE TO DEFICIENCIES IN  
SCHEDULE C-1 THRU C-6**

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FILE COPY**

**DOCKET NO. 920199-WS  
VOLUME II  
BOOK 7 OF 11**

REMOVE PAGE NOS.	ADD PAGE NOS.	RESPONDS TO DEFICIENCY NO.
1 - 8	1 - 8	<p><b>PAGE 1, No. 3 from Amended MFR Deficiency Letter Dated May 29, 1992</b></p> <p><b>Case Nos. 1D98-0713 and 1D98-0727</b>                      Florida Water Services Corporation vs. Florida Public Service Commission ("PSC");                      Sugarmill Woods Civic Association, Inc. vs. Southern States Utilities, Inc. and the                      PSC                      vs. Joseph J. DeRouin, et al.  <b>PSC Docket No. 920199-WS</b></p>

DOCUMENT NUMBER-DATE

06389 JUN 17 1992

FPSC-RECORDS/REPORTING

**RECONCILIATION OF TOTAL INCOME TAX PROVISION**

Company: **SSU & DUI**  
 Docket No.: 920199-WS  
 Test Year Ended: December 31, 1991  
 Historic [x] or Projected [ ]

**FPSC**

Schedule: C-1  
 Page 1 of 1  
 Preparer: Bruce Gangnon  
 Supporting Schedules: C-1/A, C-2, C-5, C-8, C-9  
 Recap Schedules: None

Explanation: Provide a reconciliation between the total operating income tax provision and the currently payable income taxes on operating income for the year.

Line No.	Description	Ref.	Total Per Books	Utility Adjustments	Total Utility	Non-filing Systems	Utility Adjusted	Water	Wastewater
1	Current Tax Expense	C-2	\$1,043,851	(\$2,548,707)	(\$1,504,856)	\$883,108	(\$621,748)	(\$244,421)	(\$377,327)
2	Deferred Income Tax Expense	C-5	(\$321,440)	\$48,057	(\$273,383)	\$91,117	(\$182,266)	(\$96,411)	(\$85,855)
3	ITC Realized This Year (Per C-2)	C-8	\$126,949	(\$126,949)	\$0	\$0	\$0	\$0	\$0
4	ITC Amortization (All Companies) (3% ITC and IRC 46(f)(2))	C-8	(\$84,417)	\$0	(\$84,417)	\$31,774	(\$52,643)	(\$27,862)	(\$24,781)
5	Parent Debt Adjustment	C-9	(\$424,664)	\$0	(\$424,664)	\$159,808	(\$264,856)	(\$140,196)	(\$124,660)
6	<b>Total Income Tax Expense</b>		<b>\$340,279</b>	<b>(\$2,627,599)</b>	<b>(\$2,287,320)</b>	<b>\$1,165,807</b>	<b>(\$1,121,513)</b>	<b>(\$508,890)</b>	<b>(\$612,623)</b>
<b>Effective Rate Excluding ITC's and Parent Debt</b>									
	Current Taxes				(\$1,504,856)	\$883,108	(\$621,748)	(\$244,421)	(\$377,327)
	Deferred Taxes				(\$273,383)	\$91,117	(\$182,266)	(\$96,411)	(\$85,855)
	<b>Total Taxes</b>				<b>(\$1,778,239)</b>	<b>\$974,225</b>	<b>(\$804,014)</b>	<b>(\$340,832)</b>	<b>(\$463,182)</b>
	<b>Total Taxes</b>				<b>(\$1,778,239)</b>	<b>\$974,225</b>	<b>(\$804,014)</b>	<b>(\$340,832)</b>	<b>(\$463,182)</b>
	Pretax Income per C-2, Line 5				(\$4,656,195)	\$2,519,564	(\$2,136,831)	(\$905,746)	(\$1,230,815)
	Effective Tax Rate				38.19%	38.67%	37.63%	37.63%	37.63%

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**RECONCILIATION OF TOTAL INCOME TAX PROVISION**

Company: SSU & DU  
 Docket No.: 920199-WS  
 Test Year Ended: December 31, 1991  
 Historic [x] or Projected [ ]

