

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Disposition of) DOCKET NO. 940205-WS
Contributions-in-aid-of-) ORDER NO. PSC-94-0525-FOF-WS
Construction (CIAC) Gross-Up) ISSUED: May 4, 1994
Funds Received by LAKE GROVES)
UTILITIES, INC. in Lake County.)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER REFLECTING NO REFUND REQUIRED

BY THE COMMISSION:

The repeal of Section 118(b) of the Internal Revenue Code (I.R.C.) resulted in making contributions-in-aid-of-construction (CIAC) gross income and depreciable for federal tax purposes. In Order No. 16971, issued December 18, 1986, the Commission authorized corporate utilities to collect the gross-up on CIAC in order to meet the tax impact resulting from the inclusion of CIAC as gross income.

Orders Nos. 16971 and 23541, issued December 18, 1986, and issued October 1, 1990, require that utilities annually file information which would be used to determine the actual state and federal income tax liability directly attributable to the CIAC, and whether a refund of the gross-up is appropriate for any given year for which gross-up was in effect. These orders also require that all gross-up amounts for a tax year which are in excess of a utility's actual tax liability for the same year resulting from its collection of CIAC should be refunded on a pro rata basis to those persons who contributed the taxes.

In Order No. 23541, the Commission determined that any water and wastewater utility who has collected the gross-up on CIAC and wants to continue collecting the gross-up had to file a petition for approval with the Commission on or before October 29, 1990. By Order No. PSC-93-0291-FOF-WS, issued February 23, 1993, we granted

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authority to Lake Groves Utilities, Inc., to gross-up CIAC for the related tax impact.

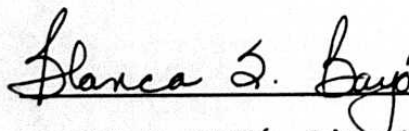
In compliance with Order No. 16971, Lake Groves Utilities, Inc. filed its 1992 annual CIAC report regarding its collection of gross-up for the year. Since Lake Groves did not collect gross-up funds in 1992, no refund will be required for 1992.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that since Lake Groves Utilities, Inc., in Lake County did not collect any gross-up funds for 1992, no refund will be required. It is further

ORDERED that this docket is closed.

By ORDER of the Florida Public Service Commission, this 4th day of May, 1994.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

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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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or 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 after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Civil Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.

LAKE GROVES UTILITIES, INC.

SOURCE: (Line references are from CIAC Reports)

	1992
1 Form 1120, Line 30 (Line 15)	\$ 141,655
2 Less CIAC (Line 7)	(127,765)
3 Less Gross-up collected (Line 19)	0
4 Add First Year's Depr on CIAC (Line 8)	1,980
5 Add/Less Other Effects (Lines 20 & 21)	0
6	
7 Adjusted Income Before CIAC and Gross-up	\$ 15,870
8	
9 Taxable CIAC (Line 7)	\$ 127,765
10	
11 Taxable CIAC Resulting in a Tax Liability	\$ 127,765
12 Less first years depr. (Line 8)	(1,980)
13	
14 Net Taxable CIAC	\$ 125,785
15 Combined marginal state and federal tax rate	37.63%
16	
17 Net Income tax on CIAC	\$ 47,333
18 Less ITC Realized	0
19	
20 Net Income Tax	\$ 47,333
21 Expansion Factor for gross-up taxes	1.603334936
22	
23 Gross-up Required to pay tax effect	\$ 75,891
24 Less CIAC Gross-up collected (Line 19)	0
25	
26 PROPOSED REFUND (excluding interest)	\$ 0
27	
28	No gross-up
29 TOTAL REFUND	\$ 0
30	