



May 16, 2018

Carlotta Stauffer, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Peoples Water Service Company of Florida, Inc.
Application for approval of tariff for the gross up of CIAC
Docket No. 20180059-WS

Dear Ms. Stauffer,

On May 2nd, we filed tariffs to correct a typographical error under the formula for land and cash contributions in aid of construction. We have been asked to file redlined tariff sheets to show the correction to the formula and we have attached them hereto.

If you or any members of the staff have any questions in this regard, please let me know.

Sincerely,

SUNDSTROM & MINDLIN, LLP

F. Marshall Deterding
Of Counsel

FMD/brf
Enclosure

cc: Mark Cross
Mark Cicchetti
Marissa Friedrich
Shannon Hudson
Jennifer Crawford, Esq.

Income Taxes Related to Cash and Property Contributions In Aid of Construction

The utility may gross-up cash service availability charges and property contributions in aid of construction in order to recover the federal and state corporate income taxes associated with these contributions. The formula to be used to gross-up cash service availability charges and contributed property are as follows:

TAX IMPACT= Full Gross Up:

Depreciable Plant:

For utilities using straight-line depreciation for tax purposes, the gross-up formula shall be: $((CP - (CP * (1/TL) * .5)) * (CTR / (1-CTR)))$

For utilities using an accelerated rate of depreciation for tax purposes, the gross-up formula shall be: $(CP - ((CP * AR) * .5)) * (CTR / (1-CTR))$

Land (and Cash): ~~$(CL * CTR) * (CTR / (1-CTR))$~~

Where:

CP = Contributed Plant

TL = Tax Life of Contributed Plant

AR = First Year Accelerated Depreciation Rate for Tax Purposes

CTR = Combined Federal (FT) and State (ST) Income Tax Rate. $ST+FT (1-ST)$

CL = Contributed Land (and Contributed Cash)

EFFECTIVE DATE:

Sherlock S. Gillet, Jr.
ISSUING OFFICER

TYPE OF FILING: Tariff Filing

President
TITLE