

Parkland Utilities, Inc.

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January 12, 1995

Blanca S. Bayo, Director  
Division of Records and Reporting  
2540 Shumard Oak Boulevard  
Tallahassee, FL. 32399-0850

931141-WS

Re: Parkland Utilities Inc.  
Gross-up Application and request for Extension to File 1994  
Gross-up report.

Dear Ms. Bayo:

Parkland Utilities, Inc. has previously applied for permanent gross-up authority. Such application was originally submitted on November 24, 1993. Currently, Parkland Utilities is collecting escrow and gross-up pursuant to interim gross-up authority as provided in Order NO. PSC-94-0653-FOF-WS, dated May 31, 1994.

The Utility is preparing to do further analysis of the above and below-the-line analysis for the tax years ended February 28, 1992, February 28, 1993 and December 31, 1994, and a forecast of the next five years. The Utility believes that these analyses would further demonstrate a need for permanent gross-up authority under current criteria and respond to the staff analysis of above and below line treatment of previous years NOLs. The Utility is concerned that the continued preparation of these documents may be redundant, if in fact the Commission changes or clarifies its policy concerning the criteria for establishment of gross-up authority and gross-up refunds.

Parkland Utilities has been actively involved in the Commission's ongoing informal discussions of major changes in the establishment of the criteria for granting gross-up authority and for the determination of gross-up refunds. As such, we are well aware that significant changes are seriously being considered by the Commission in both these areas. Parkland Utilities, Inc. is a relatively small company who has already expended very substantial amounts of money in responding to staff inquiries concerning its right to gross-up authority.

Based upon the Commission's reaction to the Florida Waterworks Association's proposal for substantial change in the method by which gross-up authority is derived and in the determination of refunds, and the potential that the commission may apply those principles to previously submitted gross-up reports and applications for authority, any additional reports prepared by Parkland Utilities and submitted for PSC staff analysis at this time may very well be a further waste of valuable resources.

Parkland has already expended substantial amounts of money in responding to numerous requests for detailed tax information and analyzing its right to gross-up authority and would like to avoid any unnecessary expenditures. In addition, under the ~~documents of the tariffs~~ granting gross-up authority, the Utility is required to file its

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gross-up report within 120 days of the filing of its 1994 tax return. That tax return has recently been completed. As such, the Utility is fast approaching its deadline for filing that first gross-up report since the implementing of interim gross-up authority.

Given the substantial changes that are under present consideration, the Utility requests that further analysis and inquiry concerning the Utility's qualifications for permanent gross-up authority be delayed until such time as the Commission issues some statement regarding its anticipated implementation of all or a portion of the proposals submitted by the Florida Waterworks Association at the workshop approximately 1 1/2 months ago.


In addition, because of the impending due date for filing the gross-up report for 1994, the Utility also requests that the due date be extended indefinitely until such time as the Commission's decision as to the appropriate treatment of gross-up monies is determined based upon the proposals considered by the Commission at the recent workshop. The Utility is more than willing to continue to hold all gross-up monies previously collected in the escrow account approved by the Commission and to agree not to withdraw any of those monies, even for the payment of taxes, while this matter remains pending. All of the gross-up collected for 1994 was cash CIAC for capacity charges, therefore depreciation is not an issue and the contributor of the gross-up monies, pursuant to a developer agreement, is not expecting any refund.

Therefore, based upon these facts and circumstances outlined above, we request that no further action be taken upon our request for permanent gross-up authority, and that the required gross-up report due 120 days after the filing of the calendar year 1994 tax return be continued until after the Commission's determination concerning the prospective treatment of request for gross-up authority and for disposition of collected gross-up funds is issued.

If you or any members of the Commission Staff have any problems with this proposal, please let me know.

Sincerely,

PORTLAND UTILITIES, INC.



Ronald M. Nunes  
Executive Vice President

cc: Charles B. Hill, Director  
Mr. William Lowe  
Ms. Beth Salak  
Ann Casseaux, C.P.A.  
Ms. Connie McCaskill  
Ms. Lila Jaber  
Ralph Jaeger, Esquire  
Jennifer Iwenjiora, Esquire