

State of Florida



Public Service Commission

ORIGINAL FILE COPY

-M-E-M-O-R-A-N-D-U-M-

DATE: September 24, 1996
TO: Records and Reporting
FROM: Jackie Gilchrist
RE: Docket No. 961077-WS - Disposition of Gross-up Funds Collected in 1993 and 1994 by Eagle Ridge Utilities, Inc., in Lee County.

Please place the attached documentation into the utility's docket file. As instructed, two sets of information are included with this memo.

DOCUMENT NUMBER-DATE

11345 OCT 24 88

FPSC-RECORDS/REPORTING

Cronin, Jackson, Nixon & Wilson
CERTIFIED PUBLIC ACCOUNTANTS, P.A.

JAMES L. CARLSTEDT, C.P.A.
JOHN H. CRONIN, JR., C.P.A.
ROBERT H. JACKSON, C.P.A.
ROBERT C. NIXON, C.P.A.
HOLLY M. TOWNER, C.P.A.
JAMES L. WILSON, C.P.A.

2560 GULF-TO-BAY BOULEVARD
SUITE 200
CLEARWATER, FLORIDA 34625-4419
(813) 791-4020
FACSIMILE
(813) 797-3602

RECEIVED

JUL 23 1996

Florida Public Service Commission
Division of Water and Wastewater

July 22, 1996

Ms. Jackie Gilchrist
Regulatory Analyst
Division of Water and Wastewater
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32301-8153

BY FEDERAL EXPRESS

Re: Eagle Ridge Utilities, Inc. - 1993 and 1994 Gross-up Reports

Dear Ms. Gilchrist:

On behalf of our client, Eagle Ridge Utilities, Inc., I am responding to your letter of June 18, 1996 regarding the 1993 and 1994 gross-up refund reports.

The Company cannot agree with your decision to classify 100 percent of the \$50,000 management fee as an above the line expense. Your adjustments to first year depreciation have no effect on the refund computation, so I will not comment further on those adjustments.

For 1993 and 1994, the Company paid a \$50,000 management fee in recognition of the time and services of the Company's officers. At the same time, the Company provided sewer service to 524 and 571 customers, respectively. To avoid undue time and expense in preparing the gross-up reports, \$15,000 of the total management fee was classified as below the line on the basis that the Commission would not allow more than \$35,000 (and we would have to fight for that) if rates were being set in 1993 and 1994, or for that matter, even currently. This estimate was based on my knowledge and experience with management compensation in various rate cases before the Commission. I believe that the adjustment was fair, reasonable, and conservative.

However, since Staff has made this a significant issue, I have researched our files and now believe that \$26,459 of the 1993 management fee should be classified below the line, while \$23,786 should be below the line for 1994.

Rates for Eagle Ridge were originally set in 1985, in connection with the Company's original certificate application. The Company has had no general rate cases and the only change in rates has been due to index or pass-through adjustments.

Per Nixon 9/12/96 { 23,541 + 6,594 = 30,135 - Above the line
26,459 - Below the line
6,214 - Above

DOCUMENT NUMBER-DATE
11345 OCT 24 88
FPSC-RECORDS/REPORTING

50,000 - management fees
+ 6,594 - Admin. Services - Goes above the line per Nixon, 9/12/96
56,594

Ms. Jackie Gilchrist
July 22, 1996
Page 2

In digging through our old original certificate files, the Utility requested, and the Commission approved, an annual expense of \$7,500 for management and administrative services. According to my workpapers, \$5,000 was for the salary of a part-time secretary/bookkeeper and \$2,500 was for executive compensation. In computing the revised below the line management fees discussed above, I have not attempted to differentiate between executive compensation and the charge for the secretary/bookkeeper.

On the enclosed Schedule No. 1, I have applied customer growth and the change in the CPI to the \$7,500 management and administrative services fees imbedded in the Company's original rates. As you will note, this results in 1993 and 1994 amounts for these services of \$23,541 and \$26,214, respectively. The difference should be classified below the line.

I should also note that in 1993 and 1994, the Company had operating losses of \$(62,373) and \$(19,794), respectively. Had Eagle Ridge not paid the executive compensation in excess of the amounts adjusted for customer growth and increases in the CPI, the Utility would still have incurred an operating loss of approximately \$(36,000) in 1993 and achieved an operating income of approximately \$6,000 in 1994.

On a 1994 rate base of approximately \$179,000, rate of return would have only been approximately 3.4 percent. This is nowhere near the mid-range of the Company's authorized rate of return of 13.84 percent. The impact of the revised below the line amounts is shown on Schedule No. 2. As you will note, the revisions result in an immaterial over collection of gross-up in both 1993 (\$703) and 1994 (\$665).

I have enclosed documentation showing the accounting and legal expense of preparing the 1993 and 1994 gross-up refund reports, as well as an estimate to complete. Total out-of-pocket costs incurred by the Company total \$9,479 and \$6,625 for 1993 and 1994, respectively. Eagle Ridge believes that these costs should be deducted from the immaterial refund amounts shown on Schedule No. 2. As a result, no refunds are appropriate for 1993 or 1994.

Should you have questions concerning this letter or the enclosed schedules, please contact me.

Very truly yours,

CRONIN, JACKSON, NIXON & WILSON

Bob

Robert C. Nixon

RCN/apf

Enclosures

cc: D. Kolb (w/encl.)
F. M. Deterding, Esq.

Eagle Ridge Utilities, Inc.
 1993 and 1994 Management and Administrative Fees Adjusted For
 Customer Growth and CPI and Above and Below-the-Line Classification

	<u>1993</u>	<u>1994</u>
I. <u>Adjustment for CPI and Customer Growth</u>		
Management and administrative fees approved in utility's original certificate rates	\$ 7,500	\$ 7,500
Customer growth (Note 1)	<u>2.36</u>	<u>2.57</u>
	17,700	19,275
Change in CPI (Note 2)	<u>1.33</u>	<u>1.36</u>
Adjusted Management and Administrative Fees	<u>\$ 23,541</u>	<u>\$ 26,214</u>
II. <u>Above and below-the-line</u>		
Actual management fees paid	\$ 50,000	\$ 50,000
Adjusted management and administrative fees per above	<u>(23,541)</u>	<u>(26,214)</u>
Below-the-line management fees	<u>\$ 26,459</u>	<u>\$ 23,786</u>
Above-the-line management fees	<u>\$ 23,541</u>	<u>\$ 26,214</u>
Notes: (1) Number of customers @ 80% level of operation on which original certificate notes were set	222	222
Number of customers, 1993 and 1994	<u>524</u>	<u>571</u>
Increase	<u>302</u>	<u>349</u>
Percent increase	<u>136%</u>	<u>157%</u>
Factor for increase	<u>2.36</u>	<u>2.57</u>
(2) 1993 and 1994 CPI	<u>428.24</u>	<u>439.20</u>
Divide by 1985 CPI (Year original rates set)	322.20	322.20
Percent increase factor	<u>1.33</u>	<u>1.36</u>

Eagle Ridge Utilities, Inc.
 Revised Gross-up Refund Calculation
 Year Ended December 31, 1993 and 1994

Line No.	<u>1993</u>	<u>1994</u>
1	\$ 224,074	\$ 192,633
2		
3	<u>26,459</u>	<u>23,786</u>
4	250,533	216,419
5	(158,366)	(127,684)
6	(93,114)	(75,645)
7		
8	5,195	3,407
9	<u>(808)</u>	<u>(981)</u>
10	\$ <u>3,470</u>	\$ <u>15,516</u>
11	\$ 158,366	\$ 127,684
12	<u>(5,195)</u>	<u>(3,407)</u>
13	153,171	124,277
14	<u>37.63%</u>	<u>37.63%</u>
15	57,638	46,766
16	<u>1.6033</u>	<u>1.6033</u>
17	92,411	74,980
18	<u>(93,114)</u>	<u>(75,645)</u>
19	<u>\$ (703)</u>	<u>\$ (665)</u>

