



TRADEWINDS UTILITIES, INC.

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Acc.

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OCT 19 1990

October 18, 1990

Fla. Public Service Commission
Division of Water and Sewer

Div of Records and Reporting
Florida Public Service Commission
101 E. Gaines Street
Tallahassee, Fl 32399

RE: Docket No. 860184-PU
Order No. 23541

Dear Sir,

Per Order No. 23541, Docket No. 860184-PU, page 9 paragraph heading "Retention of Gross-up/Requirement of Pre-approval", and page 26, paragraph 5, Tradewinds Utilities, Inc. hereby submits documentation to the Florida Public Service Commission for the purpose of retaining the Gross-Up in the Utilities Tariff.


Enclosed please find the Income Statements for the years 1983 through 1989. A summary of the Revenues, Operating Expenses and Depreciation using a "Used and Useful" factor of 39% for Water Treatment Plant, 100% for distribution mains, 55% for Wastewater Treatment Plant and 100% for Collection and Distribution Mains, and 100% for CIAC shows a positive net income for the operating years in the amount of \$83,488.

Tradewinds Utilities, Inc. therefore submits that the "Above The Line" tax liability exists. The "Below The Line" results have created a NOL and if the Utility is allowed to retain the Gross-Up, the Utility will have—the necessary funds for Expansion, Income Tax Liability and Operating Revenues.

The Utility has requested additional funding from it's primary lender and has been refused due to the continuing NOL. For the Utility to request funding for tax liability purposes would result in an automatic rejection.

Your consideration of this request is appreciated.

Sincerely,



Charles deMenezes
President

DOCUMENT NUMBER-DATE
09331 OCT 18 1990
FPSC-RECORDS/REPORTING

TRADEWINDS UTILITIES, INC.

USED AND USEFUL ANALYSIS BY YEAR

FOR GROSS-UP RE-CERTIFICATION

YEAR	REVENUE - W/S	OPER EXP	DEPRE 39/55%	CIAC 100%	TAXES 39/55%	NET INCOME
1983 W	3179	3903	788	(916)	31	(627)
S	1562	4596	2954	(2826)	21	(3183)
1984 W	31545	23762	3259	(4317)	739	8102
S	20195	18837	6245	(8480)	683	2910
1985 W	43896	40493	3904	(5102)	236	4365
S	31388	28584	9245	(8480)	698	4341
1986 W	45536	34823	5199	(8081)	292	13303
S	36111	30245	10070	(13053)	476	8373
1987 W	46290	33854	6226	(6804)	530	12484
S	37950	34581	12310	(11947)	425	2581
1988 W	48129	34477	6226	(8714)	769	15371
S	45852	37460	12310	(16994)	3584	9492
1989 W	51202	42938	6226	(7117)	2826	6329
S	54370	50637	12310	(12352)	4128	(353)
TOTAL W	269777	214250	31828	(41051)	5423	59327
S	227428	204940	62444	(74132)	10015	24161

SUMMARY OF OPERATIONS FROM 1983 THRU 1989:

REVENUE:	497,205
LESS:	
OPERATIONS	419,190
DEPRECIATION	94,272
CIAC AMORT	(115,183)
TAXES	15,438
NET INCOME	83,488

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INCOME STATEMENT

Account Name	Ref. Page	Water	Sewer	Other	Total Company
Gross Revenue:					
Residential		\$ 49,217	\$ 52,091	\$	\$ 101,308
Commercial		328	622		950
Industrial					
Multiple Family					
Guaranteed Revenues					
Other (Specify) Turn on Fees		1,637	1,637		3,274
Total Gross Revenue		\$ 51,202	\$ 54,370	\$	\$ 105,572
Operation Expense (Must tie to Pages W-3 and S-3)	W-3 S-3	\$ 42,938	\$ 50,637	\$	\$ 93,575
Depreciation Expense	F-5	8,570	17,710		26,280
Amortization Expense		(7,117)	(12,352)		(19,469)
Taxes Other Than Income	F-7	7,246	7,506		14,752
Income Taxes	F-7				
Total Operating Expense		\$ 51,637	\$ 63,501	\$	\$ 115,138
Net Operating Income (Loss)		\$ (435)	\$ (9,131)	\$	\$ (9,566)
Other Income:					
Nonutility Income		\$	\$	\$ 2,125	\$ 2,125
Other Deductions:					
Miscellaneous Nonutility Expenses		\$	\$	\$	\$
Interest Expense		12,883	12,867		25,750
Net Income (Loss)		\$ (13,318)	\$ (21,998)	\$ 2,125	\$ (33,191)

