BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL

In re: Applications For An Amendment Of Certificate For An Extension Of Territory And For an Original Water And Wastewater Certificate (for a utility in existence and charging for service)	Docket No. 992040-WS
In re: Application by Nocatee Utility Corporation for Original Certificates for Water & Wastewater Service in Duval and St. Johns Counties, Florida	Docket No. 990696-WS

PREFILED DIRECT TESTIMONY OF

MICHAEL E. BURTON

ON BEHALF OF INTERCOASTAL UTILITIES, INC.

Prefiled Direct Testimony of Michael E. Burton

Q. Please state your name and professional address for the record.

A. My name is Michael E. Burton. My professional address is Burton & Associates, Inc. at 440 Osceola Avenue, Jacksonville Beach, Florida 32250.

Q. By whom are you employed and in what capacity?

A. I am employed by Burton & Associates, Inc. as its President.

Q. Please state your education and professional experience in matters related to water and wastewater utility rates and rate making.

A. I received a Bachelors of Industrial Engineering degree from the University of Florida in March of 1970. I have over 21 years of experience in water and sewer rate making, including 10 years with Arthur Young & Company, now Ernst & Young, where I last served as a Principal in charge of the Firm's Florida Utility Economics Practice Area. I founded Burton & Associates 11 years ago and we have specialized in water and sewer rate making since the Firm's inception. I have conducted water and sewer rate studies and related financial analyses for over 60 governmental and private clients. I have also served as the regulatory rate consultant for St. Johns County for 9 years and as the regulatory rate consultant for Flagler County for three years.

Q. Have you been accepted as an expert witness in an administrative proceeding?

A. Yes, in cases before the St. Johns County Water and Sewer Authority, the Flagler County Utility Regulatory Interim Authority and the Florida Public Service Commission.

Q. In what areas?

A. Utility rates, rate making and related issues.

Q. Are you familiar with Intercoastal's application and its proposal?

A. Yes.

Q. Please tell the Commissioners what Exhibit MB-1 is.

A. Exhibit MB-1 is a document which presents a proforma forecast of the financial dynamics of Intercoastal's operations and the effect upon its rates, assuming the plan presented in PBS&J's Conceptual Master Plan dated December, 1999 is implemented.

Q. Why did you put together Exhibit MB-1?

A. I was retained by Intercoastal to develop a multi-year predictive model which would simulate the financial dynamics of the utility's operations under Florida Public Service Commission (FPSC) regulations. The model was developed to determine the appropriate level for water and wastewater rates in each year of the forecast period based upon each year's calculated rate base, weighted cost of capital and allowed return. The model was developed to determine whether the implementation of the Conceptual Master Plan would cause Intercoastal's rates to increase over the forecast period?

Q. Please explain your conclusions as reflected in Exhibit MB-1.

A. Exhibit MB-1 supports the conclusion that, over the forecast period, which is 1999 through 2009, Implementation of the Conceptual Master Plan will not cause Intercoastal's rates to increase and in fact will result in reduced rate pressure, and possibly rate reductions, due to the economies of scale realized by expansion of Intercoastal's customer base.

Q. Can you elaborate upon that conclusion based upon the results and other analysis presented in Exhibit MB-1?

A. Yes. Exhibit MB-1 shows that if the Conceptual Master Plan is implemented, Intercoastal will not require any rate increases over the forecast period. Furthermore, if growth occurs as projected, Exhibit MB-1 indicates that Intercoastal's rates could decrease as much as 32.6% by 2009. When one looks at the average residential customer's bill (assuming 5,333 gallons per month water usage), expressed in terms of cost per month, the current Intercoastal rates result in a combined water and sewer bill of $54.64 per month. If growth occurs as projected, rates could begin to decrease in 2003 and subsequent years of the forecast period such that this bill could decrease to approximately $36.84 by 2009.

Q. You mentioned that these conclusions assumed that growth would occur as projected. Have you considered any scenarios that assumed that actual growth occurs at a rate that is lower than projected?

A. Yes. In order to test the sensitivity of these conclusions to variability in actual growth from projected growth, Exhibit MB-1 presents an alternative analysis assuming that capital projects continue to be sized according to the original projected growth but that actual growth occurs at a level equal to one-half of the projected growth. Based upon this analysis, Exhibit MB-1 shows that Intercoastal would still not require any rate increases over the forecast period. Furthermore, if growth in the requested service area occurs at only one-half of projected growth, Exhibit MB-1 indicates that Intercoastal's rates could still decrease as much as 19.1% by 2009.

Converting this to the impact upon the average residential customer's bill shows that the current average water and sewer bill of $54.64 per month could decrease to approximately $44.21 by 2009 even if growth actually occurs at only one half of the projected growth.

Q. Did you analyze any other assumptions with regard to growth?

A. Yes. Although not included in Exhibit MB-1, I ran the model assuming that actual growth occurs at only 25% of the projected growth. Even with only 25% of the projected growth, Intercoastal's rates still would not increase and could possibly be reduced by as much as 9%, or to $49.75 per month by 2009.

My conclusion with regard to this analysis is that the awarding to Intercoastal of the extension of service area requested, and implementation of the Conceptual Master Plan to meet projected demands in the extended service area, will not cause rates to increase. Furthermore, the analysis in Exhibit MB-1 indicates th/at, all other things being equal, Intercoastal's rates could possibly decrease during the period of implementation of the Conceptual Master Plan.

Q. Will you please tell the Commissioners the bases for this conclusion?

A. Intercoastal is an existing utility with approximately 5,500 water customers (ERCs) and 2,800

sewer customers (ERCs). As such, it is already covering all of its allowable fixed costs, including all utility administrative and overhead costs, in its current rates. If Intercoastal is awarded the extension of its service area, it will then be able to increase the size of its customer base, yet many of its fixed costs will not increase proportionately, and some will not increase at all. This will allow these costs to be spread over a larger base of customers, resulting in a lower unit cost for each customer. Furthermore, this benefit will also positively effect Intercoastal's current customers as any rate adjustments will also apply to them.

Q. In summary, please tell the Commissioners what, in your opinion, will be the effect on existing and future customers if Intercoastal's application is granted.

A. In my opinion, if Intercoastal's application is granted, Intercoastal's rates will experience downward pressure and Exhibit MB-1 shows that Intercoastal's rates in 2009 could possibly be from 19.1% to 32.6% lower than its current rates (depending upon actual growth), primarily due to the economies of scale that Intercoastal will realize as an existing utility with a current customer base. Therefore, I believe that Intercoastal's customers, current and future, could receive water and sewer service at no more than, and at possibly a lower cost than, Intercoastal is providing those services for today.

Q. Are there other considerations that could cause rates not to decrease to the levels shown in Exhibit MB-1?

A. Yes. If growth occurs at lower levels than projected or assumed, rates would not decrease as much as shown in Exhibit MB-1. However, even when growth is assumed to occur at extremely low levels, such as 25% of the original projections, Intercoastal's rates will still not increase and even with this lower level of assumed actual growth, rate decreases of as much as approximately 9% could result by 2009.

Also, if regulatory requirements cause additional capital or operations and maintenance (O&M) expenses to be incurred, the favorable rate impacts calculated in Exhibit MB-1 could be reduced.

However, such regulatory requirements would affect whoever the utility provider is for that service area. That is why we isolated our analysis to only those costs that would be incurred to meet the service demands projected in the requested service area.

Q. Have you been able to compare Intercoastal's proposal to that of Nocatee Utility Corporation (NUC) at this point?

A. Only in a conceptual way.

Q. Please explain.

A. NUC has not filed its direct testimony so there is no plan of service to evaluate. However, NUC will be a new utility with no existing customer base. All other things being equal, that fact alone will cause the actual cost per ERC for NUC to provide service to be greater than Intercoastal's costs per ERC because Intercoastal will realize economies of scale due to its existing customers that will be passed on in reduced rate pressure or possibly lower rates.

Therefore, I believe that if NUC's cost of service are similar to Intercoastal's costs, Intercoastal will be able to have lower rates than NUC over the long-term. NUC may be able to commit to competitive rates in the short-term, because they may be willing to subsidize the utility to facilitate development of their lands in the service area. However, at some point, the Commission will be compelled to award cost-based rates, and NUCs rates will be higher than Intercoastal's rates would be because NUC does not have an existing customer base, whereas Intercoastal's existing customer base will allow it to realize significant economies of scale in its rates.

Q. Could NUC provide service using a wholesale agreement for water and/or sewer service. If so, how would that affect your assessment of NUC's ability to provide cost effective service as compared to Intercoastal?

A. Yes, NUC could arrange for wholesale water and/or sewer service with another utility service provider. Depending upon the wholesale rates for water and sewer service, such an arrangement may result in a lower cost of service for NUC than if they proceeded as a stand-alone utility. In

that regard, I believe that if Intercoastal were awarded the service area, Intercoastal could enter into any agreement for wholesale service that NUC could. So, if NUC bases its argument that it can provide more cost-effective service than Intercoastal upon a wholesale water and or wastewater service relationship, Intercoastal could do the same, and then all the arguments discussed earlier regarding Intercoastal's economies of scale derived from it being an existing utility with a current customer base will still be applicable in any comparative analysis with NUC.

In summary, I cannot see any scenario under which NUC can provide service with rates as low as Intercoastal can provide service.

Q. Please explain to the Commissioners your conclusions regarding reclaimed water costs and rates as reflected in Exhibit MB-1.

A. Exhibit MB-1 presents a forecast of the financial dynamics of the provision of reclaimed water service in the same way as it does for water and sewer service. Exhibit MB-1 shows that the proposed reclaimed water system will be self-supporting with rates in the $9 to $10 per ERC per month range by 2005. Economies of scale will begin to materialize in 2009 from customer growth and less rate pressure will emerge in the reclaimed water rates in subsequent years. This analysis assumes that reclaimed water rates will be set in accordance with the same rate regulations that govern water and sewer rates.

Q. I believe that Exhibit MB-1 shows higher reclaimed water rates in 2002 through 2004. Will Intercoastal's customers have higher rates during those start-up years of the reclaimed water system?

A. No. It is my understanding that Intercoastal would not seek full cost recovery in reclaimed water rates in the years 2002 through 2004, recognizing that some level of customer growth must occur to reach "steady state" where compensatory rates fall within a range of market acceptance. Based upon the analysis in Exhibit MB-1 it appears that this will occur in about 2005 with the rate being in the $9 to $10 per month per ERC range.

Q. Do you have an opinion as to the reasonableness of this reclaimed water cost per ERC and, if so, please explain.

A. Yes, I have such an opinion. I have conducted, or am currently conducting, reclaimed water financial feasibility studies and developed reclaimed water rate systems for six cities and counties in Florida within the past three years. These clients include the City of Tampa, the City of Clearwater, the City of Fort Myers, the City of Ocoee, Polk County and Orange County. Based upon my experience with these clients, the costs per ERC derived in Exhibit MB-1 for Intercoastal are within the ranges that I have seen and would expect for like facilities.

Q. In your opinion, does Intercoastal have the financial ability to continue to provide service in its existing service area?

A. Yes.

Q. In your opinion does Intercoastal have the financial strength to undertake its proposed expansion?

A. Yes. Intercoastal has demonstrated its ability to meet the demands of its service area over its history and, in fact, has just completed a major improvement to its wastewater treatment facilities. I have no reason to believe that Intercoastal will not be able to continue to operate its current and future utility facilities or to fund required expansions to meet the demands of its current and requested service area.

Q. Based on your familiarity with Intercoastal, in your opinion, what is the projected impact on the utility's capital structure of Intercoastal's proposal?

A. I believe that awarding of this application to ICU and implementation of the proposed Conceptual Master Plan will allow ICU to continue to maintain a viable level of investment in the utility, and will enable Intercoastal to further improve on its already favorable history of obtaining low cost capital. This is true in part because Intercoastal's increased size and expected growth will result in an increase in the markets for capital that are available to it and, therefore, will allow Intercoastal to continue to obtain low cost capital and possibility to realize a decrease in the cost of money to

fund such growth.

Q. Does Exhibit MB-1 set forth a statement regarding the projected impact of the extension on the utility's monthly rates and service availability charges?

A. Yes. As discussed earlier in my testimony, implementation of the proposed Conceptual Master Plan will not cause rates to increase and will actually result in reduced rate pressure due to the economies of scale of Intercoastal's current customer base. If growth occurs as projected, Intercoastal may be able to lower its rates by as much as 32.6% by 2009, and if growth occurs at one-half of the levels assumed in Exhibit MB-1, Intercoastal may be able to lower its rates by 19.1% by 2009. Furthermore, I analyzed another scenario using the model for Exhibit MB-1 that assumed that actual growth will be only 25% of projected growth and, even with that low growth assumption, Intercoastal may still be able to lower its rates by as much as 9% by 2009. I believe that this demonstrates that under any reasonable assumptions regarding growth, no rate increases will be required by Intercoastal due to awarding of the expanded service area.

With regard to service availability charges, Exhibit MB-1 assumes that Intercoastal would maintain its current service availability charges of $234.45 and $625.20 for water and sewer respectively. Exhibit MB-1 also shows that the level of CIAC as a percent of utility plant in service will be approximately 65% and 62% for water and sewer respectively by 2009. FPSC regulations restrict that percentage to 75%. Therefore, it appears that maintaining the current service availability charges is a reasonable assumption because it would not cause the percentage of CIAC to exceed the FPSC ceiling, yet it is close enough to the ceiling to be considered compensatory at the current levels.

Q. In your opinion, are the projections and opinions reflected in Exhibit MB-1 reasonable and obtainable by Intercoastal?

A. Yes. I should point out, however, that the assumptions regarding growth in the expanded service area west of the Intracoastal Waterway were provided by NUC and other smaller developers in the

area. Intercoastal will not be able to exert influence over whether those levels of growth are actually achieved. However, we have evaluated the proforma results with more conservative growth assumptions equaling only one half and one quarter of the growth rate assumed in Exhibit MB-1 and the results show that even with the same capital improvement program designed to meet the demands of the full growth projections, no increases in Intercoastal's rates will be required with the lower growth assumptions.

Q. In your opinion, are the financial and capital representations in Intercoastal's application reasonable and obtainable by Intercoastal?

A. Yes.

Q. Does that conclude your prefiled testimony?

A. Yes.

INTERCOASTAL UTILITIES, INC.

APPLICATION FOR SERVICE AREA EXTENSION

Financial Analysis

Presented To

INTERCOASTAL UTILITIES, INC.

February 7, 2000

Presented By

Burton & Associates, Inc.

Specialists In Water Resources Economics

BURTON &
ASSOCIATES

February 7, 2000

Mr. M. L. Forrester
Vice President
Intercoastal Utilities, Inc.
6215 Wilson Blvd.
Jacksonville, Florida 32210

Re: Application for Service Area Extension - Financial Analysis

Dear Mr. Forrester:

Enclosed you will the Final Report of the above referenced analysis. This report will support my direct testimony to the Florida Public Service Commission (FPSC) in the above referenced Application for Service Area Extension.

This report was prepared based upon financial, engineering, growth and other data and information provided to us by you, your staff, Smoak, Davis & Nixon, your accountants and PBS&J, your consulting engineers. Burton & Associates developed a model which produced the results contained herein. The model was developed to predict as closely as possible the financial performance and rate revenue requirements of Intercoastal over a ten year forecast period. In each year of the forecast period the model determines the allowed return based upon calculated rate base and a weighted cost of capital analysis. In each year of the forecast period, this allowed return is then compared to achieved return before rate adjustments to determine any rate adjustments that will be necessary for Intercoastal to earn its allowed return, without over earning in any year. Subsequent years' revenue projections assume that rate adjustments identified in prior years are implemented.

The report includes an analysis of water and sewer rates and a separate analysis of reclaimed water rates. All analyses are based upon annual capital requirements for water, wastewater and reclaimed water identified in PBS&J's Conceptual Master Plan dated December, 1999.

I would like to thank you and your staff for your assistance in providing us the information needed to prepare this report. If you have any questions, please do not hesitate to call me at (904) 247-0787.

Very truly yours,

Michael E. Burton
President

MEB/cs
Enclosures

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Intercoastal Utilities, Inc.
Application for Service Area Extension
Financial Analysis

Intercoastal Utilities, Inc. (Intercoastal) currently provides water service to approximately 5,500 equivalent residential connections (ERCs) and sewer service to approximately 3,200 ERCs in northeastern St. Johns County east of the Intracoastal Waterway. Intercoastal has applied for an extension of its service area west of the Intracoastal Waterway, including an area in Duval County owned by DDI and planned for development as Nocatee.

A. Objective

The objective of this financial analysis is to examine the financial feasibility of Intercoastal extending its service area as described above in terms of the implication to the water and sewer rates of its current and future customers.

B. Scope

This analysis includes examination of the expected impact upon water, wastewater and reclaimed water rates of Intercoastal continuing to serve its current service area plus projected development in an extended service area west of the Intracoastal Waterway to include portions of St. Johns County plus the projected development in Nocatee in Duval County.

C. Information Sources

Information used in this analysis was derived from the following primary sources:

- Intercoastal Utilities 1998 Annual Report filed with the St. Johns County Water and Sewer Authority,
- Intercoastal Utilities staff,
- Intercoastal Utilities Accounting Records,
- Intercoastal Utilities Certified Public Accountant - Smoak, Davis & Nixon
- Intercoastal Utilities' consulting Engineer, PBS&J,

D. Study Procedures

In order to conduct this analysis, a comprehensive, predictive model was developed. This model was designed to project the financial performance of any water and sewer utility regulated by the Florida Public Service Commission (FPSC) over a ten year forecast period. The model determines the allowed return in each year of the forecast period, based upon a weighted cost of capital analysis, and determines any rate adjustments required in each year in order for the utility to earn its allowed return.

Allowing the model to calculate required rate adjustments in this way usually results in slight rate adjustments in each year of the forecast period. Therefore, in order to avoid rate adjustments in each year of the forecast period, the model also allows for rate adjustments to be specified in each year. It then calculates the achieved return and compares it with the allowed return to show whether the utility will be under or over earning in each year of the forecast period. In this way a rational plan of rate adjustments can be developed which provides the utility with adequate earnings in each year within its allowed return.

The model then evaluates the impact in terms of the monthly water and sewer bill for a single family customer with average usage. This customer rate impact is the real test of the financial implication of the utility providing service to its current and future customers.

E. Results

The analysis presented herein analyzes the impact upon customer's rates of the implementation of Intercoastal's Conceptual Utility Master Plan to meet the water, sewer and reclaimed water demands of the projected growth in the service area for which Intercoastal's service area extension application is filed.

A summary of the results of the analysis are presented in the chart below, followed by a discussion of the results. All supporting analyses, including a description of underlying assumptions, are presented in the schedules which are included in the Appendices at the end of this report.

Scenario	Description	Average Monthly Bill				
		1999	2002	2004	2006	2009
Scenario 1 - Water and Sewer Rates at Full Growth	Mo. Water & Sewer Bill	$54.64	$56.64	$47.80	$39.20	$36.84
	% Change from 1999 Bill	0.00%	3.66%	-12.52%	-28.26%	-32.58%
Scenario 2 - Water and Sewer Rates at One Half Growth	Mo. Water & Sewer Bill	$54.64	$54.64	$54.06	$45.41	$44.21
	% Change from 1999 Bill	0.00%	0.00%	-1.06%	-16.89%	-19.09%
Scenario 3 - Reclaimed Water Rates	Mo. Reclaimed Water Bill	NA	$28.56	$12.52	$8.83	$8.23
	% Change from 1999 Bill	NA	NA	NA	NA	NA

Examination of the results of the analysis of each of the scenarios presented in the chart above shows the following:

- Assuming growth occurs as projected, the average monthly water and sewer bill of an Intercoastal customer in 2009, the tenth year of the forecast period will be approximately $36.84 per month if Intercoastal serves the requested service area with its proposed capital plan. That is $17.80 per month, or 32.6% less than its current rates,

- Assuming growth occurs at one half of that projected, the average monthly water and sewer bill of an Intercoastal customer in 2009, the tenth year of the forecast period will be approximately $44.21 per month if Intercoastal serves the requested service area with its proposed capital plan. That is $10.43 per month, or 19.1% less than its current rates,

- The average monthly reclaimed water bill of an Intercoastal customer in 2009, the tenth year of the forecast period will be approximately $8.23 per month per ERC.

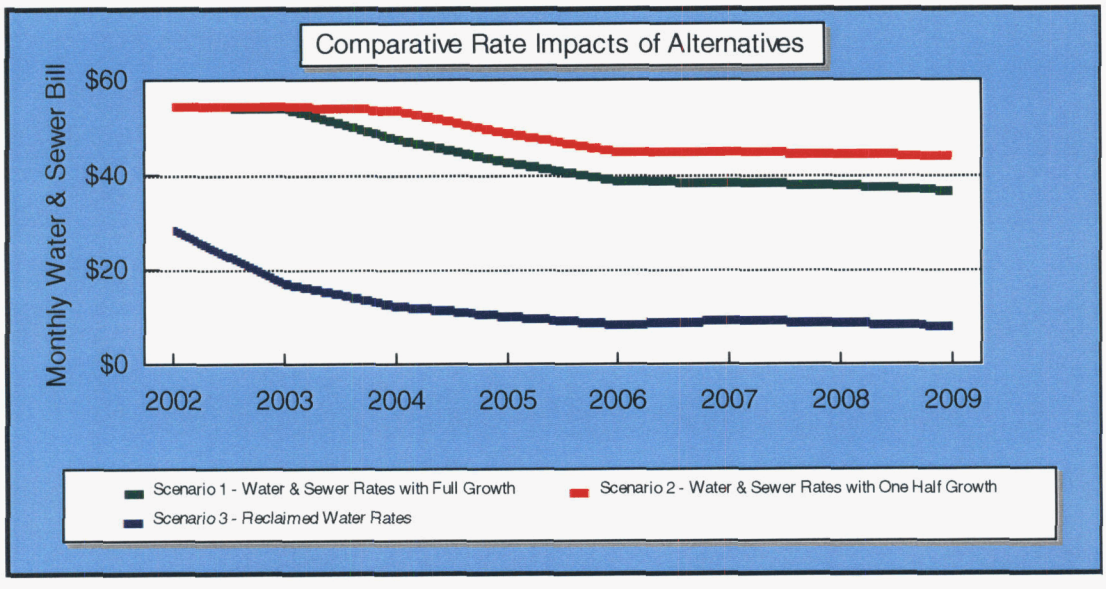
F. Conclusions

This analysis shows that Intercoastal can provide water and sewer service to the service area requested, without requiring an increase in its water and sewer rates. If growth occurs as projected, reduced rate pressure may allow Intercoastal's rates to be decreased by as much as 32.6% by 2009. If growth only occurs at one half of the projected rate, Intercoastal's rates will still not have to be

increased and reduced rate pressure may allow Intercoastal's rates to be decreased by as much as 19.1% by 2009.

This analysis also shows that by 2005, Intercoastal can provide reclaimed water service for a cost per ERC of approximately $8.23 per ERC per month. This cost is within the range of costs that other public utilities which we have worked with have been forecasting for reclaimed water.

The following chart presents the results of the analysis in terms of monthly water and sewer and monthly reclaimed water costs in graphical form for each year in the forecast period.



Although a number of factors probably contribute to the ability of Intercoastal to provide cost effective service to this expanded service area, one factor is that Intercoastal will begin to serve the requested area with an existing utility and customer base. Therefore, as growth occurs in the expanded service area, the current and future fixed costs of Intercoastal will be able to be spread over a larger base of customers, thus benefitting not only the future customers in the expanded service area, but also the existing customers of Intercoastal.

Appendices

This section presents three (3) Appendices, one for each of the three (3) scenarios discussed in the report. Each Appendices includes sixteen (16) figures, titled Figure 1 through Figure 16. These figures present the detailed results of the financial forecast for each respective scenario.

The figures are ordered so that as nearly as practical the earlier figures present the summary results of the analysis and data and information used in the earlier figures "rolls up" from later figures. The table of figures for Appendices 1 and 2 are the same as those shown below: Appendix 3 is slightly different and its Table of Contents is included at the beginning of the Appendix

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Appendix 1

Scenario 1

Water and Sewer Rates with Full Growth

This scenario analyzes the impact upon customer's rates of Intercoastal Utilities implementing Intercoastal's plan to meet the water and sewer demands of the projected growth in the area for which Intercoastal's service area extension application is filed assuming the full growth projections in the requested service area.

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Figure 1

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
SUMMARY

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

1	***Water***	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
2	**Rate Plan**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-2.4%	-3.9%	-0.9%
3	Achieved Return	12.47%	4.38%	4.90%	0.33%	1.09%	2.99%	5.03%	6.26%	6.63%	6.62%	6.62%
4	Allowed Return	12.04%	7.10%	7.10%	6.73%	6.73%	6.72%	6.72%	6.70%	6.63%	6.62%	6.62%
5	Avg Mo.Cost / ERU	$11.66	$11.66	$11.66	$11.66	$11.66	$11.66	$11.66	$11.66	$11.38	$10.94	$10.83
6	Achieved Return (Millions)	$0.116	$0.065	$0.072	$0.012	$0.040	$0.112	$0.188	$0.222	$0.233	$0.209	$0.203
7	Allowed Return (Millions)	$0.112	$0.106	$0.104	$0.242	$0.249	$0.252	$0.251	$0.237	$0.233	$0.209	$0.203
8	Rate Base (Millions)	$0.934	$1.487	$1.462	$3.601	$3.696	$3.742	$3.738	$3.540	$3.521	$3.150	$3.063
9	***Sewer***											
10	**Rate Plan**	0.0%	0.0%	0.0%	0.0%	-0.8%	-15.2%	-13.4%	-12.0%	0.0%	-1.2%	-4.4%
11	Achieved Return	7.13%	3.04%	6.38%	2.73%	6.73%	6.70%	6.68%	6.66%	4.73%	6.62%	6.62%
12	Allowed Return	12.04%	7.10%	7.10%	6.73%	6.73%	6.72%	6.72%	6.70%	6.63%	6.62%	6.62%
13	Avg Mo.Cost / ERU	$42.98	$42.98	$42.98	$42.98	$42.62	$36.14	$31.30	$27.54	$27.54	$27.21	$26.01
14	Achieved Return (Millions)	$0.355	$0.148	$0.283	$0.309	$0.685	$0.608	$0.531	$0.455	$0.617	$0.758	$0.736
15	Allowed Return (Millions)	$0.600	$0.345	$0.315	$0.761	$0.685	$0.610	$0.535	$0.458	$0.865	$0.758	$0.736
16	Rate Base (Millions)	$4.979	$4.855	$4.442	$11.311	$10.189	$9.070	$7.952	$6.835	$13.050	$11.442	$11.116
17	***Water & Sewer***											
18	**Rate Effect**	NA	0.0%	0.0%	0.0%	-0.7%	-11.9%	-10.1%	-8.7%	-0.7%	-2.0%	-3.4%
19	Achieved Return	7.97%	3.36%	6.01%	2.15%	5.23%	5.62%	6.15%	6.53%	5.13%	6.62%	6.62%
20	Allowed Return	12.04%	7.10%	7.10%	6.73%	6.73%	6.72%	6.72%	6.70%	6.63%	6.62%	6.62%
21	Avg Mo.Cost / ERU	$54.64	$54.64	$54.64	$54.64	$54.28	$47.80	$42.96	$39.20	$38.92	$38.14	$36.84
22	Achieved Return (Millions)	$0.471	$0.213	$0.355	$0.321	$0.726	$0.720	$0.719	$0.677	$0.851	$0.967	$0.939
23	Allowed Return (Millions)	$0.712	$0.450	$0.419	$1.003	$0.934	$0.862	$0.786	$0.695	$1.098	$0.967	$0.939
24	Rate Base (Millions)	$5.913	$6.342	$5.904	$14.912	$13.885	$12.812	$11.690	$10.375	$16.570	$14.592	$14.180

SOURCE: BURTON & ASSOCIATES
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Figure 2

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
ASSUMPTIONS

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

	Assumptions	Actual 1998	Actual 1999	Projected 2000	Projected 2001	Projected 2002	Projected 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009
	Water												
1	Capacity in ERC's	5,057	5,057	5,057	10,571	10,571	16,286	16,286	16,286	16,286	24,857	24,857	24,857
2	Additional Capacity in ERC's		0	5,514	0	5,714	0	0	0	8,571	0	0	0
3	Total Capacity	5,057	5,057	10,571	10,571	16,286	16,286	16,286	16,286	24,857	24,857	24,857	24,857
4	GPD = 1 ERC	350	350	350	350	350	350	350	350	350	350	350	350
5	Connected ERC's	5,506	5,506	5,506	5,763	6,043	7,047	8,079	9,141	10,235	11,365	12,534	13,233
6	Additional Connected ERC's												
7	Walden Chase		0	0	0	89	89	89	89	89	89	89	89
8	Marsh Harbour		0	0	0	14	14	14	14	14	14	14	0
9	Nocatee		0	0	0	596	596	596	596	596	596	596	596
10	East Svc Area		0	257	280	306	333	363	396	431	470	0	0
11	Total Additional Connected ERC's	0	0	257	280	1,004	1,032	1,062	1,094	1,130	1,169	699	685
12	Total Connected ERC's	5,506	5,506	5,763	6,043	7,047	8,079	9,141	10,235	11,365	12,534	13,233	13,917
13	Percent Growth in Connected ERC's	0.00%	0.00%	4.67%	4.86%	16.62%	14.64%	13.14%	11.97%	11.04%	10.28%	5.57%	5.17%
14	Percent of Growth Applied to Expenses	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
15	Effective Multiplier for Growth	0.00%	0.00%	1.17%	1.22%	4.15%	3.66%	3.29%	2.99%	2.76%	2.57%	1.39%	1.29%
16	Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
17	Growth and Inflationary Multiplier	1.50%	1.50%	2.67%	2.72%	5.65%	5.16%	4.79%	4.49%	4.26%	4.07%	2.89%	2.79%
18	**Sewer**												
19	Capacity in ERC's	2,857	2,857	5,357	5,357	5,357	8,929	8,929	8,929	8,929	8,929	14,286	14,286
20	Additional Capacity in ERC's		2,500	0	0	3,571	0	0	0	0	5,357	0	0
21	Total Capacity	2,857	5,357	5,357	5,357	8,929	8,929	8,929	8,929	8,929	14,286	14,286	14,286
22	GPD = 1 ERC	280	280	280	280	280	280	280	280	280	280	280	280
23	Connected ERC's	2,857	2,857	2,857	3,114	3,395	4,399	5,430	6,492	7,587	8,716	9,885	10,584
24	Additional Connected ERC's												
25	Walden Chase		0	0	0	89	89	89	89	89	89	89	89
26	Marsh Harbour		0	0	0	14	14	14	14	14	14	14	0
27	Nocatee		0	0	0	596	596	596	596	596	596	596	596
28	East Svc Area		0	257	280	306	333	363	396	431	470	0	0
29	Total Additional Connected ERC's	0	0	257	280	1,004	1,032	1,062	1,094	1,130	1,169	699	685
30	Imputed ERC's from 1998 Rate Case		5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357
31	Total Used & Useful ERC's	2,857	5,357	5,357	5,357	6,056	6,755	7,453	8,152	8,851	9,549	10,248	10,933
32	Percent Growth in Connected ERC's	0.00%	0.00%	9.00%	9.00%	29.58%	23.45%	19.55%	16.86%	14.89%	13.41%	7.07%	6.47%
33	Percent of Growth Applied to Expenses	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
34	Effective Multiplier for Growth	0.00%	0.00%	2.25%	2.25%	7.40%	5.86%	4.89%	4.21%	3.72%	3.35%	1.77%	1.62%
35	Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
36	Growth and Inflationary Multiplier	1.50%	1.50%	3.75%	3.75%	8.90%	7.36%	6.39%	5.71%	5.22%	4.85%	3.27%	3.12%