FPSC  
 Schedule: C-1/A  
 Preparer: Bruce Gangnon

**PARENT DEBT ADJUSTMENT - TWO TIERED**

(1) Description	(2)	(3)	(4) Reference
a) Weighted Cost of Parent Debt (Minnesota Power)		2.31%	C-9 Page 1 of 2
b) Ratio of Common Stock Second Tier Parent - Topeka	58,175,391* / 62,897,116* =	<u>92.49%</u>	* C-9 Page 2 of 2
c) Topeka Cost of Debt		2.136%	* C-9 Page 2 of 2
	+	0.40%	
		<u>2.536%</u>	
d) SSU Common Equity Ratio	57,111,913* / 131,557,623 =	<u>43.41%</u>	* D-5/A
	(* Ties to Consolidated Common Equity less Retained Earnings, less Gas Equity)		
e) Rate Base		1.101%	* Estimated Total SSU Consolidated Rate Base
	x	102,500,000	
		<u>1,128,525</u>	
f) Tax Rate		37.63%	
Parent Debt Adjustment		<u>424,664</u>	

**STATE AND FEDERAL INCOME TAX CALCULATION - CURRENT**

Company: SSU & DUI  
 Docket No.: 920199-WS  
 Test Year Ended: December 31, 1991  
 Historic [x] or Projected [ ]

FPSC  
 Schedule: C-2  
 Page 1 of 1  
 Preparer: Bruce Gangnon  
 Supporting Schedules: C-2/A, C-3, C-4, C-5, C-8  
 Recap Schedules: C-1

Explanation: Provide the calculation of state and federal income taxes for the test year. Provide detail on adjustments to income taxes and investment tax credits generated.

Line No.	Description	Total Per Books	Utility Adjustments	Total Utility	Non-filing Systems	Utility Adjusted	Water	Wastewater
1	Net Utility Operating Income	\$8,760,628	(\$4,089,918)	\$4,670,710	(\$2,730,428)	\$1,940,282	\$1,616,165	\$324,117
2	Add: Income Tax Expense Per Books	764,943	(2,627,599)	(1,862,656)	741,143	(1,121,513)	(508,890)	(612,623)
3	Subtotal	9,525,571	(6,717,517)	2,808,054	(1,989,285)	818,769	1,107,275	(288,506)
4	Less: Interest Charges (Sch. C-3)	7,318,076	146,173	7,464,249	(4,508,849)	2,955,400	2,013,021	942,379
5	Taxable Income Per Books	2,207,495	(6,863,690)	(4,656,195)	2,519,564	(2,136,631)	(905,746)	(1,230,885)
<b>SCHEDULE M ADJUSTMENTS</b>								
6	Permanent Differences (From Sch. C-4)	(286,747)	(83,764)	(370,511)	370,511	0	0	0
7	Timing Differences (From Sch. C-5)	939,726	(163,462)	776,264	(291,900)	484,364	256,209	228,155
8	Total Schedule M Adjustments	652,979	(247,226)	405,753	78,611	484,364	256,209	228,155
9	Taxable Income Before State Taxes	2,860,474	(7,110,916)	(4,250,442)	2,598,175	(1,652,267)	(649,537)	(1,002,730)
10	Less: State Income Tax Exemption (\$5,000)	(5,000)	5,000	0	0	0	0	0
	Less: State NOL	(802,900)	0	(802,900)	802,900	0	0	0
11	State Taxable Income	2,052,574	(7,105,916)	(5,053,342)	3,401,075	(1,652,267)	(649,537)	(1,002,730)
12	State Income Tax (5.5% of Line 11)**	315,858	(390,825)	(74,967)	(15,908)	(90,875)	(35,725)	(55,150)
13	Emergency Excise Tax	3,138	0	3,138	(3,138)	0	0	0
14	Prior Year Correction	36,166	0	36,166	(36,166)	0	0	0
15	Current State Income Taxes	355,162	(390,825)	(35,663)	(55,212)	(90,875)	(35,725)	(55,150)
16	Federal Taxable Income (Line 9 - Line 15)	2,505,312	(6,720,091)	(4,214,779)	2,653,387	(1,561,392)	(613,812)	(947,580)
17	Federal Income Tax Rate	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
18	Federal Income Taxes (Line 16 x Line 17)	851,804	(2,284,831)	(1,433,027)	902,154	(530,873)	(208,696)	(322,177)
19	Less: Investment Tax Credit Realized This Year (Sch. C-8)	(126,949)	126,949	0	0	0	0	0
20	Current Federal Inc. Taxes (Line 18 - Line 19)	724,855	(2,157,882)	(1,433,027)	902,154	(530,873)	(208,696)	(322,177)
<b>SUMMARY:</b>								
21	Current State Income Taxes (Line 15)*	318,996	(390,825)	(71,829)	(19,046)	(90,875)	(35,725)	(55,150)
22	Current Federal Income Taxes (Line 20)	724,855	(2,157,882)	(1,433,027)	902,154	(530,873)	(208,696)	(322,177)
23	<b>TOTAL CURRENT INCOME TAX EXPENSE (To C-1)</b>	<b>\$1,043,851</b>	<b>(\$2,548,707)</b>	<b>(\$1,504,856)</b>	<b>\$883,108</b>	<b>(\$621,748)</b>	<b>(244,421)</b>	<b>(377,327)</b>

