

LAW OFFICES
ROSE, SUNDBSTROM & BENTLEY, LLP

2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

(904) 877-6886

CHRIS H. BENTLEY, P.A.
JENNIFER S. BRUBAKER
F. MARSHALL DETERDING
BRIAN L. DOSTER
MARTIN S. FRIEDMAN, P.A.
JOHN R. JENKINS, P.A.
STEVEN T. MINDLIN, P.A.
ROBERT M. C. ROSE
DAMEN L. SHIPPY
WILLIAM E. SUNDBSTROM, P.A.
DANNE D. TREMPER, P.A.
JOHN L. WHARTON

MAILING ADDRESS
POST OFFICE BOX 1587
TALLAHASSEE, FLORIDA 32302-1587
TELECOPIER (904) 888-4028

March 21, 1997

VIA HAND DELIVERY

Donna Cyrus-Williams, Esquire
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Re: Windstream Utilities Company; Docket No. 950867-WU
Application for Amendment to Certificate
Our File No. 25067.02

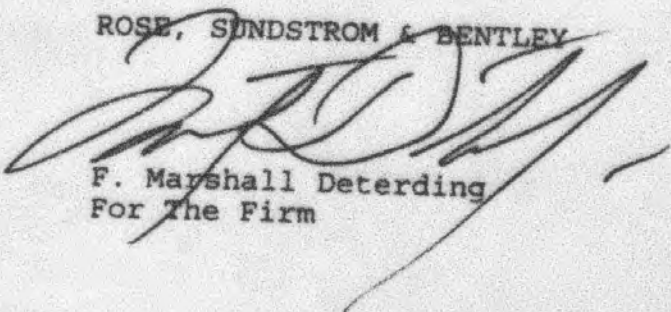
Dear Ms. Cyrus-Williams:

Attached in accordance with your request is the Utility's response is a reconciliation of loss per books to income taxes as you requested as Item 1(e) of your February 11, 1997 letter. I trust that this answers your question. Apparently, the primary difference between the net operating loss and the positive income tax reflected is the tax on CIAC received during 1995. I trust that this answers all of your inquiries to date.

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

Sincerely,

ROSE, SUNDBSTROM & BENTLEY


F. Marshall Deterding
For The Firm

FMD/lts
Enclosure

cc: Ms. Blanca Bayo
Richard Redemann, P.E.
Mr. Butch Dlouhy

DOCUMENT NUMBER-DATE

03046 MAR 21 5

FPSC-RECORDS/REPORTING

Windstream Utilities
 Reconciliation of Book and Taxable Income
 For the Year Ended December 31, 1995

Line No.			<u>Reference</u>
1	Net loss per books		
2	M-1 adjustments	\$ (28,270)	F-3
3	Add: Federal income taxes per books		
4	Add: Income subject to tax not on books	8,433	F-7
5	CIAC collections		
6	Add: Expenses on books not deducted	67,409	F-8
7	50% of meals & entertainment		
8	Penalties	808	
9	Amortization of purchase acquisition adjustment	575	1120, p. 4
10	1995 State income taxes deducted in 1995	10	1120, p. 4
11	Less: CIAC amortization not deducted for tax purposes	1,203	1120, p. 4
12	Less: Book-tax depreciation difference	(8,807)	1120, p. 4
13	Book depreciation	16,135	
14	Tax depreciation	(27,660)	
15	Tax amortization	(11,525)	F-3
16		(599)	4562, p. 1
17			
18	Total adjustments to income	(12,124)	4562, p. 2 1120, p. 4
19	Net taxable income	57,507	
		<u>\$ 29,237</u>	1120

Tax Expenses per Annual Report:
 1995 Fed Tax \$ 4,386
 1994 Fed Tax 3,851
 1994 Fed Tax penalty 196
Total Fed Tax per A.R. \$ 8,433

1120

U.S. Corporation Income Tax Return

OMB No. 1545-0122

Form Department of the Treasury Internal Revenue Service

For calendar year 1994 or tax year beginning 1994, ending 1994

1994

- A Check if a: 1 Consolidated return (attach Form 991) 2 Personal holding co. (attach Sch. P) 3 Personal service corp. (as defined in Temporary Regs. sec. 1.451-4T - see instructions)

Use IRS label. Otherwise, please print or type.