37	***New Debt Assumptions***		
38			
39	Term	20	
40	Issuance Costs	1.50%	
41	Interest Rate	6.50%	

		Months	Percent of Annual O&M
42	***O&M Reserves***		
43	***Water***		
44	Minimum Reserves Level	1.5	12.50%
45	***Sewer***		
46	Minimum Reserves Level	1.5	12.50%
47	***Rates & Charges***		
48	Current Service Availability Charge	$234	$625

SOURCE: BURTON & ASSOCIATES

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02/07/2000

Figure 3

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
PRO-FORMA INCOME PROJECTIONS - WATER SYSTEM

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

	Water	Actual 1999	Projected 2000	Projected 2001	Projected 2002	Projected 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009
	Revenues:											
1	**Rate Revenue:**											
2	Rate Revenue	$968,541	$968,541	$1,034,711	$1,085,036	$1,285,340	$1,450,582	$1,641,205	$1,837,693	$2,040,574	$2,196,393	$2,228,718
3	Growth Percentage	NA	4.87%	4.86%	16.62%	14.64%	13.14%	11.97%	11.04%	10.28%	5.57%	5.17%
4	Rate Revenue from Growth	0	46,170	50,325	180,304	185,241	190,623	196,488	202,881	209,850	122,438	115,322
5	Rate Revenue Prior to Rate Adjustment	$968,541	$1,034,711	$1,085,036	$1,285,340	$1,450,582	$1,641,205	$1,837,693	$2,040,574	$2,250,424	$2,318,832	$2,344,041
6	Percentage Rate Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-2.40%	-3.89%	-0.95%
7	Rate Revenue from Rate Adjustment	0	0	0	0	0	0	0	0	(54,031)	(90,113)	(22,266)
8	Total Rate Revenue	$968,541	$1,034,711	$1,085,036	$1,285,340	$1,450,582	$1,641,205	$1,837,693	$2,040,574	$2,196,393	$2,228,718	$2,321,775
9												
10	**Other Revenue:**											
11	Misc. Revenue	$1,238	$1,296	$1,359	$1,585	$1,817	$2,055	$2,301	$2,556	$2,818	$2,975	$3,129
12	Other Revenue	0	0	0	0	0	0	0	0	0	0	0
13	Total Other Revenue	$1,238	$1,296	$1,359	$1,585	$1,817	$2,055	$2,301	$2,556	$2,818	$2,975	$3,129
14	**Total Revenues**	$969,779	$1,036,007	$1,086,395	$1,286,925	$1,452,399	$1,643,260	$1,839,994	$2,043,130	$2,199,212	$2,231,694	$2,324,905
15												
16	***Expenses:***											
17												
18	Additional O&M - Western Svc Area	$0	$0	$0	$82,872	$137,037	$193,978	$253,370	$364,875	$432,462	$497,895	$563,992
19	Operating Expenses- Eastern Svc Area	$748,138	$770,564	$794,036	$838,933	$882,221	$924,438	$965,974	$1,007,124	$1,048,124	$1,078,453	$1,108,560
20	Rate Case Expense	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
21	Franchise Fee- PSC	0	46,562	48,827	56,940	65,276	73,854	82,696	91,826	98,838	100,292	104,480
22	Depreciation (U & U Amt Only)	182,603	133,899	183,525	206,256	286,279	331,963	382,368	307,000	370,440	334,860	357,802
23	Amort of CIAC (U & U Amt Only)	(143,313)	(93,026)	(103,106)	(115,146)	(147,886)	(185,367)	(228,689)	(182,287)	(219,247)	(221,565)	(243,152)
24	Amort of Acq Adj	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683
25	Total Expenses	$792,110	$862,682	$907,964	$1,074,338	$1,227,810	$1,343,549	$1,480,401	$1,593,220	$1,735,299	$1,794,618	$1,896,184
26	*Operating Income*	$197,669	$173,325	$178,431	$192,587	$224,589	$299,711	$379,593	$449,909	$463,913	$437,076	$428,720
27												
28	**Non Operating Income (Expenses):**											
29	Non Oper Rev	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
30	Taxes Other Than Income:	0	0	0	0	0	0	0	0	0	0	0
31	Intangible Tax	(496)	(660)	(852)	(1,104)	(1,126)	(1,148)	(1,169)	(1,394)	(1,408)	(1,395)	(1,380)
32	Other Taxes & Licenses	(75)	(100)	(99)	(167)	(170)	(174)	(177)	(211)	(213)	(211)	(209)
33												
34	Property Taxes:	(80,664)	(107,386)	(105,966)	(179,582)	(183,160)	(186,661)	(190,162)	(226,639)	(228,931)	(226,831)	(224,350)
35												
36	Total Non Operating Expenses	($81,235)	($108,146)	($106,718)	($180,853)	($184,456)	($188,002)	($191,508)	($228,243)	($230,552)	($228,437)	($225,938)
37	*Net Income*	$116,434	$65,179	$71,715	$11,735	$40,133	$111,708	$188,084	$221,666	$233,361	$208,638	$202,783
38	Taxable Income (See worksheet for taxable income below)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
39	**Income Taxes:**											
40	State 5.50%	0	0	0	0	0	0	0	0	0	0	0
41	Federal 34.00%	0	0	0	0	0	0	0	0	0	0	0
42	Total Income Taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
43	***Net After Tax Income***	***$116,434***	***$65,179***	***$71,715***	***$11,735***	***$40,133***	***$111,708***	***$188,084***	***$221,666***	***$233,361***	***$208,638***	***$202,783***
44												
45	**Rate Base**	$933,943	$1,486,952	$1,462,184	$3,801,086	$3,695,866	$3,742,222	$3,738,006	$3,540,004	$3,520,622	$3,149,593	$3,063,466
46												
47	**Rate of Return Achieved**	12.47%	4.38%	4.90%	0.33%	1.09%	2.99%	5.03%	6.26%	6.63%	6.62%	6.62%
48	**Allowed Return**	12.04%	7.10%	7.10%	6.73%	6.73%	6.72%	6.72%	6.70%	6.63%	6.62%	6.62%
49	**Allowed Return Amount**	$112,447	$105,598	$103,827	$242,310	$248,626	$251,662	$251,280	$237,041	$233,360	$208,637	$202,781
50	***Worksheet for Taxable Income:***											
51												
52	Interest Expense - Total	$403,065	$604,884	$594,080	$1,354,356	$1,316,155	$1,273,219	$1,229,438	$1,310,288	$1,832,579	$1,760,731	$1,683,961
53	Allocation Percentage to Water (1)	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
54	Allocated Interest Expense - Water	181,379	272,198	267,336	609,460	592,270	572,948	553,247	589,630	824,661	792,329	757,782
55												
56	Restatement of Net Income Before Income Tax	$116,434	$65,179	$71,715	$11,735	$40,133	$111,708	$188,084	$221,666	$233,361	$208,638	$202,783
57	LESS: Interest Expense - Water	181,379	272,198	267,336	609,460	592,270	572,948	553,247	589,630	824,661	792,329	757,792
58	Taxable Income - Water (2)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

(1) Allocation percentage based upon current water rate base as a percentage of total rate base.

(2) For simplicity, taxable income is calculated separately for water and wastewater, however, the tax return would be filed on a consolidated basis. Furthermore, taxable income is not allowed to go negative in this model for water or wastewater. Negative taxable income in either system could offset taxable income in the other system and a net negative taxable income would result in tax credits that could potentially be carried forward or back.

SOURCE: BURTON & ASSOCIATES

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02/07/2000

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
PRO-FORMA INCOME PROJECTIONS - SEWER SYSTEM

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

	Sewer	Actual *1999*	Projected *2000*	Projected *2001*	Projected *2002*	Projected *2003*	Projected *2004*	Projected *2005*	Projected *2006*	Projected *2007*	Projected *2008*	Projected *2009*
	Revenues:											
1	Rate Revenue:											
2	Rate Revenue	$1,997,770	$1,997,770	$2,177,570	$2,373,551	$3,075,716	$3,765,219	$3,817,129	$3,862,844	$3,905,604	$4,429,296	$4,684,475
3	Growth Percentage	NA	9.00%	9.00%	29.58%	23.45%	19.55%	16.86%	14.89%	13.41%	7.07%	6.47%
4	Rate Revenue from Growth	0	179,799	195,981	702,164	721,390	736,112	643,431	575,342	523,692	313,068	303,050
5	Rate Revenue Prior to Rate Adjustment	$1,997,770	$2,177,570	$2,373,551	$3,075,716	$3,797,106	$4,501,331	$4,460,560	$4,438,186	$4,429,296	$4,742,363	$4,987,525
6	Percentage Rate Increase	0.00%	0.00%	0.00%	0.00%	-0.84%	-15.20%	-13.40%	-12.00%	0.00%	-1.22%	-4.40%
7	Rate Revenue from Rate Adjustment	0	0	0	0	(31,887)	(684,202)	(597,715)	(532,582)	0	(57,888)	(219,210)
8	Total Rate Revenue	$1,997,770	$2,177,570	$2,373,551	$3,075,716	$3,765,219	$3,817,129	$3,862,844	$3,905,604	$4,429,296	$4,684,475	$4,768,315
9												
10	Other Revenue:											
11	Misc. Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
12	Other Revenue	0	0	0	0	0	0	0	0	0	0	0
13	Total Other Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
14	Total Revenues	$1,997,770	$2,177,570	$2,373,551	$3,075,716	$3,765,219	$3,817,129	$3,862,844	$3,905,604	$4,429,296	$4,684,475	$4,768,315
15												
16	*Expenses:*											
17												
18	Additional O&M - Western Svc Area	$0	$0	$0	$280,120	$306,076	$331,154	$355,806	$380,926	$415,232	$435,679	$456,245
19	Operating Expenses- Eastern Svc Area	$1,195,116	$1,492,458	$1,551,002	$1,688,974	$1,813,344	$1,929,172	$2,039,407	$2,145,937	$2,250,062	$2,323,572	$2,396,005
20	Rate Case Expense	56,996	56,996	56,996	56,996	56,996	56,996	56,996	56,996	56,996	56,996	56,996
21	Franchise Fee- PSC	0	97,991	106,810	138,407	169,435	171,771	173,828	175,752	199,318	210,801	214,574
22	Depreciation (U & U Amt Only)	436,254	526,187	541,328	740,698	941,556	998,982	1,058,282	1,119,511	1,230,459	1,249,061	1,347,153
23	Amort of CIAC (U & U Amt Only)	(262,148)	(281,441)	(302,470)	(377,813)	(455,220)	(534,875)	(616,981)	(701,759)	(721,473)	(727,452)	(812,027)
24	Amort of Acq Adj	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253
25	Total Expenses	$1,432,471	$1,898,444	$1,959,918	$2,533,635	$2,838,442	$2,958,453	$3,073,591	$3,183,617	$3,436,847	$3,554,910	$3,665,198
26	*Operating Income*	$565,299	$279,126	$413,633	$542,081	$926,777	$857,676	$789,253	$721,987	$992,448	$1,129,565	$1,103,117
27												
28	Non Operating Income (Expenses):											
29	Non Oper Rev	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
30	Taxes Other Than Income:											
31	Intangible Tax	0	0	0	0	0	0	0	0	0	0	0
32	Other Taxes & Licenses	(75)	(76)	(75)	(134)	(139)	(144)	(149)	(154)	(217)	(215)	(212)
33												
34	Property Taxes:	(129,725)	(131,384)	(130,382)	(232,593)	(241,195)	(249,696)	(258,124)	(266,513)	(375,016)	(371,394)	(367,081)
35												
36	Total Non Operating Expenses	($129,800)	($131,460)	($130,457)	($232,727)	($241,335)	($249,840)	($258,273)	($266,667)	($375,233)	($371,609)	($367,294)
37	*Net Income*	$435,499	$147,666	$283,175	$309,353	$685,442	$607,836	$530,980	$455,320	$617,216	$757,956	$735,824
38	Taxable Income (See worksheet for taxable income below)	$213,813	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
39	Income Taxes:											
40	5.50%	11,760	0	0	0	0	0	0	0	0	0	0
41	34.00%	68,698	0	0	0	0	0	0	0	0	0	0
42	Total Income Taxes	$80,458	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
43	*Net After Tax Income*	*$355,041*	*$147,666*	*$283,175*	*$309,353*	*$685,442*	*$607,836*	*$530,980*	*$455,320*	*$617,216*	*$757,956*	*$735,824*
44												
45	Rate Base	$4,979,232	$4,854,791	$4,441,919	$11,311,101	$10,189,189	$9,069,702	$7,951,898	$6,834,918	$13,049,674	$11,442,102	$11,116,247
46												
47	Rate of Return Achieved	7.13%	3.04%	6.38%	2.73%	6.73%	6.70%	6.68%	6.66%	4.73%	6.62%	6.62%
48	Allowed Return	12.04%	7.10%	7.10%	6.73%	6.73%	6.72%	6.72%	6.70%	6.63%	6.62%	6.62%
49	Allowed Return Amount	$599,500	$344,769	$315,412	$761,103	$685,441	$609,932	$534,551	$457,671	$864,960	$757,955	$735,822
50	*Worksheet for Taxable Income:*											
51												
52	Interest Expense - Total	$403,065	$604,884	$594,080	$1,354,356	$1,316,155	$1,273,219	$1,229,438	$1,310,288	$1,832,579	$1,780,731	$1,683,961
53	Allocation Percentage to Sewer (1)	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%
54	Allocated Interest Expense - Sewer	221,686	332,686	326,744	744,896	723,885	700,270	676,191	720,658	1,007,918	968,402	926,190
55												
56	Restatement of Net Income Before Income Tax	$435,499	$147,666	$283,175	$309,353	$685,442	$607,836	$530,980	$455,320	$617,216	$757,956	$735,824
57	LESS: Interest Expense - Sewer	221,686	332,686	326,744	744,896	723,885	700,270	676,191	720,658	1,007,918	968,402	926,190
58	Taxable Income - Sewer (2)	$213,813	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

(1) Allocation percentage based upon current water rate base as a percentage of total rate base.

(2) For simplicity, taxable income is calculated separately for water and wastewater, however, the tax return would be filed on a consolidated basis. Furthermore, taxable income is not allowed to go negative in this model for water or wastewater. Negative taxable income in either system could offset taxable income in the other system and a net negative taxable income would result in tax credits that could potentially be carried forward or back.

SOURCE: BURTON & ASSOCIATES
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02/07/2000

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
DEPRECIATION SCHEDULE - WATER

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

Water

Existing Asset Depreciation

	Existing Assets	Year	Estimated Original Cost	Life (Years)
1	Franchises	1980	$34,630	NA
2	Structures	1982	12,746	33
3	Wells & Springs	1985	50,533	30
4	Other Pumping	1987	4,095	20
5	Pumping Equip	1990	13,536	20
6	Other Water Source Plant	1985	536	25
7	Structures & Improvements	1993	35,424	33
8	Treatment	1986	992,638	22
9	Dist Reservoirs	1992	310,310	37
10	Mains	1989	3,310,401	45
11	Services	1991	745,443	40
12	Meters	1992	344,873	20
13	Hydrants	1992	403,951	45
14	Other T&D	1986	33,635	25
15	Supply Mains	1991	1,392	35
16	General	1980	2,190	33
17	Furniture	1994	3,688	15
18	Power Equip	1987	732	10
19	Misc Equip	1992	3,720	15
20	Acqusition	1983	187,303	40
21	Total Estimated Original Cost		$6,491,776	
22	Adjustment to 1998 Annual Report Utility Plant In Service		(29,167)	
23	Total Utility Plant In Service		$6,462,609	

	Depreciation Schedule - Existing Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
24	Franchises	-	-	-	-	-	-	-	-	-	-	-
25	Structures	$386	$386	$386	$386	$386	$386	$386	$386	$386	$386	$386
26	Wells & Springs	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684
27	Other Pumping	205	205	205	205	205	205	205	205	-	-	-
28	Pumping Equip	677	677	677	677	677	677	677	677	677	677	677
29	Other Water Source Plant	21	21	21	21	21	21	21	21	21	21	21
30	Structures & Improvements	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073
31	Treatment	45,120	45,120	45,120	45,120	45,120	45,120	45,120	45,120	45,120	-	-
32	Dist Reservoirs	8,387	8,387	8,387	8,387	8,387	8,387	8,387	8,387	8,387	8,387	8,387
33	Mains	73,564	73,564	73,564	73,564	73,564	73,564	73,564	73,564	73,564	73,564	73,564
34	Services	18,636	18,636	18,636	18,636	18,636	18,636	18,636	18,636	18,636	18,636	18,636
35	Meters	17,244	17,244	17,244	17,244	17,244	17,244	17,244	17,244	17,244	17,244	17,244
36	Hydrants	8,977	8,977	8,977	8,977	8,977	8,977	8,977	8,977	8,977	8,977	8,977
37	Other T&D	1,345	1,345	1,345	1,345	1,345	1,345	1,345	1,345	1,345	1,345	1,345
38	Supply Mains	40	40	40	40	40	40	40	40	40	40	40
39	General	66	66	66	66	66	66	66	66	66	66	66
40	Furniture	246	246	246	246	246	246	246	246	246	246	-
41	Power Equip	-	-	-	-	-	-	-	-	-	-	-
42	Misc Equip	248	248	248	248	248	248	248	248	-	-	-
43	Acqusition	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683
44	Total Existing Depreciation	$182,603	$182,603	$182,603	$182,603	$182,603	$182,603	$182,603	$182,603	$182,150	$137,030	$136,784
45	Adjustment to Reconcile to Accounting Records	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831
46	Total Existing Depreciation	$186,434	$186,434	$186,434	$186,434	$186,434	$186,434	$186,434	$186,434	$185,981	$140,861	$140,615

SOURCE: BURTON & ASSOCIATES
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02/07/2000

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
DEPRECIATION SCHEDULE - WATER

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

Water

New Asset Depreciation

	New Assets	Year	Estimated Original Cost	Life (Years)
1	Water Plant- East Svc Area	2000	$1,500,000	26
2	12" PVC Water Main	2002	405,000	45
3	16" PVC Water Main	2002	608,000	45
4	750 GPM Supply Wells	2002	150,000	30
5	12" PVC Well Header	2002	90,000	45
6	1.5 MG Reservoir w/ Aerator	2002	500,000	40
7	Pumping Station #1 Complete	2002	1,400,000	25
8	Engineering & Contingency	2002	813,250	30
9	2.0 MG Reservoir w. Aerator	2006	700,000	40
10	Expand Pump Station #1	2006	600,000	20
11	750 GPM Supply Wells	2006	150,000	30
12	12" PVC Well Header	2006	60,000	45
13	16" PVC Well Header	2006	38,000	45
14	Engineering & Contingency	2006	387,000	30
15	Land	2000	100,000	-

13

	Depreciation Schedule - New Assets	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
16	Water Plant- East Svc Area		-	$28,846	$57,692	$57,692	$57,692	$57,692	$57,692	$57,692	$57,692	$57,692	$57,692
17	12" PVC Water Main		-	-	-	4,500	9,000	9,000	9,000	9,000	9,000	9,000	9,000
18	16" PVC Water Main		-	-	-	6,756	13,511	13,511	13,511	13,511	13,511	13,511	13,511
19	750 GPM Supply Wells		-	-	-	2,500	5,000	5,000	5,000	5,000	5,000	5,000	5,000
20	12" PVC Well Header		-	-	-	1,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
21	1.5 MG Reservoir w/ Aerator		-	-	-	6,250	12,500	12,500	12,500	12,500	12,500	12,500	12,500
22	Pumping Station #1 Complete		-	-	-	28,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000
23	Engineering & Contingency		-	-	-	13,554	27,108	27,108	27,108	27,108	27,108	27,108	27,108
24	2.0 MG Reservoir w. Aerator		-	-	-	-	-	-	-	8,750	17,500	17,500	17,500
25	Expand Pump Station #1		-	-	-	-	-	-	-	15,000	30,000	30,000	30,000
26	750 GPM Supply Wells		-	-	-	-	-	-	-	2,500	5,000	5,000	5,000
27	12" PVC Well Header		-	-	-	-	-	-	-	667	1,333	1,333	1,333
28	16" PVC Well Header		-	-	-	-	-	-	-	422	844	844	844
29	Engineering & Contingency		-	-	-	-	-	-	-	6,450	12,900	12,900	12,900
30	Land		-	-	-	-	-	-	-	-	-	-	-
47	CIAC Plant		-	5,178	10,822	31,044	51,820	73,199	95,236	117,991	141,526	155,596	169,384
48	Total New Depreciation		-	$34,024	$68,515	$151,296	$234,632	$256,011	$278,048	$334,591	$391,916	$405,986	$419,774

Total Depreciation - Water

49	Total Existing Depreciation		$182,603	$182,603	$182,603	$182,603	$182,603	$182,603	$182,603	$182,603	$182,150	$137,030	$136,784
50	Total New Depreciation		-	34,024	68,515	151,296	234,632	256,011	278,048	334,591	391,916	405,986	419,774
51	**Total Depreciation**		**$182,603**	**$216,627**	**$251,117**	**$333,899**	**$417,234**	**$438,614**	**$460,651**	**$517,194**	**$574,066**	**$543,016**	**$556,558**
52	**Accumulated Depreciation**	**$1,635,149**	**$1,817,752**	**$2,034,379**	**$2,285,496**	**$2,619,395**	**$3,036,629**	**$3,475,243**	**$3,935,894**	**$4,453,088**	**$5,027,153**	**$5,570,169**	**$6,126,727**

SOURCE: BURTON & ASSOCIATES
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02/07/2000

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
DEPRECIATION SCHEDULE - SEWER

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

SEWER:

Existing Asset Depreciation

	Existing Assets	Year	Estimated Original Cost	Life (Years)
1	Franchises	1980	$34,630	NA
2	Sewers-Force	1991	1,209,416	30
3	Sewers-Gravity	1989	4,843,762	45
4	Other	1985	75,209	40
5	Services	1991	737,204	38
6	Receiving Well	1991	459,021	30
7	Pumping Equip	1992	996,960	18
8	Structures	1986	78,871	32
9	Treat Equip	1990	1,840,940	18
10	Outfall Sewer	1987	4,941	30
11	Other Treatment	1991	13,265	18
12	Structures	1994	90,237	32
13	General	1981	6,241	32
14	Furniture	1986	711	15
15	Laboratory	1995	7,747	15
16	Power Equip	1983	732	12
17	Misc Equip	1989	1,589	15
18	Acquisition	1983	243,854	39
19	Total Estimated Original Cost		$10,645,330	
20	Adjustment to 1998 Annual Report Utility Plant In Service		308,909	
21	Total Utility Plant In Service		$10,954,239	

	Depreciation Schedule - Existing Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
22	Franchises	-	-	-	-	-	-	-	-	-	-	-
23	Sewers-Force	$40,314	$40,314	$40,314	$40,314	$40,314	$40,314	$40,314	$40,314	$40,314	$40,314	$40,314
24	Sewers-Gravity	107,639	107,639	107,639	107,639	107,639	107,639	107,639	107,639	107,639	107,639	107,639
25	Other	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880
26	Services	19,400	19,400	19,400	19,400	19,400	19,400	19,400	19,400	19,400	19,400	19,400
27	Receiving Well	15,301	15,301	15,301	15,301	15,301	15,301	15,301	15,301	15,301	15,301	15,301
28	Pumping Equip	55,387	55,387	55,387	55,387	55,387	55,387	55,387	55,387	55,387	55,387	55,387
29	Structures	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465
30	Treat Equip	102,274	102,274	102,274	102,274	102,274	102,274	102,274	102,274	102,274	-	-
31	Outfall Sewer	165	165	165	165	165	165	165	165	165	165	165
32	Other Treatment	737	737	737	737	737	737	737	737	737	737	-
33	Structures	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820
34	General	195	195	195	195	195	195	195	195	195	195	195
35	Furniture	47	47	-	-	-	-	-	-	-	-	-
36	Laboratory	516	516	516	516	516	516	516	516	516	516	516
37	Power Equip	-	-	-	-	-	-	-	-	-	-	-
38	Misc Equip	106	106	106	106	106	-	-	-	-	-	-
39	Acquisition	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253
40	Total Existing Depreciation	$355,499	$355,499	$355,452	$355,452	$355,452	$355,346	$355,346	$355,346	$355,346	$253,071	$252,334
41	Adjustment to Reconcile to Accounting Records	4,756	4,756	4,756	4,756	4,756	4,756	4,756	4,756	4,756	4,756	4,756
42	Total Existing Depreciation	$360,255	$360,255	$360,208	$360,208	$360,208	$360,102	$360,102	$360,102	$360,102	$257,827	$257,090

SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
DEPRECIATION SCHEDULE - SEWER

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

SEWER:

New Asset Depreciation

	New Assets	Year	Estimated Original Cost	Life (Years)
1	WWTP Improvement East Svc Area	1999	$3,343,962	22
2	Lift Station (Marsh Harbour)	2002	70,000	21
3	Lift Station (Walden Chase)	2002	115,000	21
4	6" PVC Force Main	2002	283,500	30
5	8" PVC Force Main	2002	310,500	30
6	1.0 MGD WWTP	2002	5,000,000	26
7	12" PVC Outfall	2002	450,000	30
8	Engineering & Contingency	2002	1,619,750	30
9	1.5 MGD WWTP Expansion	2007	6,750,000	26
10	Lift Station Nocatee	2007	115,000	21
11	8" PVC Force Main	2007	115,000	30
12	Engineering & Contingency	2007	1,745,000	30
13	Land	2000	250,000	-

	Depreciation Schedule - New Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
14	WWTP Improvement East Svc Area	$75,999	$151,998	$151,998	$151,998	$151,998	$151,998	$151,998	$151,998	$151,998	$151,998	$151,998
15	Lift Station (Marsh Harbour)	-	-	-	1,667	3,333	3,333	3,333	3,333	3,333	3,333	3,333
16	Lift Station (Walden Chase)	-	-	-	2,738	5,476	5,476	5,476	5,476	5,476	5,476	5,476
17	6" PVC Force Main	-	-	-	4,725	9,450	9,450	9,450	9,450	9,450	9,450	9,450
18	8" PVC Force Main	-	-	-	5,175	10,350	10,350	10,350	10,350	10,350	10,350	10,350
19	1.0 MGD WWTP	-	-	-	96,154	192,308	192,308	192,308	192,308	192,308	192,308	192,308
20	12" PVC Outfall	-	-	-	7,500	15,000	15,000	15,000	15,000	15,000	15,000	15,000
21	Engineering & Contingency	-	-	-	26,996	53,992	53,992	53,992	53,992	53,992	53,992	53,992
22	1.5 MGD WWTP Expansion	-	-	-	-	-	-	-	-	129,808	259,615	259,615
23	Lift Station Nocatee	-	-	-	-	-	-	-	-	2,738	5,476	5,476
24	8" PVC Force Main	-	-	-	-	-	-	-	-	1,917	3,833	3,833
25	Engineering & Contingency	-	-	-	-	-	-	-	-	29,083	58,167	58,167
26	Land	-	-	-	-	-	-	-	-	-	-	-
27	CIAC Plant	-	13,934	29,122	83,538	139,443	196,973	256,273	317,503	380,835	418,696	455,798
28	Total New Depreciation	$75,999	$165,932	$181,120	$380,490	$581,351	$638,880	$698,180	$759,410	$986,288	$1,187,695	$1,224,797

Total Depreciation - Sewer

29	Total Existing Depreciation	$360,255	$360,255	$360,208	$360,208	$360,208	$360,102	$360,102	$360,102	$360,102	$257,827	$257,090
30	Total New Depreciation	75,999	165,932	181,120	380,490	581,351	638,880	698,180	759,410	986,288	1,187,695	1,224,797
31	**Total Depreciation**	**$436,254**	**$526,187**	**$541,328**	**$740,698**	**$941,558**	**$998,982**	**$1,058,282**	**$1,119,511**	**$1,346,390**	**$1,445,522**	**$1,481,887**
32	**Accumulated Depreciation**	**$2,768,561**	**$3,204,815**	**$3,731,002**	**$4,272,330**	**$5,013,028**	**$5,954,586**	**$6,953,568**	**$8,011,850**	**$9,131,362**	**$10,477,751**	**$11,923,273**	**$13,405,161**

SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) - WATER

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

Water - Existing CIAC

Existing CIAC

	Existing CIAC- Plant	Year	Estimated Original Cost	Life (Years)
1	Other	1989	$29,688	30
2	Dist Reservoirs & Standpipes	1992	24,490	37
3	Transmission & Dist Mains	1988	2,585,764	45
4	Services	1990	559,129	40
5	Meters & Meter Installs	1992	181,201	20
6	Hydrants	1990	307,505	45
7	Total Existing CIAC - Plant		$3,687,777	

	Existing CIAC - Cash	Year	Estimated Original Cost	Life (Years)
8	Cash	1991	$1,318,650	30
9	Total Existing CIAC - Cash		$1,318,650	
10	Total Existing CIAC		$5,006,427	
11	Adjustment to 1998 Annual Report		130,062	
12	Total Existing CIAC		$5,136,489	

Amortization of Existing CIAC

	Amortization Schedule - Existing Plant CIAC	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
13	Other	$990	$990	$990	$990	$990	$990	$990	$990	$990	$990	$990
14	Dist Reservoirs & Standpipes	662	662	662	662	662	662	662	662	662	662	662
15	Transmission & Dist Mains	57,461	57,461	57,461	57,461	57,461	57,461	57,461	57,461	57,461	57,461	57,461
16	Services	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978
17	Meters & Meter Installs	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060
18	Hydrants	6,833	6,833	6,833	6,833	6,833	6,833	6,833	6,833	6,833	6,833	6,833
19	Total Plant Amortization	$88,985	$88,985	$88,985	$88,985	$88,985	$88,985	$88,985	$88,985	$88,985	$88,985	$88,985
	Amortization Schedule - Existing Cash CIAC											
20	Cash	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955
21	Total Cash CIAC Amortization	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955
22	Total Existing CIAC Amortization	$132,940	$132,940	$132,940	$132,940	$132,940	$132,940	$132,940	$132,940	$132,940	$132,940	$132,940
23	Adjustment to Reconcile to Accounting Records	$10,373	$10,373	$10,373	$10,373	$10,373	$10,373	$10,373	$10,373	$10,373	$10,373	$10,373
24	Total Existing CIAC Amortization	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313

SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) - WATER

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

New CIAC

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	New CIAC- Plant:												
1	New CIAC- Plant	$604	-	$155,344	$169,325	$606,661	$623,272	$641,377	$661,113	$682,624	$706,072	$422,096	$413,639
2	Life	30											
3	Total New CIAC - Plant		-	$155,344	$169,325	$606,661	$623,272	$641,377	$661,113	$682,624	$706,072	$422,096	$413,639
4	**New CIAC - Cash:**												
5	New CIAC - Cash		-	$60,287	$65,713	$235,437	$241,884	$248,910	$256,569	$264,918	$274,017	$163,810	$160,528
6	Life	30											
7	Total New CIAC - Cash		-	$60,287	$65,713	$235,437	$241,884	$248,910	$256,569	$264,918	$274,017	$163,810	$160,528
8	**Total New CIAC**		**-**	**$215,631**	**$235,038**	**$842,098**	**$865,156**	**$890,288**	**$917,682**	**$947,542**	**$980,089**	**$585,907**	**$574,167**

