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February 17, 1994

VIA HAND DELIVERY

Ms. Jennifer Iwenjiora
Division of Water and Wastewater
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0850

Re: Parkland Utilities, Inc.
PSC Docket No. 931141-WS
Petition for Gross-up Authority
Our File No. 21206.06

Dear Jennifer:

As we recently discussed, in order to process Parkland Utilities, Inc.'s Petition for Gross-up Authority, you have asked for additional information concerning the NOL carry-forwards accumulated by the Utility in recent years and their "above-the-line" versus "below-the-line" character.

ACK First of all, let me note that this is the first time, to my
AFA knowledge, that the Commission has ever asked for detailed
APP information concerning NOL carry-forwards, much less in a petition
CAF for gross-up authority. I can certainly understand the need for
CMU that information in determining the appropriateness of a proposed
CTR disposition of gross-up monies after the fact. However, I am not
EAG aware of any circumstances in which such inquiries as to loss
LEG carry-forwards has occurred in an actual gross-up petition. As
previously noted, this is a case where only one customer is known
of at this time who will pay gross-up, and that entity has already
agreed to it.

LIN With that said, I am attaching hereto an analysis prepared by
CPC Mr. Robert C. Nixon, C.P.A., outlining the source of the NOL carry-
RCH forwards on an above-the-line and below-the-line basis. The basis
SEC for Mr. Nixon's allocation is explained in the documents attached
WAS thereto. In order to assist you in following this, we have filed
OTH today with the Clerk, a copy of the tax returns for the tax years
ended February 28, 1990, 1991, and 1992. In accordance with PSC
Commission decisions, these are to be held as confidential

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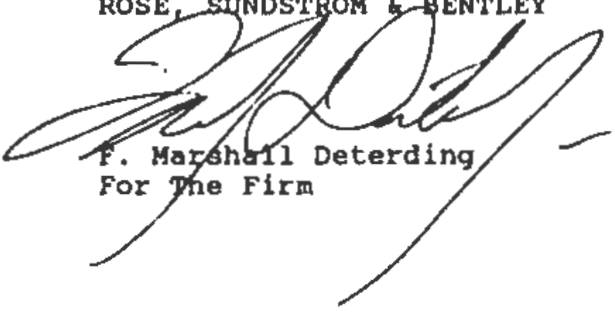
information in the Clerk's office.

Finally, you will note two things about Mr. Nixon's attached schedules. First, there were no net operating carry-forwards prior to the beginning of the tax year ended February 28, 1989. As such, all such accumulated NOL carry-forwards have occurred in the tax years presented in Mr. Nixon's analysis. Secondly, you will note that our original Schedule 2 has been effectively revised by Mr. Nixon's filing. First, the total taxable income for the year ended February 28, 1993 as reflected on the original Schedule 2, failed to contain an accumulation of both above-the-line and below-the-line total taxable income (loss). If the addition is done corrected, the total taxable income figure for that year as shown at the bottom of the first column on this schedule is as originally filed. The only difference is in the allocation of that total to above versus below-the-line based upon Mr. Nixon's detailed analysis as requested by you.

I trust that all the attached information satisfies the questions which you have raised. Should you have any further questions in this regard, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY



F. Marshall Deterding
For The Firm

FMD/lts
Enclosures

cc: Mr. Steve Tribble
Robert C. Nixon, C.P.A.
Mr. Ronald Nunes