Windstream Utilities Company P. O. Box 4201 Ocala, Florida 34478

- B Employer identification number 59-2382672 C Date incorporated 02/09/84 D Total assets (see specific instructions) 397,539

Table with 31 rows and columns for tax items and amounts. Includes sections for Gross receipts, Deductions, and Taxable income. Total tax is -3,851.

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Signature and preparer information section. Includes signature of officer, preparer's signature (Crippen, Crippen & Co., CPA's), date (5/14/95), and address (40 S.E. 11th Avenue, Ocala, FL).

Form 1120

Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 1995 or tax year beginning 1995, ending 1995

Instructions are separate. See page 1 for Paperwork Reduction Act Notices.

OMB No. 1545-0123

1995

A Check if:

1 Consolidated return (attach Form 990)

2 Personal holding co. (attach Sch. F)

3 Personal service corp. (as defined in Temporary Regs. nos. 1.441-47 - see instructions)

Use IRS label. Otherwise, please print or type.

Windstream Utilities Company

P. O. Box 4201
Ocala, Florida 34478

B Employer identification no.

59-2382672

C Date incorporated

02/09/84

D Total assets

(see page 6 of instructions)

E Check applicable boxes:

1a Gross receipts or sales

2 Cost of goods sold (Schedule A, line 4)

3 Gross profit. Subtract line 2 from line 1c

4 Dividends (Schedule C, line 19)

5 Interest

6 Gross rents

7 Gross royalties

8 Capital gain net income (attach Schedule D (Form 1120))

9 Net gain or (loss) from Form 4797, Part II, line 20 (attach Form 4797)

10 Other income (see page 7 of instructions - attach schedule)

11 Total income. Add lines 3 through 10

12 Compensation of officers (Schedule E, line 4)

13 Salaries and wages (less employment credits)

14 Repairs and maintenance

15 Bad debts

16 Rents

17 Taxes and licenses

18 Interest

19 Charitable contributions (see page 8 of instructions - attach schedule)

20 Depreciation (attach Form 4562)

21 Less depreciation claimed on Schedule A and attached Form 4797

22 Depletion

23 Advertising

24 Pension, profit-sharing, etc. plans

25 Employee benefit programs

26 Other deductions (attach schedule)

27 Total deductions. Add lines 12 through 26

28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11

29 Less: a Net operating loss deduction (see page 11 of instructions)

b Special deductions (Schedule C, line 20)

30 Taxable income. Subtract line 29c from line 28

31 Total tax (Schedule J, line 10)

32 Payments: a 1994 overpayment treated to 1995

b 1995 estimated tax payments

c Less 1993 refund applied for on Form 4425

d Tax deposited with Form 7004

f Credit from regulated investment companies (attach Form 2439)

g Credit for Federal tax on fuels (attach Form 4136). See instructions

33 Estimated tax penalty (see instructions). Check if Form 2220 is attached

34 Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed

35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid

36 Enter amount of line 35 you want credited to 1996 estimated tax

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Dividends
Interest
Rents
Taxes and licenses
Charitable contributions
Depreciation
Depletion
Advertising
Pension, profit-sharing, etc. plans
Employee benefit programs
Other deductions
Total deductions
Taxable income before net operating loss deduction and special deductions
Less:
Taxable income
Total tax
Payments:
Less 1993 refund applied for on Form 4425
Tax deposited with Form 7004
Credit from regulated investment companies
Credit for Federal tax on fuels
Estimated tax penalty
Tax due
Overpayment
Enter amount of line 35 you want credited to 1996 estimated tax

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: *[Signature]* Date: 5/22/96 Title: CPA's

Paid Preparer's Use Only

Preparer's signature: *[Signature]* Date: 5/22/96 Check if self-employed: Preparer's social security no.: 095-24-0719

Firm's name (or yours if self-employed) and address: Crippen, Crippen & Co., CPA's, 40 S.E. 11th Avenue, Ocala, FL

EIN: 59-2032210 ZIP code: 34471-2300