Eagle Ridge Utilities, Inc.
 Legal and Accounting Expense Related to 1993 and 1994
 Gross-Up Refund Reports

I. Accounting (Cronin, Jackson, Nixon & Wilson)	Invoice Date	Fees	Out-of-pocket Expense	Total
<u>1993</u>				
June, 1994	07/21/94	\$ 1,200	\$	\$ 1,200
July, 1994	08/09/94	2,658	32	2,690
Sept., 1994	10/24/94	68		68
March, 1996 (50%)	04/15/96	<u>105</u>		<u>105</u>
Total Actual Costs		<u>4,031</u>	<u>32</u>	<u>4,063</u>
<u>1994</u>				
June, 1995	07/04/95	510	18	528
July, 1995	08/14/95	710		710
March, 1996 (50%)	04/15/96	<u>105</u>		<u>105</u>
Total Actual Costs		<u>1,325</u>	<u>18</u>	<u>1,343</u>
Total 1993 & 1994 Actual Costs		<u>5,356</u>	<u>50</u>	<u>5,406</u>
Estimate to Complete				
Review and respond to Staff letter; prepare supporting schedules; old file research R. Nixon 24 hrs. @ \$140		<u>3,360</u>	<u>50</u>	<u>3,410</u>
Total Actual and Estimated Costs		<u>\$ 8,716</u>	<u>\$ 100</u>	<u>\$ 8,816</u>
<u>Summary</u>				
Actual costs per above			<u>1993</u>	<u>1994</u>
50% of Estimated costs to complete			\$ 4,063	\$ 1,343
			<u>1,705</u>	<u>1,705</u>
Total Accounting Costs by Year			<u>\$ 5,768</u>	<u>\$ 3,048</u>

Cronin, Jackson, Nixon & Wilson
CERTIFIED PUBLIC ACCOUNTANTS, P.A.

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COPY

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SUITE 200
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(813) 797-3602

I N V O I C E

July 21, 1994

Mr. Richard H. Kolb
Eagle Ridge Utilities, Inc.
14589 Eagle Ridge Drive, S.E.
Fort Myers, FL 33912

#231

For professional services rendered during
June, 1994 as follows:

1. Preparation of 1994 indexed rate adjustment.	\$ 531.50
2. Preparation of projected utility value.	2,790.00
3. Partial billing for work completed on the 1993 PSC gross-up refund report.	1,200.00
4. Telephone, postage, and copies.	7.41
Total	<u>\$4,528.91</u>

Cronin, Jackson, Nixon & Wilson
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(813) 797-3602

COPY

INVOICE

August 9, 1994

Mr. Richard H. Kolb
Eagle Ridge Utilities, Inc.
14589 Eagle Ridge Drive, S.E.
Fort Myers, FL 33912

#231

For professional services rendered during
July, 1994 as follows:

- | | |
|--|-------------------|
| 1. Answer PSC questionnaire regarding proposed rule related to audit access. | \$ 270.00 |
| 2. Preparation of estimated value of the company for potential sale. | 222.50 |
| 3. Preparation of the 1993 PSC gross-up refund report. | 2,658.00 |
| 4. Telephone, postage, Federal Express charges, and copies. | 64.61 |
| Total | <u>\$3,215.11</u> |

1/2
"
\$32

Cronin, Jackson, Nixon & Wilson
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I N V O I C E

October 24, 1994

Mr. Richard H. Kolb
3215 West Gulf Drive
Unit E-201
Sanibel, FL 33957

Re: Eagle Ridge Utilities, Inc.

#231

For professional services rendered during
September, 1994 as follows:

1. Financial analysis of utility operations	\$202.50
2. Work related to the 1993 gross-up refund report	67.50
3. Federal Express charges	<u>15.50</u>
Total	<u>\$285.50</u>

Cronin, Jackson, Nixon & Wilson
CERTIFIED PUBLIC ACCOUNTANTS, P.A.

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I N V O I C E

July 14, 1995

Mr. Richard H. Kolb
Eagle Ridge Utilities, Inc.
14589 Eagle Ridge Drive S.E.
Fort Myers, FL 33912

#231

For professional services rendered during
June, 1995, as follows:

1. Partial billing for work completed on the 1994 gross-up refund report	\$510.25
2. Telephone, Federal Express charges, and postage	<u>18.26</u>
Total	<u>\$528.51</u>

Cronin, Jackson, Nixon & Wilson
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TELECOPIER
(813) 797-3602

I N V O I C E

August 14, 1995

Mr. Richard H. Kolb
Eagle Ridge Utilities, Inc.
14589 Eagle Ridge Drive S.E.
Fort Myers, FL 33912

#231

For professional services rendered during
July, 1995, as follows:

1. Preparation and review of the 1994 PSC gross-up refund report	\$710.00
2. Respond to PSC Staff questionnaire on Staff assisted rate cases for Class A & B utilities	218.75
3. Telephone, postage, and copies	<u>8.90</u>
Total	<u>\$937.65</u>

Cronin, Jackson, Nixon & Wilson
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I N V O I C E

April 15, 1996

Mr. Richard H. Kolb
Eagle Ridge Utilities, Inc.
14589 Eagle Ridge Drive S.E.
Fort Myers, FL 33912

#231

For professional services rendered during
March, 1996, as follows:

1. Preparation and review of compiled financial statements for the year ended December 31, 1995	\$ 713.75
2. Partial billing for preparation of the 1996 indexed rate adjustment	187.50
3. Preparation and review of the 1995 PSC Annual Report	1,097.50
4. Prepare response to PSC Staff Audit Report	630.00
5. Redo Staff letter and gross-up refund calculations for 1993 and 1994	210.00
6. Partial billing for preparation of the 1995 State and Federal Income Tax Returns	394.25
7. Telephone, postage, Federal Express charges, and copies	<u>211.23</u>
Total	<u>\$3,444.23</u>

Eagle Ridge Utilities, Inc.
 Legal Fees Related to 1993 & 1994 Gross-up Reports

Rose, Sundstrom & Bentley	Invoice Date	Fees	Costs	Total
<u>1993</u>				
August, 1994	09/14/94	\$ 255	\$ 11	\$ 266
September, 1994	10/12/94	554	8	562
October, 1994	11/10/94	203	5	208
November, 1994	12/13/94	216	4	220
December, 1994	01/20/95	365	10	375
February, 1996 (50%)	03/13/96	98	9	107
March, 1996 (50%)	04/15/96	60	12	72
April, 1996 (50%)	05/15/96	30	35	65
May, 1996 (50%)	06/12/96	22	2	24
Total actual costs		<u>\$ 1,803</u>	<u>\$ 96</u>	<u>\$ 1,899</u>
<u>1994</u>				
July, 1995	08/10/95	\$ 300	\$ 15	\$ 315
August, 1995	09/15/95	420	19	439
September, 1995	10/13/95	315	20	335
October, 1995	11/13/95	60	56	116
November, 1995	12/15/95	195	4	199
December, 1995	01/16/96	90		90
February, 1996 (50%)	03/13/96	97	10	107
March, 1996 (50%)	04/15/96	60	12	72
April, 1996 (50%)	05/15/96	30	35	65
May, 1996 (50%)	06/12/96	23	3	26
Total actual costs		<u>\$ 1,590</u>	<u>\$ 174</u>	<u>\$ 1,764</u>
<u>Summary</u>				
		<u>1993</u>	<u>1994</u>	
Total actual costs per above		\$ 1,899	\$ 1,764	
Estimate to complete (50% each year)		<u>1,812</u>	<u>1,813</u>	
Total legal expense		<u>\$ 3,711</u>	<u>\$ 3,577</u>	

