

DOCKET NO. 970562-W3

REQUEST TO ESTABLISH DOCKET

Date 05/10/97

- 1. Division Name/Staff Name Water and Wastewater/Cheryl Johnson
- 2. OPR Cheryl Johnson
- 3. OCR _____
- 4. Suggested Docket Title Disposition of Contribution in Aid of Construction Gross-up Funds collected by Sunray Utilities, Inc.

5. Suggested Docket Mailing List (attach separate sheet if necessary)

A. Parties (Provide names of regulated companies or use abbreviation from list below if Parties should include all regulated companies in one or more industries; provide names and addresses of nonregulated companies; provide names, addresses, and affiliation (i.e., attorney, company liaison officer, or customer of individuals.)

Ms. Kelli L. Adkins _____

Sunray Utilities - Nassau, Inc. _____

501 Centre Street, P.O. Box 1708 _____

Fernandina Beach, FL 32035-1708 _____

B. Interested Persons/Companies (Provide names, complete mailing addresses, and affiliation. Use abbreviation from list below if Interested Persons should include all regulated companies in one or more industries.)

REGULATED INDUSTRIES

Investor-Owned Electrics	(EI)	Water Utilities	(WU)
Electric Cooperatives	(EC)	Local Exchange Telephone Cos.	(LT)
Municipal Electrics	(EM)	Interexchange Telephone Cos.	(IT)
Gas Utilities	(GU)	Coin-Operated Telephone Cos.	(TC)
Wastewater Utilities	(SU)	Shared Tenant Telephone Cos.	(TS)
		Alternate Access Vendors	(TA)

6. Check One:

- Documentation attached.
- Documentation will be provided with recommendation.

DOCUMENT NUMBER-DATE
04697 MAY-97
 FPSC-RECORDS/REPORTING



Sunray Utilities - Nassau, Inc.
Sunray Utilities - St. Johns, Inc.

Subsidiaries of Rayonier

November 19, 1996

Ms. Cheryl Johnson
Division of Water and Wastewater
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RECEIVED

DEC 10 1996

Florida Public Service Commission
Division of Water and Wastewater

Re: 1995 CIAC Gross-up Report

Dear Ms. Johnson:

Attached is Sunray Utilities - Nassau, Inc.'s 1995 CIAC Gross-up Report and pro-forma federal income tax form 1120. I believe I have provided all of the requested information. In order to calculate above-the-line income, I followed staff's recommendation in our previous refund order. By taking the number of customers connected and dividing by plant capacity, I arrived at a 17.3% used and useful rate for 1995. This percentage can be derived using information provided on pages W-5 and S-5 of our Annual Report. The non-used and useful percentage was applied to operating costs and to total deductions (lines 2 and 27 in IRS Form 1120) to arrive at the below the line income (shown as non-jurisdictional on the CIAC Report). All revenue and the remaining costs are considered above the line.

Using these figures in the refund calculation model adopted by the Commission in Order No. PSC-92-0961-FOF-WS an under collection of \$216.91 occurred in 1995. Therefore, Sunray hereby requests that no refund of tax impact moneys collected in 1995 be ordered by the commission.

Please feel free to call me if you need any additional information or if I can offer further explanation or clarification of my assumptions or calculations.

Sincerely,

Sunray Utilities - Nassau, Inc.
By: Kelli L. Adkins
As Its: Accounting Manager

CIA REPORT
 FOR TAX RETURN YEAR ENDED December 31, 1972

COMPANY: Sunray Utilities - Nassau, Inc.

	<u>TOTAL</u> <u>COMPANY</u>	<u>NON</u> <u>JURISDICTIONAL</u>	<u>JURISDICTIONAL</u>	
1. Total CIAC	\$ 14,246.00	\$	\$ 14,246.00	T R
2. Total Connection Fees	()	()	()	
3. Total Installation Fees	(1,700.00)	()	(1,700.00)	T R
4. Total Prepaid Connection Fees (not in 2)	()	()	()	
5. Total Tap-in Fees	()	()	()	
6. Total Jack & Bore Fees	()	()	()	
7. CIAC Taxable Because of Amendment to Section 118	\$ 12,546.00	\$	\$ 12,546.00	
8. Depreciation on (7)	(211.40)	()	(211.40)	
9. Taxable Income Effect of (7)	<u>\$ 12,334.60</u>	<u>\$</u>	<u>\$ 12,334.60</u>	
10. Form 1120, Line 11	\$ (3,642.00)	\$ (105,910.58)	\$ 102,268.58	
11. LESS: Form 1120, Line 27	(97,031.00)	(80,244.64)	(16,786.36)	
12. Form 1120, Line 28	\$ (100,673.00)	\$ (186,155.22)	\$ 85,482.22	
13. LESS: Form 1120, Line 29a	()	()	()	
14. LESS: Form 1120, Line 29b	()	()	()	
15. Form 1120, Line 30	\$ (100,673.00)	\$ (186,155.22)	\$ 85,482.22	
16. LESS: Net CIAC Taxable Because of TRA '86 (from Line 9))	(12,334.60)	()	(12,334.60)	
17. PLUS(LESS): Other CIAC Effects of TRA '86 (attached)	_____	_____	_____	
18. Adjusted Form 1120, Line 30	<u>\$ (113,007.60)</u>	<u>\$ (186,155.22)</u>	<u>\$ 73,147.62</u>	
Current Combined Federal & State Tax Rate <u>38.57</u> %				
19. CIAC Gross-up Collections	\$ 7,527.60	\$	\$ 7,527.60	
20. CIAC Gross-up Refunds	(3,131.75)	()	(3,131.75)	
21. Interest on gross-up collections, net of tax	_____	_____	_____	
22. Net CIAC Gross-up To Be Applied To Line (9)	<u>\$ 10,659.35</u>	<u>\$</u>	<u>\$ 10,659.35</u>	
CIAC Gross-up Rate Used <u>60</u> %				

CALCULATION OF REFUND - SUNRAY UTILITIES - NASSAU, INC.

	<u>1995</u>
Taxable CIAC (Line 7)	12,546.00
Less Above-the-Line loss (Line 15)	<u>0.00</u>
	12,546.00
Less first year's Depr. (Line 8)	<u>211.40</u>
Net Taxable CIAC	12,334.60
Effective state and federal tax rate	<u>38.57%</u>
Net Income tax on CIAC	4,757.46
Less ITC Realized	<u>0.00</u>
Net Income Tax	4,757.46
Expansion Factor for Gross-up Taxes	<u>1.627869</u>
Gross-up Required to pay tax effect	7,744.51
Less CIAC Gross-up collected (Line 19)	<u>7,527.60</u>
UNDER/(OVER) COLLECTED (excluding interest)	216.91

ADDITIONAL INFORMATION PROVIDED WITH 1995 CIAC REPORT

Sunray Utilities - Nassau, Inc.

- 1) Actual above-the-line tax liability before the effect of CIAC is taken into consideration: \$28,213.04
- 2) Actual above-the-line tax liability after the effect of CIAC is taken into consideration: \$32,970.49
- 3) The amount of CIAC collected for the reporting period: \$14,246.00
- 4) The amount of gross-up collected for the reporting period: \$7,527.60
- 5) Calculation of the amount of over or under collection of CIAC gross-up:
Under collected \$216.91
- 6) The proposed amount of refund and interest: No proposed refund.
- 7) The proposed method of payment: Not applicable.

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