

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Disposition of) DOCKET NO. 960055-WS
contributions-in-aid-of-) ORDER NO. PSC-96-0351-FOF-WS
construction (CIAC) gross-up) ISSUED: March 12, 1996
funds collection in 1991-1994 by)
Gulf Aire Properties d/b/a Gulf)
Aire Wastewater Treatment Plant)
in Gulf County.)
_____)

The following Commissioners participated in the disposition of this matter:

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

ORDER FINDING REFUND INAPPROPRIATE FOR 1991 THROUGH 1994

BY THE COMMISSION:

The repeal of Section 118(b) of the Internal Revenue Code 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, we 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 require that utilities annually file information which would be used to determine the actual state and federal income tax expense 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 required 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, issued, October 1, 1990, we determined that any water and wastewater utility already collecting the gross-up on CIAC and wishing to continue collecting the gross-up, had to file a petition for our approval on or before October 29, 1990. Gulf Aire Properties d/b/a Gulf Aire Wastewater Treatment Plant (Gulf Aire or utility) requested authority to continue to gross-up CIAC for the related tax impact, and we granted the utility the

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authority to do so in Order No. PSC-92-0003-FOF-WS, issued March 3, 1992.

By Order No. PSC-92-0961-FOF-WS, issued on September 9, 1992, we clarified the procedure to be used to calculate the amount of gross-up refunds. The calculations we used in this Order are consistent with Order No. PSC-92-0961-FOF-WS.

Gulf Aire is a Class C utility which provides wastewater service to approximately 183 customers in Gulf County. Gulf Aire reported gross revenues of \$71,655.08 and net operating income of \$17,712 in its 1994 annual report.

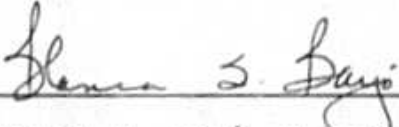
In compliance with Order No. 16971, Gulf Aire filed its 1991 through 1994 annual CIAC reports regarding its collection of gross-up for each year. We have reviewed these reports and a notarized statement from the utility and determined that no gross-up amounts were collected for 1991 through 1994. Therefore, we find that no refund is appropriate for years 1991 through 1994. We find that no further action is required in this docket and it should be closed.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Gulf Aire Properties d/b/a Gulf Aire Wastewater Treatment Plant shall make no refunds for 1991 through 1994, as no gross-up CIAC amounts were collected. It is further

ORDERED that this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 12th day of March, 1996.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, 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 and/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 after the issuance 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.