Amortization of New CIAC

	Amortization Schedule - New CIAC Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
9	New CIAC - Plant Amortization	-	$5,178	$10,822	$31,044	$51,820	$73,199	$95,236	$117,991	$141,526	$155,596	$169,384
10	Total New CIAC - Plant Amortization	-	$5,178	$10,822	$31,044	$51,820	$73,199	$95,236	$117,991	$141,526	$155,596	$169,384
	New CIAC - Cash Amortization	-	$2,010	$4,200	$12,048	$20,111	$28,408	$36,960	$45,791	$54,925	$60,385	$65,736
11	Total New CIAC - Cash Amortization	-	$2,010	$4,200	$12,048	$20,111	$28,408	$36,960	$45,791	$54,925	$60,385	$65,736
12	**Total New CIAC Amortization**	**-**	**$7,188**	**$15,022**	**$43,092**	**$71,931**	**$101,607**	**$132,196**	**$163,781**	**$196,451**	**$215,981**	**$235,120**

Summary of CIAC & CIAC Amortization - Water

	CIAC	**Existing 1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
13	Total Existing CIAC	$5,136,489											
14	Total New CIAC		-	$215,631	$235,038	$842,098	$865,156	$890,288	$917,682	$947,542	$980,089	$585,907	$574,167
15	Total Accumulated CIAC - Water	$5,136,489	$5,136,489	$5,352,120	$5,587,159	$6,429,257	$7,294,413	$8,184,700	$9,102,383	$10,049,925	$11,030,014	$11,615,921	$12,190,087
	CIAC Amortization												
16	Total Existing CIAC Annual Amortization		$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313
17	Total New CIAC Annual Amortization		-	7,188	15,022	43,092	71,931	101,607	132,196	163,781	196,451	215,981	235,120
18	Total CIAC Annual Amortization - Water		$143,313	$150,501	$158,335	$186,405	$215,244	$244,920	$275,509	$307,094	$339,764	$359,294	$378,433
19	**Accumulated CIAC Amortization**	**$1,078,705**	**$1,222,018**	**$1,372,518**	**$1,530,853**	**$1,717,258**	**$1,932,502**	**$2,177,422**	**$2,452,931**	**$2,760,025**	**$3,099,789**	**$3,459,083**	**$3,837,515**

SOURCE: BURTON & ASSOCIATES
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02/07/2000

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) - SEWER

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

Sewer - Existing CIAC

Existing CIAC

	Existing CIAC - Plant	Year	Estimated Original Cost	Life (Years)
1	Other	1992	$73,594	30
2	Sewers - Force	1989	860,755	30
3	Sewers - Gravity	1988	3,717,755	45
4	Other - Collecting	1985	62,148	40
5	Services	1990	561,347	38
6	Structures	1997	5,500	32
7	Receiving Well	1991	247,738	30
8	Pumping Equipment	1990	501,274	18
9	Total Existing CIAC - Plant		$6,030,111	

	Existing CIAC - Cash	Year	Estimated Original Cost	Life (Years)
10	Cash	1992	$2,386,734	30
	Total Existing CIAC - Cash		$2,386,734	
11	Total Existing CIAC		$8,416,845	
12	Adjustment to 1998 Annual Report		185,922	
13	Total Existing CIAC		$8,602,767	

Amortization of Existing CIAC

	Amortization Schedule - Existing Plant CIAC	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
14	Other	$2,453	$2,453	$2,453	$2,453	$2,453	$2,453	$2,453	$2,453	$2,453	$2,453	$2,453
15	Sewers - Force	28,692	28,692	28,692	28,692	28,692	28,692	28,692	28,692	28,692	28,692	28,692
16	Sewers - Gravity	82,617	82,617	82,617	82,617	82,617	82,617	82,617	82,617	82,617	82,617	82,617
17	Other - Collecting	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554
18	Services	14,772	14,772	14,772	14,772	14,772	14,772	14,772	14,772	14,772	14,772	14,772
19	Structures	172	172	172	172	172	172	172	172	172	172	172
20	Receiving Well	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258
21	Pumping Equipment	27,849	27,849	27,849	27,849	27,849	27,849	27,849	27,849	27,849	-	-
22	Total Plant Amortization	$166,366	$166,366	$166,366	$166,366	$166,366	$166,366	$166,366	$166,366	$166,366	$138,518	$138,518
	Amortization Schedule - Existing Cash CIAC											
23	Cash	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558
24	Total Cash CIAC Amortization	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558
	Total Existing CIAC Amortization	$245,924	$245,924	$245,924	$245,924	$245,924	$245,924	$245,924	$245,924	$245,924	$218,075	$218,075
	Adjustment to Reconcile to Accounting Records	$16,224	$16,224	$16,224	$16,224	$16,224	$16,224	$16,224	$16,224	$16,224	$44,072	$44,072
25	Total Existing CIAC Amortization	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148

SOURCE: BURTON & ASSOCIATES
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02/07/2000

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) - SEWER

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

New CIAC

	New CIAC - Plant:											
1	New CIAC - Plant	$1,626	-	$418,018	$455,640	$1,632,473	$1,677,171	$1,725,892	$1,778,998	$1,836,884	$1,899,979	$1,135,825	$1,113,067
2	Life	30											
3	Total New CIAC - Plant		-	$418,018	$455,640	$1,632,473	$1,677,171	$1,725,892	$1,778,998	$1,836,884	$1,899,979	$1,135,825	$1,113,067
	New CIAC - Cash:												
4	New CIAC- Cash		-	$160,766	$175,235	$627,833	$645,024	$663,761	$684,185	$706,447	$730,713	$436,827	$428,074
5	Life	30											
6	Total New CIAC - Cash		-	$160,766	$175,235	$627,833	$645,024	$663,761	$684,185	$706,447	$730,713	$436,827	$428,074
7	**Total New CIAC**		-	**$578,784**	**$630,875**	**$2,260,306**	**$2,322,195**	**$2,389,653**	**$2,463,183**	**$2,543,331**	**$2,630,692**	**$1,572,653**	**$1,541,141**

Amortization of New CIAC

	Amortization Schedule - New CIAC Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
8	New CIAC - Plant Amortization	-	$13,934	$29,122	$83,538	$139,443	$196,973	$256,273	$317,503	$380,835	$418,696	$455,798
9	Total New CIAC - Plant Amortization	-	$13,934	$29,122	$83,538	$139,443	$196,973	$256,273	$317,503	$380,835	$418,696	$455,798
10	New CIAC- Cash Amortization	-	$5,359	$11,200	$32,128	$53,629	$75,754	$98,560	$122,108	$146,465	$161,026	$175,296
11	Total Cash Amortization	-	$5,359	$11,200	$32,128	$53,629	$75,754	$98,560	$122,108	$146,465	$161,026	$175,296
12	**Total New CIAC Amortization**	-	**$19,293**	**$40,322**	**$115,665**	**$193,072**	**$272,727**	**$354,833**	**$439,611**	**$527,301**	**$579,722**	**$631,094**

Summary of CIAC & CIAC Amortization - Sewer

	CIAC **Existing 1998**	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
13	Total Existing CIAC $8,602,767											
14	Total New CIAC	-	578,784	630,875	2,260,306	2,322,195	2,389,653	2,463,183	2,543,331	2,630,692	1,572,653	1,541,141
15	Total Accumulated CIAC - Sewer $8,602,767	$8,602,767	$9,181,551	$9,812,426	$12,072,731	$14,394,926	$16,784,579	$19,247,763	$21,791,094	$24,421,786	$25,994,439	$27,535,579
	CIAC Amortization											
16	Total Existing CIAC Annual Amortization	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148
17	Total New CIAC Annual Amortization	-	19,293	40,322	115,665	193,072	272,727	354,833	439,611	527,301	579,722	631,094
18	Total CIAC Annual Amortization - Sewer	$262,148	$281,441	$302,470	$377,813	$455,220	$534,875	$616,981	$701,759	$789,448	$841,870	$893,242
19	**Accumulated CIAC Amortization** $1,936,237	**$2,198,385**	**$2,479,825**	**$2,782,295**	**$3,160,108**	**$3,615,328**	**$4,150,203**	**$4,767,184**	**$5,468,943**	**$6,258,391**	**$7,100,261**	**$7,993,503**
	Total Water & Sewer											
20	Total Existing CIAC Annual Amortization - Water & Sewer	$405,461	$405,461	$405,461	$405,461	$405,461	$405,461	$405,461	$405,461	$405,461	$405,461	$405,461
21	Total New CIAC Annual Amortization - Water & Sewer	-	26,481	55,344	158,758	265,003	374,334	487,030	603,392	723,751	795,703	866,214
22	Total CIAC Annual Amortization - Water & Sewer	$405,461	$431,941	$460,805	$564,218	$670,463	$779,795	$892,490	$1,008,853	$1,129,212	$1,201,164	$1,271,674

SOURCE: BURTON & ASSOCIATES
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Figure 9

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
RATE BASE

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1	***Water*** Percent Contributed	84%	64%	66%	46%	51%	56%	61%	56%	60%	62%	65%
2	Utility Plant in Service	$6,462,609	$8,217,953	$8,387,279	$12,960,189	$13,583,461	$14,224,839	$14,885,951	$17,503,576	$18,209,648	$18,631,744	$19,045,383
3	Include Construction Work in Progress? NO	0	0	0	0	0	0	0	0	0	0	0
4	Less: Accumulated Depreciation	(1,817,752)	(2,034,379)	(2,285,496)	(2,619,395)	(3,036,629)	(3,475,243)	(3,935,894)	(4,453,088)	(5,027,153)	(5,570,169)	(6,126,727)
5	Utility Plant in Service less Accum Depr.	$4,644,857	$6,183,575	$6,101,783	$10,340,795	$10,546,832	$10,749,596	$10,950,058	$13,050,488	$13,182,494	$13,061,575	$12,918,656
6	Less: Accumulated CIAC	(5,136,489)	(5,352,120)	(5,587,159)	(6,429,257)	(7,294,413)	(8,184,700)	(9,102,383)	(10,049,925)	(11,030,014)	(11,615,921)	(12,190,087)
7	Plus: Accumulated Amortization of CIAC	1,222,018	1,372,518	1,530,853	1,717,258	1,932,502	2,177,422	2,452,931	2,760,025	3,099,789	3,459,083	3,837,515
8	Net Utility Plant in Service	$730,386	$2,203,973	$2,045,477	$5,628,796	$5,184,921	$4,742,317	$4,300,606	$5,760,588	$5,252,269	$4,904,737	$4,566,084
9	***Plus or Minus:***											
10	Acquisition Adjustments	$187,303	$187,303	$187,303	$187,303	$187,303	$187,303	$187,303	$187,303	$187,303	$187,303	$187,303
11	Accumulated Amort of Acq Adjustments	(77,263)	(81,946)	(86,629)	(91,312)	(95,995)	(100,678)	(105,361)	(110,044)	(114,727)	(119,410)	(124,093)
12	Working Capital Allowance 12.50% of O&M	93,517	96,321	99,254	104,867	110,278	115,555	120,747	125,891	131,015	134,807	138,573
13	Other	0	0	0	0	0	0	0	0	0	0	0
14	***Net Utility Plant in Service***	***$933,943***	***$2,405,650***	***$2,245,406***	***$5,829,654***	***$5,386,507***	***$4,944,497***	***$4,503,295***	***$5,963,738***	***$5,456,860***	***$5,107,436***	***$4,767,866***
15	U&U Percentage	100.00%	61.81%	65.12%	61.77%	68.61%	75.68%	83.01%	59.36%	64.53%	61.67%	64.25%
16	***Rate Base***	***$933,943***	***$1,486,952***	***$1,462,184***	***$3,601,086***	***$3,695,866***	***$3,742,222***	***$3,738,006***	***$3,540,004***	***$3,520,622***	***$3,149,593***	***$3,063,468***
17	***Sewer:*** Percent Contributed	58%	60%	63%	45%	52%	59%	66%	72%	57%	59%	62%
18	Utility Plant in Service	$14,298,201	$14,966,219	$15,421,859	$24,903,082	$26,580,253	$28,306,145	$30,085,143	$31,922,027	$42,547,006	$43,682,831	$44,795,898
19	Include Construction Work in Progress? NO	0	0	0	0	0	0	0	0	0	0	0
20	Less: Accumulated Depreciation	(3,204,815)	(3,731,002)	(4,272,330)	(5,013,028)	(5,954,586)	(6,953,568)	(8,011,850)	(9,131,362)	(10,477,751)	(11,923,273)	(13,405,161)
21	Utility Plant in Service less Accum Depr.	$11,093,386	$11,235,217	$11,149,529	$19,890,054	$20,625,667	$21,352,577	$22,073,293	$22,790,666	$32,069,255	$31,759,558	$31,390,737
22	Less: Accumulated CIAC	(8,602,767)	(9,181,551)	(9,812,426)	(12,072,731)	(14,394,926)	(16,784,579)	(19,247,763)	(21,791,094)	(24,421,786)	(25,994,439)	(27,535,579)
23	Plus: Amortization of CIAC	2,198,385	2,479,825	2,782,295	3,160,108	3,615,328	4,150,203	4,767,184	5,468,943	6,258,391	7,100,261	7,993,503
24	Net Utility Plant in Service	$4,689,004	$4,533,491	$4,119,399	$10,977,431	$9,846,069	$8,718,201	$7,592,715	$6,468,515	$13,905,860	$12,865,381	$11,848,661
25	***Plus or Minus:***											
26	Acquisition Adjustments	$243,854	$243,854	$243,854	$243,854	$243,854	$243,854	$243,854	$243,854	$243,854	$243,854	$243,854
27	Accumulated Amort of Acq Adjustments	(103,015)	(109,112)	(115,209)	(121,306)	(127,403)	(133,499)	(139,596)	(145,693)	(151,790)	(157,887)	(163,984)
28	Working Capital Allowance 12.50% of O&M	149,389	186,557	193,875	211,122	226,668	241,147	254,926	268,242	281,258	290,446	299,501
29	Other	0	0	0	0	0	0	0	0	0	0	0
30	***Net Utility Plant in Service***	***$4,979,232***	***$4,854,791***	***$4,441,919***	***$11,311,101***	***$10,189,189***	***$9,069,702***	***$7,951,898***	***$6,834,918***	***$14,279,182***	***$13,241,794***	***$12,228,032***
31												
32	U&U Percentage	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	91.39%	86.41%	90.91%
33	***Rate Base***	***$4,979,232***	***$4,854,791***	***$4,441,919***	***$11,311,101***	***$10,189,189***	***$9,069,702***	***$7,951,898***	***$6,834,918***	***$13,049,674***	***$11,442,102***	***$11,116,247***

SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
UTILITY PLANT IN SERVICE - WATER & SEWER

Water

		Estimated Original Cost	In Svc Date	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	New Assets per CIP:														
1	Water Plant- East Svc Area	$1,500,000	2000			$1,500,000									
2	12" PVC Water Main	405,000	2002					$405,000							
3	16" PVC Water Main	608,000	2002					608,000							
4	750 GPM Supply Wells	150,000	2002					150,000							
5	12" PVC Well Header	90,000	2002					90,000							
6	1.5 MG Reservoir w/ Aerator	500,000	2002					500,000							
7	Pumping Station #1 Complete	1,400,000	2002					1,400,000							
8	Engineering & Contingency	813,250	2002					813,250							
9	2.0 MG Reservoir w. Aerator	700,000	2006									$700,000			
10	Expand Pump Station #1	600,000	2006									600,000			
11	750 GPM Supply Wells	150,000	2006									150,000			
12	12" PVC Well Header	60,000	2006									60,000			
13	16" PVC Well Header	38,000	2006									38,000			
14	Engineering & Contingency	387,000	2006									387,000			
15	Land	100,000	2000			$100,000									
16	Total Utility Plant in Service (not including CIAC)			$6,462,609	$6,462,609	$8,062,609	$8,062,609	$12,028,859	$12,028,859	$12,028,859	$12,028,859	$13,963,859	$13,963,859	$13,963,859	$13,963,859
	New Plant Assets per CIAC:														
17	New Plant Assets (CIAC)				$0	$155,344	$169,325	$606,661	$623,272	$641,377	$661,113	$682,624	$706,072	$422,096	$413,639
18	Total New Plant Assets (CIAC)			$0	$0	$155,344	$324,670	$931,330	$1,554,602	$2,195,980	$2,857,092	$3,539,717	$4,245,789	$4,667,885	$5,081,524
19	*Total Water Utility Plant in Service*			$6,462,609	$6,462,609	$8,217,953	$8,387,279	$12,960,189	$13,583,461	$14,224,839	$14,885,951	$17,503,576	$18,209,648	$18,631,744	$19,045,383

Sewer:

		Estimated Original Cost	In Svc Date	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	New Assets per CIP:														
20	WWTP Improvement East Svc Area	$3,343,962	1999		$3,343,962										
21	Lift Station (Marsh Harbour)	70,000	2002					$70,000							
22	Lift Station (Walden Chase)	115,000	2002					115000							
23	6" PVC Force Main	283,500	2002					283500							
24	8" PVC Force Main	310,500	2002					310500							
25	1.0 MGD WWTP	5,000,000	2002					5000000							
26	12" PVC Outfall	450,000	2002					450000							
27	Engineering & Contingency	1,619,750	2002					1619750							
28	1.5 MGD WWTP Expansion	6,750,000	2007										$6,750,000		
29	Lift Station Nocatee	115,000	2007										115,000		
30	8" PVC Force Main	115,000	2007										115,000		
31	Engineering & Contingency	1,745,000	2007										1,745,000		
32	Land	250,000	2000			$250,000									
33	Total Utility Plant in Service (not including CIAC)			$10,954,239	$14,298,201	$14,548,201	$14,548,201	$22,398,951	$22,398,951	$22,398,951	$22,398,951	$22,398,951	$31,121,951	$31,121,951	$31,121,951
	New Plant Assets per CIAC:														
34	New Plant Assets (CIAC)				$0	$418,018	$455,640	$1,632,473	$1,677,171	$1,725,892	$1,778,998	$1,836,884	$1,899,979	$1,135,825	$1,113,067
35	Total New Plant Assets (CIAC)			$0	$0	$418,018	$873,658	$2,506,131	$4,183,302	$5,909,194	$7,688,192	$9,525,076	$11,425,055	$12,560,880	$13,673,947
36	*Total Sewer Utility Plant in Service*			$10,954,239	$14,298,201	$14,966,219	$15,421,859	$24,903,082	$26,580,253	$28,306,145	$30,085,143	$31,922,027	$42,547,006	$43,682,831	$44,795,898

SOURCE: BURTON & ASSOCIATES

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Figure 11

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CAPITAL IMPROVEMENTS PROGRAM

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

	PROJECT TOTAL	AMOUNT DEBT FUNDED	PROJECT NAME	IN SERVICE DATE	MONTHS TO CONSTRUCT	% DEBT FUNDED	ASSET LIFE	INCREASE IN CAPACITY (MGD)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Water																			
1	$1,500,000	$1,500,000	Water Plant- East Svc Area	2000	24	100%	26	1.93		1,500,000									
2	405,000	405,000	12" PVC Water Main	2002	24	100%	45					405,000							
3	608,000	608,000	16" PVC Water Main	2002	24	100%	45					608,000							
4	150,000	150,000	750 GPM Supply Wells	2002	24	100%	30					150,000							
5	90,000	90,000	12" PVC Well Header	2002	24	100%	45					90,000							
6	500,000	500,000	1.5 MG Reservoir w/ Aerator	2002	24	100%	40	2.00				500,000							
7	1,400,000	1,400,000	Pumping Station #1 Complete	2002	24	100%	25					1,400,000							
8	813,250	813,250	Engineering & Contingency	2002	24	100%	30					813,250							
9	700,000	700,000	2.0 MG Reservoir w. Aerator	2006	24	100%	40	3.00								700,000			
10	600,000	600,000	Expand Pump Station #1	2006	24	100%	20									600,000			
11	150,000	150,000	750 GPM Supply Wells	2006	24	100%	30									150,000			
12	60,000	60,000	12" PVC Well Header	2006	24	100%	45									60,000			
13	38,000	38,000	16" PVC Well Header	2006	24	100%	45									38,000			
14	387,000	387,000	Engineering & Contingency	2006	24	100%	30									387,000			
15	100,000	100,000	Land	2000		100%				100,000									
16																			
17	$7,501,250	$7,501,250							$0	$1,600,000	$0	$3,966,250	$0	$0	$0	$1,935,000	$0	$0	$0
SEWER:																			
18	$3,343,962	$3,343,962	WWTP Improvement East Svc Are	1999	12	100%	22	0.70	3,343,962										
19	70,000	70,000	Lift Station (Marsh Harbour)	2002	24	100%	21					70,000							
20	115,000	115,000	Lift Station (Walden Chase)	2002	24	100%	21					115,000							
21	283,500	283,500	6" PVC Force Main	2002	24	100%	30					283,500							
22	310,500	310,500	8" PVC Force Main	2002	24	100%	30					310,500							
23	5,000,000	5,000,000	1.0 MGD WWTP	2002	24	100%	26	1.00				5,000,000							
24	450,000	450,000	12" PVC Outfall	2002	24	100%	30					450,000							
25	1,619,750	1,619,750	Engineering & Contingency	2002	24	100%	30					1,619,750							
26	6,750,000	6,750,000	1.5 MGD WWTP Expansion	2007	24	100%	26	1.50									6,750,000		
27	115,000	115,000	Lift Station Nocatee	2007	24	100%	21										115,000		
28	115,000	115,000	8" PVC Force Main	2007	24	100%	30										115,000		
29	1,745,000	1,745,000	Engineering & Contingency	2007	24	100%	30										1,745,000		
30	250,000	250,000	Land	2000		100%				250,000									
31	$20,167,712	$20,167,712							$3,343,962	$250,000	$0	$7,648,750	$0	$0	$0	$0	$8,725,000	$0	$0
TOTAL WATER & SEWER:																			
32	$27,668,962	$27,668,962	TOTAL WATER AND SEWER						$3,343,962	$1,850,000	$0	$11,615,000	$0	$0	$0	$1,935,000	$8,725,000	$0	$0

SOURCE: BURTON & ASSOCIATES / PBS&J

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Figure 13

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
USED AND USEFUL

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1	***Water***											
2	***Capacity***											
3	Capacity in ERC's	5,057	5,057	10,571	10,571	16,286	16,286	16,286	16,286	24,857	24,857	24,857
4	Additional Capacity in ERC's	0	5,514	0	5,714	0	0	0	8,571	0	0	0
5	Total Capacity	5,057	10,571	10,571	16,286	16,286	16,286	16,286	24,857	24,857	24,857	24,857
6	**Connection / Growth**											
7	Connections in ERC's	5,506	5,506	5,763	6,043	7,047	8,079	9,141	10,235	11,365	12,534	13,233
8	Annual Growth Percent	0.00%	4.67%	4.66%	16.62%	14.64%	13.14%	11.97%	11.04%	10.28%	5.57%	5.17%
9	Additional Units	0	257	280	1,004	1,032	1,062	1,094	1,130	1,169	699	685
10	Total Connections	5,506	5,763	6,043	7,047	8,079	9,141	10,235	11,365	12,534	13,233	13,917
11	Raw U & U Percent	108.87%	54.51%	57.16%	43.27%	49.61%	56.13%	62.85%	45.72%	50.42%	53.23%	55.99%
12	PLUS: Margin Reserve @ 36 Mos.	0	771	841	3,013	3,095	3,185	3,283	3,390	3,506	2,096	2,054
13	Total Connections plus Margin Reserve	5,506	6,534	6,884	10,060	11,174	12,326	13,518	14,755	16,040	15,329	15,971
14	***U & U Percent***	***100.00%***	***61.81%***	***65.12%***	***61.77%***	***68.61%***	***75.68%***	***83.01%***	***59.36%***	***64.53%***	***61.67%***	***64.25%***
15	***SEWER:***											
16	***Capacity***											
17	Capacity in ERC's	2,857	5,357	5,357	5,357	8,929	8,929	8,929	8,929	8,929	14,286	14,286
18	Additional Capacity in ERC's	2,500	0	0	3,571	0	0	0	0	5,357	0	0
19	Total Capacity	5,357	5,357	5,357	8,929	8,929	8,929	8,929	8,929	14,286	14,286	14,286
20												
21	**Connection / Growth**											
22	Connections in ERC's	2,857	2,857	3,114	3,395	4,399	5,430	6,492	7,587	8,716	9,885	10,584
23	Annual Growth Percent	0.00%	9.00%	9.00%	29.58%	23.45%	19.55%	16.86%	14.89%	13.41%	7.07%	6.47%
24	Additional Units - Eastern Service Area	0	257	280	306	333	363	396	431	470	0	0
25	Additional Units - Western Service Area	0	0	0	699	699	699	699	699	699	699	685
26	Additional Units - Total	0	257	280	1,004	1,032	1,062	1,094	1,130	1,169	699	685
27	Imputed ERC's from 1998 Rate Case											
28	Eastern Service Area Only	5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357
29	Total Connections	5,357	5,357	5,357	6,056	6,755	7,453	8,152	8,851	9,549	10,248	10,933
30												
31	Raw U & U Percent	100.00%	100.00%	100.00%	67.83%	75.65%	83.48%	91.30%	99.13%	66.85%	71.74%	76.53%
32	PLUS: Margin Reserve @ 36 Mos.	0	771	841	3,013	3,095	3,185	3,283	3,390	3,506	2,096	2,054
33	Total Connections plus Margin Reserve	5,357	5,357	5,357	8,929	8,929	8,929	8,929	8,929	13,056	12,344	12,987
34	***U & U Percent***	***100.00%***	***100.00%***	***100.00%***	***100.00%***	***100.00%***	***100.00%***	***100.00%***	***100.00%***	***91.39%***	***86.41%***	***90.91%***

SOURCE: BURTON & ASSOCIATES

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02/07/2000

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY1999 Beginning Balance	FY1999 Principal	FY1999 Interest	FY1999 Balance	FY1999 Cost of Capital Calc	FY2000 Beginning Balance	FY2000 Principal	FY2000 Interest	FY2000 Balance	FY2000 Cost of Capital Calc
1	First Union Bank				7.27%	$3,835,445	$0	$240,454	$3,835,445	$278,837	$3,835,445	$92,264	$323,827	$3,743,182	$272,129
2	Plantation Developers - WTP	$863,486	01/01/95	20	7.94%	586,864	19,385	46,914	567,479	45,058	567,479	20,843	45,456	546,636	43,403
3	Plantation Developers- Unit 9	94,651	12/23/94	20	7.94%	94,650	0	7,443	94,650	7,515	94,650	2,015	7,443	92,635	7,355
4	Crossroads Land Ltd- Seaside Ut 2	109,535	12/23/94	20	7.94%	100,002	2,857	7,969	97,145	7,713	97,145	3,179	7,766	93,966	7,461
5	Crossroads Land Ltd- Seaside Ut 3	128,650	03/28/95	20	7.66%	121,143	3,257	9,331	117,886	9,030	117,886	3,493	9,095	114,393	8,762
6	TAW Nursery, Inc.	112,847	12/23/94	20	7.94%	110,651	2,450	8,826	108,201	8,591	108,201	2,635	8,841	105,566	8,382
7	BAT of Palm Valley - Tom West	40,147	06/30/95	20	7.07%	38,007	1,053	2,702	36,954	2,613	36,954	1,123	2,632	35,831	2,533
8	Odoms Mill Ltd.	326,832	09/25/95	20	7.00%	324,938	4,469	22,733	320,469	22,433	320,469	8,051	22,356	312,417	21,869
9	Marsh Dunes	96,517	04/09/96	20	6.33%	96,517	0	6,110	96,517	6,110	96,517	0	6,110	96,517	6,110
10	Arvida- Sawmill Lakes (Offsite #1)	50,000	09/12/96	20	6.81%	50,000	0	3,405	50,000	3,405	50,000	0	3,405	50,000	3,405
11	Arvida- Sawmill Lakes (Offsite #2)	50,000	02/17/97	20	6.58%	50,000	0	3,289	50,000	3,290	50,000	0	3,289	50,000	3,290
12	Arvida- Sawmill Lakes Ut 1	484,918	06/19/97	20	6.89%	450,792	11,661	31,225	439,131	30,256	439,131	12,419	30,487	426,712	29,400
13	Arvida- Sawmill Lakes Ut 2	190,030	09/08/97	20	6.77%	185,785	4,722	12,844	181,063	12,258	181,063	5,024	12,342	176,039	11,918
14	Equity	0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:														
16	1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
17	2000	1,877,750		20	6.50%	0	0	0	0	0	1,877,750	48,364	122,054	1,829,386	118,910
18	2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19	2002	11,992,225		20	6.50%	0	0	0	0	0	0	0	0	0	0
20	2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
21	2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22	2005	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
23	2006	1,964,025		20	6.50%	0	0	0	0	0	0	0	0	0	0
24	2007	8,855,875		20	6.50%	0	0	0	0	0	0	0	0	0	0
25	2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
26	2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27															
28	New Debt- Construction Work in Progress:			20	7.50%			0	0	0	0		0	0	0
29	Include CWIP in WACC? NO														
30	New Equity	0			10.00%				0	0				0	0
31						$8,044,794	$49,855	$403,085	$5,994,940	$437,108		$199,411	$804,884	$7,673,279	$544,928
32	**Weighted Average Cost of Capital**									**7.29%**					**7.10%**

SOURCE: BURTON & ASSOCIATES

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02/07/2000

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2001 Beginning Balance	FY2001 Principal	FY2001 Interest	FY2001 Balance	FY2001 Cost of Capital Calc	FY2002 Beginning Balance	FY2002 Principal	FY2002 Interest	FY2002 Balance	FY2002 Cost of Capital Calc
1	First Union Bank				7.27%	$3,743,182	$103,552	$320,849	$3,639,630	$264,801	$3,639,630	$114,201	$310,199	$3,525,429	$256,299
2	Plantation Developers - WTP	$863,486	01/01/95	20	7.94%	546,636	22,560	43,739	524,076	41,812	524,076	24,416	41,881	499,659	39,873
3	Plantation Developers- Unit 9	94,651	12/23/94	20	7.94%	92,635	2,181	7,277	90,454	7,182	90,454	2,361	7,097	88,094	6,995
4	Crossroads Land Ltd- Seaside Ut 2	109,535	12/23/94	20	7.94%	93,966	3,441	7,504	90,525	7,188	90,525	3,724	7,221	86,801	6,892
5	Crossroads Land Ltd- Seaside Ut 3	128,650	03/28/95	20	7.66%	114,393	3,770	8,818	110,622	8,474	110,622	4,070	8,519	106,553	8,162
6	TAW Nursery, Inc.	112,847	12/23/94	20	7.94%	105,566	2,852	8,425	102,714	8,155	102,714	3,087	8,190	99,627	7,910
7	BAT of Palm Valley - Tom West	40,147	06/30/95	20	7.07%	35,631	1,205	2,550	34,626	2,448	34,626	1,293	2,462	33,332	2,357
8	Odoms Mill Ltd.	326,832	09/25/95	20	7.00%	312,417	8,633	21,774	303,784	21,265	303,784	9,258	21,150	294,526	20,617
9	Marsh Dunes	96,517	04/09/96	20	6.33%	96,517	2,481	6,038	94,036	5,952	94,036	2,643	5,877	91,393	5,785
10	Arvida- Sawmill Lakes (Offsite #1)	50,000	09/12/96	20	6.81%	50,000	1,216	3,368	48,784	3,322	48,784	1,302	3,282	47,482	3,234
11	Arvida- Sawmill Lakes (Offsite #2)	50,000	02/17/97	20	6.58%	50,000	1,249	3,253	48,751	3,208	48,751	1,334	3,168	47,417	3,120
12	Arvida- Sawmill Lakes Ut 1	484,918	06/19/97	20	6.89%	426,712	13,302	29,584	413,410	28,484	413,410	14,248	28,638	399,161	27,502
13	Arvida- Sawmill Lakes Ut 2	190,030	09/08/97	20	6.77%	176,039	5,375	11,991	170,664	11,554	170,664	5,750	11,616	164,914	11,165
14	Equity	0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:														
16	1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
17	2000	1,877,750		20	6.50%	1,829,386	51,508	118,910	1,777,878	115,562	1,777,878	54,856	115,562	1,723,022	111,996
18	2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19	2002	11,992,225		20	6.50%	0	0	0	0	0	11,992,225	308,876	779,495	11,683,349	759,418
20	2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
21	2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22	2005	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
23	2006	1,964,025		20	6.50%	0	0	0	0	0	0	0	0	0	0
24	2007	8,855,875		20	6.50%	0	0	0	0	0	0	0	0	0	0
25	2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
26	2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27															
28	New Debt- Construction Work in Progress:			20	7.50%			0	0	0			0	0	0
29	Include CWIP in WACC? NO														
30	New Equity	0			10.00%				0	0				0	0
31							$223,325	$584,080	$7,449,953	$529,007		$551,420	$1,354,356	$18,890,758	$1,271,124
32	**Weighted Average Cost of Capital**									**7.10%**					**6.73%**