INCOME STATEMENT

Account Name	Ref. Page	Water	Sewer	Other	Total Company
Gross Revenue:					
Residential		\$ 48,026	\$ 45,672		\$ 93,698
Commercial		102	180		282
Industrial					
Multiple Family					
Guaranteed Revenues					
Other (Specify)					
Total Gross Revenue		\$ 48,129	\$ 45,852	\$	\$ 93,980
Operation Expense (Must tie to Pages W-3 and S-3)	W-3 S-3	\$ 34,477	\$ 37,460	\$	\$ 71,937
Depreciation Expense	F-5	8,570	17,710		26,280
Amortization Expense		(8,714)	(16,994)		(25,708)
Taxes Other Than Income	F-7	1,972 ⁰⁰ 74	6,516 ⁰⁰ 5818		8,488 ⁰⁰ 5892
Income Taxes	F-7				
Total Operating Expense		\$ 34,407	\$ 43,994	\$	\$ 78,401
Net Operating Income (Loss)		\$ 13,722	\$ 1,858	\$	\$ 15,580
Other Income:					
Nonutility Income		\$ 1,744		\$ 24,653	\$ 26,397
Other Deductions:					
Miscellaneous Nonutility Expenses					
Interest Expense		13,895	13,041		26,936
Net Income (Loss)		\$ <327.00>	\$ <11,881.00>	\$ 24,653	\$ 12,445.00

INCOME STATEMENT

Account Name	Ref. Page	Water	Sewer	Other	Total Company
Gross Revenue:					
Residential		\$ 46,290.00	\$ 37,950.00	\$ -0-	\$ 84,240.00
Commercial					
Industrial					
Multiple Family					
Guaranteed Revenues					
Other (Specify)					
Total Gross Revenue		\$ 46,290.00	\$ 37,950.00	\$	\$ 84,240.00
Operation Expense (Must tie to Pages W-3 and S-3)	W-3 S-3	\$ 33,854.00	\$ 34,581.00	\$	\$ 68,435.00
Depreciation Expense	F-5	8,570.00	17,710.00		26,280.00
Amortization Expense		(6,804.00)	(11,947.00)		(18,751.00)
Taxes Other Than Income	F-7	1,358.00	1,134.00		2,492.00
Income Taxes	F-7				
Total Operating Expense		\$ 36,978.00	\$ 41,478.00	\$	\$ 78,456.00
Net Operating Income (Loss)		\$ 9,312.00	\$ (3,528.00)	\$	\$ 5,784.00
Other Income:					
Nonutility Income		\$ 381.00	\$	\$	\$ 381.00
Other Deductions:					
Miscellaneous Nonutility Expenses		\$	\$	\$	\$
Interest Expense		14,167.00	12,759.00		26,926.00
Net Income (Loss)		\$ (4,474.00)	\$ (16,287.00)	\$	\$ (20,761.00)

INCOME STATEMENT

Account Name	Ref. Page	Water	Sewer	Other	Total Company
Gross Revenue:					
Residential		\$45,536.00	\$ 36,111.00	\$	\$ 81,647.00
Commercial		-----	-----	-----	-----
Industrial		-----	-----	-----	-----
Multiple Family		-----	-----	-----	-----
Guaranteed Revenues		-----	-----	-----	-----
Other (Specify)		-----	-----	-----	-----
Total Gross Revenue		\$45,536.00	\$ 36,111.00	\$	\$ 81,647.00
Operation Expense (Must tie to Pages W-3 and S-3)	W-3 S-3	\$ 34,823.00	\$ 30,245.00	\$	\$ 65,068.00
Depreciation Expense	F-5	6,243.00	13,674.00		19,917.00
Amortization Expense		(8,081.00)	(13,053.00)		(21,134.00)
Taxes Other Than Income	F-7	748.00	865.00		1,613.00
Income Taxes	F-7	---	---		---
Total Operating Expense		\$ 33,733.00	\$ 31,731.00	\$	\$ 65,464.00
Net Operating Income (Loss)		\$ 11,803.00	\$ 4,380.00	\$	\$ 16,183.00
Other Income:					
Nonutility Income		\$	\$ 8,032.00	\$	\$ 8,032.00
Other Deductions:					
Miscellaneous Nonutility Expenses		\$	\$	\$	\$
Interest Expense		15,664.00	12,851.00		28,515.00
Unamortized Debt Discount		188.00	566.00		754.00
Net Income (Loss)		\$ (4,049.00)	\$ (1,005.00)	\$	\$ (5,054.00)