EAGLE RIDGE UTILITIES, INC.
 Estimate of Fees and Costs to Complete

Description

<u>Description</u>	<u>HOURS</u> @ \$150	<u>COSTS</u>
1) Telephone conferences and discussions with Bob Nixon and client re: Staff proposal for disposition of gross-up funds; work on preparation of written response to same; finalize response and file with PSC; telephone conference with PSC and Staff members re: additional questions. Photocopies, telephone, postage, telecopies.	4.0	60.00
2) Telephone conference with Staff; telephone conference with Clerk re: obtaining Staff Recommendation; review Staff Recommendation; draft letter to client and Bob Nixon re: same; telephone conferences re: same. Photocopies, telephone, postage, telecopies.	3.0	60.00
3) Prepare for and attend Agenda Conference and presentation to Commission; draft letter to client re: outcome of Agenda Conference. Photocopies, telephone, postage, telecopies.	5.0	30.00
4) Telephone conferences with client re: anticipated Commission order; telephone conference with Bob Nixon re: same; contact Commission Clerk re: obtaining order; review order; draft letter to client re: order and options related to same. Photocopies, telephone, postage, telecopies.	3.5	50.00
5) Telephone conference with Clerk re: finalization of PAA order; telephone conferences with Bob Nixon and client; draft letter to client re: same and re: requirements for implementation of same. Photocopies, telephone, postage, telecopies.	1.5	50.00
*6) Work with client and Bob Nixon re: preparation of reports on disposition of gross-up funds and re: reporting on same; review documents received from client; organize same and submit with cover letter re: final disposition report; telephone conferences with Staff re: same and final letter to client re: same. Photocopies, telephone, postage, telecopies.	5.0	75.00
TOTAL	22.0	325.00
	<u>\$ 150.00</u>	<u>\$325.00</u>
	<u>\$3,300.00</u>	

*This additional item is only necessary to the extent that refunds are required after formal Commission action.

LAW OFFICES
ROSE, SUNDBSTROM & BENTLEY
A PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATIONS

P.O. BOX 1567
TALLAHASSEE, FLORIDA 32302-1567

(904) 877-6555

RE.I. # 59-2783536

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

EAGLE RIDGE UTILITIES, INC
14589 EAGLE RIDGE DR. SE
FORT MYERS, FL 33912

INVOICE # 12380
OCTOBER 12, 1994
FILE # 20082-0003

PAGE 1

MATTER GENERAL REPRESENTATION

09/15/94	REVIEW TARIFF RECEIVED RE: REVISIONS TO GROSS-UP TARIFFS AND PROCEDURES: TELEPHONE CONFERENCE WITH NIXON RE: SAME AND OTHER ATTORNEYS RE: COORDINATION OF POSITION AT AGENDA: REVIEW OLD TARIFFS AND COMPARE.	0.90
09/19/94	FINISH REVIEW OF TARIFFS AND NOTES: TELEPHONE CONFERENCE WITH NIXON RE: POINTS NEEDING ATTENTION: TELEPHONE CONFERENCE WITH COUNSEL FOR FLORIDA CITIES WATER COMPANY AND SOUTHERN STATES UTILITIES RE: SAME AND COORDINATION OF POSITIONS: TELEPHONE CONFERENCE WITH IWENJIORA RE: MAJOR AREAS OF CONCERN AND POSITIONS RE: SAME.	0.90
09/19/94	PREPARE FOR AGENDA: TELEPHONE CONFERENCE WITH IWENJIORA AND ROMIG: SET UP MEETING IN ADVANCE OF AGENDA: BEGIN PREPARATION OF PROPOSED CHANGES: GO TO PSC FOR MEETING WITH STAFF MEMBERS CASSEAUX, IWENJIORA, MCCASKILL AND ROMIG: WORK WITH STAFF ON REVISIONS TO PROPOSED CHANGES WHICH ARE ACCEPTABLE TO BOTH SIDES: TELEPHONE CONFERENCE WITH NIXON AND OTHERS RE: PROPOSED AGREEMENT: DRAFT LANGUAGE AGREED ON IN FINAL FORM FOR DISTRIBUTION AT AGENDA: REVIEW ORDERS ON GROSS-UP: GO TO AGENDA AND PRESENT CHANGES TO STAFF RECOMMENDATION TO COMMISSIONERS.	0.00
09/20/94	DRAFT LETTER TO CLIENT RE: PSC DECISION AND EFFECT OF SAME AND TIMING OF ORDER.	1.50
09/20/94		2.00
09/20/94		0.00
09/22/94		0.80
		4.10

533.50

Continued

Fms

LAW OFFICES
ROSE, SUNDBSTROM & BENTLEY
A PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATIONS
P. O. BOX 1587
TALLAHASSEE, FLORIDA 32302-1587
(904) 877-8555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

F.E.I. # 59-2783536

EAGLE RIDGE UTILITIES, INC

INVOICE # 12380
OCTOBER 12, 1994
FILE # 20082-0003

PAGE 2

PHOTOCOPIES	7.50	
TOTAL COSTS ADVANCED		7.50
TOTAL STATEMENT		\$551.00

PLEASE REFER TO INVOICE # WHEN REMITTING

LAW OFFICES
ROSE, SUNDBSTROM & BENTLEY
A PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATIONS
P. O. BOX 1567
TALLAHASSEE, FLORIDA 32302-1567
(904) 877-6555

F.E.I. # 59-2783536

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

EAGLE RIDGE UTILITIES, INC
14589 EAGLE RIDGE DR. SE
FORT MYERS, FL 33912

INVOICE # 12488
NOVEMBER 10, 1994
FILE # 20082-0003

PAGE 1

MATTER

GENERAL REPRESENTATION

10/17/94

REVIEW ORDER ON GROSS-UP FORMULA
REVISION: LETTER TO CLIENT RE: SAME AND
EFFECT OF SAME.

1.50

PHOTOCOPIES

1.50

202.50

TOTAL COSTS ADVANCED

4.50

TOTAL STATEMENT

1.50

\$207.00

PLEASE REFER TO INVOICE # WHEN REMITTING

MD

LAW OFFICES
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 (904) 877-6556

PLEASE REFER TO INVOICE NUMBER
 WHEN REMITTING

F.E.I. # 59-2783536

EAGLE RIDGE UTILITIES, INC
 14589 EAGLE RIDGE DR. SE
 FORT MYERS, FL 33912

INVOICE # 12607
 DECEMBER 13, 1994
 FILE # 20082-0003

PAGE 1

MATTER	GENERAL REPRESENTATION		
11/03/94	REVIEW FILE; TELEPHONE CONFERENCE WITH CLERK RE: STATUS OF ORDER AND DETERMINE NO PROTESTS; LETTER TO CLIENT RE: SAME.	0.70	
11/04/94	REVIEW TARIFFS; DRAFT REVISED GROSS-UP TARIFF SHEETS AND FILE WITH COVER LETTER TO PSC.	0.90	
		1.60	216.00
	PHOTOCOPIES	4.50	4.50
	TOTAL COSTS ADVANCED		220.50
	TOTAL STATEMENT		

PLEASE REFER TO INVOICE # WHEN REMITTING

MD

LAW OFFICES
ROSE, SUNDBSTROM & BENTLEY
 A PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATIONS
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 (904) 877-6556

FEI. # 59-2783536

PLEASE REFER TO INVOICE NUMBER
 WHEN REMITTING

EAGLE RIDGE UTILITIES, INC
 14589 EAGLE RIDGE DR. SE
 FORT MYERS, FL 33912

INVOICE # 12770
 JANUARY 20, 1995
 FILE # 20002-0003

PAGE 1

MATTER

GENERAL REPRESENTATION

12/01/94	TELEPHONE CONFERENCE WITH STAFF RE: ADDITIONAL CHANGES TO TARIFF NEEDED AND REVIEW FILE AND AGREEMENT RE: WORDING CHANGES.	0.60	
12.02/94	REVIEW FILES AND TARIFFS; DRAFT REVISED VERSIONS OF TARIFFS AND SEND TO MS. IWENJIORA OF PSC STAFF WITH COVER LETTER.	1.20	
12.23/94	REVIEW LETTER FROM MR. HILL AND NEW TARIFFS RECEIVED.	0.10	
12.29/94	COMPARE TARIFFS TO FILE AND DRAFT LETTER TO CLIENT RE: SAME AND SEND.	0.50	
		2.70	
	PHOTOCOPIES		364.50
	TOTAL COSTS ADVANCED	10.00	
	TOTAL STATEMENT		3874.50