SOURCE: BURTON & ASSOCIATES
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02/07/2000

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

						FY2003					FY2004				
	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc
1	First Union Bank				7.27%	$3,525,429	$122,774	$301,263	$3,402,655	$247,373	$3,402,655	$138,939	$289,560	$3,263,716	$237,272
2	Plantation Developers - WTP	$663,486	01/01/95	20	7.94%	499,659	26,429	39,670	473,230	37,574	473,230	28,805	37,694	444,625	35,303
3	Plantation Developers- Unit 9	94,851	12/23/94	20	7.94%	86,094	2,555	6,903	85,539	6,792	85,539	2,765	6,693	82,774	6,572
4	Crossroads Land Ltd- Seaside Ut 2	109,535	12/23/94	20	7.94%	86,801	4,031	6,914	82,770	6,572	82,770	4,363	6,582	78,406	6,225
5	Crossroads Land Ltd- Seaside Ut 3	128,850	03/28/95	20	7.66%	106,553	4,392	8,196	102,160	7,825	102,160	4,741	7,847	97,419	7,462
6	TAW Nursery, Inc.	112,847	12/23/94	20	7.94%	99,627	3,341	7,935	96,287	7,645	96,287	3,616	7,660	92,671	7,358
7	BAT of Palm Valley - Tom West	40,147	06/30/95	20	7.07%	33,332	1,388	2,368	31,944	2,258	31,944	1,489	2,266	30,455	2,153
8	Odoms Mill Ltd.	326,832	09/25/95	20	7.00%	294,526	9,927	20,460	284,600	19,922	284,600	10,844	19,763	273,955	19,177
9	Marsh Dunes	96,517	04/09/96	20	6.33%	91,393	2,815	5,704	88,577	5,607	88,577	2,999	5,521	85,578	5,417
10	Arvida- Sawmill Lakes (Offsite #1)	50,000	09/12/96	20	6.81%	47,482	1,393	3,191	46,089	3,139	46,089	1,491	3,093	44,598	3,037
11	Arvida- Sawmill Lakes (Offsite #2)	50,000	02/17/97	20	6.58%	47,417	1,424	3,078	45,993	3,026	45,993	1,521	2,981	44,472	2,926
12	Arvida- Sawmill Lakes Ut 1	464,918	06/19/97	20	6.89%	399,161	15,262	27,625	383,900	26,451	383,900	16,347	26,539	367,553	25,324
13	Arvida- Sawmill Lakes Ut 2	190,030	09/08/97	20	6.77%	164,914	6,152	11,214	158,762	10,748	158,762	6,581	10,785	152,180	10,303
14	Equity	0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:														
16	1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
17	2000	1,877,750		20	6.50%	1,723,022	58,421	111,996	1,664,601	108,199	1,664,601	62,219	108,199	1,602,382	104,155
18	2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19	2002	11,992,225		20	6.50%	11,683,349	328,953	759,418	11,354,395	738,036	11,354,395	350,335	738,036	11,004,060	715,264
20	2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
21	2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22	2005	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
23	2006	1,964,025		20	6.50%	0	0	0	0	0	0	0	0	0	0
24	2007	8,855,875		20	6.50%	0	0	0	0	0	0	0	0	0	0
25	2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
26	2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27															
28	New Debt- Construction Work In Progress:			20	7.50%			0	0	0			0	0	0
29	Include CWIP in WACC? NO														
30	New Equity	0			10.00%				0	0				0	0
31							$589,257	$1,316,155	$18,301,502	$1,231,168		$838,858	$1,273,219	$17,884,845	$1,187,950
32	**Weighted Average Cost of Capital**									**6.73%**					**6.72%**

SOURCE: BURTON & ASSOCIATES
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02/07/2000

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

							FY2005						FY2006				
	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc
1	First Union Bank				7.27%	$3,283,716	$149,383	$279,115	$3,114,333	$226,412	$3,114,333	$160,613	$267,888	$2,953,720	$214,735
2	Plantation Developers - WTP	$663,486	01/01/95	20	7.94%	444,625	30,961	35,338	413,664	32,845	413,664	33,511	32,788	380,153	30,184
3	Plantation Developers- Unit 9	94,651	12/23/94	20	7.94%	82,774	2,993	6,465	79,781	6,335	79,781	3,240	6,218	76,541	6,077
4	Crossroads Land Ltd- Seaside Ut 2	109,535	12/23/94	20	7.94%	78,406	4,722	6,223	73,684	5,851	73,684	5,111	5,834	68,573	5,445
5	Crossroads Land Ltd- Seaside Ut 3	128,850	03/28/95	20	7.66%	97,419	5,117	7,471	92,302	7,070	92,302	5,523	7,065	86,779	6,647
6	TAW Nursery, Inc.	112,847	12/23/94	20	7.94%	92,671	3,914	7,363	88,757	7,047	88,757	4,236	7,040	84,521	6,711
7	BAT of Palm Valley - Tom West	40,147	08/30/95	20	7.07%	30,455	1,598	2,158	28,857	2,040	28,857	1,715	2,041	27,143	1,919
8	Odoms Mill Ltd.	326,832	09/25/95	20	7.00%	273,955	11,414	16,993	262,541	18,378	262,541	12,239	18,168	250,302	17,521
9	Marsh Dunes	96,517	04/09/96	20	6.33%	85,578	3,194	5,326	82,384	5,215	82,384	3,402	5,117	78,982	5,000
10	Arvida- Sawmill Lakes (Offsite #1)	50,000	09/12/96	20	6.81%	44,598	1,596	2,988	43,003	2,928	43,003	1,708	2,876	41,295	2,812
11	Arvida- Sawmill Lakes (Offsite #2)	50,000	02/17/97	20	6.56%	44,472	1,624	2,878	42,848	2,819	42,848	1,734	2,768	41,114	2,705
12	Arvida- Sawmill Lakes Ut 1	464,918	06/19/97	20	6.89%	367,553	17,510	25,377	350,043	24,118	350,043	18,755	24,132	331,288	22,826
13	Arvida- Sawmill Lakes Ut 2	190,030	09/08/97	20	6.77%	152,180	7,041	10,325	145,139	9,826	145,139	7,533	9,833	137,606	9,316
14	Equity	0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:														
16	1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
17	2000	1,877,750		20	6.50%	1,802,382	66,263	104,155	1,536,119	99,848	1,536,119	70,570	99,848	1,465,549	95,261
18	2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19	2002	11,992,225		20	6.50%	11,004,060	373,107	715,264	10,630,952	691,012	10,630,952	397,359	691,012	10,233,593	665,184
20	2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
21	2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22	2005	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
23	2006	1,964,025		20	6.50%	0	0	0	0	0	1,964,025	50,586	127,662	1,913,439	124,374
24	2007	8,855,875		20	6.50%	0	0	0	0	0	0	0	0	0	0
25	2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
26	2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27															
28	New Debt- Construction Work in Progress:			20	7.50%			0	0	0			0	0	0
29	Include CWIP in WACC? NO														
30	New Equity	0			10.00%				0	0				0	0
31							$680,437	$1,229,438	$16,984,408	$1,141,744		$777,835	$1,310,288	$18,170,599	$1,218,717
32	**Weighted Average Cost of Capital**									**6.72%**					**6.70%**

SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2007 Beginning Balance	FY2007 Principal	FY2007 Interest	FY2007 Balance	FY2007 Cost of Capital Calc	FY2008 Beginning Balance	FY2008 Principal	FY2008 Interest	FY2008 Balance	FY2008 Cost of Capital Calc
1	First Union Bank				7.27%	$2,953,720	$172,686	$255,812	$2,781,034	$202,181	$2,781,034	$185,668	$242,831	$2,595,366	$188,683
2	Plantation Developers - WTP	$663,486	01/01/95	20	7.94%	380,153	36,270	30,029	343,883	27,304	343,883	39,257	27,042	304,626	24,187
3	Plantation Developers- Unit 9	94,651	12/23/94	20	7.94%	76,541	3,506	5,952	73,035	5,799	73,035	3,795	5,663	69,240	5,498
4	Crossroads Land Ltd- Seaside Ut 2	109,535	12/23/94	20	7.94%	68,573	5,532	5,413	63,040	5,005	63,040	5,988	4,957	57,053	4,530
5	Crossroads Land Ltd- Seaside Ut 3	128,650	03/28/95	20	7.66%	86,779	5,961	6,627	80,817	6,191	80,817	6,435	6,154	74,383	5,698
6	TAW Nursery, Inc.	112,847	12/23/94	20	7.94%	84,521	4,585	6,691	79,936	6,347	79,936	4,963	6,314	74,973	5,953
7	BAT of Palm Valley - Tom West	40,147	06/30/95	20	7.07%	27,143	1,840	1,916	25,303	1,789	25,303	1,974	1,781	23,329	1,649
8	Odoms Mill Ltd.	326,832	09/25/95	20	7.00%	250,302	13,124	17,283	237,179	16,603	237,179	14,072	16,335	223,106	15,617
9	Marsh Dunes	96,517	04/09/96	20	6.33%	78,982	3,624	4,896	75,358	4,770	75,358	3,860	4,659	71,497	4,526
10	Arvida- Sawmill Lakes (Offsite #1)	50,000	09/12/96	20	6.81%	41,295	1,828	2,756	39,467	2,688	39,467	1,956	2,827	37,511	2,554
11	Arvida- Sawmill Lakes (Offsite #2)	50,000	02/17/97	20	6.58%	41,114	1,852	2,650	39,263	2,583	39,263	1,977	2,525	37,285	2,453
12	Arvida- Sawmill Lakes Ut 1	464,918	06/19/97	20	6.89%	331,288	20,089	22,798	311,200	21,442	311,200	21,517	21,389	289,683	19,959
13	Arvida- Sawmill Lakes Ut 2	190,030	09/08/97	20	6.77%	137,606	8,059	9,307	129,547	8,770	129,547	8,622	8,744	120,925	8,187
14	Equity	0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:														
16	1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
17	2000	1,677,750		20	6.50%	1,465,549	75,157	95,261	1,390,392	90,375	1,390,392	80,042	90,375	1,310,350	85,173
18	2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19	2002	11,992,225		20	6.50%	10,233,593	423,188	665,184	9,810,406	637,676	9,810,406	450,695	637,676	9,359,711	608,361
20	2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
21	2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22	2005	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
23	2006	1,964,025		20	6.50%	1,913,439	53,874	124,374	1,859,564	120,872	1,859,564	57,376	120,872	1,802,188	117,142
24	2007	8,855,875		20	6.50%	8,855,875	228,095	575,632	8,627,780	560,806	8,627,780	242,922	560,806	8,384,858	545,016
25	2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
26	2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27															
28	New Debt- Construction Work In Progress:			20	7.50%			0	0	0			0	0	0
29	Include CWIP In WACC? NO														
30	New Equity	0			10.00%				0	0				0	0
31							$1,059,271	$1,832,579	$25,967,203	$1,721,201		$1,131,119	$1,760,731	$24,836,084	$1,645,207
32	**Weighted Average Cost of Capital**									**6.63%**					**6.62%**

SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2009 Beginning Balance	FY2009 Principal	FY2009 Interest	FY2009 Balance	Cost of Capital Calc
1	First Union Bank				7.27%	$2,595,366	$199,625	$228,874	$2,395,742	$174,170
2	Plantation Developers - WTP	$663,486	01/01/95	20	7.94%	304,626	42,490	23,809	262,136	20,814
3	Plantation Developers- Unit 9	94,651	12/23/94	20	7.94%	69,240	4,108	5,350	65,132	5,171
4	Crossroads Land Ltd- Seaside Ut 2	109,535	12/23/94	20	7.94%	57,053	6,481	4,464	50,572	4,015
5	Crossroads Land Ltd- Seaside Ut 3	128,650	03/28/95	20	7.66%	74,383	6,945	5,643	67,438	5,166
6	TAW Nursery, Inc.	112,847	12/23/94	20	7.94%	74,973	5,371	5,905	69,602	5,526
7	BAT of Palm Valley - Tom West	40,147	06/30/95	20	7.07%	23,329	2,118	1,637	21,211	1,500
8	Odoms Mill Ltd.	326,832	09/25/95	20	7.00%	223,106	15,090	15,317	208,017	14,561
9	Marsh Dunes	96,517	04/09/96	20	6.33%	71,497	4,112	4,408	67,385	4,265
10	Arvida- Sawmill Lakes (Offsite #1)	50,000	09/12/96	20	6.81%	37,511	2,094	2,490	35,417	2,412
11	Arvida- Sawmill Lakes (Offsite #2)	50,000	02/17/97	20	6.58%	37,285	2,111	2,390	35,174	2,314
12	Arvida- Sawmill Lakes Ut 1	484,918	06/19/97	20	6.89%	289,883	23,048	19,839	266,835	18,371
13	Arvida- Sawmill Lakes Ut 2	190,030	09/08/97	20	6.77%	120,925	9,224	8,142	111,701	7,562
14	Equity	0			10.00%	0	0	0	0	0
15	New Debt- In Service:									
16	1999	0		20	6.50%	0	0	0	0	0
17	2000	1,877,750		20	6.50%	1,310,350	85,245	85,173	1,225,105	79,632
18	2001	0		20	6.50%	0	0	0	0	0
19	2002	11,992,225		20	6.50%	9,359,711	479,990	608,381	8,879,721	577,182
20	2003	0		20	6.50%	0	0	0	0	0
21	2004	0		20	6.50%	0	0	0	0	0
22	2005	0		20	6.50%	0	0	0	0	0
23	2006	1,964,025		20	6.50%	1,802,188	61,106	117,142	1,741,083	113,170
24	2007	8,655,875		20	6.50%	8,384,858	258,712	545,016	8,126,146	528,200
25	2008	0		20	6.50%	0	0	0	0	0
26	2009	0		20	6.50%	0	0	0	0	0
27										
28	New Debt- Construction Work in Progress:			20	7.50%			0	0	0
29	Include CWIP in WACC? NO									
30	New Equity	0			10.00%				0	0
31							$1,207,868	$1,883,981	$23,828,215	$1,564,032
32	**Weighted Average Cost of Capital**									**6.62%**

SOURCE: BURTON & ASSOCIATES
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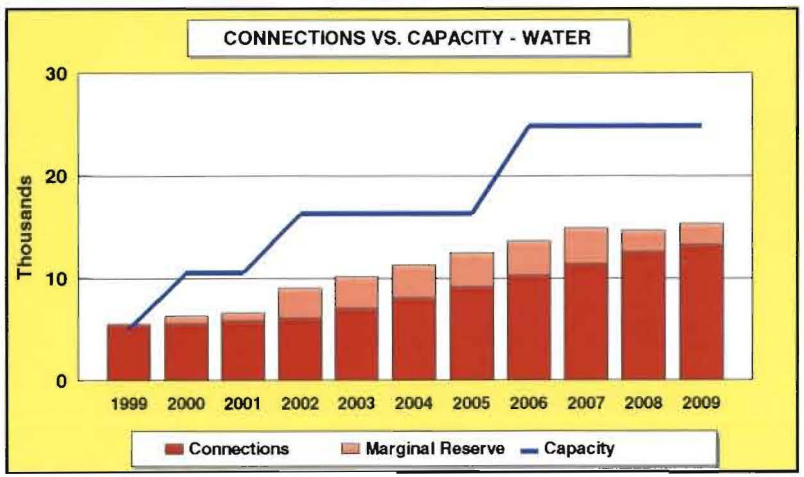
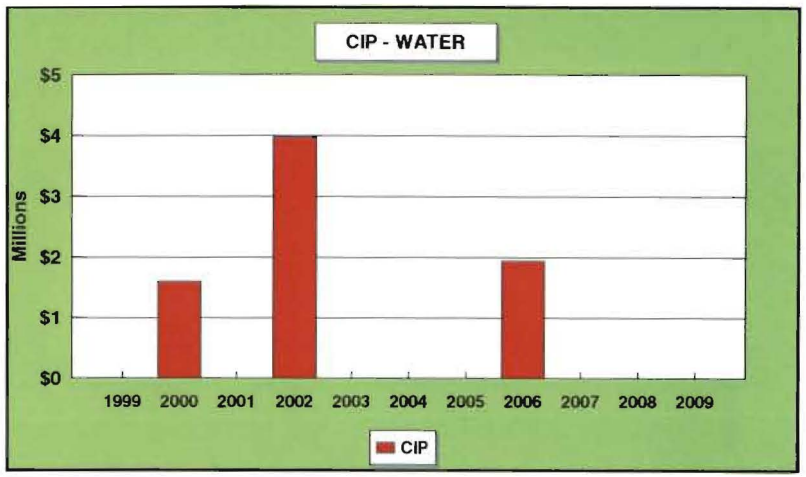
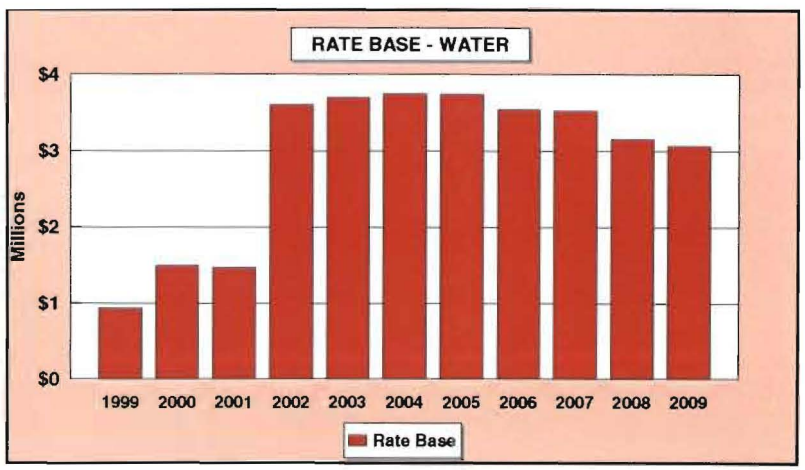
Figure 15

INTERCOASTAL UTILITIES
WATER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth







SOURCE: BURTON & ASSOCIATES
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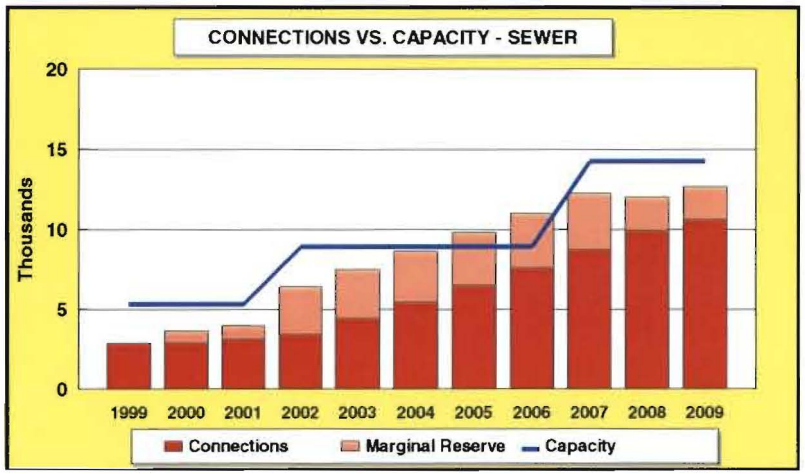
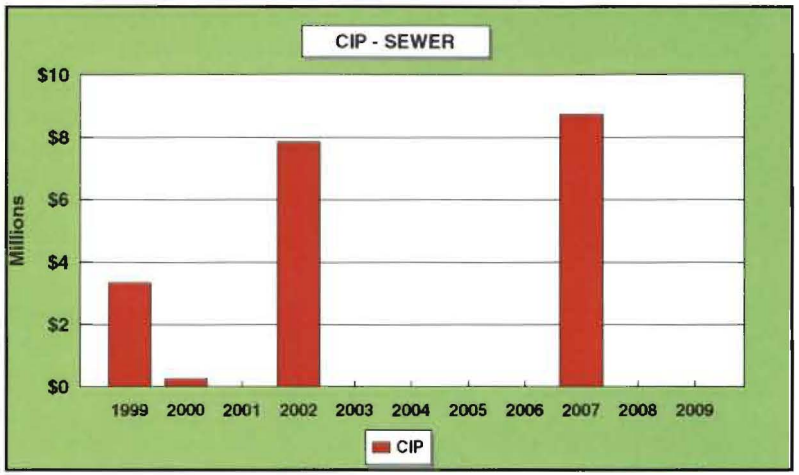
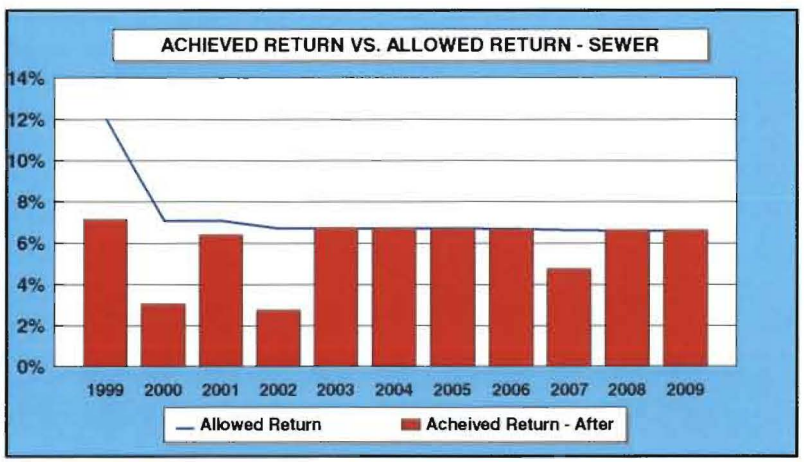
Figure 16

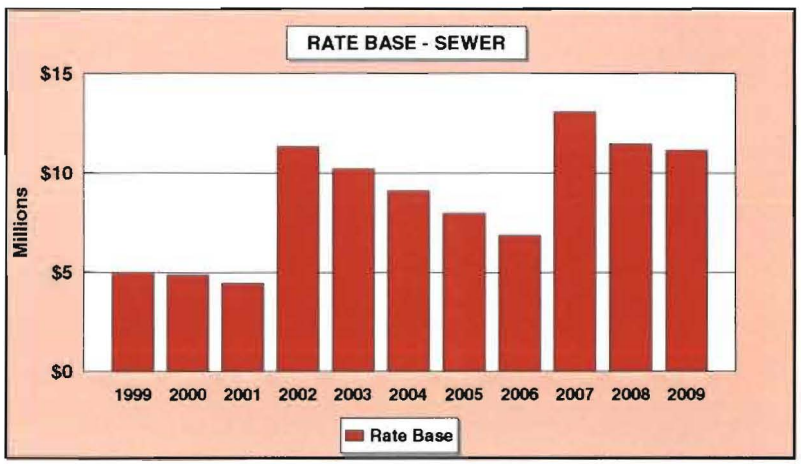
INTERCOASTAL UTILITIES
SEWER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth









SOURCE: BURTON & ASSOCIATES
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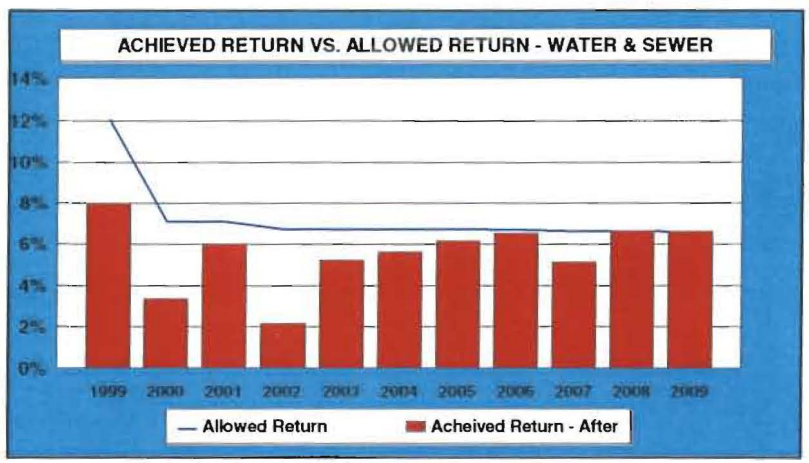
Figure 17

INTERCOASTAL UTILITIES
WATER AND SEWER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 1 - Intercoastal Utility's Water and Sewer Rates with Full Growth



Appendix 2

Scenario 2

Water and Sewer Rates with One Half Growth

This scenario analyzes the impact upon customer's rates of Intercoastal Utilities implementing Intercoastal's plan to meet the water and sewer demands of the projected growth in the area for which Intercoastal's service area extension application is filed assuming the one half of the growth projections in the requested service area.

Table of Contents

Figure 1

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
SUMMARY

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Water											
Rate Plan	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-2.1%	-0.3%
Achieved Return	12.47%	4.38%	4.90%	0.03%	0.46%	2.02%	3.70%	4.25%	5.75%	6.62%	6.62%
Allowed Return	12.04%	7.10%	7.10%	6.73%	6.73%	6.72%	6.72%	6.70%	6.63%	6.62%	6.62%
Avg Mo.Cost / ERU	$11.66	$11.66	$11.66	$11.66	$11.66	$11.66	$11.66	$11.66	$11.66	$11.42	$11.38
Achieved Return (Millions)	$0.116	$0.065	$0.072	$0.001	$0.015	$0.066	$0.121	$0.129	$0.176	$0.177	$0.172
Allowed Return (Millions)	$0.112	$0.106	$0.104	$0.211	$0.216	$0.218	$0.219	$0.204	$0.202	$0.177	$0.172
Rate Base (Millions)	$0.934	$1.487	$1.462	$3.142	$3.207	$3.248	$3.263	$3.044	$3.052	$2.665	$2.599
Sewer											
Rate Plan	0.0%	0.0%	0.0%	0.0%	0.0%	-1.3%	-11.2%	-10.4%	0.0%	-0.6%	-2.2%
Achieved Return	7.13%	3.04%	6.38%	1.48%	3.17%	6.72%	6.72%	6.70%	5.23%	6.62%	6.62%
Allowed Return	12.04%	7.10%	7.10%	6.73%	6.73%	6.72%	6.72%	6.70%	6.63%	6.62%	6.62%
Avg Mo.Cost / ERU	$42.98	$42.98	$42.98	$42.98	$42.98	$42.40	$37.66	$33.75	$33.75	$33.56	$32.83
Achieved Return (Millions)	$0.355	$0.148	$0.283	$0.153	$0.331	$0.650	$0.587	$0.522	$0.678	$0.762	$0.758
Allowed Return (Millions)	$0.600	$0.345	$0.315	$0.696	$0.703	$0.650	$0.587	$0.522	$0.859	$0.762	$0.758
Rate Base (Millions)	$4.979	$4.855	$4.442	$10.346	$10.445	$9.669	$8.738	$7.801	$12.960	$11.502	$11.458
Water & Sewer											
Rate Effect	NA	0.0%	0.0%	0.0%	0.0%	-1.1%	-8.8%	-7.9%	0.0%	-0.9%	-1.7%
Achieved Return	7.97%	3.36%	6.01%	1.14%	2.53%	5.54%	5.90%	6.01%	5.33%	6.62%	6.62%
Allowed Return	12.04%	7.10%	7.10%	6.73%	6.73%	6.72%	6.72%	6.70%	6.63%	6.62%	6.62%
Avg Mo.Cost / ERU	$54.64	$54.64	$54.64	$54.64	$54.64	$54.06	$49.32	$45.41	$45.41	$44.98	$44.21
Achieved Return (Millions)	$0.471	$0.213	$0.355	$0.154	$0.345	$0.716	$0.708	$0.652	$0.853	$0.938	$0.931
Allowed Return (Millions)	$0.712	$0.450	$0.419	$0.908	$0.918	$0.869	$0.807	$0.726	$1.061	$0.938	$0.931
Rate Base (Millions)	$5.913	$6.342	$5.904	$13.488	$13.651	$12.917	$12.001	$10.846	$16.012	$14.167	$14.057

SOURCE: BURTON & ASSOCIATES
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Figure 2

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
ASSUMPTIONS

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

	Assumptions	Actual 1998	Actual 1999	Projected 2000	Projected 2001	Projected 2002	Projected 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009
	Water												
1	Capacity in ERC's	5,057	5,057	5,057	10,571	10,571	16,286	16,286	16,286	16,286	24,857	24,857	24,857
2	Additional Capacity in ERC's		0	5,514	0	5,714	0	0	0	8,571	0	0	0
3	Total Capacity	5,057	5,057	10,571	10,571	16,286	16,286	16,286	16,286	24,857	24,857	24,857	24,857
4	GPD = 1 ERC	350	350	350	350	350	350	350	350	350	350	350	350
5	Connected ERC's	5,506	5,506	5,506	5,763	6,043	6,698	7,380	8,093	8,838	9,618	10,438	10,787
6	Additional Connected ERC's												
7	Walden Chase		0	0	0	44	44	44	44	44	44	44	44
8	Marsh Harbour		0	0	0	7	7	7	7	7	7	7	0
9	Nocatee		0	0	0	298	298	298	298	298	298	298	298
10	East Svc Area		0	257	280	306	333	363	396	431	470	0	0
11	Total Additional Connected ERC's	0	0	257	280	655	682	712	745	781	819	349	342
12	Total Connected ERC's	5,506	5,506	5,763	6,043	6,698	7,380	8,093	8,838	9,618	10,438	10,787	11,129
13	Percent Growth in Connected ERC's	0.00%	0.00%	4.67%	4.86%	10.84%	10.19%	9.65%	9.21%	8.83%	8.52%	3.35%	3.17%
14	Percent of Growth Applied to Expenses	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
15	Effective Multiplier for Growth	0.00%	0.00%	1.17%	1.22%	2.71%	2.55%	2.41%	2.30%	2.21%	2.13%	0.84%	0.79%
16	Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
17	Growth and Inflationary Multiplier	1.50%	1.50%	2.67%	2.72%	4.21%	4.05%	3.91%	3.80%	3.71%	3.63%	2.34%	2.29%
18	**Sewer**												
19	Capacity in ERC's	2,857	2,857	5,357	5,357	5,357	8,929	8,929	8,929	8,929	8,929	14,286	14,286
20	Additional Capacity in ERC's		2,500	0	0	3,571	0	0	0	0	5,357	0	0
21	Total Capacity	2,857	5,357	5,357	5,357	8,929	8,929	8,929	8,929	8,929	14,286	14,286	14,286
22	GPD = 1 ERC	280	280	280	280	280	280	280	280	280	280	280	280
23	Connected ERC's	2,857	2,857	2,857	3,114	3,395	4,049	4,732	5,444	6,189	6,970	7,789	8,138
24	Additional Connected ERC's												
25	Walden Chase		0	0	0	44	44	44	44	44	44	44	44
26	Marsh Harbour		0	0	0	7	7	7	7	7	7	7	0
27	Nocatee		0	0	0	298	298	298	298	298	298	298	298
28	East Svc Area		0	257	280	306	333	363	396	431	470	0	0
29	Total Additional Connected ERC's	0	0	257	280	655	682	712	745	781	819	349	342
30	Imputed ERC's from 1998 Rate Case		5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357
31	Total Used & Useful ERC's	2,857	5,357	5,357	5,357	5,706	6,056	6,405	6,755	7,104	7,453	7,803	8,145
32	Percent Growth in Connected ERC's	0.00%	0.00%	9.00%	9.00%	19.29%	16.85%	15.05%	13.68%	12.61%	11.76%	4.49%	4.21%
33	Percent of Growth Applied to Expenses	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
34	Effective Multiplier for Growth	0.00%	0.00%	2.25%	2.25%	4.82%	4.21%	3.76%	3.42%	3.15%	2.94%	1.12%	1.05%
35	Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
36	Growth and Inflationary Multiplier	1.50%	1.50%	3.75%	3.75%	6.32%	5.71%	5.26%	4.92%	4.65%	4.44%	2.62%	2.55%