INCOME STATEMENT 1995

	Ref. Page No.	Water	Sever	Other	Total Companies
Gross Revenue:					
Residential		43,896.04	31,388.42		75,284.46
Multiple Dwelling					
Commercial					
Fire Service					
Other (specify)					
Total Gross Revenue		43,896.04	31,388.42		75,284.46
Operation and Maintenance Expense	W-2/S-2	40,493.07	28,584.60		69,077.67
Depreciation Expense	W-3(b) S-3(b)	5,452.71	12,130.72		17,583.43
Amortization Expense		(5102.71)	(8480.42)		(13,583.13)
Taxes Other Than Income	F-9	603.50	1269.71		1873.21
Income Taxes	F-9	-0-	-0-		-0-
Total Operating Expense		41,446.57	33,504.61		74,951.18
Operating Income		2449.47	(2116.19)		333.28
Other Income (specify)					
Interest Income		280.00	270.00		550.00
Other Income Deductions (specify)					
Amortization of debt discount expense		172.32	516.95		689.27
Interest Expense		24,497.08	18,820.20		43,317.28
Net Income (Loss)		(21,939.93)	(21,183.34)		(43,123.27)

INCOME STATEMENT 1984

	Ref. Page No.	Water	Sever	Other	Total Company
Gross Revenue:					
Residential		31,515.96	20,195.00	N/A	51,710.96
Multiple Dwelling					
Commercial					
Fire Service					
Other (specify)					
Total Gross Revenue		31,515.96	20,195.00		51,710.96
Operation and Maintenance Expense	W-2/S-2	22,762.50	18,536.92		42,599.42
Depreciation Expense	W-3(b) S-3(b)	4,551.23	12,039.24		16,591.27
Amortization Expense		(4,916.50)	(6,410.42)		(12,726.92)
Taxes Other Than Income	F-9	1,274.55	1,242.15		3,156.70
Income Taxes	F-9	-	-		-
Total Operating Expense		25,899.28	23,168.59		49,557.87
Operating Income		5,616.68	(3,413.59)		2,203.09
Other Income (specify)					
<u>Interest Income</u>		76.41	51.87		127.28
Other Income Deductions (specify)					
<u>Amort. of Debt Disc. Exp.</u>		165.43	470.82		636.25
Interest Expense		8,357.07	22,764.51		32,121.58
Net Income (Loss)		(2,791.11)	(27,451.70)		(30,450.81)

INCOME STATEMENT 1983

	Ref. Page No.	Water	Other	Total Company
Gross Revenue:				
Residential		971.79	1,562.05	2,533.84
Multiple Dwelling				
Commercial				
Fire Service				
Other (specify)		2,208.00	-0-	2,208.00
Total Gross Revenue		3,179.79	1,562.05	4,741.84
Operation and Maintenance Expense	W-2/S-2	3,903.78	4,596.46	8,500.24
Depreciation Expense	W-3(b) S-3(b)	1,100.70	4,011.49	5,112.19
Amortization Expense		(916.14)	(2,826.81)	(3,742.95)
Taxes Other Than Income	F-9	79.49	39.05	118.54
Income Taxes	F-9	-0-	-0-	-0-
Total Operating Expense		4,167.83	5,820.19	9,988.02
Operating Income		(988.04)	(4,258.14)	(5,246.18)
Other Income (specify)				
Interest Income		175.27	747.20	922.47
Other Income Deductions (specify)				
Amortization of Debt Expense		40.30	171.78	212.08
Interest Expense		159.57	680.28	839.85
Net Income (Loss)		(1,012.64)	(4,363.00)	(5,375.64)