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F.E.I. # 59-2783538

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EAGLE RIDGE UTILITIES, INC
14589 EAGLE RIDGE DR, SE
FORT MYERS, FL 33912

INVOICE # 13597
AUGUST 10, 1995
FILE # 20082-0003

PAGE 1

MATTER	GENERAL REPRESENTATION		
07/05/95	REVIEW GROSS-UP SCHEDULES RECEIVED FROM MR. NIXON; DRAFT APPROPRIATE LETTERS TO CHUCK HILL AND CLERK RE: SUBMITTAL OF SAME.	2.00	
		2.00	300.00
	PHOTOCOPIES	15.25	
	TOTAL COSTS ADVANCED		15.2
	TOTAL STATEMENT		\$315.2

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EAGLE RIDGE UTILITIES, INC
 14589 EAGLE RIDGE DR, SE
 FORT MYERS, FL 33912

INVOICE # 13738
 SEPTEMBER 15, 1995
 FILE # 20082-0003

PAGE 1

MATTER	DESCRIPTION	AMOUNT
	GENERAL REPRESENTATION	0.60
08/10/95	REVIEW DOCUMENTS REGARDING LEGAL DESCRIPTION; TELEPHONE CONFERENCE WITH MR. REDEMANN REGARDING SAME; TELEPHONE CONFERENCE WITH MS. JACOBS REGARDING SAME.	1.00
08/11/95	REVIEW NOTICE OF GROSS-UP WORKSHOP AND SEND WITH COVER LETTER TO KOLB.	0.40
08/18/95	REVIEW NIXON DRAFT RESPONSES TO STAFF ISSUES IN WORKSHOP NOTICE; TELEPHONE CONFERENCE WITH MR. NIXON RE: SAME.	0.30
08/19/95	TELEPHONE CONFERENCE WITH TERRI AT COMPANY OFFICE RE: CERTIFICATE; REVIEW FILES RE: SAME; TELEPHONE CONFERENCE WITH STAFF ANALYST RE: LOCATION OF SAME AND INABILITY TO LOCATE; DRAFT LETTER TO ESC RE: SAME.	0.30
08/28/95	TELEPHONE CONFERENCE WITH NIXON RE: PREPARATION FOR WORKSHOP RE: FLORIDA CITIES WATER COMPANY COMMENTS RE: SAME.	0.30
08/29/95	CONTINUE TELEPHONE CONFERENCE WITH NIXON IN PREPARATION FOR WORKSHOP.	0.30
08/30/95	REVIEW PROPOSED EFFLUENT DISPOSAL AGREEMENT AND COMMENT UPON SAME.	0.80
08/30/95	ORGANIZE AND REVIEW VARIOUS ORDERS AND DOCUMENTS; PREPARE FOR AND ATTNEE WORKSHOP ON GROSS-UP; MEETING WITH NIXON AND OTHERS AFTER MEETING.	2.40
08/30/95	REVIEW AGREEMENT AND LETTER TO FISCHER RE: SAME.	0.30 2.80

2.78
 6.00
 9.75

[Handwritten signature]
 420.00
 Continued

SF 135.00
 MB 1110.00

LONG DISTANCE CALLS
 TELECOPIER
 PHOTOCOPIES

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EAGLE RIDGE UTILITIES, INC

INVOICE # 13738
SEPTEMBER 15, 1995
FILE # 20082-0003

PAGE 2

TOTAL COSTS ADVANCED	18.53
TOTAL STATEMENT	\$1,263.53

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EAGLE RIDGE UTILITIES, INC
 14589 EAGLE RIDGE DR, SE
 FORT MYERS, FL 33912

INVOICE # 13876
 OCTOBER 13, 1995
 FILE # 20082-0003

PAGE 1

MATTER	GENERAL REPRESENTATION	
09/01/95	REVIEW ORIGINAL SEWER CERTIFICATE OBTAINED FROM PSC AND SEND WITH COVER LETTER TO THERESA JACOBS.	0.40
09/05/95	REVIEW NOTES; DRAFT EXTENSIVE LETTER TO CLIENT RE: OUTCOME OF WORKSHIOP AND PROPOSAL FOR RESOLVING GROSS-UP MATTERS; TELEPHONE CONFERENCE WITH BOB NIXON RE: SAME.	0.90
09/06/95	REVIEW LATEST MEMO ON LANGUAGE OF AGREEMENT WITH GOLF COURSE, LETTER TO MIKE FISCHER RE: ADDITIONAL SUGGESTIONS.	1.90
09/07/95	REVIEW FIRST DRAFT OF GROSS-UP METHODOLOGY CHANGE PROPOSAL FROM BOB NIXON; MAKE SUGGESTED REVISIONS AND FAX TO MR. NIXON; TELEPHONE CONFERENCE WITH MR. NIXON RE: SAME; REVIEW VARIOUS DOCUMENTS RE: SAME.	0.40
09/08/95	LETTER TO JIM BOWEN RE: BOB NIXON'S DRAFT; TELEPHONE CONFERENCE WITH MR. NIXON RE: DRAFT; REVIEW FINAL VERSION OF GROSS-UP FILING AND SEND WITH COVER LETTER TO CLIENT.	0.30
09/11/95	TELEPHONE CONFERENCE WITH JIM BOWEN RE: REACTION TO GROSS-UP MEMO; TELEPHONE CONFERENCE WITH BOB NIXON RE: SAME AND OTHER REACTIONS.	0.20
09/12/95	REVIEW EXTENSIVE COMMENTS AND SUGGESTIONS FROM FLORIDA CITIES WATER COMPANY RE: BOB NIXON'S GROSS-UP PROPOSAL AND TELEPHONE CONFERENCE WITH MR. NIXON RE: SAME.	0.20
09/14/95	TELEPHONE CONFERENCE WITH UTILITIES, INC REPRESENTATIVE; TELEPHONE CONFERENCE WITH ATTORNEY WILLIAMS RE; CONCERNS ABOUT PROPOSALS FOR CHANGE TO	1.00

Continued

MD 2280-00

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EAGLE RIDGE UTILITIES, INC

INVOICE # 13876
 OCTOBER 13, 1995
 FILE # 20082-0003

PAGE 2

09/15/95	AGREEMENT. REVIEW FINAL VERSION OF AGREEMENT WITH GOLF COURSE; LETTER TO ATTORNEY WILLIAMS RE: SAME.	1.70
09/18/95	TELEPHONE CONFERENCE WITH MARK WILLIAMS; REVIEW DOCUMENT AND PREPARE REVISED LANGUAGE TO FINALIZE AGREEMENT WITH GOLF COURSE.	0.50
09/19/95	CONTINUE REVIEW OF OLD DEVELOPER AGREEMENT; WORK ON DRAFT.	1.90
09/20/95	TELEPHONE CONFERENCE WITH THERESA JACOBS RE: DEVELOPER AGREEMENT; CONTINUE WORK ON REVISIONS.	2.30
09/21/95	FINALIZE CHANGES TO DEVELOPER AGREEMENT AND SEND WITH COVER LETTER TO THERESA JACOBS.	2.50
09/21/95	REVIEW NOTICE AND LETTER TO PSC RE: DUE DATE FOR INPUT FOR COMMISSION WORKSHOP.	0.10
09/23/95	REVIEW BOB NIXON'S REVISED VERSION OF GROSS-UP PROPOSAL; DRAFT REVISIONS AND SEND TO MR. NIXON.	0.30
09/25/95	TELEPHONE CONFERENCE WITH BOB NIXON RE: CHANGES TO PROPOSAL AND FINALIZATION; LETTER TO CLIENT RE: PLAN FOR MEETING.	0.20
09/27/95	REVIEW FINAL DRAFT OF GROSS-UP PROPOSAL FROM BOB NIXON; PREPARE COVER LETTER; REVIEW FLORIDA CITIES' COMMENTS; FILE ALL WITH PSC; TELEPHONE CONFERENCE WITH MR. NIXON RE: ALL.	0.40