37	***New Debt Assumptions***	
38		
39	Term	20
40	Issuance Costs	1.50%
41	Interest Rate	6.50%

		Months	Percent of Annual O&M
42	***O&M Reserves***		
43	***Water***		
44	Minimum Reserves Level	1.5	12.50%
45	***Sewer***		
46	Minimum Reserves Level	1.5	12.50%
47	***Rates & Charges***		
48	Current Service Availability Charge	$234	$625

SOURCE: BURTON & ASSOCIATES

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02/07/2000

Figure 3

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
PRO-FORMA INCOME PROJECTIONS - WATER SYSTEM

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

	Water	Actual *1999*	Projected *2000*	Projected *2001*	Projected *2002*	Projected *2003*	Projected *2004*	Projected *2005*	Projected *2006*	Projected *2007*	Projected *2008*	Projected *2009*
	Revenues:											
1	**Rate Revenue:**											
2	Rate Revenue	$988,541	$988,541	$1,034,711	$1,085,036	$1,202,615	$1,325,131	$1,453,029	$1,586,792	$1,726,948	$1,874,073	$1,896,691
3	Growth Percentage	NA	4.67%	4.86%	10.84%	10.19%	9.65%	9.21%	8.83%	8.52%	3.35%	3.17%
4	Rate Revenue from Growth	0	46,170	50,325	117,579	122,516	127,897	133,763	140,156	147,125	62,725	60,195
5	Rate Revenue Prior to Rate Adjustment	$988,541	$1,034,711	$1,085,036	$1,202,615	$1,325,131	$1,453,029	$1,586,792	$1,726,948	$1,874,073	$1,936,798	$1,956,886
6	Percentage Rate Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-2.07%	-0.34%
7	Rate Revenue from Rate Adjustment	0	0	0	0	0	0	0	0	0	(40,107)	(6,734)
8	Total Rate Revenue	$988,541	$1,034,711	$1,085,036	$1,202,615	$1,325,131	$1,453,029	$1,586,792	$1,726,948	$1,874,073	$1,896,691	$1,950,152
9												
10	**Other Revenue:**											
11	Misc. Revenue	$1,238	$1,296	$1,359	$1,506	$1,660	$1,820	$1,987	$2,163	$2,347	$2,426	$2,503
12	Other Revenue	0	0	0	0	0	0	0	0	0	0	0
13	Total Other Revenue	$1,238	$1,296	$1,359	$1,506	$1,660	$1,820	$1,987	$2,163	$2,347	$2,426	$2,503
14	**Total Revenues**	$989,779	$1,036,007	$1,086,395	$1,204,121	$1,326,791	$1,454,848	$1,588,779	$1,729,111	$1,876,420	$1,899,116	$1,952,655
15												
16	***Expenses:***											
17												
18	Additional O&M - Western Svc Area	$0	$0	$0	$59,721	$89,192	$119,927	$151,931	$234,951	$272,792	$308,573	$344,691
19	Operating Expenses- Eastern Svc Area	$748,138	$770,564	$794,036	$827,458	$860,944	$894,632	$928,641	$963,076	$998,034	$1,021,356	$1,044,780
20	Rate Case Expense	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
21	Franchise Fee- PSC	0	46,562	48,827	54,118	59,631	65,386	71,406	77,713	84,333	85,351	87,757
22	Depreciation (U & U Amt Only)	182,603	133,899	163,525	173,863	233,383	262,253	294,065	231,925	275,929	235,097	244,731
23	Amort of CIAC (U & U Amt Only)	(143,313)	(93,026)	(103,106)	(93,957)	(113,294)	(135,442)	(160,782)	(124,267)	(145,873)	(138,523)	(148,964)
24	Amort of Acq Adj	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683
25	Total Expenses	$792,110	$862,682	$907,964	$1,025,885	$1,134,538	$1,211,439	$1,289,983	$1,388,080	$1,489,897	$1,516,537	$1,579,678
26	*Operating Income*	$197,669	$173,325	$178,431	$178,236	$192,253	$243,409	$298,816	$341,030	$386,523	$382,580	$372,977
27												
28	**Non Operating Income (Expenses):**											
29	Non Oper Rev	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
30	Taxes Other Than Income:	0	0	0	0	0	0	0	0	0	0	0
31	Intangible Tax	(496)	(660)	(652)	(1,082)	(1,083)	(1,085)	(1,087)	(1,292)	(1,288)	(1,258)	(1,227)
32	Other Taxes & Licenses	(75)	(100)	(99)	(164)	(164)	(164)	(164)	(195)	(195)	(190)	(185)
33												
34	Property Taxes:	(80,664)	(107,386)	(105,966)	(176,039)	(176,196)	(176,419)	(176,723)	(210,146)	(209,506)	(204,596)	(199,498)
35												
36	Total Non Operating Expenses	($81,235)	($108,146)	($106,716)	($177,285)	($177,443)	($177,667)	($177,974)	($211,633)	($210,989)	($206,045)	($200,910)
37	*Net Income*	$116,434	$65,179	$71,715	$952	$14,810	$65,742	$120,842	$129,397	$175,533	$176,535	$172,067
38	Taxable Income (See worksheet for taxable income below)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
39	**Income Taxes:**											
40	State 5.50%	0	0	0	0	0	0	0	0	0	0	0
41	Federal 34.00%	0	0	0	0	0	0	0	0	0	0	0
42	Total Income Taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
43	***Net After Tax Income***	***$116,434***	***$65,179***	***$71,715***	***$952***	***$14,810***	***$65,742***	***$120,842***	***$129,397***	***$175,533***	***$176,535***	***$172,067***
44												
45	**Rate Base**	$933,843	$1,486,952	$1,462,184	$3,142,222	$3,206,673	$3,247,539	$3,262,809	$3,044,165	$3,052,479	$2,864,962	$2,599,443
46												
47	**Rate of Return Achieved**	12.47%	4.38%	4.90%	0.03%	0.46%	2.02%	3.70%	4.25%	5.75%	6.62%	6.62%
48	**Allowed Return**	12.04%	7.10%	7.10%	6.73%	6.73%	6.72%	6.72%	6.70%	6.63%	6.62%	6.62%
49	**Allowed Return Amount**	$112,447	$105,598	$103,827	$211,434	$215,717	$218,395	$219,336	$203,840	$202,329	$176,534	$172,066
50	***Worksheet for Taxable Income:***											
51												
52	Interest Expense - Total	$403,065	$604,884	$594,080	$1,354,356	$1,316,155	$1,273,219	$1,229,436	$1,310,266	$1,832,579	$1,760,731	$1,683,981
53	Allocation Percentage to Water (1)	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
54	Allocated Interest Expense - Water	181,379	272,198	267,336	609,460	592,270	572,948	553,247	589,630	824,661	792,329	757,792
55												
56	Restatement of Net Income Before Income Tax	$116,434	$65,179	$71,715	$952	$14,810	$65,742	$120,842	$129,397	$175,533	$176,535	$172,067
57	LESS: Interest Expense - Water	181,379	272,198	267,336	609,460	592,270	572,948	553,247	589,630	824,661	792,329	757,792
58	Taxable Income - Water (2)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

(1) Allocation percentage based upon current water rate base as a percentage of total rate base.

(2) For simplicity, taxable income is calculated separately for water and wastewater, however, the tax return would be filed on a consolidated basis. Furthermore, taxable income is not allowed to go negative in this model for water or wastewater. Negative taxable income in either system could offset taxable income in the other system and a net negative taxable income would result in tax credits that could potentially be carried forward or back.

SOURCE: BURTON & ASSOCIATES

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02/07/2000

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
PRO-FORMA INCOME PROJECTIONS - SEWER SYSTEM

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

	Sewer	Actual *1999*	Projected *2000*	Projected *2001*	Projected *2002*	Projected *2003*	Projected *2004*	Projected *2005*	Projected *2006*	Projected *2007*	Projected *2008*	Projected *2009*
	Revenues:											
1	Rate Revenue:											
2	Rate Revenue	$1,997,770	$1,997,770	$2,177,570	$2,373,551	$2,831,443	$3,308,561	$3,755,335	$3,792,281	$3,826,467	$4,276,338	$4,443,519
3	Growth Percentage	NA	9.00%	9.00%	19.29%	16.85%	15.05%	13.68%	12.61%	11.76%	4.49%	4.21%
4	Rate Revenue from Growth	0	179,799	195,981	457,892	477,118	498,074	513,896	478,303	449,871	191,798	186,919
5	Rate Revenue Prior to Rate Adjustment	$1,997,770	$2,177,570	$2,373,551	$2,831,443	$3,308,561	$3,806,635	$4,269,231	$4,270,583	$4,276,338	$4,468,136	$4,630,438
6	Percentage Rate Increase	0.00%	0.00%	0.00%	0.00%	0.00%	-1.35%	-11.17%	-10.40%	0.00%	-0.55%	-2.17%
7	Rate Revenue from Rate Adjustment	0	0	0	0	0	(51,300)	(476,950)	(444,116)	0	(24,618)	(100,282)
8	Total Rate Revenue	$1,997,770	$2,177,570	$2,373,551	$2,831,443	$3,308,561	$3,755,335	$3,792,281	$3,826,467	$4,276,338	$4,443,519	$4,530,155
9												
10	Other Revenue:											
11	Misc. Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
12	Other Revenue	0	0	0	0	0	0	0	0	0	0	0
13	Total Other Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
14	Total Revenues	$1,997,770	$2,177,570	$2,373,551	$2,831,443	$3,308,561	$3,755,335	$3,792,281	$3,826,467	$4,276,338	$4,443,519	$4,530,155
15												
16	***Expenses:***											
17												
18	Additional O&M - Western Svc Area	$0	$0	$0	$279,477	$300,064	$320,612	$341,282	$362,794	$393,756	$409,926	$426,286
19	Operating Expenses- Eastern Svc Area	$1,195,116	$1,492,458	$1,551,002	$1,649,069	$1,743,275	$1,835,033	$1,925,337	$2,014,925	$2,104,372	$2,159,533	$2,214,637
20	Rate Case Expense	56,996	56,996	56,996	56,996	56,996	56,996	56,996	56,996	56,996	56,996	56,996
21	Franchise Fee- PSC	0	97,991	106,810	127,415	148,885	168,990	170,653	172,191	192,435	199,958	203,857
22	Depreciation (U & U Amt Only)	436,254	526,187	541,328	648,355	890,848	942,191	982,560	1,024,859	1,036,213	1,038,231	1,114,146
23	Amort of CIAC (U & U Amt Only)	(262,148)	(281,441)	(302,470)	(315,840)	(397,071)	(456,242)	(512,137)	(570,704)	(531,370)	(520,610)	(572,702)
24	Amort of Acq Adj	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253
25	Total Expenses	$1,432,471	$1,898,444	$1,959,918	$2,451,725	$2,749,251	$2,873,833	$2,970,943	$3,067,315	$3,258,655	$3,350,288	$3,449,473
26	*Operating Income*	$565,299	$279,126	$413,633	$379,718	$559,311	$881,502	$821,337	$759,153	$1,017,683	$1,093,231	$1,080,682
27												
28	Non Operating Income (Expenses):											
29	Non Oper Rev	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
30	Taxes Other Than Income:											
31	Intangible Tax	0	0	0	0	0	0	0	0	0	0	0
32	Other Taxes & Licenses	(75)	(76)	(75)	(131)	(132)	(134)	(135)	(137)	(196)	(191)	(186)
33												
34	Property Taxes:	(129,725)	(131,384)	(130,382)	(226,173)	(228,577)	(231,101)	(233,773)	(236,627)	(339,818)	(331,105)	(322,050)
35												
36	Total Non Operating Expenses	($129,800)	($131,460)	($130,457)	($226,304)	($228,709)	($231,234)	($233,908)	($236,764)	($340,014)	($331,296)	($322,236)
37	*Net Income*	$435,499	$147,666	$283,175	$153,414	$330,601	$650,268	$587,429	$522,389	$677,669	$761,935	$758,446
38	Taxable Income (See worksheet for taxable income below)	$213,813	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
39	Income Taxes:											
40	5.50%	11,760	0	0	0	0	0	0	0	0	0	0
41	34.00%	68,698	0	0	0	0	0	0	0	0	0	0
42	Total Income Taxes	$80,458	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
43	***Net After Tax Income***	***$355,041***	***$147,666***	***$283,175***	***$153,414***	***$330,601***	***$650,268***	***$587,429***	***$522,389***	***$677,669***	***$761,935***	***$758,446***
44												
45	**Rate Base**	$4,979,232	$4,854,791	$4,441,919	$10,345,802	$10,444,759	$9,669,493	$8,738,489	$7,801,402	$12,959,789	$11,502,170	$11,458,008
46												
47	Rate of Return Achieved	7.13%	3.04%	6.38%	1.48%	3.17%	6.72%	6.72%	6.70%	5.23%	6.62%	6.62%
48	Allowed Return	12.04%	7.10%	7.10%	6.73%	6.73%	6.72%	6.72%	6.70%	6.63%	6.62%	6.62%
49	Allowed Return Amount	$599,500	$344,769	$315,412	$696,150	$702,834	$650,267	$587,428	$522,388	$859,022	$761,934	$758,445
50	*Worksheet for Taxable Income:*											
51												
52	Interest Expense - Total	$403,065	$604,884	$594,080	$1,354,356	$1,316,155	$1,273,219	$1,229,438	$1,310,288	$1,832,579	$1,760,731	$1,683,981
53	Allocation Percentage to Sewer (1)	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%
54	Allocated Interest Expense - Sewer	221,686	332,686	326,744	744,896	723,885	700,270	676,191	720,658	1,007,918	968,402	926,190
55												
56	Restatement of Net Income Before Income Tax	$435,499	$147,666	$283,175	$153,414	$330,601	$650,268	$587,429	$522,389	$677,669	$761,935	$758,446
57	LESS: Interest Expense - Sewer	221,686	332,686	326,744	744,896	723,885	700,270	676,191	720,658	1,007,918	968,402	926,190
58	Taxable Income - Sewer (2)	$213,813	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

(1) Allocation percentage based upon current water rate base as a percentage of total rate base.

(2) For simplicity, taxable income is calculated separately for water and wastewater, however, the tax return would be filed on a consolidated basis. Furthermore, taxable income is not allowed to go negative in this model for water or wastewater. Negative taxable income in either system could offset taxable income in the other system and a net negative taxable income would result in tax credits that could potentially be carried forward or back.

SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
DEPRECIATION SCHEDULE - WATER

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

Water

Existing Asset Depreciation

	Existing Assets	Year	Estimated Original Cost	Life (Years)
1	Franchises	1980	$34,630	NA
2	Structures	1982	12,746	33
3	Wells & Springs	1985	50,533	30
4	Other Pumping	1987	4,095	20
5	Pumping Equip	1990	13,536	20
6	Other Water Source Plant	1985	536	25
7	Structures & Improvements	1993	35,424	33
8	Treatment	1986	992,638	22
9	Dist Reservoirs	1992	310,310	37
10	Mains	1989	3,310,401	45
11	Services	1991	745,443	40
12	Meters	1992	344,873	20
13	Hydrants	1992	403,951	45
14	Other T&D	1986	33,635	25
15	Supply Mains	1991	1,392	35
16	General	1980	2,190	33
17	Furniture	1994	3,688	15
18	Power Equip	1987	732	10
19	Misc Equip	1992	3,720	15
20	Acqusition	1983	187,303	40
21	Total Estimated Original Cost		$6,491,776	
22	Adjustment to 1998 Annual Report Utility Plant In Service		(29,167)	
23	Total Utility Plant In Service		$6,462,609	

	Depreciation Schedule - Existing Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
24	Franchises	-	-	-	-	-	-	-	-	-	-	-
25	Structures	$386	$386	$386	$386	$386	$386	$386	$386	$386	$386	$386
26	Wells & Springs	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684
27	Other Pumping	205	205	205	205	205	205	205	205	-	-	-
28	Pumping Equip	677	677	677	677	677	677	677	677	677	677	677
29	Other Water Source Plant	21	21	21	21	21	21	21	21	21	21	21
30	Structures & Improvements	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073
31	Treatment	45,120	45,120	45,120	45,120	45,120	45,120	45,120	45,120	45,120	-	-
32	Dist Reservoirs	8,387	8,387	8,387	8,387	8,387	8,387	8,387	8,387	8,387	8,387	8,387
33	Mains	73,564	73,564	73,564	73,564	73,564	73,564	73,564	73,564	73,564	73,564	73,564
34	Services	18,636	18,636	18,636	18,636	18,636	18,636	18,636	18,636	18,636	18,636	18,636
35	Meters	17,244	17,244	17,244	17,244	17,244	17,244	17,244	17,244	17,244	17,244	17,244
36	Hydrants	8,977	8,977	8,977	8,977	8,977	8,977	8,977	8,977	8,977	8,977	8,977
37	Other T&D	1,345	1,345	1,345	1,345	1,345	1,345	1,345	1,345	1,345	1,345	1,345
38	Supply Mains	40	40	40	40	40	40	40	40	40	40	40
39	General	66	66	66	66	66	66	66	66	66	66	66
40	Furniture	246	246	246	246	246	246	246	246	246	246	-
41	Power Equip	-	-	-	-	-	-	-	-	-	-	-
42	Misc Equip	248	248	248	248	248	248	248	248	-	-	-
43	Acqusition	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683
44	Total Existing Depreciation	$182,603	$182,603	$182,603	$182,603	$182,603	$182,603	$182,603	$182,603	$182,150	$137,030	$136,784
45	Adjustment to Reconcile to Accounting Records	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831
46	Total Existing Depreciation	$186,434	$186,434	$186,434	$186,434	$186,434	$186,434	$186,434	$186,434	$185,981	$140,861	$140,615

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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
DEPRECIATION SCHEDULE - WATER

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

Water

New Asset Depreciation

	New Assets	Year	Estimated Original Cost	Life (Years)
1	Water Plant- East Svc Area	2000	$1,500,000	26
2	12" PVC Water Main	2002	405,000	45
3	16" PVC Water Main	2002	608,000	45
4	750 GPM Supply Wells	2002	150,000	30
5	12" PVC Well Header	2002	90,000	45
6	1.5 MG Reservoir w/ Aerator	2002	500,000	40
7	Pumping Station #1 Complete	2002	1,400,000	25
8	Engineering & Contingency	2002	813,250	30
9	2.0 MG Reservoir w. Aerator	2006	700,000	40
10	Expand Pump Station #1	2006	600,000	20
11	750 GPM Supply Wells	2006	150,000	30
12	12" PVC Well Header	2006	60,000	45
13	16" PVC Well Header	2006	38,000	45
14	Engineering & Contingency	2006	387,000	30
15	Land	2000	100,000	-

	Depreciation Schedule - New Assets	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
16	Water Plant- East Svc Area		-	$28,846	$57,692	$57,692	$57,692	$57,692	$57,692	$57,692	$57,692	$57,692	$57,692
17	12" PVC Water Main		-	-	-	4,500	9,000	9,000	9,000	9,000	9,000	9,000	9,000
18	16" PVC Water Main		-	-	-	6,756	13,511	13,511	13,511	13,511	13,511	13,511	13,511
19	750 GPM Supply Wells		-	-	-	2,500	5,000	5,000	5,000	5,000	5,000	5,000	5,000
20	12" PVC Well Header		-	-	-	1,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
21	1.5 MG Reservoir w/ Aerator		-	-	-	6,250	12,500	12,500	12,500	12,500	12,500	12,500	12,500
22	Pumping Station #1 Complete		-	-	-	28,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000
23	Engineering & Contingency		-	-	-	13,554	27,108	27,108	27,108	27,108	27,108	27,108	27,108
24	2.0 MG Reservoir w. Aerator		-	-	-	-	-	-	-	8,750	17,500	17,500	17,500
25	Expand Pump Station #1		-	-	-	-	-	-	-	15,000	30,000	30,000	30,000
26	750 GPM Supply Wells		-	-	-	-	-	-	-	2,500	5,000	5,000	5,000
27	12" PVC Well Header		-	-	-	-	-	-	-	667	1,333	1,333	1,333
28	16" PVC Well Header		-	-	-	-	-	-	-	422	844	844	844
29	Engineering & Contingency		-	-	-	-	-	-	-	6,450	12,900	12,900	12,900
30	Land		-	-	-	-	-	-	-	-	-	-	-
47	CIAC Plant		-	5,178	10,822	24,009	37,750	52,095	67,097	82,816	99,317	106,352	113,246
48	Total New Depreciation		-	$34,024	$68,515	$144,261	$220,562	$234,906	$249,908	$299,417	$349,706	$356,741	$363,635

Total Depreciation - Water

49	Total Existing Depreciation		$182,603	$182,603	$182,603	$182,603	$182,603	$182,603	$182,603	$182,603	$182,150	$137,030	$136,784
50	Total New Depreciation		-	34,024	68,515	144,261	220,562	234,906	249,908	299,417	349,706	356,741	363,635
51	**Total Depreciation**		**$182,603**	**$216,627**	**$251,117**	**$326,864**	**$403,165**	**$417,509**	**$432,511**	**$482,019**	**$531,856**	**$493,771**	**$500,419**
52	**Accumulated Depreciation**	**$1,635,149**	**$1,817,752**	**$2,034,379**	**$2,285,496**	**$2,612,360**	**$3,015,525**	**$3,433,033**	**$3,865,544**	**$4,347,564**	**$4,879,420**	**$5,373,191**	**$5,873,610**

SOURCE: BURTON & ASSOCIATES
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02/07/2000

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
DEPRECIATION SCHEDULE - SEWER

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

SEWER:

Existing Asset Depreciation

	Existing Assets	Year	Estimated Original Cost	Life (Years)
1	Franchises	1980	$34,630	NA
2	Sewers-Force	1991	1,209,416	30
3	Sewers-Gravity	1989	4,843,762	45
4	Other	1985	75,209	40
5	Services	1991	737,204	38
6	Receiving Well	1991	459,021	30
7	Pumping Equip	1992	996,960	18
8	Structures	1986	78,871	32
9	Treat Equip	1990	1,840,940	18
10	Outfall Sewer	1987	4,941	30
11	Other Treatment	1991	13,265	18
12	Structures	1994	90,237	32
13	General	1981	6,241	32
14	Furniture	1986	711	15
15	Laboratory	1995	7,747	15
16	Power Equip	1983	732	12
17	Misc Equip	1989	1,589	15
18	Acquisition	1983	243,854	39
19	Total Estimated Original Cost		$10,645,330	
20	Adjustment to 1998 Annual Report Utility Plant In Service		308,909	
21	Total Utility Plant In Service		$10,954,239	

	Depreciation Schedule - Existing Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
22	Franchises	-	-	-	-	-	-	-	-	-	-	-
23	Sewers-Force	$40,314	$40,314	$40,314	$40,314	$40,314	$40,314	$40,314	$40,314	$40,314	$40,314	$40,314
24	Sewers-Gravity	107,639	107,639	107,639	107,639	107,639	107,639	107,639	107,639	107,639	107,639	107,639
25	Other	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880
26	Services	19,400	19,400	19,400	19,400	19,400	19,400	19,400	19,400	19,400	19,400	19,400
27	Receiving Well	15,301	15,301	15,301	15,301	15,301	15,301	15,301	15,301	15,301	15,301	15,301
28	Pumping Equip	55,387	55,387	55,387	55,387	55,387	55,387	55,387	55,387	55,387	55,387	55,387
29	Structures	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465
30	Treat Equip	102,274	102,274	102,274	102,274	102,274	102,274	102,274	102,274	102,274	-	-
31	Outfall Sewer	165	165	165	165	165	165	165	165	165	165	165
32	Other Treatment	737	737	737	737	737	737	737	737	737	737	-
33	Structures	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820
34	General	195	195	195	195	195	195	195	195	195	195	195
35	Furniture	47	47	-	-	-	-	-	-	-	-	-
36	Laboratory	516	516	516	516	516	516	516	516	516	516	516
37	Power Equip	-	-	-	-	-	-	-	-	-	-	-
38	Misc Equip	106	106	106	106	106	-	-	-	-	-	-
39	Acquisition	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253
40	Total Existing Depreciation	$355,499	$355,499	$355,452	$355,452	$355,452	$355,346	$355,346	$355,346	$355,346	$253,071	$252,334
41	Adjustment to Reconcile to Accounting Records	4,756	4,756	4,756	4,756	4,756	4,756	4,756	4,756	4,756	4,756	4,756
42	Total Existing Depreciation	$360,255	$360,255	$360,208	$360,208	$360,208	$360,102	$360,102	$360,102	$360,102	$257,827	$257,090

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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
DEPRECIATION SCHEDULE - SEWER

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

SEWER:

New Asset Depreciation

	New Assets	Year	Estimated Original Cost	Life (Years)
1	WWTP Improvement East Svc Area	1999	$3,343,962	22
2	Lift Station (Marsh Harbour)	2002	70,000	21
3	Lift Station (Walden Chase)	2002	115,000	21
4	6" PVC Force Main	2002	283,500	30
5	8" PVC Force Main	2002	310,500	30
6	1.0 MGD WWTP	2002	5,000,000	26
7	12" PVC Outfall	2002	450,000	30
8	Engineering & Contingency	2002	1,619,750	30
9	1.5 MGD WWTP Expansion	2007	6,750,000	26
10	Lift Station Nocatee	2007	115,000	21
11	8" PVC Force Main	2007	115,000	30
12	Engineering & Contingency	2007	1,745,000	30
13	Land	2000	250,000	-

	Depreciation Schedule - New Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
14	WWTP Improvement East Svc Area	$75,999	$151,998	$151,998	$151,998	$151,998	$151,998	$151,998	$151,998	$151,998	$151,998	$151,998
15	Lift Station (Marsh Harbour)	-	-	-	1,667	3,333	3,333	3,333	3,333	3,333	3,333	3,333
16	Lift Station (Walden Chase)	-	-	-	2,738	5,476	5,476	5,476	5,476	5,476	5,476	5,476
17	6" PVC Force Main	-	-	-	4,725	9,450	9,450	9,450	9,450	9,450	9,450	9,450
18	8" PVC Force Main	-	-	-	5,175	10,350	10,350	10,350	10,350	10,350	10,350	10,350
19	1.0 MGD WWTP	-	-	-	96,154	192,308	192,308	192,308	192,308	192,308	192,308	192,308
20	12" PVC Outfall	-	-	-	7,500	15,000	15,000	15,000	15,000	15,000	15,000	15,000
21	Engineering & Contingency	-	-	-	26,996	53,992	53,992	53,992	53,992	53,992	53,992	53,992
22	1.5 MGD WWTP Expansion	-	-	-	-	-	-	-	-	129,808	259,615	259,615
23	Lift Station Nocatee	-	-	-	-	-	-	-	-	2,738	5,476	5,476
24	8" PVC Force Main	-	-	-	-	-	-	-	-	1,917	3,833	3,833
25	Engineering & Contingency	-	-	-	-	-	-	-	-	29,083	58,167	58,167
26	Land	-	-	-	-	-	-	-	-	-	-	-
27	CIAC Plant	-	13,934	29,122	64,607	101,583	140,182	180,551	222,850	267,253	286,183	304,734
28	Total New Depreciation	$75,999	$165,932	$181,120	$361,560	$543,490	$582,089	$622,459	$664,758	$872,706	$1,055,182	$1,073,733
	Total Depreciation - Sewer											
29	Total Existing Depreciation	$360,255	$360,255	$360,208	$360,208	$360,208	$360,102	$360,102	$360,102	$360,102	$257,827	$257,090
30	Total New Depreciation	75,999	165,932	181,120	361,560	543,490	582,089	622,459	664,758	872,706	1,055,182	1,073,733
31	**Total Depreciation**	**$436,254**	**$526,187**	**$541,328**	**$721,768**	**$903,697**	**$942,191**	**$982,560**	**$1,024,859**	**$1,232,807**	**$1,313,009**	**$1,330,823**
32	**Accumulated Depreciation**	**$2,768,561**	**$3,204,815**	**$3,731,002**	**$4,272,330**	**$4,994,098**	**$5,897,795**	**$6,839,986**	**$7,822,546**	**$8,847,405**	**$10,080,212**	**$11,393,221**	**$12,724,045**

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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) - WATER

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

Water - Existing CIAC

Existing CIAC

	Existing CIAC- Plant	Year	Estimated Original Cost	Life (Years)
1	Other	1989	$29,688	30
2	Dist Reservoirs & Standpipes	1992	24,490	37
3	Transmission & Dist Mains	1988	2,585,764	45
4	Services	1990	559,129	40
5	Meters & Meter Installs	1992	181,201	20
6	Hydrants	1990	307,505	45
7	Total Existing CIAC - Plant		$3,687,777	

	Existing CIAC - Cash	Year	Estimated Original Cost	Life (Years)
8	Cash	1991	$1,318,650	30
9	Total Existing CIAC - Cash		$1,318,650	
10	Total Existing CIAC		$5,006,427	
11	Adjustment to 1998 Annual Report		130,062	
12	Total Existing CIAC		$5,136,489	

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Amortization of Existing CIAC

	Amortization Schedule - Existing Plant CIAC	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
13	Other	$990	$990	$990	$990	$990	$990	$990	$990	$990	$990	$990
14	Dist Reservoirs & Standpipes	662	662	662	662	662	662	662	662	662	662	662
15	Transmission & Dist Mains	57,461	57,461	57,461	57,461	57,461	57,461	57,461	57,461	57,461	57,461	57,461
16	Services	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978
17	Meters & Meter Installs	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060
18	Hydrants	6,833	6,833	6,833	6,833	6,833	6,833	6,833	6,833	6,833	6,833	6,833
19	Total Plant Amortization	$88,985	$88,985	$88,985	$88,985	$88,985	$88,985	$88,985	$88,985	$88,985	$88,985	$88,985
	Amortization Schedule - Existing Cash CIAC											
20	Cash	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955
21	Total Cash CIAC Amortization	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955	$43,955
22	Total Existing CIAC Amortization	$132,940	$132,940	$132,940	$132,940	$132,940	$132,940	$132,940	$132,940	$132,940	$132,940	$132,940
23	Adjustment to Reconcile to Accounting Records	$10,373	$10,373	$10,373	$10,373	$10,373	$10,373	$10,373	$10,373	$10,373	$10,373	$10,373
24	Total Existing CIAC Amortization	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313

