

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for continuation of )	DOCKET NO. 901017-WS
gross-up of contributions-in-aid-of- )	ORDER NO. 25527
construction (CIAC) in Duval County )	ISSUED: 12-24-91
by SOUTHSIDE UTILITIES, INC. )	
_____ )	

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman  
 SUSAN F. CLARK  
 J. TERRY DEASON  
 BETTY EASLEY

NOTICE OF PROPOSED AGENCY ACTION

ORDER APPROVING CONTINUED GROSS-UP OF  
 CONTRIBUTIONS-IN-AID-OF-CONSTRUCTION

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for formal proceedings pursuant to Rule 25-22.029, Florida Administrative Code.

Case Background

In Order No. 23541, issued October 1, 1990, we determined that any water and wastewater utility currently grossing-up contributions-in-aid-of-construction (CIAC) must file a petition for continued authority to gross-up. In Order No. 23689, issued October 29, 1990, we extended the time to file petitions to continue to gross-up to January 2, 1991. On December 28, 1990, Southside Utilities, Inc., (Southside or utility) timely filed a petition requesting approval to continue to collect the gross-up on its CIAC.

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Approval to Continue Gross-up

In accordance with Order No. 23541, Southside has provided the Commission with a demonstration of actual tax liability, cash flow statements, a statement of interest coverage indicating its times interest earned (TIE) ratio, a statement as to whether it has an alternative source of financing payment of taxes associated with CIAC available at a reasonable rate, justification for the gross-up, and tariff sheets. The utility submitted the above financial information for fiscal year ended June 30, 1990, and projected fiscal year ended June 30, 1991.

The information submitted demonstrates that Southside will have an above-the-line tax liability as a result of its collection of CIAC, that liquid funds are not adequate to pay taxes on CIAC, that Southside's TIE ratios for the above years are 1.63 and 1.35 (below the 2x ratio threshold established in Order No. 23541), and that alternative sources for financing the utility's payment of taxes on CIAC are not available.

In addition, as further justification for the gross-up, Southside states that with the gross-up, its rates will remain stable and that the additional costs (the income taxes) are paid for by the cost causer. Southside has requested using the full gross-up method because it allows the utility to collect the full tax impact of the receipt of CIAC when it does not have the means to pay the taxes itself. Southside submitted proposed tariffs for the full gross-up.

In consideration of the foregoing, we find that Southside has demonstrated a continued need to collect the gross-up. Its request to continue collecting the gross-up is, therefore, approved. The proposed tariffs filed by Southside will be approved as filed and shall be effective at the expiration of the protest period if no protests are filed.

In consideration of the foregoing it is

ORDERED by the Florida Public Service Commission that the request of Southside Utilities, Inc., to continue collecting the gross-up on contributions-in-aid-of-construction is hereby approved. It is further

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ORDERED that the proposed tariffs filed by Southside Utilities, Inc., will be approved as filed and shall be effective at the expiration of the protest period referenced below, if no protests are filed. It is further

ORDERED that the provisions of this Order are issued as proposed agency action and shall become final, unless an appropriate petition in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director of the Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED that this docket will be closed if no protests are timely filed.

By ORDER of the Florida Public Service Commission, this  
24th day of December, 1991.

  
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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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on  
1-14-92.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water 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 of the effective date 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.