~~15.20~~
 2.10 ~~2,200.00~~

LONG DISTANCE CALLS
 TELECOPIER
 PHOTOCOPIES

2.30
 3.00
 14.25

315.00

TOTAL COSTS ADVANCED
 TOTAL STATEMENT

19.55
 \$2,299.55

Continued

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EAGLE RIDGE UTILITIES, INC

INVOICE # 13876
OCTOBER 13, 1995
FILE # 20082-0003

PAGE 3

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EAGLE RIDGE UTILITIES, INC
 14589 EAGLE RIDGE DR, SE
 FORT MYERS, FL 33912

INVOICE # 14166
 DECEMBER 15, 1995
 FILE # 20082-0003

PAGE 1

MATTER GENERAL REPRESENTATION

11/13/95	REVIEW NOTICE OF NEWLY SCHEDULED COMMISSION WORKSHOP ON GROSS-UP; DRAFT LETTER TO JAMES MOORE, PRESIDENT OF FLORIDA WATERWORKS ASSOC. RE: SAME; SEND TO ALL INTERESTED PARTIES; TELEPHONE CONFERENCE WITH BOB NIXON RE: SAME AND FAX TO ALL. BEGIN ORGANIZATION OF DOCUMENTS FOR WORKSHOP; TELEPHONE CONFERENCE WITH STAFF RE: PACKAGE TO COMMISSIONERS; OBTAIN AND BRIEFLY REVIEW SAME;	0.20	
11/28/95	TELEPHONE CONFERENCE WITH MICHAEL MURPHY OF FLORIDA CITIES; TELEPHONE CONFERENCE WITH BOB NIXON; FAX EXCERPTS OF STAFF INFORMATION TO MR. NIXON; TELEPHONE CONFERENCE WITH JIM MOORE OF FLORIDA WATERWORKS.	0.30	
11/28/95	PREPARE FOR WORKSHOP ON GROSS-UP; MEETING WITH BOB NIXON, JIM MOORE AND RON NUNES IN ADVANCE OF SUCH MEETING; TELEPHONE CONFERENCE WITH KEN GATLIN RE: SAME; ORGANIZE MATERIALS; ATTEND WORKSHOP AT PSC.	0.00	
11/29/95		0.80	
	TELECOPIER PHOTOCOPIES	1.30	195.00
	TOTAL COSTS ADVANCED	2.50	
	TOTAL STATEMENT	1.00	3.50
			\$198.50

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EAGLE RIDGE UTILITIES, INC
14589 EAGLE RIDGE DR, SE
FORT MYERS, FL 33912

INVOICE # 14303
JANUARY 16, 1996
FILE # 20082-0003

PAGE 1

MATTER GENERAL REPRESENTATION

12/04/95	REVIEW ORDERS RE: GROSS-UP AND TARIFFS AND NOTES FROM WORKSHOP; DRAFT LETTER TO CLIENT RE: OUTCOME OF WORKSHOP AND CONCERNS RE: RETROACTIVE APPLICATION AND NEED FOR FOLLOW-UP ON ISSUES RAISED BY STAFF AND COMMISSIONERS.	0.60	
		0.60	90.00
	TOTAL COSTS ADVANCED		0.00
	TOTAL STATEMENT		\$90.00

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EAGLE RIDGE UTILITIES, INC
14589 EAGLE RIDGE DR, SE
FORT MYERS, FL 33912

INVOICE # 14621
MARCH 13, 1996
FILE # 20082-0003

PAGE 1

MATTER	GENERAL REPRESENTATION		
02/20/96	REVIEW LETTER FROM PSC ON GROSS-UP AND SEND WITH COVER LETTER TO BOB NIXON.	1.30	
		1.30	
	LONG DISTANCE CALLS		195.00
	TELECOPIER	0.98	
	PHOTOCOPIES	6.00	
		11.75	
	TOTAL COSTS ADVANCED		18.73
	TOTAL STATEMENT		\$213.73

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EAGLE RIDGE UTILITIES, INC
 14589 EAGLE RIDGE DR, SE
 FORT MYERS, FL 33912

INVOICE # 14757
 APRIL 15, 1996
 FILE # 20082-0003

PAGE 1

MATTER GENERAL REPRESENTATION

03/01/96	REVIEW EXECUTED DEVELOPER AGREEMENT WITH ACLE AT THE COLONY AND TELEPHONE CONFERENCE WITH MS. JACOBS REGARDING SAME; LETTER TO MS. BAYO AT PSC REGARDING SAME.	0.60	
03/05/96	REVIEW GROSS-UP INFORMATION AND LETTER TO CHARLES HILL RE: REQUESTED DELAY IN PROCESSING.	0.80	
03/19/96	REVIEW CORRESPONDENCE REGARDING EAGLE LAKE ESTATES AND REVIEW ORIGINAL DEVELOPER AGREEMENT, LETTER TO MS. JACOBS REGARDING SAME.	0.50	
03/27/96	TELEPHONE CONFERENCE WITH MS. JACOBS WHO TELEPHONED REGARDING WOODLAND WALK LIFT STATION; REVIEW LIFT STATION AGREEMENT, TELEPHONE CONFERENCE WITH MR. KOLB WHO TELEPHONED; DRAFT BILL OF SALE AND EASEMENT AGREEMENT; LETTER TO ATTORNEY TRUXTON REGARDING CONVEYANCE OF LIFT STATION AND FORCE MAIN.	2.00	
03/27/96		0.00	
	LONG DISTANCE CALLS	4.30	
	TELECOPIER	.80	545.00
	PHOTOCOPIES	5.09	120.00
	TOTAL COSTS ADVANCED	5.50	
	TOTAL STATEMENT	13.00	23.59

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MSF 525.00
 FMD 120.00

\$668.59

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EAGLE RIDGE UTILITIES, INC
 14589 EAGLE RIDGE DR, SE
 FORT MYERS, FL 33912

INVOICE # 14907
 MAY 15, 1996
 FILE # 20082-0003

PAGE 1

MATTER GENERAL REPRESENTATION

04/16/96	REVIEW INFORMATION RECEIVED FROM BOB NIXON RE: INDEX, RULE, STATUTE AND AFFIRMATION; DRAFT PLEADINGS; REVIEW AND REVISE TARIFFS; DRAFT CUSTOMER NOTICE; FINALIZE, ORGANIZE AND SEND INDEX NOTICE WITH COVER LETTER TO PSC.	3.10	
04/18/96	TELEPHONE CONFERENCE WITH CLERK RE: FILING OF INDEX; LETTER TO CLERK RE: SAME.	0.80	
04/25/96	OBTAIN AND REVIEW STAFF RECOMMENDATION ON GROSS-UP; SEND WITH COVER LETTER TO CLIENT.	0.40	
04/29/96	TELEPHONE CONFERENCE WITH RICHARD KOLB RE: ATTENDANCE AT AGENDA ON TRANSFER AND REVIEW STAFF RECOMMENDATION	0.80	
04/30/96	PREPARE FOR AND ATTEND AGENDA CONFERENCE ON TRANSFER; CONFERENCE WITH STAFF AFTER DEFERRAL OF SAME; TELEPHONE CALL TO RICHARD KOLB'S HOME RE OUTCOME.	1.00	
	TELECOPIER PHOTOCOPIES	6.10 0.4	915.00 60.00
	TOTAL COSTS ADVANCED	15.00	
	TOTAL STATEMENT	54.75	69.75