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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) - WATER

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

New CIAC

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	New CIAC- Plant:												
1	New CIAC- Plant	$604	-	$155,344	$169,325	$395,613	$412,224	$430,329	$450,065	$471,576	$495,024	$211,048	$206,819
2	Life	30											
3	Total New CIAC - Plant		-	$155,344	$169,325	$395,613	$412,224	$430,329	$450,065	$471,576	$495,024	$211,048	$206,819
4	**New CIAC - Cash:**												
5	New CIAC - Cash		-	$60,287	$65,713	$153,532	$159,979	$167,005	$174,664	$183,013	$192,112	$81,905	$80,264
6	Life	30											
7	Total New CIAC - Cash		-	$60,287	$65,713	$153,532	$159,979	$167,005	$174,664	$183,013	$192,112	$81,905	$80,264
8	**Total New CIAC**		-	$215,631	$235,038	$549,145	$572,202	$597,335	$624,729	$654,589	$687,136	$292,953	$287,083

Amortization of New CIAC

	Amortization Schedule - New CIAC Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
9	New CIAC - Plant Amortization	-	$5,178	$10,822	$24,009	$37,750	$52,095	$67,097	$82,816	$99,317	$106,352	$113,246
10	Total New CIAC - Plant Amortization	-	$5,178	$10,822	$24,009	$37,750	$52,095	$67,097	$82,816	$99,317	$106,352	$113,246
	New CIAC - Cash Amortization	-	$2,010	$4,200	$9,318	$14,650	$20,217	$26,039	$32,140	$38,544	$41,274	$43,949
11	Total New CIAC - Cash Amortization	-	$2,010	$4,200	$9,318	$14,650	$20,217	$26,039	$32,140	$38,544	$41,274	$43,949
12	**Total New CIAC Amortization**	-	$7,188	$15,022	$33,327	$52,401	$72,312	$93,136	$114,956	$137,860	$147,625	$157,195

Summary of CIAC & CIAC Amortization - Water

	CIAC	**Existing 1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
13	Total Existing CIAC	$5,136,489											
14	Total New CIAC		-	$215,631	$235,038	$549,145	$572,202	$597,335	$624,729	$654,589	$687,136	$292,953	$287,083
15	Total Accumulated CIAC - Water	$5,136,489	$5,136,489	$5,352,120	$5,587,159	$6,136,304	$6,708,506	$7,305,841	$7,930,570	$8,585,158	$9,272,294	$9,565,248	$9,852,331
	CIAC Amortization												
16	Total Existing CIAC Annual Amortization		$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313	$143,313
17	Total New CIAC Annual Amortization		-	7,188	15,022	33,327	52,401	72,312	93,136	114,956	137,860	147,625	157,195
18	Total CIAC Annual Amortization - Water		$143,313	$150,501	$158,335	$176,640	$195,713	$215,625	$236,449	$258,268	$281,173	$290,938	$300,508
19	**Accumulated CIAC Amortization**	$1,078,705	$1,222,018	$1,372,518	$1,530,853	$1,707,493	$1,903,207	$2,118,831	$2,355,280	$2,613,548	$2,894,721	$3,185,660	$3,486,167

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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) - SEWER

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

Sewer - Existing CIAC

Existing CIAC

	Existing CIAC - Plant	Year	Estimated Original Cost	Life (Years)
1	Other	1992	$73,594	30
2	Sewers - Force	1989	860,755	30
3	Sewers - Gravity	1988	3,717,755	45
4	Other - Collecting	1985	62,148	40
5	Services	1990	561,347	38
6	Structures	1997	5,500	32
7	Receiving Well	1991	247,738	30
8	Pumping Equipment	1990	501,274	18
9	Total Existing CIAC - Plant		$6,030,111	

	Existing CIAC - Cash	Year	Estimated Original Cost	Life (Years)
10	Cash	1992	$2,386,734	30
	Total Existing CIAC - Cash		$2,386,734	
11	Total Existing CIAC		$8,416,845	
12	Adjustment to 1998 Annual Report		185,922	
13	Total Existing CIAC		$8,602,767	

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Amortization of Existing CIAC

	Amortization Schedule - Existing Plant CIAC	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
14	Other	$2,453	$2,453	$2,453	$2,453	$2,453	$2,453	$2,453	$2,453	$2,453	$2,453	$2,453
15	Sewers - Force	28,692	28,692	28,692	28,692	28,692	28,692	28,692	28,692	28,692	28,692	28,692
16	Sewers - Gravity	82,617	82,617	82,617	82,617	82,617	82,617	82,617	82,617	82,617	82,617	82,617
17	Other - Collecting	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554
18	Services	14,772	14,772	14,772	14,772	14,772	14,772	14,772	14,772	14,772	14,772	14,772
19	Structures	172	172	172	172	172	172	172	172	172	172	172
20	Receiving Well	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258
21	Pumping Equipment	27,849	27,849	27,849	27,849	27,849	27,849	27,849	27,849	27,849	-	-
22	Total Plant Amortization	$166,366	$166,366	$166,366	$166,366	$166,366	$166,366	$166,366	$166,366	$166,366	$138,518	$138,518
	Amortization Schedule - Existing Cash CIAC											
23	Cash	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558
24	Total Cash CIAC Amortization	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558	$79,558
	Total Existing CIAC Amortization	$245,924	$245,924	$245,924	$245,924	$245,924	$245,924	$245,924	$245,924	$245,924	$218,075	$218,075
	Adjustment to Reconcile to Accounting Records	$16,224	$16,224	$16,224	$16,224	$16,224	$16,224	$16,224	$16,224	$16,224	$44,072	$44,072
25	Total Existing CIAC Amortization	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148

SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) - SEWER

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

New CIAC

	New CIAC - Plant:											
1	New CIAC - Plant	$1,626	-	$418,018	$455,640	$1,064,560	$1,109,258	$1,157,980	$1,211,086	$1,268,971	$1,332,066	$567,913	$556,533
2	Life	30											
3	Total New CIAC - Plant		-	$418,018	$455,640	$1,064,560	$1,109,258	$1,157,980	$1,211,086	$1,268,971	$1,332,066	$567,913	$556,533
	New CIAC - Cash:												
4	New CIAC- Cash		-	$160,766	$175,235	$409,419	$426,610	$445,348	$465,772	$488,034	$512,300	$218,414	$214,037
5	Life	30											
6	Total New CIAC - Cash		-	$160,766	$175,235	$409,419	$426,610	$445,348	$465,772	$488,034	$512,300	$218,414	$214,037
7	**Total New CIAC**		-	**$578,784**	**$630,875**	**$1,473,979**	**$1,535,868**	**$1,603,327**	**$1,676,857**	**$1,757,005**	**$1,844,366**	**786,326**	**$770,570**

Amortization of New CIAC

	Amortization Schedule - New CIAC Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
8	New CIAC - Plant Amortization	-	$13,934	$29,122	$64,607	$101,583	$140,182	$180,551	$222,850	$267,253	$286,183	$304,734
9	Total New CIAC - Plant Amortization	-	$13,934	$29,122	$64,607	$101,583	$140,182	$180,551	$222,850	$267,253	$286,183	$304,734
10	New CIAC- Cash Amortization	-	$5,359	$11,200	$24,847	$39,068	$53,913	$69,438	$85,706	$102,783	$110,063	$117,198
11	Total Cash Amortization	-	$5,359	$11,200	$24,847	$39,068	$53,913	$69,438	$85,706	$102,783	$110,063	$117,198
12	**Total New CIAC Amortization**	-	**$19,293**	**$40,322**	**$89,455**	**$140,650**	**$194,094**	**$249,990**	**$308,557**	**$370,035**	**$396,246**	**$421,932**

Summary of CIAC & CIAC Amortization - Sewer

	CIAC	Existing 1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
13	Total Existing CIAC	$8,602,767											
14	Total New CIAC		-	578,784	630,875	1,473,979	1,535,868	1,603,327	1,676,857	1,757,005	1,844,366	786,326	770,570
15	Total Accumulated CIAC - Sewer	$8,602,767	$8,602,767	$9,181,551	$9,812,426	$11,286,405	$12,822,273	$14,425,600	$16,102,458	$17,859,462	$19,703,828	$20,490,155	$21,260,725
	CIAC Amortization												
16	Total Existing CIAC Annual Amortization		$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148	$262,148
17	Total New CIAC Annual Amortization		-	19,293	40,322	89,455	140,650	194,094	249,990	308,557	370,035	396,246	421,932
18	Total CIAC Annual Amortization - Sewer		$262,148	$281,441	$302,470	$351,602	$402,798	$456,242	$512,137	$570,704	$632,183	$658,394	$684,080
19	**Accumulated CIAC Amortization**	**$1,936,237**	**$2,198,385**	**$2,479,826**	**$2,782,295**	**$3,133,898**	**$3,536,696**	**$3,992,938**	**$4,505,075**	**$5,075,780**	**$5,707,963**	**$6,366,357**	**$7,050,437**
	Total Water & Sewer												
20	Total Existing CIAC Annual Amortization - Water & Sewer		$405,461	$405,461	$405,461	$405,461	$405,461	$405,461	$405,461	$405,461	$405,461	$405,461	$405,461
21	Total New CIAC Annual Amortization - Water & Sewer		-	26,481	55,344	122,782	193,051	266,406	343,126	423,512	507,896	543,872	579,127
22	Total CIAC Annual Amortization - Water & Sewer		$405,461	$431,941	$460,805	$528,242	$598,511	$671,867	$748,586	$828,973	$913,356	$949,332	$984,587

SOURCE: BURTON & ASSOCIATES
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Figure 9

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
RATE BASE

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1	***Water*** Percent Contributed	84%	64%	66%	44%	47%	51%	55%	49%	53%	54%	55%
2	Utility Plant in Service	$6,462,609	$8,217,953	$8,387,279	$12,749,141	$13,161,365	$13,591,694	$14,041,759	$16,448,335	$16,943,359	$17,154,407	$17,361,226
3	Include Construction Work in Progress? NO	0	0	0	0	0	0	0	0	0	0	0
4	Less: Accumulated Depreciation	(1,817,752)	(2,034,379)	(2,285,496)	(2,612,360)	(3,015,525)	(3,433,033)	(3,865,544)	(4,347,564)	(4,879,420)	(5,373,191)	(5,873,610)
5	Utility Plant in Service less Accum Depr.	$4,644,857	$6,183,575	$6,101,783	$10,136,781	$10,145,840	$10,158,661	$10,176,214	$12,100,771	$12,063,939	$11,781,216	$11,487,616
6	Less: Accumulated CIAC	(5,136,489)	(5,352,120)	(5,587,159)	(6,138,304)	(6,708,506)	(7,305,841)	(7,930,570)	(8,585,158)	(9,272,294)	(9,565,248)	(9,852,331)
7	Plus: Accumulated Amortization of CIAC	1,222,018	1,372,518	1,530,853	1,707,493	1,903,207	2,118,831	2,355,280	2,613,548	2,894,721	3,185,660	3,486,167
8	Net Utility Plant in Service	$730,386	$2,203,973	$2,045,477	$5,707,971	$5,340,541	$4,971,651	$4,600,925	$6,129,161	$5,686,366	$5,401,628	$5,121,452
9	***Plus or Minus:***											
10	Acquisition Adjustments	$187,303	$187,303	$187,303	$187,303	$187,303	$187,303	$187,303	$187,303	$187,303	$187,303	$187,303
11	Accumulated Amort of Acq Adjustments	(77,263)	(81,946)	(86,629)	(91,312)	(95,995)	(100,678)	(105,361)	(110,044)	(114,727)	(119,410)	(124,093)
12	Working Capital Allowance 12.50% of O&M	93,517	96,321	99,254	103,432	107,618	111,829	116,080	120,385	124,754	127,669	130,597
13	Other	0	0	0	0	0	0	0	0	0	0	0
14	***Net Utility Plant in Service***	***$933,943***	***$2,406,650***	***$2,245,406***	***$5,907,394***	***$5,539,487***	***$5,170,105***	***$4,798,947***	***$6,326,805***	***$5,883,696***	***$5,597,190***	***$5,315,280***
15	U&U Percentage	100.00%	61.81%	65.12%	53.19%	57.89%	62.81%	67.99%	48.12%	51.88%	47.61%	48.91%
16	***Rate Base***	***$933,943***	***$1,486,952***	***$1,462,184***	***$3,142,222***	***$3,206,673***	***$3,247,539***	***$3,262,809***	***$3,044,165***	***$3,052,479***	***$2,664,962***	***$2,599,443***
17	***Sewer:*** Percent Contributed	58%	60%	63%	42%	48%	53%	58%	63%	48%	50%	52%
18	Utility Plant in Service	$14,298,201	$14,966,219	$15,421,859	$24,335,169	$25,444,428	$26,602,407	$27,813,493	$29,082,464	$39,139,530	$39,707,443	$40,263,976
19	Include Construction Work in Progress? NO	0	0	0	0	0	0	0	0	0	0	0
20	Less: Accumulated Depreciation	(3,204,815)	(3,731,002)	(4,272,330)	(4,994,098)	(5,897,795)	(6,839,986)	(7,822,546)	(8,847,405)	(10,080,212)	(11,393,221)	(12,724,045)
21	Utility Plant in Service less Accum Depr.	$11,093,386	$11,235,217	$11,149,529	$19,341,072	$19,546,633	$19,762,421	$19,990,947	$20,235,059	$29,059,318	$28,314,221	$27,539,931
22	Less: Accumulated CIAC	(8,602,767)	(9,181,551)	(9,812,426)	(11,286,405)	(12,822,273)	(14,425,600)	(16,102,458)	(17,859,462)	(19,703,828)	(20,490,155)	(21,260,725)
23	Plus: Amortization of CIAC	2,198,385	2,479,825	2,782,295	3,133,898	3,536,696	3,992,938	4,505,075	5,075,780	5,707,963	6,366,357	7,050,437
24	Net Utility Plant in Service	$4,689,004	$4,533,491	$4,119,399	$11,188,564	$10,261,055	$9,329,759	$8,393,565	$7,451,376	$15,063,452	$14,190,424	$13,329,643
25	***Plus or Minus:***											
26	Acquisition Adjustments	$243,854	$243,854	$243,854	$243,854	$243,854	$243,854	$243,854	$243,854	$243,854	$243,854	$243,854
27	Accumulated Amort of Acq Adjustments	(103,015)	(109,112)	(115,209)	(121,306)	(127,403)	(133,499)	(139,596)	(145,693)	(151,790)	(157,887)	(163,984)
28	Working Capital Allowance 12.50% of O&M	149,389	186,557	193,875	206,134	217,909	229,379	240,667	251,866	263,047	269,942	276,830
29	Other	0	0	0	0	0	0	0	0	0	0	0
30	***Net Utility Plant in Service***	***$4,979,232***	***$4,854,791***	***$4,441,919***	***$11,517,246***	***$10,595,416***	***$9,669,493***	***$8,738,489***	***$7,801,402***	***$15,418,563***	***$14,546,332***	***$13,686,343***
31												
32	U&U Percentage	100.00%	100.00%	100.00%	89.83%	98.58%	100.00%	100.00%	100.00%	84.05%	79.07%	83.72%
33	***Rate Base***	***$4,979,232***	***$4,854,791***	***$4,441,919***	***$10,345,802***	***$10,444,759***	***$9,669,493***	***$8,738,489***	***$7,801,402***	***$12,959,789***	***$11,502,170***	***$11,458,008***

SOURCE: BURTON & ASSOCIATES
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Figure 10

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
UTILITY PLANT IN SERVICE - WATER & SEWER

Water

		Estimated Original Cost	In Svc Date	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	New Assets per CIP:														
1	Water Plant- East Svc Area	$1,500,000	2000			$1,500,000									
2	12" PVC Water Main	405,000	2002					$405,000							
3	16" PVC Water Main	608,000	2002					608,000							
4	750 GPM Supply Wells	150,000	2002					150,000							
5	12" PVC Well Header	90,000	2002					90,000							
6	1.5 MG Reservoir w/ Aerator	500,000	2002					500,000							
7	Pumping Station #1 Complete	1,400,000	2002					1,400,000							
8	Engineering & Contingency	813,250	2002					813,250							
9	2.0 MG Reservoir w. Aerator	700,000	2006									$700,000			
10	Expand Pump Station #1	600,000	2006									600,000			
11	750 GPM Supply Wells	150,000	2006									150,000			
12	12" PVC Well Header	60,000	2006									60,000			
13	16" PVC Well Header	38,000	2006									38,000			
14	Engineering & Contingency	387,000	2006									387,000			
15	Land	100,000	2000			$100,000									
16	**Total Utility Plant in Service (not including CIAC)**			$6,462,609	$6,462,609	$8,062,609	$8,062,609	$12,028,859	$12,028,859	$12,028,859	$12,028,859	$13,963,859	$13,963,859	$13,963,859	$13,963,859
	New Plant Assets per CIAC:														
17	New Plant Assets (CIAC)				$0	$155,344	$169,325	$395,613	$412,224	$430,329	$450,065	$471,576	$495,024	$211,048	$206,819
18	**Total New Plant Assets (CIAC)**			$0	$0	$155,344	$324,670	$720,282	$1,132,506	$1,562,835	$2,012,900	$2,484,476	$2,979,500	$3,190,548	$3,397,367
19	***Total Water Utility Plant in Service***			$6,462,609	$6,462,609	$8,217,953	$8,387,279	$12,749,141	$13,161,365	$13,591,694	$14,041,759	$16,448,335	$16,943,359	$17,154,407	$17,361,226

Sewer:

		Estimated Original Cost	In Svc Date	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	New Assets per CIP:														
20	WWTP Improvement East Svc Area	$3,343,962	1999		$3,343,962										
21	Lift Station (Marsh Harbour)	70,000	2002					$70,000							
22	Lift Station (Walden Chase)	115,000	2002					115000							
23	6" PVC Force Main	283,500	2002					283500							
24	8" PVC Force Main	310,500	2002					310500							
25	1.0 MGD WWTP	5,000,000	2002					5000000							
26	12" PVC Outfall	450,000	2002					450000							
27	Engineering & Contingency	1,619,750	2002					1619750							
28	1.5 MGD WWTP Expansion	6,750,000	2007										$6,750,000		
29	Lift Station Nocatee	115,000	2007										115,000		
30	8" PVC Force Main	115,000	2007										115,000		
31	Engineering & Contingency	1,745,000	2007										1,745,000		
32	Land	250,000	2000			$250,000									
33	**Total Utility Plant in Service (not including CIAC)**			$10,954,239	$14,298,201	$14,548,201	$14,548,201	$22,396,951	$22,396,951	$22,396,951	$22,396,951	$22,396,951	$31,121,951	$31,121,951	$31,121,951
	New Plant Assets per CIAC:														
34	New Plant Assets (CIAC)				$0	$418,018	$455,640	$1,064,560	$1,109,258	$1,157,980	$1,211,086	$1,268,971	$1,332,066	$567,913	$556,533
35	**Total New Plant Assets (CIAC)**			$0	$0	$418,018	$873,658	$1,938,218	$3,047,477	$4,205,456	$5,416,542	$6,685,513	$8,017,579	$8,585,492	$9,142,025
36	***Total Sewer Utility Plant in Service***			$10,954,239	$14,298,201	$14,966,219	$15,421,859	$24,335,169	$25,444,428	$26,602,407	$27,813,493	$29,082,464	$39,139,530	$39,707,443	$40,263,976

SOURCE: BURTON & ASSOCIATES

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Figure 11

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CAPITAL IMPROVEMENTS PROGRAM

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

	PROJECT TOTAL	AMOUNT DEBT FUNDED	PROJECT NAME	IN SERVICE DATE	MONTHS TO CONSTRUCT	% DEBT FUNDED	ASSET LIFE	INCREASE IN CAPACITY (MGD)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Water																			
1	$1,500,000	$1,500,000	Water Plant- East Svc Area	2000	24	100%	26	1.93		1,500,000									
2	405,000	405,000	12" PVC Water Main	2002	24	100%	45					405,000							
3	608,000	608,000	16" PVC Water Main	2002	24	100%	45					608,000							
4	150,000	150,000	750 GPM Supply Wells	2002	24	100%	30					150,000							
5	90,000	90,000	12" PVC Well Header	2002	24	100%	45					90,000							
6	500,000	500,000	1.5 MG Reservoir w/ Aerator	2002	24	100%	40	2.00				500,000							
7	1,400,000	1,400,000	Pumping Station #1 Complete	2002	24	100%	25					1,400,000							
8	813,250	813,250	Engineering & Contingency	2002	24	100%	30					813,250							
9	700,000	700,000	2.0 MG Reservoir w. Aerator	2006	24	100%	40	3.00								700,000			
10	600,000	600,000	Expand Pump Station #1	2006	24	100%	20									600,000			
11	150,000	150,000	750 GPM Supply Wells	2006	24	100%	30									150,000			
12	60,000	60,000	12" PVC Well Header	2006	24	100%	45									60,000			
13	38,000	38,000	16" PVC Well Header	2006	24	100%	45									38,000			
14	387,000	387,000	Engineering & Contingency	2006	24	100%	30									387,000			
15	100,000	100,000	Land	2000		100%				100,000									
16																			
17	$7,501,250	$7,501,250							$0	$1,600,000	$0	$3,966,250	$0	$0	$0	$1,935,000	$0	$0	$0
SEWER:																			
18	$3,343,962	$3,343,962	WWTP Improvement East Svc Are	1999	12	100%	22	0.70	3,343,962										
19	70,000	70,000	Lift Station (Marsh Harbour)	2002	24	100%	21					70,000							
20	115,000	115,000	Lift Station (Walden Chase)	2002	24	100%	21					115,000							
21	283,500	283,500	6" PVC Force Main	2002	24	100%	30					283,500							
22	310,500	310,500	8" PVC Force Main	2002	24	100%	30					310,500							
23	5,000,000	5,000,000	1.0 MGD WWTP	2002	24	100%	26	1.00				5,000,000							
24	450,000	450,000	12" PVC Outfall	2002	24	100%	30					450,000							
25	1,619,750	1,619,750	Engineering & Contingency	2002	24	100%	30					1,619,750							
26	6,750,000	6,750,000	1.5 MGD WWTP Expansion	2007	24	100%	26	1.50									6,750,000		
27	115,000	115,000	Lift Station Nocatee	2007	24	100%	21										115,000		
28	115,000	115,000	8" PVC Force Main	2007	24	100%	30										115,000		
29	1,745,000	1,745,000	Engineering & Contingency	2007	24	100%	30										1,745,000		
30	250,000	250,000	Land	2000		100%				250,000									
31	$20,167,712	$20,167,712							$3,343,962	$250,000	$0	$7,848,750	$0	$0	$0	$0	$8,725,000	$0	$0
TOTAL WATER & SEWER:																			
32	$27,668,962	$27,668,962	TOTAL WATER AND SEWER						$3,343,962	$1,850,000	$0	$11,815,000	$0	$0	$0	$1,935,000	$8,725,000	$0	$0

SOURCE: BURTON & ASSOCIATES / PBS&J

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Figure 13

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
USED AND USEFUL

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1	***Water***											
2	***Capacity***											
3	Capacity in ERC's	5,057	5,057	10,571	10,571	16,286	16,286	16,286	16,286	24,857	24,857	24,857
4	Additional Capacity in ERC's	0	5,514	0	5,714	0	0	0	8,571	0	0	0
5	Total Capacity	5,057	10,571	10,571	16,286	16,286	16,286	16,286	24,857	24,857	24,857	24,857
6	Connection / Growth											
7	Connections in ERC's	5,506	5,506	5,763	6,043	6,698	7,380	8,093	8,838	9,618	10,438	10,787
8	Annual Growth Percent	0.00%	4.67%	4.86%	10.84%	10.19%	9.65%	9.21%	8.83%	8.52%	3.35%	3.17%
9	Additional Units	0	257	280	655	682	712	745	781	819	349	342
10	Total Connections	5,506	5,763	6,043	6,698	7,380	8,093	8,838	9,618	10,438	10,787	11,129
11	Raw U & U Percent	108.87%	54.51%	57.16%	41.13%	45.32%	49.69%	54.27%	38.69%	41.99%	43.40%	44.77%
12	PLUS: Margin Reserve @ 36 Mos.	0	771	841	1,965	2,047	2,137	2,235	2,342	2,458	1,048	1,027
13	Total Connections plus Margin Reserve	5,506	6,534	6,884	8,663	9,427	10,230	11,073	11,960	12,896	11,835	12,156
14	***U & U Percent***	***100.00%***	***61.81%***	***65.12%***	***53.19%***	***57.89%***	***62.81%***	***67.99%***	***48.12%***	***51.88%***	***47.61%***	***48.91%***
15	***SEWER:***											
16	***Capacity***											
17	Capacity in ERC's	2,857	5,357	5,357	5,357	8,929	8,929	8,929	8,929	8,929	14,286	14,286
18	Additional Capacity in ERC's	2,500	0	0	3,571	0	0	0	0	5,357	0	0
19	Total Capacity	5,357	5,357	5,357	8,929	8,929	8,929	8,929	8,929	14,286	14,286	14,286
20												
21	Connection / Growth											
22	Connections in ERC's	2,857	2,857	3,114	3,395	4,049	4,732	5,444	6,189	6,970	7,789	8,138
23	Annual Growth Percent	0.00%	9.00%	9.00%	19.29%	16.85%	15.05%	13.68%	12.61%	11.76%	4.49%	4.21%
24	Additional Units - Eastern Service Area	0	257	280	306	333	363	396	431	470	0	0
25	Additional Units - Western Service Area	0	0	0	699	699	699	699	699	699	699	685
26	Additional Units - Total	0	257	280	655	682	712	745	781	819	349	342
27	Imputed ERC's from 1998 Rate Case											
28	Eastern Service Area Only	5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357
29	Total Connections	5,357	5,357	5,357	6,056	6,755	7,453	8,152	8,851	9,549	10,248	10,933
30												
31	Raw U & U Percent	100.00%	100.00%	100.00%	67.83%	75.65%	83.48%	91.30%	99.13%	66.85%	71.74%	76.53%
32	PLUS: Margin Reserve @ 36 Mos.	0	771	841	1,965	2,047	2,137	2,235	2,342	2,458	1,048	1,027
33	Total Connections plus Margin Reserve	5,357	5,357	5,357	8,020	8,802	8,929	8,929	8,929	12,008	11,296	11,960
34	***U & U Percent***	***100.00%***	***100.00%***	***100.00%***	***89.83%***	***98.58%***	***100.00%***	***100.00%***	***100.00%***	***84.05%***	***79.07%***	***83.72%***

SOURCE: BURTON & ASSOCIATES

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02/07/2000

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY1999 Beginning Balance	FY1999 Principal	FY1999 Interest	FY1999 Balance	FY1999 Cost of Capital Calc	FY2000 Beginning Balance	FY2000 Principal	FY2000 Interest	FY2000 Balance	FY2000 Cost of Capital Calc
1	First Union Bank				7.27%	$3,835,445	$0	$240,454	$3,835,445	$278,837	$3,835,445	$92,264	$323,827	$3,743,182	$272,129
2	Plantation Developers - WTP	$663,486	01/01/95	20	7.94%	586,864	19,385	46,914	567,479	45,058	567,479	20,843	45,456	546,636	43,403
3	Plantation Developers- Unit 9	94,651	12/23/94	20	7.94%	94,650	0	7,443	94,650	7,515	94,650	2,015	7,443	92,635	7,355
4	Crossroads Land Ltd- Seaside Ut 2	109,535	12/23/94	20	7.94%	100,002	2,857	7,989	97,145	7,713	97,145	3,179	7,766	93,966	7,461
5	Crossroads Land Ltd- Seaside Ut 3	128,650	03/28/95	20	7.66%	121,143	3,257	9,331	117,886	9,030	117,886	3,493	9,095	114,393	8,762
6	TAW Nursery, Inc.	112,847	12/23/94	20	7.94%	110,651	2,450	8,826	108,201	8,591	108,201	2,635	8,641	105,566	8,382
7	BAT of Palm Valley - Tom West	40,147	06/30/95	20	7.07%	38,007	1,053	2,702	36,954	2,613	36,954	1,123	2,632	35,831	2,533
8	Odoms Mill Ltd.	326,832	09/25/95	20	7.00%	324,938	4,469	22,733	320,469	22,433	320,469	8,051	22,356	312,417	21,869
9	Marsh Dunes	96,517	04/09/96	20	6.33%	96,517	0	6,110	96,517	6,110	96,517	0	6,110	96,517	6,110
10	Arvida- Sawmill Lakes (Offsite #1)	50,000	09/12/96	20	6.81%	50,000	0	3,405	50,000	3,405	50,000	0	3,405	50,000	3,405
11	Arvida- Sawmill Lakes (Offsite #2)	50,000	02/17/97	20	6.58%	50,000	0	3,289	50,000	3,290	50,000	0	3,289	50,000	3,290
12	Arvida- Sawmill Lakes Ut 1	464,918	06/19/97	20	6.89%	450,792	11,661	31,225	439,131	30,256	439,131	12,419	30,467	426,712	29,400
13	Arvida- Sawmill Lakes Ut 2	190,030	09/08/97	20	6.77%	185,785	4,722	12,644	181,063	12,258	181,063	5,024	12,342	176,039	11,918
14	Equity	0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:														
16	1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
17	2000	1,877,750		20	6.50%	0	0	0	0	0	1,877,750	48,364	122,054	1,829,386	118,910
18	2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19	2002	11,992,225		20	6.50%	0	0	0	0	0	0	0	0	0	0
20	2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
21	2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22	2005	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
23	2006	1,964,025		20	6.50%	0	0	0	0	0	0	0	0	0	0
24	2007	8,855,875		20	6.50%	0	0	0	0	0	0	0	0	0	0
25	2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
26	2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27															
28	New Debt- Construction Work in Progress:			20	7.50%			0	0	0	0		0	0	0
29	Include CWIP in WACC? NO														
30	New Equity	0			10.00%				0	0				0	0
31						$6,044,794	$49,855	$403,065	$5,994,940	$437,108		$199,411	$804,884	$7,673,279	$544,928
32	**Weighted Average Cost of Capital**									**7.29%**					**7.10%**

SOURCE: BURTON & ASSOCIATES
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02/07/2000

