

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Determination of disposition)	DOCKET NO. 881230-GU
of Southern Gas Company's 1987 tax)	ORDER NO. 20623
savings.)	ISSUED: 1-19-89
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The following Commissioners participated in the disposition of this matter:

KATIE NICHOLS, Chairman
 THOMAS M. BEARD
 GERALD L. GUNTER
 JOHN T. HERNDON
 MICHAEL MCK. WILSON

ORDER ON 1987 TAX SAVINGS

BY THE COMMISSION:

The Federal Tax Reform Act of 1986 reduced the maximum federal corporate income tax rate from 46% to 34%, effective July 1, 1987, resulting in an effective federal income tax rate for 1987 of 39.95%. While we determined that we would utilize our existing rule, Rule 25-14.003, Florida Administrative Code, (the Tax Savings Rule or Rule) to address the change in tax rates, we recognized the inadequacy of the Rule using the "midpoint of the range of return approved by the Commission in the utility's last rate case" in the refund calculation and directed that the parties negotiate in an attempt to settle upon a more current and, therefore, lower equity rate for purposes of the Rule. As is reported in Order No. 17381, we accepted Southern Gas Company's (Southern) proposal to substitute an equity midpoint of 13.7% for its currently authorized return on equity of 15.75% for application of the Tax Savings Rule for calendar years 1987 and 1988.

In April, 1988, Southern filed its Tax Savings Filing for 1987 using a 13.70% return on equity and determined that \$55,126 in earnings was attributable to excess tax savings. Based on Southern's filing, this docket was opened to determine the appropriate amount and disposition of the 1987 tax savings dollars. Our Staff completed an analysis on the utility's Tax Savings Filing and calculated that it had realized excess tax savings of \$56,478. However, on December 6, 1988, Southern amended its Tax Savings Filing to correct an error in the revenue number originally reported by removing \$87,862 worth of back-billings which applied to 1986. Southern also included in the amended filing, all adjustments addressed in the PSC Staff Audit Report. Our Staff analyzed the amended filing, along with the supporting documentation provided by Southern, and determined that Southern did not realize any excess tax savings for calendar year 1987.

Having reviewed Southern's filing and our Staff's analysis, we are satisfied that the utility did not realize any excess tax savings during calendar year 1987 and that, therefore, no refund is due its customers. Further, we find that this docket should be closed.

In view of the above, it is

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ORDERED by the Florida Public Service Commission that Southern Gas Company has realized no excess tax savings for calendar year 1987 and, therefore, no refund is due its customers. It is further

ORDERED that this docket be closed.

By ORDER of the Florida Public Service Commission,
this 19th day of JANUARY, 1989.


STEVE TRIBBLE, 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 Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.