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\$984.75

ms

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 FORT MYERS, FL 33912

INVOICE # 15081
 JUNE 12, 1996
 FILE # 20082-0003

PAGE 1

MATTER			
	GENERAL REPRESENTATION		
05/01/96	TELEPHONE CONFERENCE WITH ATTORNEY FOR UTILITIES, INC.; TELEPHONE CONFERENCE WITH RICHARD KOLB RE: OUTCOME OF AGENDA AND DEFERRAL, DRAFT NOTICE OF APPEARANCE FOR UTILITY AND FILE.	1.10	
05/02/96	DRAFT LETTER RE: AGENDA OUTCOME ON GROSS-UP; TELEPHONE CONFERENCE WITH KEN GATLIN.	0.30	
05/24/96	REVIEW INFORMATION FOR P&C RE: INDEX; REVIEW FILE AND SEND CUSTOMER NOTICE WITH COVER LETTER TO MR. KOLB.	1.00	
	LONG DISTANCE CALLS	2.40	
	PHOTOCOPIES	1.3	
	TOTAL COSTS ADVANCED	3.51	
	TOTAL STATEMENT	1.75	5.21
			360.01
			45.00
			\$365.21

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FORT MYERS, FL 33912

INVOICE # 14017
NOVEMBER 13, 1995
FILE # 20082-0003

PAGE 1

MATTER

GENERAL REPRESENTATION

10/03/95	TELEPHONE CONFERENCE WITH BOB NIXON; REVIEW FIES; ORGANIZE AND PREPARE FOR MEETING OF INTERESTED PERSONS BEFORE PSC WORKSHOP.	0.20	
10/04/95	TELEPHONE CONFERENCE WITH STAFF ATTORNEY AND ANALYST RE: CANCELLATION OF MEETING; TELEPHONE CONFERENCE WITH BOB NIXON AND WITH OTHER PARTICIPANTS RE: CANCELLATION OF MEETING AND MEMO TO ALL RE: SAME.	0.20	
10/12/95	TELEPHONE CONFERENCE WITH MIKE FISCHER AND CONFERENCE CALL WITH MR. FISCHER AND MR. MATTOX.	0.90	
		1.30	
		.40	
	LONG DISTANCE CALLS		195.01
	TELECOPIER	4.29	60.00
	LEXIS SERVICE	1.50	
		50.00	
	TOTAL COSTS ADVANCED		55.71
	TOTAL STATEMENT		\$250.71

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

State of Florida



DIVISION OF WATER &
WASTEWATER
CHARLES HILL
DIRECTOR
(904) 413-6900

Public Service Commission

June 18, 1996

Mr. F. Marshall Deterding
Rose, Sundstrom & Bentley
Post Office Box 1567
Tallahassee, Florida 32302-1567

Re: 1993 and 1994 CIAC Reports for Eagle Ridge Utilities, Inc.

Dear Mr. Deterding:

Pursuant to Order No. PSC-96-0686-FOF-WS, all current Contributions-in-aid-of-Construction (CIAC) gross-up cases or any CIAC gross-up cases filed prior to any change in Commission policy, shall be processed under the provisions of Order Nos. 16791 and 23541. Therefore, the letter originally sent to you on February 15, 1996, regarding this matter is being resubmitted.

We have reviewed the Special Reports of Eagle Ridge Utilities, Inc., consisting of Schedule Nos. 1 through 5. A copy of our preliminary analysis of the refund calculation is attached. As a result of the adjustments made below, above the line taxable income for 1993 and 1994 is \$224,074 and \$192,633, respectively.

1993

For 1993 (Schedule No. 2), above and below the line expense for contract services (management fee) has been adjusted by staff. The utility's annual report for 1993 shows contractual services in the amount of \$147,776. Therefore, contract services (management fee) for 1993 has been adjusted to reflect the entire amount as above the line. The total above the line other deductions per staff's calculations is \$265,360.

In calculating depreciation for 1993 (Schedule No. 3), total below the line depreciation in the amount of \$76,534 includes first year's depreciation on CIAC in the amount of \$5,195. First year's depreciation should be reflected above the line, therefore, depreciation for 1993 has been adjusted accordingly. Total above the line depreciation is \$27,501 and total below the line depreciation is \$71,339.

Letter to Mr. Deterding
June 18, 1996
Page Two

1994

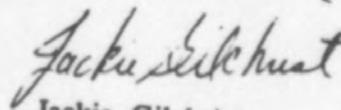
For 1994 (Schedule No. 2), above and below the line expense for contract services (management fee) has been adjusted by staff. The utility's annual report for 1994 shows contractual services in the amount of \$162,991. Therefore, contract services (management fee) for 1994 has been adjusted to reflect the entire amount as above the line. The total above the line other deductions per staff's calculations is \$295,704.

In calculating depreciation for 1994 (Schedule No. 3), total below the line depreciation in the amount of \$78,923 includes first year's depreciation on CIAC in the amount of \$3,407. First year's depreciation should be reflected above the line, therefore, depreciation for 1994 has been adjusted accordingly. Total above the line depreciation is \$24,454 and total below the line depreciation is \$75,516.

Based upon our preliminary analysis, Eagle Ridge owes refunds of \$14,589 and \$5,655 for 1993 and 1994, respectively. If the utility disagrees with staff's calculations, alternative or corrected amounts along with supporting documentation should be provided no later than July 31, 1996.

Should you have any questions, please do not hesitate to contact me.

Sincerely,



Jackie Gilchrist
Regulatory Analyst

JG:tyg(eaglerid.ltr)

Attachment

cc: Division of Water and Wastewater (Hill)
Division of Auditing and Financial Analysis (Causseaux)
Mr. Robert C. Nixon

Eagle Ridge Utilities, Inc.

STAFF CALCULATED GROSS-UP REFUND

Aug.

SOURCE: (Line references are from CIAC Reports)

	1993	1994
1 Form 1120, Line 30 (Line 15)	\$ 224,074	\$ 192,633
2 Less CIAC (Line 7)	(158,366)	(127,684)
3 Less Gross-up collected (Line 19)	(93,114)	(75,645)
4 Add First Year's Depr on CIAC (Line 8)	5,195	3,407
5 Add/Less Other Effects (Lines 20 & 21)	(808)	(981)
6		
7 Adjusted Income Before CIAC and Gross-up	\$ (23,019)	\$ (8,270)
8		
9 Taxable CIAC (Line 7)	\$ 158,366	\$ 127,684
10 Less first years depr. (Line 8)	\$ (5,195)	\$ (3,407)
11		
12 Adjusted Income After CIAC	\$ 130,152	\$ 116,007
13 Less: NOL Carry Forward	\$ 0	\$ 0
14		
15 Net Taxable CIAC	\$ 130,152	\$ 116,007
16 Combined Marginal state & federal tax rates	37.63%	37.63%
17		
18 Net Income tax on CIAC	\$ 48,976	\$ 43,653
19 Less ITC Realized	0	0
20		
21 Net Income Tax	\$ 48,976	\$ 43,653
22 Expansion Factor for gross-up taxes	1.6033349	1.6033349
23		
24 Gross-up Required to pay tax effect	\$ 78,525	\$ 69,990
25 Less CIAC Gross-up collected (Line 19)	(93,114)	(75,645)
26		
27 (OVER) OR UNDER COLLECTION	\$ (14,589)	\$ (5,655)
28		
29		
30 TOTAL YEARLY REFUND	\$ (14,589)	\$ (5,655)
31		
32		
33 PROPOSED REFUND (excluding interest)	(20,244)	
34		

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2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

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CHRIS H. BENTLEY, P.A.
JENNIFER S. BRUBAKER
F. MARSHALL DETERDING
MARTIN S. FRIEDMAN, P.A.
JOHN R. JENKINS
ROBERT M. C. ROSE, P.A.
WILLIAM E. SUNDBSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON

MAILING ADDRESS
POST OFFICE BOX 1587
TALLAHASSEE, FLORIDA 32302-1587
TELECOPIER (904) 856-4028

July 5, 1995

VIA HAND DELIVERY

Mr. Charles H. Hill, Director
Division of Water and Wastewater
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32301

Re: Eagle Ridge Utilities, Inc.
Proposed Disposition of Gross-up Funds
Our File No. 20082.03

Dear Mr. Hill:

Attached are six copies of a schedule showing our calculation of the appropriate disposition of gross-up funds collected for the tax year ended December 31, 1994. You will note that the actual gross-up collected exceeds the Utility calculated tax on CIAC by a very immaterial amount of \$667. Because the administrative cost of making this refund will exceed the amount of the refund itself, the Utility is requesting that it be authorized to book this amount as CIAC.