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2001 Beginning Balance	FY2001 Principal	FY2001 Interest	FY2001 Balance	FY2001 Cost of Capital Calc	FY2002 Beginning Balance	FY2002 Principal	FY2002 Interest	FY2002 Balance	FY2002 Cost of Capital Calc
1	First Union Bank				7.27%	$3,743,182	$103,552	$320,849	$3,639,630	$264,601	$3,639,630	$114,201	$310,199	$3,525,429	$256,290
2	Plantation Developers - WTP	$663,486	01/01/95	20	7.94%	546,636	22,560	43,739	524,076	41,612	524,076	24,418	41,881	499,659	39,673
3	Plantation Developers- Unit 9	94,651	12/23/94	20	7.94%	92,635	2,181	7,277	90,454	7,182	90,454	2,361	7,097	88,094	6,995
4	Crossroads Land Ltd- Seaside Ut 2	109,535	12/23/94	20	7.94%	93,966	3,441	7,504	90,525	7,188	90,525	3,724	7,221	86,801	6,892
5	Crossroads Land Ltd- Seaside Ut 3	128,650	03/28/95	20	7.66%	114,393	3,770	8,818	110,622	8,474	110,622	4,070	8,519	106,553	8,162
6	TAW Nursery, Inc.	112,847	12/23/94	20	7.94%	105,566	2,852	8,425	102,714	8,155	102,714	3,087	8,190	99,627	7,910
7	BAT of Palm Valley - Tom West	40,147	06/30/95	20	7.07%	35,831	1,205	2,550	34,626	2,448	34,626	1,293	2,462	33,332	2,357
8	Odoms Mill Ltd.	326,832	09/25/95	20	7.00%	312,417	8,633	21,774	303,784	21,265	303,784	9,258	21,150	294,526	20,617
9	Marsh Dunes	96,517	04/09/96	20	6.33%	96,517	2,481	6,038	94,036	5,952	94,036	2,643	5,877	91,393	5,785
10	Arvida- Sawmill Lakes (Offsite #1)	50,000	09/12/96	20	6.81%	50,000	1,216	3,368	48,784	3,322	48,784	1,302	3,282	47,482	3,234
11	Arvida- Sawmill Lakes (Offsite #2)	50,000	02/17/97	20	6.58%	50,000	1,249	3,253	48,751	3,206	48,751	1,334	3,168	47,417	3,120
12	Arvida- Sawmill Lakes Ut 1	464,918	06/19/97	20	6.89%	426,712	13,302	29,584	413,410	28,484	413,410	14,248	28,638	399,161	27,502
13	Arvida- Sawmill Lakes Ut 2	190,030	09/08/97	20	6.77%	176,039	5,375	11,991	170,664	11,554	170,664	5,750	11,616	164,914	11,165
14	Equity	0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:														
16	1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
17	2000	1,877,750		20	6.50%	1,829,386	51,508	118,910	1,777,878	115,562	1,777,878	54,856	115,562	1,723,022	111,996
18	2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19	2002	11,992,225		20	6.50%	0	0	0	0	0	11,992,225	308,876	779,495	11,683,349	759,418
20	2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
21	2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22	2005	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
23	2006	1,964,025		20	6.50%	0	0	0	0	0	0	0	0	0	0
24	2007	8,855,875		20	6.50%	0	0	0	0	0	0	0	0	0	0
25	2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
26	2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27															
28	New Debt- Construction Work in Progress:			20	7.50%			0	0	0			0	0	0
29	Include CWIP in WACC? NO														
30	New Equity	0			10.00%				0	0				0	0
31							$223,325	$564,080	$7,449,953	$529,007		$551,420	$1,354,356	$18,890,758	$1,271,124
32	**Weighted Average Cost of Capital**									**7.10%**					**6.73%**

SOURCE: BURTON & ASSOCIATES
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02/07/2000

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

	Lender		Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2003 Beginning Balance	FY2003 Principal	FY2003 Interest	FY2003 Balance	FY2003 Cost of Capital Calc	FY2004 Beginning Balance	FY2004 Principal	FY2004 Interest	FY2004 Balance	FY2004 Cost of Capital Calc
1	First Union Bank		$663,486	01/01/95	20	7.27%	$3,525,429	$122,774	$301,283	$3,402,655	$247,373	$3,402,655	$138,939	$289,580	$3,263,716	$237,272
2	Plantation Developers - WTP		94,651	12/23/94	20	7.94%	499,659	26,429	39,870	473,230	37,574	473,230	28,805	37,694	444,625	35,303
3	Plantation Developers- Unit 9		109,535	12/23/94	20	7.94%	88,094	2,555	6,903	85,539	6,792	85,539	2,765	6,693	82,774	6,572
4	Crossroads Land Ltd- Seaside Ut 2		128,650	03/28/95	20	7.86%	86,801	4,031	6,914	82,770	6,572	82,770	4,363	6,582	78,406	6,225
5	Crossroads Land Ltd- Seaside Ut 3		112,847	12/23/94	20	7.94%	106,553	4,392	8,196	102,160	7,825	102,160	4,741	7,847	97,419	7,462
6	TAW Nursery, Inc.		40,147	06/30/95	20	7.07%	99,627	3,341	7,935	96,287	7,645	96,287	3,616	7,660	92,671	7,358
7	BAT of Palm Valley - Tom West		326,832	09/25/95	20	7.00%	33,332	1,388	2,368	31,944	2,258	31,944	1,489	2,266	30,455	2,153
8	Odoms Mill Ltd.		96,517	04/09/96	20	6.33%	294,526	9,927	20,480	284,600	19,922	284,600	10,644	19,763	273,955	19,177
9	Marsh Dunes		50,000	09/12/96	20	6.81%	91,393	2,815	5,704	88,577	5,607	88,577	2,999	5,521	85,578	5,417
10	Arvida- Sawmill Lakes (Offsite #1)		50,000	02/17/97	20	6.58%	47,482	1,393	3,191	46,089	3,139	46,089	1,491	3,093	44,598	3,037
11	Arvida- Sawmill Lakes (Offsite #2)		464,918	06/19/97	20	6.89%	47,417	1,424	3,078	45,993	3,026	45,993	1,521	2,981	44,472	2,926
12	Arvida- Sawmill Lakes Ut 1		190,030	09/08/97	20	6.77%	399,161	15,262	27,625	383,900	26,451	383,900	16,347	26,539	367,553	25,324
13	Arvida- Sawmill Lakes Ut 2						164,914	6,152	11,214	158,762	10,748	158,762	6,581	10,785	152,180	10,303
14	Equity		0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:															
16		1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
17		2000	1,877,750		20	6.50%	1,723,022	58,421	111,996	1,664,601	108,199	1,664,601	62,219	108,199	1,602,382	104,155
18		2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19		2002	11,992,225		20	6.50%	11,683,349	328,953	759,418	11,354,395	738,036	11,354,395	350,335	738,036	11,004,060	715,264
20		2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
21		2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22		2005	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
23		2006	1,964,025		20	6.50%	0	0	0	0	0	0	0	0	0	0
24		2007	8,855,875		20	6.50%	0	0	0	0	0	0	0	0	0	0
25		2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
26		2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27																
28	New Debt- Construction Work In Progress:				20	7.50%				0	0			0	0	0
29	Include CWIP in WACC?	NO														
30	New Equity		0			10.00%				0	0				0	0
31								$589,257	$1,316,155	$18,301,502	$1,231,168		$636,656	$1,273,219	$17,664,845	$1,187,950
32	**Weighted Average Cost of Capital**										**6.73%**					**6.72%**

SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

	Lender		Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2005 Beginning Balance	FY2005 Principal	FY2005 Interest	FY2005 Balance	FY2005 Cost of Capital Calc	FY2006 Beginning Balance	FY2006 Principal	FY2006 Interest	FY2006 Balance	FY2006 Cost of Capital Calc
1	First Union Bank					7.27%	$3,263,716	$149,383	$279,115	$3,114,333	$226,412	$3,114,333	$160,613	$267,886	$2,953,720	$214,735
2	Plantation Developers - WTP		$663,486	01/01/95	20	7.94%	444,625	30,961	35,338	413,664	32,845	413,664	33,511	32,788	380,153	30,184
3	Plantation Developers- Unit 9		94,651	12/23/94	20	7.94%	82,774	2,993	6,465	79,781	6,335	79,781	3,240	6,218	76,541	6,077
4	Crossroads Land Ltd- Seaside Ut 2		109,535	12/23/94	20	7.94%	78,406	4,722	6,223	73,684	5,851	73,684	5,111	5,834	68,573	5,445
5	Crossroads Land Ltd- Seaside Ut 3		128,650	03/28/95	20	7.66%	97,419	5,117	7,471	92,302	7,070	92,302	5,523	7,065	86,779	6,647
6	TAW Nursery, Inc.		112,847	12/23/94	20	7.94%	92,671	3,914	7,363	88,757	7,047	88,757	4,236	7,040	84,521	6,711
7	BAT of Palm Valley - Tom West		40,147	06/30/95	20	7.07%	30,455	1,598	2,158	28,857	2,040	28,857	1,715	2,041	27,143	1,919
8	Odoms Mill Ltd.		326,832	09/25/95	20	7.00%	273,955	11,414	18,993	262,541	18,378	262,541	12,239	18,168	250,302	17,521
9	Marsh Dunes		96,517	04/09/96	20	6.33%	85,578	3,194	5,326	82,384	5,215	82,384	3,402	5,117	78,982	5,000
10	Arvida- Sawmill Lakes (Offsite #1)		50,000	09/12/96	20	6.81%	44,598	1,596	2,988	43,003	2,928	43,003	1,706	2,876	41,295	2,812
11	Arvida- Sawmill Lakes (Offsite #2)		50,000	02/17/97	20	6.58%	44,472	1,624	2,878	42,848	2,819	42,848	1,734	2,768	41,114	2,705
12	Arvida- Sawmill Lakes Ut 1		464,918	06/19/97	20	6.89%	367,553	17,510	25,377	350,043	24,118	350,043	18,755	24,132	331,288	22,826
13	Arvida- Sawmill Lakes Ut 2		190,030	09/08/97	20	6.77%	152,180	7,041	10,325	145,139	9,826	145,139	7,533	9,833	137,606	9,316
14	Equity		0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:															
16		1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
17		2000	1,877,750		20	6.50%	1,602,382	66,263	104,155	1,536,119	99,848	1,536,119	70,670	99,848	1,465,549	95,261
18		2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19		2002	11,992,225		20	6.50%	11,004,060	373,107	715,264	10,630,952	691,012	10,630,952	397,359	691,012	10,233,593	665,184
20		2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
21		2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22		2005	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
23		2006	1,964,025		20	6.50%	0	0	0	0	0	1,964,025	50,586	127,662	1,913,439	124,374
24		2007	8,855,875		20	6.50%	0	0	0	0	0	0	0	0	0	0
25		2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
26		2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27																
28	New Debt- Construction Work in Progress:				20	7.50%			0	0	0			0	0	0
29	Include CWIP in WACC?	NO														
30	New Equity		0			10.00%				0	0				0	0
31								$680,437	$1,229,438	$16,884,408	$1,141,744		$777,835	$1,310,288	$18,170,599	$1,216,717
32	**Weighted Average Cost of Capital**										**6.72%**					**6.70%**

SOURCE: BURTON & ASSOCIATES
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02/07/2000

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

	Lender		Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2007 Beginning Balance	FY2007 Principal	FY2007 Interest	FY2007 Balance	FY2007 Cost of Capital Calc	FY2008 Beginning Balance	FY2008 Principal	FY2008 Interest	FY2008 Balance	FY2008 Cost of Capital Calc
1	First Union Bank		$663,486	01/01/95	20	7.94%	$2,953,720	$172,888	$256,812	$2,781,034	$202,181	$2,781,034	$185,668	$242,831	$2,595,366	$188,683
2	Plantation Developers - WTP		94,651	12/23/94	20	7.94%	380,153	36,270	30,029	343,883	27,304	343,883	39,257	27,042	304,626	24,187
3	Plantation Developers- Unit 9		94,651	12/23/94	20	7.94%	78,541	3,306	5,952	73,035	5,799	73,035	3,795	5,663	69,240	5,498
4	Crossroads Land Ltd- Seaside Ut 2		109,535	12/23/94	20	7.94%	68,573	5,532	5,413	63,040	5,005	63,040	5,988	4,957	57,053	4,530
5	Crossroads Land Ltd- Seaside Ut 3		128,650	03/28/95	20	7.66%	86,779	5,961	6,627	80,817	6,191	80,817	6,435	6,154	74,383	5,696
6	TAW Nursery, Inc.		112,847	12/23/94	20	7.94%	84,521	4,585	6,691	79,936	6,347	79,936	4,963	6,314	74,973	5,953
7	BAT of Palm Valley - Tom West		40,147	06/30/95	20	7.07%	27,143	1,840	1,916	25,303	1,789	25,303	1,974	1,781	23,329	1,649
8	Odome Mill Ltd.		328,832	09/25/95	20	7.00%	250,302	13,124	17,283	237,179	16,803	237,179	14,072	16,335	223,106	15,617
9	Marsh Dunes		96,517	04/09/96	20	6.33%	78,982	3,624	4,896	75,358	4,770	75,358	3,860	4,659	71,497	4,526
10	Arvida- Sawmill Lakes (Offsite #1)		50,000	09/12/96	20	6.81%	41,295	1,828	2,756	39,467	2,688	39,467	1,956	2,627	37,511	2,554
11	Arvida- Sawmill Lakes (Offsite #2)		50,000	02/17/97	20	6.58%	41,114	1,852	2,650	39,263	2,583	39,263	1,977	2,525	37,285	2,453
12	Arvida- Sawmill Lakes Ut 1		464,918	06/19/97	20	6.89%	331,288	20,089	22,798	311,200	21,442	311,200	21,517	21,369	289,683	19,959
13	Arvida- Sawmill Lakes Ut 2		190,030	09/08/97	20	6.77%	137,606	8,059	9,307	129,547	8,770	129,547	8,622	8,744	120,925	8,187
14	Equity		0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:															
16		1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
17		2000	1,877,750		20	6.50%	1,465,549	75,157	95,261	1,390,392	90,375	1,390,392	80,042	90,375	1,310,350	85,173
18		2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19		2002	11,992,225		20	6.50%	10,233,593	423,188	665,184	9,810,406	637,676	9,810,406	450,695	637,676	9,359,711	608,381
20		2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
21		2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22		2005	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
23		2006	1,964,025		20	6.50%	1,913,439	53,874	124,374	1,859,564	120,872	1,859,564	57,376	120,872	1,802,188	117,142
24		2007	8,855,875		20	6.50%	8,855,875	228,095	575,632	8,627,780	560,806	8,627,780	242,922	560,806	8,384,858	545,016
25		2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
26		2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27																
28	New Debt- Construction Work in Progress:				20	7.50%			0	0	0			0	0	0
29	Include CWIP in WACC?	NO														
30	New Equity		0			10.00%				0	0			0	0	0
31								$1,059,271	$1,832,579	$25,987,203	$1,721,201		$1,131,119	$1,760,731	$24,836,084	$1,645,207
32	**Weighted Average Cost of Capital**										**6.63%**					**6.62%**

SOURCE: BURTON & ASSOCIATES
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02/07/2000

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth

	Lender		Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2000 Beginning Balance	FY2000 Principal	FY2000 Interest	FY2000 Balance	Cost of Capital Calc
1	First Union Bank					7.27%	$2,595,368	$199,625	$228,874	$2,395,742	$174,170
2	Plantation Developers - WTP		$663,486	01/01/95	20	7.94%	304,626	42,490	23,809	262,136	20,814
3	Plantation Developers- Unit 9		94,651	12/23/94	20	7.94%	69,240	4,108	5,350	65,132	5,171
4	Crossroads Land Ltd- Seaside Ut 2		109,535	12/23/94	20	7.94%	57,053	6,481	4,464	50,572	4,015
5	Crossroads Land Ltd- Seaside Ut 3		128,850	03/28/95	20	7.66%	74,383	6,945	5,643	67,438	5,166
6	TAW Nursery, Inc.		112,847	12/23/94	20	7.94%	74,973	5,371	5,905	69,602	5,526
7	BAT of Palm Valley - Tom West		40,147	08/30/95	20	7.07%	23,329	2,118	1,837	21,211	1,500
8	Odoms Mill Ltd.		326,832	09/25/95	20	7.00%	223,106	15,090	15,317	208,017	14,561
9	Marsh Dunes		96,517	04/09/96	20	6.33%	71,497	4,112	4,408	67,385	4,265
10	Arvida- Sawmill Lakes (Offsite #1)		50,000	09/12/96	20	6.81%	37,511	2,094	2,490	35,417	2,412
11	Arvida- Sawmill Lakes (Offsite #2)		50,000	02/17/97	20	6.58%	37,285	2,111	2,390	35,174	2,314
12	Arvida- Sawmill Lakes Ut 1		464,918	06/19/97	20	6.89%	289,683	23,048	19,839	266,635	18,371
13	Arvida- Sawmill Lakes Ut 2		190,030	09/08/97	20	6.77%	120,925	9,224	8,142	111,701	7,562
14	Equity		0			10.00%	0	0	0	0	0
15	New Debt- In Service:										
16		1999	0		20	6.50%	0	0	0	0	0
17		2000	1,877,750		20	6.50%	1,310,350	85,245	85,173	1,225,105	79,632
18		2001	0		20	6.50%	0	0	0	0	0
19		2002	11,992,225		20	6.50%	9,359,711	479,990	606,381	8,879,721	577,182
20		2003	0		20	6.50%	0	0	0	0	0
21		2004	0		20	6.50%	0	0	0	0	0
22		2005	0		20	6.50%	0	0	0	0	0
23		2006	1,964,025		20	6.50%	1,802,188	61,106	117,142	1,741,083	113,170
24		2007	8,855,875		20	6.50%	8,384,858	258,712	545,016	8,126,146	528,200
25		2008	0		20	6.50%	0	0	0	0	0
26		2009	0		20	6.50%	0	0	0	0	0
27											
28	New Debt- Construction Work in Progress:				20	7.50%			0	0	0
29	Include CWIP in WACC?	NO									
30	New Equity		0			10.00%				0	0
31								$1,207,868	$1,683,981	$23,628,215	$1,564,032
32	**Weighted Average Cost of Capital**										**6.62%**

SOURCE: BURTON & ASSOCIATES
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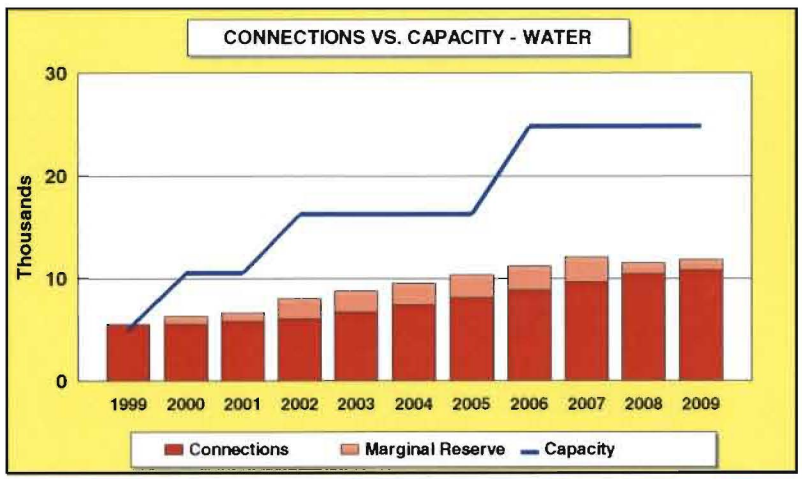
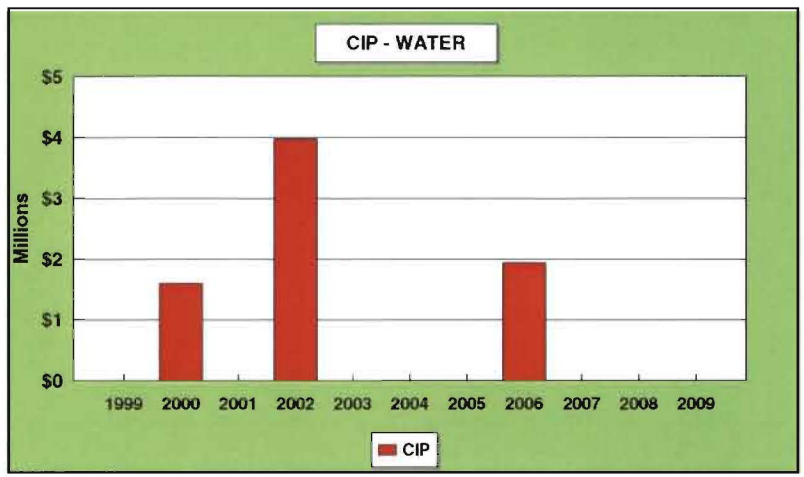
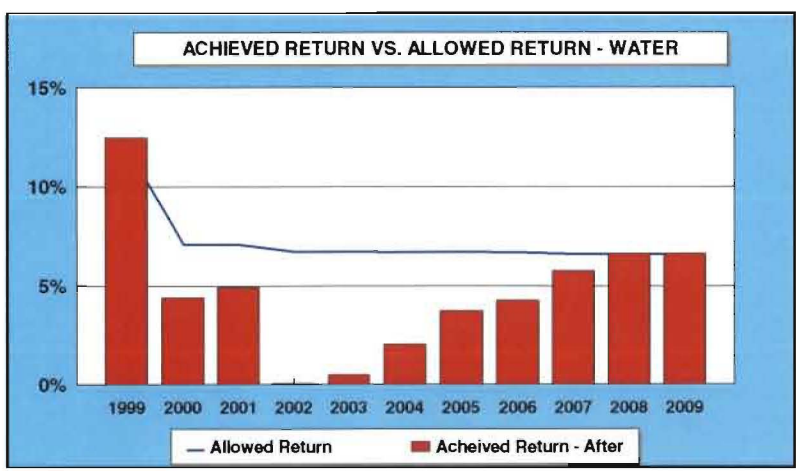
Figure 15

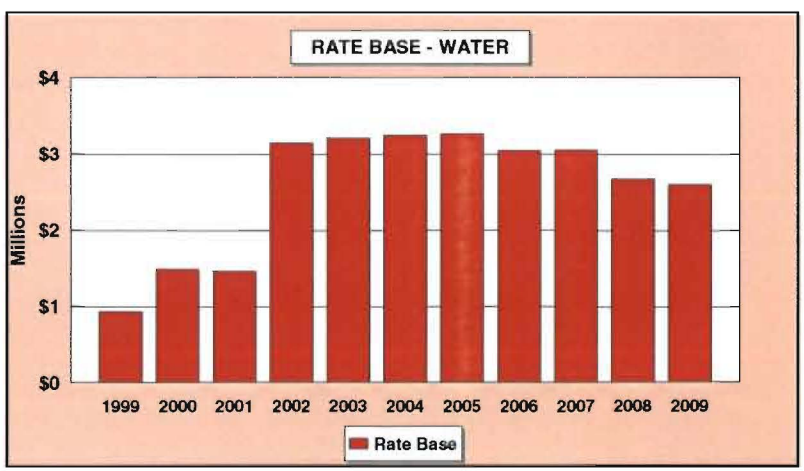
INTERCOASTAL UTILITIES
WATER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth









SOURCE: BURTON & ASSOCIATES
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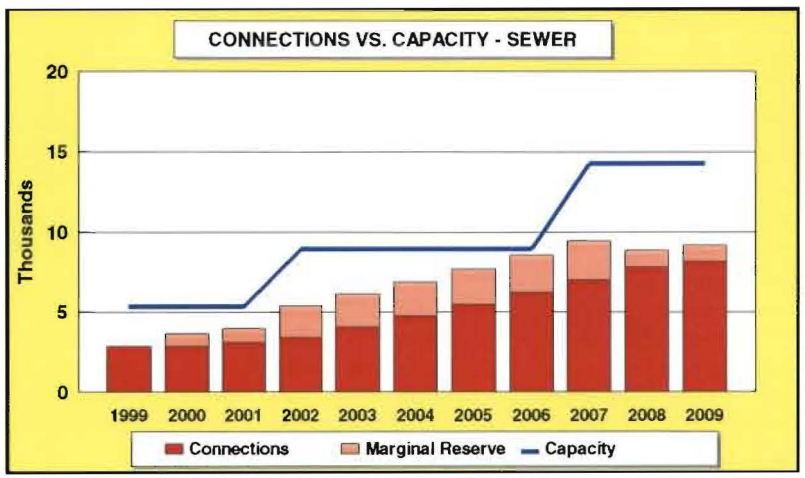
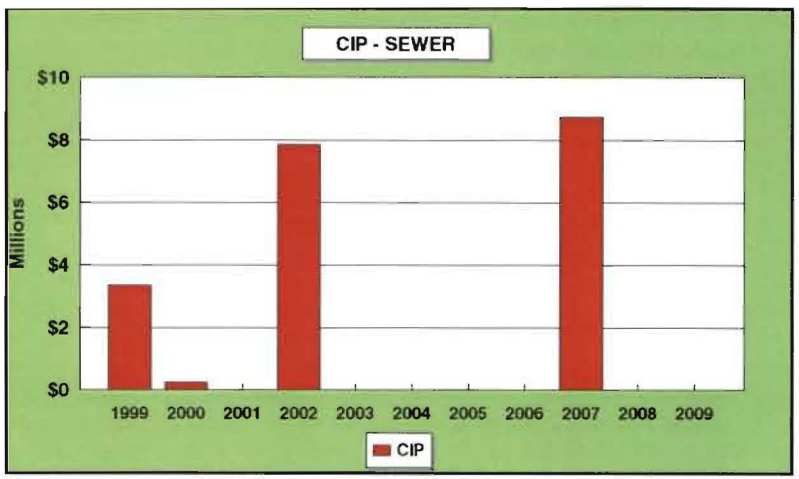
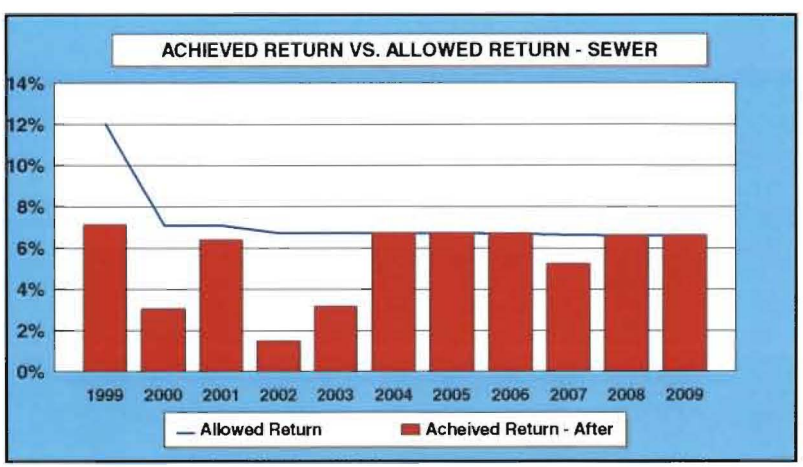
Figure 16

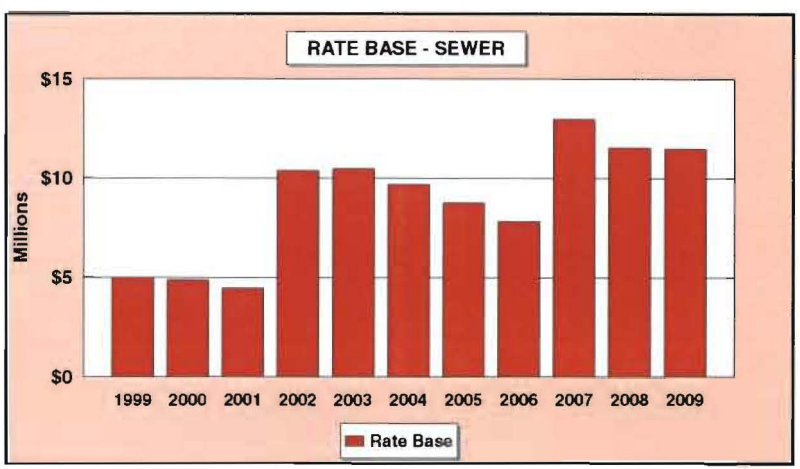
INTERCOASTAL UTILITIES
SEWER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth









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SOURCE: BURTON & ASSOCIATES
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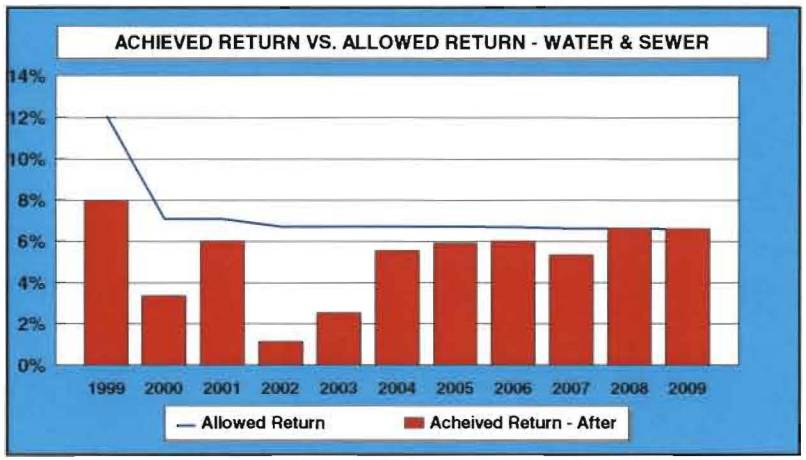
Figure 17

INTERCOASTAL UTILITIES
WATER AND SEWER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 2 - Intercoastal Utility's Water and Sewer Rates with One Half Growth



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Appendix 3

Scenario 3

Reclaimed Water Rates

This scenario determines the reclaimed water rates of Intercoastal Utilities implementing Intercoastal's plan to meet the reclaimed water demands of the projected growth in the area for which Intercoastal's service area extension application is filed.