\* Excludes Prior Year Correction

\*\* Totals of the separate company calculations including AMT

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**STATE AND FEDERAL INCOME TAX CALCULATION - CURRENT**

Company: **SSU & DUI**  
 Docket No.: 920199-WS  
 Test Year Ended: December 31, 1991  
 Historic [x] or Projected [ ]

**FPSC**  
 Schedule: C-2/A  
 Preparer: Bruce Gangnon

(1) DESCRIPTION	(2) SSU	(3) VGU	(4) DUI	(5) SEABOARD	(6) UFJC	(7) SSUSI	(8) TOTAL
<b>Schedule C-2 - Line 5 - Taxable Income Per Books</b>							
Interest	(14,073)	(67,742)		(435)	(162,157)		(244,407)
Gain On Sale	(200,769)		(653,109)		(6,744,491)		(7,598,369)
Management Fee	(178,819)						(178,819)
Other Non-Utility Interest	981,500	79,175	9,596	(1,248)	218,953	16,102	1,304,078
Synchronization	(146,173)						(146,173)
	441,666	11,433	(643,513)	(1,683)	(6,687,695)	16,102	(6,863,690)
<b>Line 7 - Permanent Differences</b>							
Penalties	(30,250)	(53,200)					(83,450)
AFUDC					(48,716)		(48,716)
Dividend					48,402		48,402
Received Deduction							
	(30,250)	(53,200)	0	0	(314)	0	(83,764)
<b>Line 8 - Timing Differences</b>							
Rate Order Adjustment	(144,200)						(144,200)
Rate Case W/O	(504,767)	(15,000)					(519,767)
Tax   Book Gain			170,820	26,892	302,793		500,505
	(648,967)	(15,000)	170,820	26,892	302,793	0	(163,462)
<b>State Taxable Income</b>	<b>(237,551)</b>	<b>(56,767)</b>	<b>(472,693)</b>	<b>25,209</b>	<b>(6,385,216)</b>	<b>16,102</b>	<b>(7,110,916)</b>

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Revised 6/17/92

**SCHEDULE OF INTEREST IN TAX EXPENSE CALCULATION**

**FPSC**

Company: **SSU & DUI**  
 Docket No.: 920199-WS  
 Test Year Ended: December 31, 1991  
 Historic [x] or Projected [ ]

Schedule: C-3  
 Page 1 of 1  
 Preparer: Bruce Gangnon  
 Supporting Schedules: D-1, C-8  
 Recap Schedules: C-2

Explanation: Provide the amount of interest expense used to calculate income taxes on Schedule No. C-2. Explain any changes in interest expense in detail giving amount of change and reason for change. If the basis for allocating interest used in the tax calculation differs from the basis used in allocating current income taxes payable, the differing bases should be clearly identified.

Line No.	Description	Total Per Books	Utility Adjustments	Total Utility	Non-filing Systems	Utility Adjusted	Water	Wastewater
1	Interest on Long-Term Debt	\$7,847,165		\$7,847,165	(\$4,891,765)	\$2,955,400	\$2,013,021	\$942,379
2	Amortization of Debt Premium, Disc. and Expense Net	285,268		285,268	(285,268)	0		
3	Interest on Short-Term Debt	0		0	0	0		
4	Other Interest Expense	73,485		73,485	(73,485)	0		
5	AFUDC	(887,842)		(887,842)	887,842	0		
6	ITC Interest Synchronization (All Companies) (IRC 46(f)(2) only - See below)	0	146,911	146,911	(146,911)	0		
7	Total Used For Tax Calculation	\$7,318,076	\$146,911	\$7,464,987	(\$4,509,587)	\$2,955,400	\$2,013,021	\$942,379