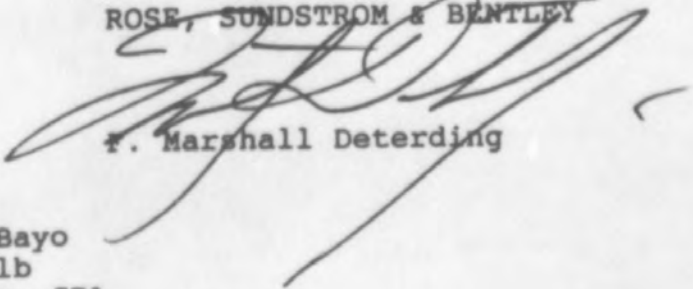
In accordance with the correspondence received from your office on confidential treatment of tax returns, I am submitting one copy of the tax return directly to the Clerk.

I believe after review of the calculations made by the Utility, you will agree that the disposition proposed by them is appropriate.

Should you have any questions in this regard, please let me know.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY


F. Marshall Deterding

FMD/lts
Enclosures
cc: Ms. Blanca S. Bayo
Mr. Richard Kolb
Robert C. Nixon, CPA

Cronin, Jackson, Nixon & Wilson
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June 30, 1995

Officers and Directors
Eagle Ridge Utilities, Inc.

As requested, we have prepared the accompanying Special Report of Eagle Ridge Utilities, Inc., consisting of Schedules No. 1 through No. 3. This report is intended solely for use in fulfilling certain reporting requirements related to collection of tax impact charges on contributions in aid of construction, for the year ended December 31, 1994, to be filed with the Florida Public Service Commission. We have not audited or reviewed this Special Report and express no opinion or any other form of assurance on it.

Cronin, Jackson, Nixon & Wilson
CRONIN, JACKSON, NIXON & WILSON

Eagle Ridge Utilities, Inc.
 Schedule of Tax on CIAC and Proposed Gross-up Refund.
 For the Year Ended December 31, 1994
 (Unaudited)

Line No.		
		\$127,684
1	Taxable CIAC	<u>(3,407)</u>
2	Less: First year depreciation on CIAC assets	124,277
3	Net taxable CIAC	<u>37,633</u>
4	Marginal tax rate	46,765
5	Tax on CIAC	<u>1,6033</u>
6	Expansion factor for gross-up taxes	74,978
7	Gross-up required to pay tax effect	<u>(75,645)</u>
8	Less: CIAC gross-up collected (Schedule No. 2)	<u>\$ 667</u>
9	Excess gross-up collected	
10	Note: Due to the small amount of excess gross-up collected and the	
11	administrative costs of making refunds of such immaterial amounts,	
12	the Utility requests approval to record the excess gross-up	
13	collections as CIAC.	

Eagle Ridge Utilities, Inc.
Above and Below the Line Taxable Income (Loss)
For the Taxable Year Ended December 31, 1994
(Unaudited)

Line No.		
1	<u>Above the line taxable income</u>	
2	Gross receipts/sales (Line 1)	<u>\$ 326,460 ✓</u>
3	Deductions:	
4	Bad debts (Line 15)	164 ✓ OK
5	Taxes and licenses (Line 17)	17,815 ✓ OK
6	Depreciation (Schedule No. 3)	21,047 ✓ OK
7	Other deductions (Line 26)	
8	12 year Dep	15,000 + 280,704 = 295,704
9		+ 3,407
10	Above the line income before CIAC	<u>338,132 319,730</u>
11	Taxable CIAC (Line 10)	(116??) 6,730
12	Gross-up (Line 10)	127,684 ✓ OK
13	Interest on gross-up (Line 15)	75,645 ✓ OK
14		<u>981 ✓ OK</u>
15		<u>204,310 ✓</u>
16	Above the line taxable income	<u>192,633 211,040</u>
17	<u>Below the line taxable income</u>	
18	Income:	
19	Interest (Line 5) - company has no L-Debt	
20	Other income (Line 10)	4,528 ✓ OK
21		<u>8,580 ✓ OK</u>
22		<u>13,108</u>
23	Deductions:	
24	Depreciation (Schedule No. 3)	
25	Other deductions (Line 26):	
26	Contract services - management fee	75,516 78,923 ✓
27	Miscellaneous non-utility	
28	Interest (Line 18)	15,000
29	State income taxes (Line 17)	3,037 ✓
30		1,731 ✓ OK
31	Below the line loss	<u>86,858 105,265</u>
32	Total taxable income	<u>(73,750) (92,157)</u>
33	Note: All line references are to the 1994 Federal Income Tax Return	<u>\$ 118,883</u>
34	attached to this report.	

Eagle Ridge Utilities, Inc.
 Schedule of Above and Below the Line Depreciation Expense
 For the Taxable Year Ended December 31, 1994
 (Unaudited)

Line
 No.

1	I. <u>Components of depreciation</u>	
2	Plant depreciation (1)	\$ 21,047
3	Depreciation on current year CIAC additions	3,407
4	Depreciation on prior years CIAC additions	<i>5/6 Above</i> <i>4/6 First</i> <u>75,516</u>
5	Total depreciation (Line 21b)	<u>\$ 99,970</u>
6	II. <u>Above and below the line depreciation</u>	
7	Above the line:	
8	Plant depreciation (1)	<u>21,047</u>
9	<i>1st year depr</i>	<i>+ 3,407</i>
10	Below the line:	
11	Depreciation on current and prior years CIAC additions (2)	<i>75,516</i> <u>78,923</u>
12	Total depreciation expense (Line 21b)	<u>\$ 99,970</u>

Notes: (1) Utility plant in service is 100% used and useful.
 (2) Below the line classification is necessary for the contributor to receive the benefit of first year's depreciation only in the refund calculation shown on Schedule No. 1.

Eagle Ridge Utilities, Inc.
Reconciliation of Tax Escrow Account
Year Ended December 31, 1994

Line No.		
1	Beginning balance January 1, 1994	\$ 54,357
2	Gross-up deposits	74,394
3	Interest earned	981
4	State and Federal income tax deposits	(74,000)
5	Transfers to operating account	(52,000)
6	Bank charges	<u>(152)</u>
7		<u>\$ 3,573</u>

LAW OFFICES
ROSE, SUNDBSTROM & BENTLEY

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TALLAHASSEE, FLORIDA 32302-1067
TELECOPIER (904) 856-4029

August 3, 1994

VIA HAND DELIVERY

ORIGINAL
FILE COPY

Ms. Blanco S. Bayo
Director of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0850

Re: Eagle Ridge Utilities, Inc.
Proposed Disposition of Gross-up Funds
Our File No. 20082.03

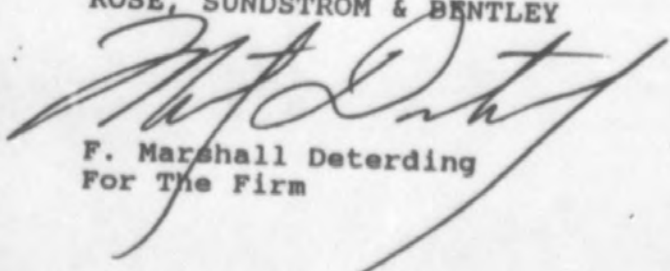
Dear Ms. Bayo:

Attached is one copy of tax return information submitted on behalf of Eagle Ridge Utilities, Inc., to justify its proposed disposition of gross-up funds collected during the tax year ended December 31, 1993. In accordance with correspondence received from Chuck Hill, this tax return is confidential information pursuant to Order No. 16971 and is being submitted directly to you in conjunction with the filing of a annual CIAC gross-up report for refund calculation filed today with the Division of Water and Wastewater.

