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**RUTLEDGE, ECENIA, UNDERWOOD, PURNELL & HOFFMAN**  
PROFESSIONAL ASSOCIATION  
ATTORNEYS AND COUNSELORS AT LAW

POST OFFICE BOX 551, 32302-0551  
215 SOUTH MONROE STREET, SUITE 420  
TALLAHASSEE, FLORIDA 32301-1841

GOVERNMENTAL CONSULTANTS  
PATRICK R. MALOY  
AMY J. YOUNG

- STEPHEN A. ECENIA
- KENNETH A. HOFFMAN
- THOMAS W. KONRAD
- R. DAVID PRESCOTT
- HAROLD F. X. PURNELL
- GARY R. RUTLEDGE
- R. MICHAEL UNDERWOOD
- WILLIAM B. WILLINGHAM

TELEPHONE (904) 681-6788  
TELECOPIER (904) 681-6515

October 18, 1996

**HAND DELIVERY**

Ms. Blanca S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Betty Easley Conference Center  
Room 110  
Tallahassee, Florida 32399-0850

Re: Docket No. 960965-WS

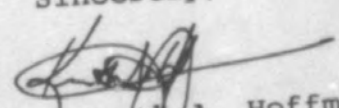
Dear Ms. Bayo:

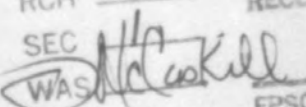
Enclosed herewith for filing in the above-referenced docket on behalf of Hudson Utilities, Inc. are the original and fifteen copies of Hudson Utilities, Inc.'s Application for Variance.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

Thank you for your assistance with this filing.

Sincerely,

  
Kenneth A. Hoffman

- ACK
- AFA  KAH/rl
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR  Trib. 3
- EAG \_\_\_\_\_
- LEG
- LIN \_\_\_\_\_
- OPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC  
- WAS
- OTH \_\_\_\_\_

cc: Lila Jaber, Esq.  
Mr. Mathew Griffin  
Mr. Robert C. Nixon

RECEIVED & FILED

EPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE  
**11175 OCT 18 1996**  
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Cancellation of authority )  
to gross up contributions-in- )  
aid of construction )  
\_\_\_\_\_ )

Docket No. 960965-WS

Filed: October 18, 1996

**HUDSON UTILITIES, INC.'S**  
**APPLICATION FOR VARIANCE**

Hudson Utilities, Inc. ("Hudson"), by and through its undersigned counsel, and pursuant to Order No. PSC-96-1180-FOF-WS issued September 20, 1996 in the above-captioned docket (the "Order"), hereby files this Application for a Variance of that portion of the Order revoking Hudson's authority to collect gross-up on contributions-in-aid of construction ("CIAC"). In support of this Application for Variance, Hudson states as follows:

1. As reflected in the Order, as a result of federal legislation, CIAC collected by water and wastewater utilities is once again non-taxable on a retroactive basis effective for amounts received after June 12, 1996. Based on the passage of the federal law, the Order cancelled the authority of specific utilities, including Hudson, to collect gross up on CIAC unless an application for a variance was filed within thirty days of the date of the Order.

2. In 1994 and 1995, Hudson entered into arrangements with certain customers pursuant to which such customers agreed to pay Hudson the applicable service availability charge of \$1,000.00 plus the \$600 CIAC gross-up on a 24 month installment basis. Some customers made a down payment on the service availability charge

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11175 OCT 18 96

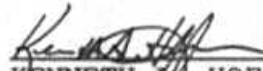
FPSC-RECORDS/REPORTING

thereby agreeing to pay amounts less than the \$1,600.00 over the twenty-four month period.

3. Hudson requests a variance from the Order authorizing it to collect the remaining installment payments, including the CIAC gross-up included in such payments, from the above-described customers since Hudson already has reported all of the gross-up attributable to these customers as income on its 1994 and 1995 income tax returns.<sup>1</sup>

WHEREFORE, Hudson respectfully requests the Commission to enter an Order granting this Request for Variance and authorizing Hudson to collect the remaining gross-up included in the installment payments still due and owing for service availability charges from the above-described customers.

Respectfully submitted,



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KENNETH A. HOFFMAN, ESQ.  
WILLIAM B. WILLINGHAM, ESQ.  
Rutledge, Ecenia, Underwood,  
Purnell & Hoffman, P.A.  
P. O. Box 551  
Tallahassee, FL 32302  
(904) 681-6788

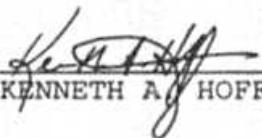
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<sup>1</sup>Hudson does not seek a variance for installment payment arrangements entered into in 1996. Only the CIAC gross-up collected on or before June 12, 1996 will be reflected as income on Hudson's 1996 income tax return. Hudson has not entered into an installment payment arrangement for its service availability charge after June 12, 1996. Thus, pursuant to the Order, Hudson will refund, with interest, gross-up collected after June 12, 1996 to customers who paid the gross-up.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of Hudson Utilities, Inc.'s Application for a Variance was furnished by U. S. Mail to the following this 18th day of October, 1996:

Lila Jaber, Esq.  
Division of Legal Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Room 370  
Tallahassee, FL 32399-0850

  
\_\_\_\_\_  
KENNETH A. HOFFMAN, ESQ.

Hud.gross