**Calculation of ITC Interest Synchronization Adjustment Only for Option 2 companies (See Sch. C-8, pg.4)**

Balances From Schedule D-1 (All Companies)	Amount	Ratio	Cost	Total Weighted Cost	Debt Only Weighted Cost
8 Long-Term Debt	\$71,733,133	53.52%	11.16%	5.97%	5.97%
9 Short-Term Debt	0	0.00%			
10 Preferred Stock	3,394,250	2.53%	0.00%	0.00%	0.00%
11 Common Equity	58,917,168	43.95%	12.83%	5.64%	0.00%
12 Total	\$134,044,551	1		11.61%	5.97%
13 ITCs (from D-1, Line 7)	2,460,818				
14 Weighted Debt Cost (From Line 12)	5.97%				
15 Interest Adjustment (To Line 6)	\$146,911				

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**BOOK/TAX DIFFERENCES - PERMANENT**

Company: SSU & DUI  
 Docket No: 920199-WS  
 Test Year Ended: December 31, 1991  
 Historic [x] or Projected [ ]

**FPSC**

Schedule C-4  
 Page 1 of 1  
 Preparer: Bruce Gangnon  
 Supporting Schedules: C-2/A  
 Recap Schedules: C-2

Explanation: Provide the description and amount of all book/tax differences accounted for as "permanent differences." This would include any items accounted for on a flow through basis.

Line No.	Accounts	Total	Non-Utility	Total Utility	Non-Filing Systems	Utility Adjusted
1	Meals (20% disallowance)	\$4,903	\$0	\$4,903	(4,903)	0
2	Enterprise	39,256	0	39,256	(39,256)	0
3	AFUDC(equity portion)	(500,343)	(48,716)	(549,059)	549,059	0
4	Penalties	130,353	(83,450)	46,903	(46,903)	0
5	Other	51	0	51	(51)	0
6	Amort. of Acquisition Adj.	87,435	0	87,435	(87,435)	0
7	Dividend Received Deduction	(48,402)	48,402	0	0	0
8	<b>Totals</b>	<b>(\$286,747)</b>	<b>(\$83,764)</b>	<b>(\$370,511)</b>	<b>(370,511)</b>	<b>0</b>

**DEFERRED INCOME TAX EXPENSE**

FPSC

Company: SSU & DUJ  
 Docket No.: 920199-WS  
 Test Year Ended: December 31, 1991  
 Historic [x] or Projected [ ]

Schedule: C-5  
 Page 1 of 1  
 Preparer: Bruce Gangnon  
 Supporting Schedules: C-2/A  
 Recap Schedules: C-2

Explanation: Provide the calculation of total deferred income tax expense for the last year. Provide detail on items resulting in tax deferrals other than accelerated depreciation.