Should you have any questions in this regard, please let me know.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY


F. Marshall Deterding
For The Firm

FMD/lts
Enclosure

cc: Mr. Chuck Hill
Mr. Richard Kolb

DOCUMENT NUMBER - DATE
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FPSC - RECORDS - REPORTING

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July 29, 1994

Officers and Directors
Eagle Ridge Utilities, Inc.

As requested, we have prepared the accompanying Special Report of Eagle Ridge Utilities, Inc., consisting of Schedules No. 1 through No. 4. This report is intended solely for use in fulfilling certain reporting requirements related to collection of tax impact charges on contributions in aid of construction, for the year ended December 31, 1993, to be filed with the Florida Public Service Commission. We have not audited or reviewed this Special Report and express no opinion or any other form of assurance on it.

Cronin, Jackson, Nixon & Wilson

CRONIN, JACKSON, NIXON & WILSON

Eagle Ridge Utilities, Inc.
 Schedule of Tax on CIAC and Proposed Gross-up Refund
 For the Year Ended December 31, 1993
 (Unaudited)

Line No.		
1	Taxable CIAC	
2	Less: Above the line loss before CIAC	
3	(Schedule No. 2)	\$158,366
4	First year depreciation on CIAC assets	(8,019)
5	Net taxable CIAC	<u>(5,195)</u>
6	Marginal tax rate	145,152
7	Tax on CIAC	<u>37,638</u>
8	Expansion factor for gross-up taxes	54,621
9	Gross-up required to pay tax effect	<u>1,6033</u>
10	Less: CIAC gross-up collected (Schedule No. 2)	87,574
11	Excess gross-up collected	<u>(93,114)</u>
12	Note: The utility proposes to refund \$5,540 on a prorata basis plus	<u>\$ 5,540</u>
13	accrued interest to the date of refund.	

Eagle Ridge Utilities, Inc.
 Above and Below the Line Taxable Income (Loss)
 For the Taxable Year Ended December 31, 1993
 (Unaudited)

Line
No.

1	<u>Above the line taxable income</u>	
2	Gross receipts/sales (Line 1)	\$ 281,627 ✓ OK
3	Deductions:	
4	Bad debts (Line 15)	848 1,185 ✓ OK
5	Depreciation (Schedule No. 3) <i>Plant 100% used & useful</i>	22,306 ✓ OK
6	Taxes and licenses (Line 17)	15,795 ✓ OK
7	Other deductions (Line 26)	<i>1st years Depn = 15,000 + 250,360 = 265,360</i>
8		<i>5,195</i>
9		<i>309,841 289,646</i>
10	Above the line loss before CIAC	<i>(28,214) (8,019)</i>
11	Taxable CIAC (Line 10)	158,366 ✓ OK
12	Gross-up (Line 10)	93,114 ✓ OK
13	Interest on gross-up (Line 45)	808 ✓ OK
14		<u>252,288</u>
15		<i>224,074 244,269</i>
16	Above the line taxable income	
17	<u>Below the line taxable income</u>	
18	Income:	2,438 ✓ OK
19	Interest (Line 5)	<u>9,990 ✓ OK</u>
20	Other income (Line 10)	<u>12,428</u>
21		
22		
23	Deductions:	71,339 76,534 ✓ OK
24	Depreciation (Schedule No. 3)	15,000
25	Other deductions (Line 26):	1,083 ✓ OK
26	Contract services - management fee	<u>6,723 ✓ OK</u>
27	Interest (Line 18) - <i>utility has no debt</i>	
28	State income taxes (Line 17)	<i>79,145 99,340</i>
29		<i>(66,717) (86,912)</i>
30	Below the line loss	<u>\$ 157,357</u>
31	Total taxable income	

Eagle Ridge Utilities, Inc.
 Schedule of Above and Below the Line Depreciation Expense
 For the Taxable Year Ended December 31, 1993
 (Unaudited)

Line No.		
1	I. <u>Components of depreciation</u>	
2	Plant depreciation (1)	\$ 22,306 ✓
3	Depreciation on current year CIAC collections	5,195 ✓
4	Depreciation on prior years CIAC collections	<u>71,339</u>
5	Total depreciation (Line 21b)	<u>\$ 98,840</u> ✓
6	II. <u>Above and below the line depreciation</u>	
7	Above the line:	
8	Plant depreciation (1)	<u>22,306</u> ✓
	<i>1st Year's Depreciation</i>	+ 5,195
9	Below the line:	
10	Depreciation on current and prior	71,339
11	years CIAC collections (2)	<u>76,534</u>
12	Total depreciation expense (Line 21b)	<u>\$ 98,840</u> ✓
13	Notes: (1) Utility plant in service is 100% used and useful.	
14	(2) Below the line classification is necessary for the	
15	contributor to receive the benefit of first years	
16	depreciation only, in the refund calculation shown on	
17	Schedule No. 1.	

Eagle Ridge Utilities, Inc.
 Detailed Statement of Tax Impact Account
 Year Ended December 31, 1993

Line No.		
		\$ 10,201
		93,114
1	Balance December 31, 1992	43,418
2	1993 gross-up collections	(91,200)
3	Refunded tax deposits	808
4	Tax deposits paid	(70)
5	Interest earned	<u>(1,914)</u>
6	Bank charges	
7	Transfer to operating account (1)	<u>\$ 54,357</u>
8	Balance December 31, 1993	
9	(1) Transfer was made to make an additional tax deposit in January,	
10	1994. No additional deposits were required and the funds were	
11	transferred back to the escrow account in 1994.	

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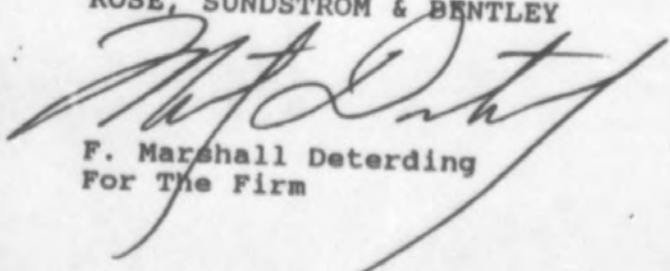
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11	Excess gross-up collected	<u>(93,114)</u>
12	Note: The utility proposes to refund \$5,540 on a prorata basis plus	<u>\$ 5,540</u>
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 For the Taxable Year Ended December 31, 1993
 (Unaudited)

Line
No.

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3	Deductions:	
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5	Depreciation (Schedule No. 3) <i>Plant 100% used & useful</i>	22,306 ✓ OK
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7	Other deductions (Line 26)	<i>1st years Depn = 15,000 + 250,360 = 265,360</i>
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 Schedule of Above and Below the Line Depreciation Expense
 For the Taxable Year Ended December 31, 1993
 (Unaudited)

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3	Depreciation on current year CIAC collections	5,195 ✓
4	Depreciation on prior years CIAC collections	<u>71,339</u>
5	Total depreciation (Line 21b)	<u>\$ 98,840</u> ✓
6	II. <u>Above and below the line depreciation</u>	
7	Above the line:	
8	Plant depreciation (1)	<u>22,306</u> ✓
	<i>1st Year's Depreciation</i>	+ 5,195
9	Below the line:	
10	Depreciation on current and prior	71,339
11	years CIAC collections (2)	<u>76,534</u>
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13	Notes: (1) Utility plant in service is 100% used and useful.	
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 Detailed Statement of Tax Impact Account
 Year Ended December 31, 1993

Line
No.

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1	Balance December 31, 1992	93,114
2	1993 gross-up collections	43,418
3	Refunded tax deposits	(91,200)
4	Tax deposits paid	808
5	Interest earned	(70)
6	Bank charges	<u>(1,914)</u>
7	Transfer to operating account (1)	<u>\$ 54,357</u>
8	Balance December 31, 1993	

9 (1) Transfer was made to make an additional tax deposit in January,
 10 1994. No additional deposits were required and the funds were
 11 transferred back to the escrow account in 1994.