Line No.	Description	Total Per Books	Utility Adjustments	Total Utility	Non-Filing Systems	Utility Adjusted	Water (b)	Wastewater (b)
<b>Timing Differences:</b>								
1	Tax Depreciation and Amortization (a)	(\$9,661,956)	(\$44,200)	(\$9,706,156)	3,649,815	(6,056,341)	(3,203,562)	(2,852,779)
2	Book Depreciation and Amortization	(5,953,095)		(5,953,095)	2,238,548	(3,714,547)	(1,964,847)	(1,749,700)
3	<i>Difference</i>	(3,708,861)	(44,200)	(3,753,061)	1,411,267	(2,341,794)	(1,238,715)	(1,103,079)
4	Other Timing Differences (Itemize):							
	Other							
	Allowance for Doubtful Accts.	113,429		113,429	(42,653)	70,776	37,438	33,338
	Cap 263a Interest	1,580,917		1,580,917	(594,474)	986,443	521,789	464,654
	PGI Carrying Costs	(364,902)		(364,902)	137,214	(227,688)	(120,438)	(107,250)
	CIAC	3,155,897		3,155,897	(1,186,715)	1,969,182	1,041,619	927,563
	Interim Rates	1,651,513		1,651,513	(621,020)	1,030,493	545,090	485,403
	Deferred Expenses	89,379		89,379	(33,609)	55,770	29,500	26,270
	Rate Case Expense	(137,828)	(504,767)	(642,595)	241,636	(400,959)	(212,091)	(188,868)
	CIAC Gross-Up	(199,213)		(199,213)	74,910	(124,303)	(65,751)	(58,552)
	Acq. Adj. w/o's			0	0	0	0	0
	Rate Order Adjustments	115,000	(115,000)	0	0	0	0	0
	Amort of Acq Costs	167,539		167,539	(63,000)	104,539	55,297	49,242
	W/O Organ Costs			0	0	0	0	0
	Tax Over Book Gain	(635,409)	500,505	(134,904)	50,728	(84,176)	(44,526)	(39,650)
	AFUDC Debt	(887,735)		(887,735)	333,816	(553,919)	(293,001)	(260,918)
5	<i>Total Timing Differences (To C-2) ***</i>	<i>\$939,726</i>	<i>(\$163,462)</i>	<i>\$776,264</i>	<i>(\$291,900)</i>	<i>\$484,364</i>	<i>\$256,211</i>	<i>\$228,153</i>
6	State Tax Rate	5.50%	5.50%	5.50%		5.50%	5.50%	5.50%
7	State Deferred Taxes (Line 5 x Line 6) (limited by NOL)*	(23,865)	(10,802)	(34,667)	8,027	(26,640)	(14,091)	(12,549)
8	Timing Differences for Federal Taxes (Line 5 - Line 7)	915,861	(174,264)	741,597	(283,873)	457,724	242,120	215,604
9	Federal Tax Rate	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
10	Federal Deferred Taxes (Line 8 x Line 9)	(311,394)	59,250	(252,144)	96,518	(155,626)	(82,320)	(73,306)
11	Add: State Deferred Taxes (Line 7)	(23,865)	(10,802)	(34,667)	8,027	(26,640)	(14,091)	(12,549)
	Other: Rate Differential	13,819	(391)	13,428	(13,428)	0	0	0
12	<i>Total Deferred Tax Expense (to C-1)</i>	<i>(\$321,440)</i>	<i>\$48,057</i>	<i>(\$273,383)</i>	<i>\$91,117</i>	<i>(\$182,266)</i>	<i>(\$96,411)</i>	<i>(\$85,855)</i>

Notes:

\* Due to unrealized NOL's the state deferred taxes for some of the companies have been offset. Thus, they are not obtained at a flat 5.5%.

(a) Includes depreciation on taxable CIAC

(b) Allocated on total plant

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# DEFERRED TAX BALANCE ADJUSTMENTS

Company: SSU & DUI  
 Docket No.: 920199 - WS  
 Test Year Ended: December 31, 1991  
 Historic  or Projected

FPSC

Schedule: C-6  
 Page 1 of 1  
 Preparer: Bruce Gangnon  
 Supporting Schedules: None  
 Recap Schedules: None

Explanation: Provide the information required to adjust the deferred tax balances for changes in the state and federal statutory income tax rates. Only unprotected federal deferred tax balances are subject to this adjustment. Show supporting calculations in detail by vintage years.

Line No.	(1) Description	(2) Total Amount	(3) Water	(4) Wastewater
	<u>State Tax Adjustment</u>	Dr. (Cr)		
1	Adjusted As Filed in Order No. _____ Docket No. _____	N/A		
2	Deferred Tax Balances Per the 1991 Books	915,142		
3	Deferred Tax Balances Restated As Though The Present Statutory Rate Had Always Been in Effect	915,142		
4	Excess (Deficiency) in Deferred Tax Balances	0		
5	Effect of Normal Reversal of Deferred Income Taxes At Rates Different Than ___% As Reflected on the Company's Books	0		
6	<b>Net Effect on State Deferred Tax Balances</b>	0		
	<u>Federal Tax Adjusted (Unprotected)</u>			
7	Adjusted As Filed in Order No. _____ Docket No. _____	N/A		
8	Deferred Tax Balances Per the 1991 Books	5,428,397		
9	Deferred Tax Balances Restated As Though the Present Statutory Rate Had Always Been in Effect	5,409,397		
10	Excess (Deficiency) in Deferred Tax Balance	(18,999)		
11	Effect of Normal Reversal of Deferred Income Taxes At Rates Different Than ___% As Reflected on the Company's Books	0		
12	<b>Net Effect on Federal Deferred Tax Balances</b>	(\$18,999)		

08-May-92

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