Table of Contents

Figure 1

INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
SUMMARY

Scenario 3 - Intercoastal Utility's Reclaimed Water Rates

	Reclaimed Water	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
2	Rate Plan					-39.1%	-28.0%	-17.4%	-14.5%	10.5%	-7.8%	-8.5%
3	Achieved Return				6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
4	Allowed Return				6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
5	Avg Mo.Cost / ERU				$28.56	$17.39	$12.52	$10.34	$8.83	$9.76	$9.00	$8.23
6	Achieved Return (Millions)	($0.000)	$0.006	$0.006	$0.121	$0.107	$0.095	$0.089	$0.076	$0.127	$0.114	$0.101
7	Allowed Return (Millions)	$0.000	$0.007	$0.007	$0.121	$0.107	$0.095	$0.089	$0.076	$0.127	$0.114	$0.101
8	Rate Base (Millions)	$0.000	$0.100	$0.100	$1.855	$1.652	$1.454	$1.362	$1.176	$1.956	$1.753	$1.559

SOURCE: BURTON & ASSOCIATES
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Figure 2

INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
ASSUMPTIONS

Scenario 3 - Intercoastal Utility's Reclaimed Water Rates

	Assumptions	Actual *1998*	Actual *1999*	Projected *2000*	Projected *2001*	Projected *2002*	Projected *2003*	Projected *2004*	Projected *2005*	Projected *2006*	Projected *2007*	Projected *2008*	Projected *2009*
	Reclaimed Water												
1	Capacity in ERC's	1	1	1	1	1	3,449	3,449	3,449	3,449	3,449	6,898	6,898
2	Additional Capacity in ERC's		0	0	0	3,448	0	0	0	0	3,448	0	0
3	Total Capacity	1	1	1	1	3,449	3,449	3,449	3,449	3,449	6,898	6,898	6,898
4	GPD = 1 ERC	290	290	290	290	290	290	290	290	290	290	290	290
5	Connected ERC's	1	1	1	1	1	700	1,398	2,097	2,796	3,495	4,193	4,892
6	Additional Connected ERC's												
7	Walden Chase		0	0	0	89	89	89	89	89	89	89	89
8	Marsh Harbour		0	0	0	14	14	14	14	14	14	14	0
9	Nocatee		0	0	0	596	596	596	596	596	596	596	596
10	East Svc Area		0	0	0	0	0	0	0	0	0	0	0
11	Total Additional Connected ERC's	0	0	0	0	699	699	699	699	699	699	699	685
12	Total Connected ERC's	1	1	1	1	700	1,398	2,097	2,796	3,495	4,193	4,892	5,577
13	Percent Growth in Connected ERC's	0.00%	0.00%	0.00%	0.00%	69870.00%	99.86%	49.96%	33.32%	24.99%	19.99%	16.66%	14.00%
14	Percent of Growth Applied to Expenses	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
15	Effective Multiplier for Growth	0.00%	0.00%	0.00%	0.00%	17467.50%	24.96%	12.49%	8.33%	6.25%	5.00%	4.17%	3.50%
16	Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
17	Growth and Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	17469.00%	26.46%	13.99%	9.83%	7.75%	6.50%	5.67%	5.00%

18	***New Debt Assumptions***	
19		
20	Term	20
21	Issuance Costs	1.50%
22	Interest Rate	6.50%

		Months	Percent of Annual O&M
23	***O&M Reserves***		
24	***Water***		
25	Minimum Reserves Level	1.5	12.50%
26	***Rates & Charges***		
27	Current Service Availability Charge	$234	

SOURCE: BURTON & ASSOCIATES
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Figure 3

INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
PRO-FORMA INCOME PROJECTIONS - RECLAIMED WATER SYSTEM

Scenario 3 - Intercoastal Utility's Reclaimed Water Rates

	Reclaimed Water	Actual *1999*	Projected *2000*	Projected *2001*	Projected *2002*	Projected *2003*	Projected *2004*	Projected *2005*	Projected *2006*	Projected *2007*	Projected *2008*	Projected *2009*
	Revenues:											
1	**Rate Revenue:**											
2	Rate Revenue					$239,821	$291,891	$314,970	$346,751	$370,388	$491,267	$528,142
3	Growth Percentage					99.86%	49.96%	33.32%	24.99%	19.99%	16.66%	14.00%
4	Rate Revenue from Growth					239,478	145,841	104,940	86,657	74,056	81,858	73,922
5	Rate Revenue Prior to Rate Adjustment					$479,300	$437,732	$419,910	$433,407	$444,442	$573,125	$602,064
6	Percentage Rate Increase					-39.10%	-28.04%	-17.42%	-14.54%	10.54%	-7.85%	-8.53%
7	Rate Revenue from Rate Adjustment					(187,409)	(122,762)	(73,160)	(63,021)	46,824	(44,983)	(51,351)
8	Total Rate Revenue				$239,821	$291,891	$314,970	$346,751	$370,388	$491,267	$528,142	$550,712
9												
10	**Other Revenue:**											
11	Misc. Revenue				$0	$0	$0	$0	$0	$0	$0	$0
12	Other Revenue				0	0	0	0	0	0	0	0
13	Total Other Revenue				$0	$0	$0	$0	$0	$0	$0	$0
14	**Total Revenues**				$239,821	$291,891	$314,970	$346,751	$370,388	$491,267	$528,142	$550,712
15												
16	***Expenses:***											
17												
18	Operating Expenses				$46,457	$82,154	$117,051	$151,959	$187,135	$222,999	$258,719	$294,587
19	Rate Case Expense				NA	NA	NA	NA	NA	NA	NA	NA
20	Franchise Fee- PSC				10,792	13,135	14,174	15,604	16,868	22,107	23,787	24,782
21	Depreciation (U & U Amt Only)				41,085	82,170	96,240	110,310	124,380	152,257	180,133	193,921
22	Amort of CIAC (U & U Amt Only)				(19,530)	(39,060)	(58,591)	(78,121)	(97,651)	(117,181)	(136,712)	(155,850)
23	Amort of Acq Adj				0	0	0	0	0	0	0	0
24	**Total Expenses**				$78,804	$138,399	$168,874	$199,752	$230,531	$279,881	$325,908	$357,440
25	***Operating Income***				$161,018	$153,492	$146,096	$146,999	$139,855	$211,385	$202,234	$193,273
26												
27	**Non Operating Income (Expenses):**											
28	Non Oper Rev				$0	$0	$0	$0	$0	$0	$0	$0
29	Taxes Other Than Income:				0	0	0	0	0	0	0	0
30	Intangible Tax				(272)	(311)	(347)	(394)	(427)	(567)	(595)	(619)
31	Other Taxes & Licenses				(38)	(43)	(48)	(55)	(59)	(79)	(82)	(86)
32												
33	Property Taxes:				(40,132)	(45,772)	(51,179)	(58,012)	(62,953)	(83,609)	(87,624)	(91,270)
34												
35	**Total Non Operating Expenses**				($40,442)	($46,126)	($51,575)	($58,461)	($63,439)	($84,255)	($88,301)	($91,975)
36	***Net Income***				$120,576	$107,366	$94,521	$88,538	$76,416	$127,130	$113,933	$101,297
37	Taxable Income (See worksheet for taxable income below)				$0	$0	$0	$0	$0	$0	$0	$0
38	**Income Taxes:**											
39	State 5.50%				0	0	0	0	0	0	0	0
40	Federal 34.00%				0	0	0	0	0	0	0	0
41	Total Income Taxes				$0	$0	$0	$0	$0	$0	$0	$0
42	***Net After Tax Income***				***$120,576***	***$107,366***	***$94,521***	***$88,538***	***$76,416***	***$127,130***	***$113,933***	***$101,297***
43												
44	**Rate Base**				$1,855,060	$1,651,840	$1,454,232	$1,362,188	$1,175,893	$1,955,933	$1,752,907	$1,558,515
45												
46	**Rate of Return Achieved**				6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
47	Allowed Return				6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
48	Allowed Return Amount				$120,579	$107,370	$94,525	$88,542	$76,420	$127,136	$113,939	$101,303
49	***Worksheet for Taxable Income:***											
50												
51	Interest Expense - Total				$134,073	$130,588	$126,876	$129,521	$125,141	$184,803	$178,178	$171,123
52	Allocation Percentage to Water (1)				100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
53	Allocated Interest Expense - Water				134,073	130,588	126,876	129,521	125,141	184,803	178,178	171,123
54												
55	Restatement of Net Income Before Income Tax				$120,576	$107,366	$94,521	$88,538	$76,416	$127,130	$113,933	$101,297
56	LESS: Interest Expense - Water				134,073	130,588	126,876	129,521	125,141	184,803	178,178	171,123
57	Taxable Income - Water (2)				$0	$0	$0	$0	$0	$0	$0	$0

(1) Allocation percentage based upon current water rate base as a percentage of total rate base.

(2) For simplicity, taxable income is calculated seperately for water and wastewater, however, the tax return would be filed on a consolidated basis. Furthermore, taxable income is not allowed to go negative in this model for water or wastewater. Negative taxable income in either system could offset taxable income in the other system and a net negative taxable income would result in tax credits that could potentially be carried forward or back.

SOURCE: BURTON & ASSOCIATES

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02/07/2000

INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
DEPRECIATION SCHEDULE - RECLAIMED WATER

Scenario 3 - Intercoastal Utility's Reclaimed Water Rates

Reclaimed Water

Existing Asset Depreciation

	Existing Assets	Year	Estimated Original Cost	Life (Years)
1	Franchises	-	-	-
2	Structures	1982	-	-
3	Wells & Springs	1985	-	-
4	Other Pumping	1987	-	-
5	Pumping Equip	1990	-	-
6	Other Water Source Plant	1985	-	-
7	Structures & Improvements	1993	-	-
8	Treatment	1986	-	-
9	Dist Reservoirs	1992	-	-
10	Mains	1989	-	-
11	Services	1991	-	-
12	Meters	1992	-	-
13	Hydrants	1992	-	-
14	Other T&D	1986	-	-
15	Supply Mains	1991	-	-
16	General	1979	-	-
17	Furniture	1994	-	-
18	Power Equip	-	-	-
19	Misc Equip	1992	-	-
20	Acqusition	1983	-	-
21	Total Estimated Original Cost		-	
22	Adjustment to 1998 Annual Report Utility Plant In Service		-	
23	Total Utility Plant In Service		-	

	Depreciation Schedule - Existing Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
24	Franchises	-	-	-	-	-	-	-	-	-	-	-
25	Structures	-	-	-	-	-	-	-	-	-	-	-
26	Wells & Springs	-	-	-	-	-	-	-	-	-	-	-
27	Other Pumping	-	-	-	-	-	-	-	-	-	-	-
28	Pumping Equip	-	-	-	-	-	-	-	-	-	-	-
29	Other Water Source Plant	-	-	-	-	-	-	-	-	-	-	-
30	Structures & Improvements	-	-	-	-	-	-	-	-	-	-	-
31	Treatment	-	-	-	-	-	-	-	-	-	-	-
32	Dist Reservoirs	-	-	-	-	-	-	-	-	-	-	-
33	Mains	-	-	-	-	-	-	-	-	-	-	-
34	Services	-	-	-	-	-	-	-	-	-	-	-
35	Meters	-	-	-	-	-	-	-	-	-	-	-
36	Hydrants	-	-	-	-	-	-	-	-	-	-	-
37	Other T&D	-	-	-	-	-	-	-	-	-	-	-
38	Supply Mains	-	-	-	-	-	-	-	-	-	-	-
39	General	-	-	-	-	-	-	-	-	-	-	-
40	Furniture	-	-	-	-	-	-	-	-	-	-	-
41	Power Equip	-	-	-	-	-	-	-	-	-	-	-
42	Misc Equip	-	-	-	-	-	-	-	-	-	-	-
43	Acqusition	-	-	-	-	-	-	-	-	-	-	-
44	Total Existing Depreciation	-	-	-	-	-	-	-	-	-	-	-
45	Adjustment to Reconcile to Accounting Records	-	-	-	-	-	-	-	-	-	-	-
46	Total Existing Depreciation	-	-	-	-	-	-	-	-	-	-	-

SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
DEPRECIATION SCHEDULE - RECLAIMED WATER

Scenario 3 - Intercoastal Utility's Reclaimed Water Rates

Reclaimed Water

New Asset Depreciation

	New Assets	Year	Estimated Original Cost	Life (Years)
1	12" PVC Reuse Main	2002	$810,000	45
2	Reuse Transfer Pump Station	2002	250,000	25
3	3.0 MG Lined Effluent Storage Pond	2002	360,000	41
4	Supply Well	2002	110,000	30
5	Engineering & Contingency	2002	407,500	30
6	12" PVC Reuse Main	2007	300,000	45
7	Expand Reuse Transfer P.S.	2007	100,000	20
8	3.0 MG Lined Effluent Storage Pond	2007	360,000	41
9	Engineering & Contingency	2007	215,000	30
10	Land	2000	100,000	-
11	Land	2005	100,000	-

	Depreciation Schedule - New Assets	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
12	12" PVC Reuse Main		-	-	-	$9,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000
13	Reuse Transfer Pump Station		-	-	-	5,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
14	3.0 MG Lined Effluent Storage Pond		-	-	-	4,390	8,780	8,780	8,780	8,780	8,780	8,780	8,780
15	Supply Well		-	-	-	1,833	3,667	3,667	3,667	3,667	3,667	3,667	3,667
16	Engineering & Contingency		-	-	-	6,792	13,583	13,583	13,583	13,583	13,583	13,583	13,583
17	12" PVC Reuse Main		-	-	-	-	-	-	-	-	3,333	6,667	6,667
18	Expand Reuse Transfer P.S.		-	-	-	-	-	-	-	-	2,500	5,000	5,000
19	3.0 MG Lined Effluent Storage Pond		-	-	-	-	-	-	-	-	4,390	8,780	8,780
20	Engineering & Contingency		-	-	-	-	-	-	-	-	3,583	7,167	7,167
21	Land		-	-	-	-	-	-	-	-	-	-	-
22	Land		-	-	-	-	-	-	-	-	-	-	-
47	CIAC Plant		-	-	-	14,070	28,140	42,210	56,280	70,349	84,419	98,489	112,277
48	Total New Depreciation		-	-	-	$41,085	$82,170	$96,240	$110,310	$124,380	$152,257	$180,133	$193,921

Total Depreciation - Reclaimed Water

49	Total Existing Depreciation		-	-	-	-	-	-	-	-	-	-	-
50	Total New Depreciation		-	-	-	41,085	82,170	96,240	110,310	124,380	152,257	180,133	193,921
51	**Total Depreciation**		-	-	-	$41,085	$82,170	$96,240	$110,310	$124,380	$152,257	$180,133	$193,921
52	**Accumulated Depreciation**	-	-	-	-	$41,085	$123,255	$219,495	$329,805	$454,185	$606,442	$786,575	$980,497

SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) - RECLAIMED WATER

Scenario 3 - Intercoastal Utility's Reclaimed Water Rates

Reclaimed Water - Existing CIAC

Existing CIAC

	Existing CIAC- Plant	Year	Estimated Original Cost	Life (Years)
1	Other	1989	-	-
2	Dist Reservoirs & Standpipes	1992	-	-
3	Transmission & Dist Mains	1988	-	-
4	Services	1990	-	-
5	Meters & Meter Installs	1992	-	-
6	Hydrants	1990	-	-
7	Total Existing CIAC - Plant		-	

	Existing CIAC - Cash	Year	Estimated Original Cost	Life (Years)
8	Cash	1991	-	-
9	Total Existing CIAC - Cash		-	
10	Total Existing CIAC		-	
11	Adjustment to 1998 Annual Report		-	
12	Total Existing CIAC		-	

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Amortization of Existing CIAC

	Amortization Schedule - Existing Plant CIAC	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
13	Other	-	-	-	-	-	-	-	-	-	-	-
14	Dist Reservoirs & Standpipes	-	-	-	-	-	-	-	-	-	-	-
15	Transmission & Dist Mains	-	-	-	-	-	-	-	-	-	-	-
16	Services	-	-	-	-	-	-	-	-	-	-	-
17	Meters & Meter Installs	-	-	-	-	-	-	-	-	-	-	-
18	Hydrants	-	-	-	-	-	-	-	-	-	-	-
19	Total Plant Amortization	-	-	-	-	-	-	-	-	-	-	-

	Amortization Schedule - Existing Cash CIAC											
20	Cash	-	-	-	-	-	-	-	-	-	-	-
21	Total Cash CIAC Amortization	-	-	-	-	-	-	-	-	-	-	-
22	Total Existing CIAC Amortization	-	-	-	-	-	-	-	-	-	-	-
23	Adjustment to Reconcile to Accounting Records											
24	Total Existing CIAC Amortization	-	-	-	-	-	-	-	-	-	-	-

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INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) - RECLAIMED WATER

Scenario 3 - Intercoastal Utility's Reclaimed Water Rates

New CIAC

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	New CIAC- Plant:												
1	New CIAC- Plant	$604	-	-	-	$422,096	$422,096	$422,096	$422,096	$422,096	$422,096	$422,096	$413,639
2	Life	30											
3	Total New CIAC - Plant		-	-	-	$422,096	$422,096	$422,096	$422,096	$422,096	$422,096	$422,096	$413,639
4	**New CIAC - Cash:**												
5	New CIAC - Cash		-	-	-	$163,810	$163,810	$163,810	$163,810	$163,810	$163,810	$163,810	$160,528
6	Life	30											
7	Total New CIAC - Cash		-	-	-	$163,810	$163,810	$163,810	$163,810	$163,810	$163,810	$163,810	$160,528
8	**Total New CIAC**		-	-	-	$585,907	$585,907	$585,907	$585,907	$585,907	$585,907	$585,907	$574,167

Amortization of New CIAC

	Amortization Schedule - New CIAC Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
9	New CIAC - Plant Amortization	-	-	-	$14,070	$28,140	$42,210	$56,280	$70,349	$84,419	$98,489	$112,277
10	Total New CIAC - Plant Amortization	-	-	-	$14,070	$28,140	$42,210	$56,280	$70,349	$84,419	$98,489	$112,277
	New CIAC - Cash Amortization	-	-	-	$5,460	$10,921	$16,381	$21,841	$27,302	$32,762	$38,222	$43,573
11	Total New CIAC - Cash Amortization	-	-	-	$5,460	$10,921	$16,381	$21,841	$27,302	$32,762	$38,222	$43,573
12	**Total New CIAC Amortization**	-	-	-	$19,530	$39,060	$58,591	$78,121	$97,651	$117,181	$136,712	$155,850

Summary of CIAC & CIAC Amortization - Water

	CIAC	Existing 1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
13	Total Existing CIAC	-											
14	Total New CIAC		-	-	-	$585,907	$585,907	$585,907	$585,907	$585,907	$585,907	$585,907	$574,167
15	Total Accumulated CIAC - Water	-	-	-	-	$585,907	$1,171,813	$1,757,720	$2,343,626	$2,929,533	$3,515,439	$4,101,346	$4,675,513
	CIAC Amortization												
16	Total Existing CIAC Annual Amortization		-	-	-	-	-	-	-	-	-	-	-
17	Total New CIAC Annual Amortization		-	-	-	19,530	39,060	58,591	78,121	97,651	117,181	136,712	155,850
18	Total CIAC Annual Amortization - Water		-	-	-	$19,530	$39,060	$58,591	$78,121	$97,651	$117,181	$136,712	$155,850
19	**Accumulated CIAC Amortization**	-	-	-	-	$19,530	$58,591	$117,181	$195,302	$292,953	$410,135	$546,846	$702,697

SOURCE: BURTON & ASSOCIATES
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Figure 9

INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
RATE BASE

Scenario 3 - Intercoastal Utility's Reclaimed Water Rates

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1	***Reclaimed Water***	Percent Contributed	0%	0%	0%	23%	40%	53%	61%	69%	62%	67%	72%
2	Utility Plant in Service		$0	$100,000	$100,000	$2,459,596	$2,881,693	$3,303,789	$3,825,885	$4,247,982	$5,645,078	$6,067,174	$6,480,813
3	Include Construction Work in Progress?	NO	0	0	0	0	0	0	0	0	0	0	0
4	Less: Accumulated Depreciation		0	0	0	(41,085)	(123,255)	(219,495)	(329,805)	(454,185)	(606,442)	(786,575)	(980,497)
5	Utility Plant in Service less Accum Depr.		$0	$100,000	$100,000	$2,418,511	$2,758,437	$3,084,294	$3,496,080	$3,793,796	$5,038,636	$5,280,599	$5,500,316
6	Less: Accumulated CIAC		0	0	0	(585,907)	(1,171,813)	(1,757,720)	(2,343,626)	(2,929,533)	(3,515,439)	(4,101,346)	(4,675,513)
7	Plus: Accumulated Amortization of CIAC		0	0	0	19,530	58,591	117,181	195,302	292,953	410,135	546,846	702,697
8	Net Utility Plant in Service		$0	$100,000	$100,000	$1,852,135	$1,645,215	$1,443,755	$1,347,756	$1,157,217	$1,933,331	$1,726,099	$1,527,500
9	***Plus or Minus:***												
10	Acquisition Adjustments												
11	Accumulated Amort of Acq Adjustments												
12	Working Capital Allowance	12.50% of O&M	0	0	0	2,925	6,625	10,477	14,432	18,476	22,602	26,808	31,015
13	Other		0	0	0	0	0	0	0	0	0	0	0
14	***Net Utility Plant in Service***		***$0***	***$100,000***	***$100,000***	***$1,855,060***	***$1,651,840***	***$1,454,232***	***$1,362,188***	***$1,175,693***	***$1,955,933***	***$1,752,907***	***$1,558,515***
15	U&U Percentage		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
16	***Rate Base***		***$0***	***$100,000***	***$100,000***	***$1,855,060***	***$1,651,840***	***$1,454,232***	***$1,362,188***	***$1,175,693***	***$1,955,933***	***$1,752,907***	***$1,558,515***

SOURCE: BURTON & ASSOCIATES
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Figure 10

INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
UTILITY PLANT IN SERVICE - RECLAIMED WATER

Reclaimed Water

		Estimated Original Cost	In Svc Date	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	New Assets per CIP:														
1	12" PVC Reuse Main	$810,000	2002					$810,000							
2	Reuse Transfer Pump Station	250,000	2002					$250,000							
3	3.0 MG Lined Effluent Storage Pond	360,000	2002					360,000							
4	Supply Well	110,000	2002					110,000							
5	Engineering & Contingency	407,500	2002					407,500							
6	12" PVC Reuse Main	300,000	2007										$300,000		
7	Expand Reuse Transfer P.S.	100,000	2007										$100,000		
8	3.0 MG Lined Effluent Storage Pond	360,000	2007										$360,000		
9	Engineering & Contingency	215,000	2007										$215,000		
10	Land	100,000	2000			$100,000									
11	Land	100,000	2005								100,000				
12	**Total Utility Plant in Service (not including CIAC)**			$0	$0	$100,000	$100,000	$2,037,500	$2,037,500	$2,037,500	$2,137,500	$2,137,500	$3,112,500	$3,112,500	$3,112,500
	New Plant Assets per CIAC:														
13	New Plant Assets (CIAC)				$0	$0	$0	$422,096	$422,096	$422,096	$422,096	$422,096	$422,096	$422,096	$413,639
14	**Total New Plant Assets (CIAC)**			$0	$0	$0	$0	$422,096	$844,193	$1,266,289	$1,688,385	$2,110,482	$2,532,578	$2,954,674	$3,368,313
15	***Total Reclaimed Water Utility Plant in Service***			$0	$0	$100,000	$100,000	$2,459,596	$2,881,693	$3,303,789	$3,825,885	$4,247,982	$5,645,078	$6,067,174	$6,480,813

SOURCE: BURTON & ASSOCIATES

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Figure 11

INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
CAPITAL IMPROVEMENTS PROGRAM

Scenario 3 - Intercoastal Utility's Reclaimed Water Rates

	PROJECT TOTAL	AMOUNT DEBT FUNDED	PROJECT NAME	IN SERVICE DATE	MONTHS TO CONSTRUCT	% DEBT FUNDED	ASSET LIFE	INCREASE IN CAPACITY (MGD)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Reclaimed Water																		
1	$810,000	$810,000	12" PVC Reuse Main	2002	24	100%	45					810,000							
2	250,000	250,000	Reuse Transfer Pump Station	2002	24	100%	25					250,000							
3	360,000	360,000	3.0 MG Lined Effluent Storage Pon	2002	24	100%	41	1.00				360,000							
4	110,000	110,000	Supply Well	2002	24	100%	30					110,000							
5	407,500	407,500	Engineering & Contingency	2002	24	100%	30					407,500							
6	300,000	300,000	12" PVC Reuse Main	2007	24	100%	45										300,000		
7	100,000	100,000	Expand Reuse Transfer P.S.	2007	24	100%	20										100,000		
8	360,000	360,000	3.0 MG Lined Effluent Storage Pon	2007	24	100%	41	1.00									360,000		
9	215,000	215,000	Engineering & Contingency	2007	24	100%	30										215,000		
10	100,000	100,000	Land	2000		100%				100,000									
11	100,000	100,000	Land	2005		100%									100,000				
12																			
13	$3,112,500	$3,112,500							$0	$100,000	$0	$1,937,500	$0	$0	$100,000	$0	$975,000	$0	$0

SOURCE: BURTON & ASSOCIATES / PBS&J

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Figure 13

INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
USED AND USEFUL

Scenario 3 - Intercoastal Utility's Reclaimed Water Rates

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1	***Reclaimed Water***											
2	***Capacity***											
3	Capacity in ERC's	1	1	1	1	3,449	3,449	3,449	3,449	3,449	6,898	6,898
4	Additional Capacity in ERC's	0	0	0	3,448	0	0	0	0	3,448	0	0
5	Total Capacity	1	1	1	3,449	3,449	3,449	3,449	3,449	6,898	6,898	6,898
6	**Connection / Growth**											
7	Connections in ERC's	1	1	1	1	700	1,398	2,097	2,796	3,495	4,193	4,892
8	Annual Growth Percent	0.00%	0.00%	0.00%	69870.00%	99.86%	49.96%	33.32%	24.99%	19.99%	16.66%	14.00%
9	Additional Units	0	0	0	699	699	699	699	699	699	699	685
10	Total Connections	1	1	1	700	1,398	2,097	2,796	3,495	4,193	4,892	5,577
11	Raw U & U Percent	100.00%	100.00%	100.00%	20.29%	40.54%	60.80%	81.05%	101.31%	60.79%	70.92%	80.85%
12	PLUS: Margin Reserve @ 36 Mos.	0	0	0	2,096	2,096	2,096	2,096	2,096	2,096	2,096	2,054
13	Total Connections plus Margin Reserve	1	1	1	2,796	3,495	4,193	4,892	5,591	6,289	6,988	7,631
14	***U & U Percent***	***100.00%***	***100.00%***	***100.00%***	***100.00%***	***100.00%***	***100.00%***	***100.00%***	***100.00%***	***100.00%***	***100.00%***	***100.00%***

SOURCE: BURTON & ASSOCIATES

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INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 3 - Intercoastal Utility's Reclaimed Water Rates

							FY1999					FY2000				
	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															
11															
12															
13															
14	Equity	0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:														
16	1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
17	2000	101,500		20	6.50%	0	0	0	0	0	101,500	2,614	6,598	98,886	6,428
18	2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19	2002	1,966,563		20	6.50%	0	0	0	0	0	0	0	0	0	0
20	2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
21	2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22	2005	101,500		20	6.50%	0	0	0	0	0	0	0	0	0	0
23	2006	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
24	2007	989,625		20	6.50%	0	0	0	0	0	0	0	0	0	0
25	2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
26	2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27															
28	New Debt- Construction Work in Progress:			20	7.50%			0	0	0	0		0	0	0
29	Include CWIP in WACC? NO														
30	New Equity	0			10.00%				0	0				0	0
31															
32	**Weighted Average Cost of Capital**					$0	$0	$0	$0	0.00%		$2,614	$6,598	$98,886	6.50%

SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 3 - Intercoastal Utility's Reclaimed Water Rates

	Lender		Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2001 Beginning Balance	FY2001 Principal	FY2001 Interest	FY2001 Balance	FY2001 Cost of Capital Calc	FY2002 Beginning Balance	FY2002 Principal	FY2002 Interest	FY2002 Balance	FY2002 Cost of Capital Calc
1																
2																
3																
4																
5																
6																
7																
8																
9																
10																
11																
12																
13																
14	Equity		0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:															
16		1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
17		2000	101,500		20	6.50%	98,886	2,784	6,428	96,102	6,247	96,102	2,965	6,247	93,136	6,054
18		2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19		2002	1,966,563		20	6.50%	0	0	0	0	0	1,966,563	50,652	127,827	1,915,911	124,534
20		2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
21		2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22		2005	101,500		20	6.50%	0	0	0	0	0	0	0	0	0	0
23		2006	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
24		2007	989,625		20	6.50%	0	0	0	0	0	0	0	0	0	0
25		2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
26		2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27																
28	New Debt- Construction Work in Progress:				20	7.50%			0	0	0			0	0	0
29	Include CWIP in WACC?	NO														
30	New Equity		0			10.00%				0	0				0	0
31																
32	**Weighted Average Cost of Capital**							$2,784	$6,428	$96,102	$6,247		$53,617	$134,073	$2,009,047	$130,588
											6.50%					6.50%

SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 3 - Intercoastal Utility's Reclaimed Water Rates

							FY2003					FY2004				
	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															
11															
12															
13															
14	Equity	0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:														
16	1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
17	2000	101,500		20	6.50%	93,136	3,158	6,054	89,978	5,849	89,978	3,363	5,849	86,615	5,630
18	2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19	2002	1,966,563		20	6.50%	1,915,911	53,944	124,534	1,861,967	121,028	1,861,967	57,450	121,028	1,804,517	117,294
20	2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
21	2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22	2005	101,500		20	6.50%	0	0	0	0	0	0	0	0	0	0
23	2006	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
24	2007	969,625		20	6.50%	0	0	0	0	0	0	0	0	0	0
25	2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
26	2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27															
28	New Debt- Construction Work in Progress:			20	7.50%				0	0				0	0
29	Include CWIP in WACC? NO														
30	New Equity	0			10.00%				0	0				0	0
31							$57,102	$130,588	$1,951,945	$126,876		$60,813	$126,876	$1,891,132	$122,924
32	**Weighted Average Cost of Capital**									6.50%					6.50%

SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 3 - Intercoastal Utility's Reclaimed Water Rates

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2005 Beginning Balance	FY2005 Principal	FY2005 Interest	FY2005 Balance	FY2005 Cost of Capital Calc	FY2006 Beginning Balance	FY2006 Principal	FY2006 Interest	FY2006 Balance	FY2006 Cost of Capital Calc
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															
11															
12															
13															
14	Equity	0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:														
16	1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
17	2000	101,500		20	6.50%	86,615	3,582	5,630	83,033	5,397	83,033	3,815	5,397	79,219	5,149
18	2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19	2002	1,966,563		20	6.50%	1,804,517	61,185	117,294	1,743,332	113,317	1,743,332	65,162	113,317	1,678,171	109,081
20	2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
21	2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22	2005	101,500		20	6.50%	101,500	2,614	6,598	98,886	6,428	98,886	2,784	6,428	96,102	6,247
23	2006	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
24	2007	969,625		20	6.50%	0	0	0	0	0	0	0	0	0	0
25	2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
26	2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27															
28	New Debt- Construction Work in Progress:			20	7.50%				0	0				0	0
29	Include CWIP in WACC? NO														
30	New Equity	0			10.00%					0				0	0
31							$87,381	$129,521	$1,925,251	$125,141		$71,760	$125,141	$1,853,491	$120,477
32	**Weighted Average Cost of Capital**									6.50%					6.50%

SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 3 - Intercoastal Utility's Reclaimed Water Rates

							FY2007					FY2008				
	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															
11															
12															
13															
14	Equity	0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:														
16	1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
17	2000	101,500		20	6.50%	79,219	4,063	5,149	75,156	4,885	75,156	4,327	4,885	70,830	4,604
18	2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19	2002	1,966,563		20	6.50%	1,678,171	69,397	109,061	1,608,774	104,570	1,608,774	73,908	104,570	1,534,866	99,766
20	2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
21	2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22	2005	101,500		20	6.50%	96,102	2,965	6,247	93,136	6,054	93,136	3,158	6,054	89,978	5,849
23	2006	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
24	2007	989,625		20	6.50%	989,625	25,489	64,326	964,136	62,669	964,136	27,146	62,669	936,990	60,904
25	2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
26	2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27															
28	New Debt- Construction Work in Progress:			20	7.50%			0	0	0			0	0	0
29	Include CWIP in WACC? NO														
30	New Equity	0			10.00%				0	0			0	0	0
31							$101,914	$184,803	$2,741,202	$178,178		$108,536	$178,178	$2,632,664	$171,123
32	**Weighted Average Cost of Capital**									6.50%					6.50%

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INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 3 - Intercoastal Utility's Reclaimed Water Rates

	Lender		Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2009 Beginning Balance	FY2009 Principal	FY2009 Interest	FY2009 Balance	Cost of Capital Calc
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											
14	Equity		0			10.00%	0	0	0	0	0
15	New Debt- In Service:										
16		1999	0		20	6.50%	0	0	0	0	0
17		2000	101,500		20	6.50%	70,830	4,608	4,604	66,222	4,304
18		2001	0		20	6.50%	0	0	0	0	0
19		2002	1,966,563		20	6.50%	1,534,866	78,712	99,766	1,456,154	94,650
20		2003	0		20	6.50%	0	0	0	0	0
21		2004	0		20	6.50%	0	0	0	0	0
22		2005	101,500		20	6.50%	89,978	3,363	5,849	86,615	5,630
23		2006	0		20	6.50%	0	0	0	0	0
24		2007	969,625		20	6.50%	936,990	28,910	60,904	908,079	59,025
25		2008	0		20	6.50%	0	0	0	0	0
26		2009	0		20	6.50%	0	0	0	0	0
27											
28	New Debt- Construction Work in Progress:				20	7.50%			0	0	0
29	Include CWIP in WACC?	NO									
30	New Equity		0			10.00%				0	0
31								$115,593	$171,123	$2,517,071	$163,610
32	**Weighted Average Cost of Capital**										**6.50%**

SOURCE: BURTON & ASSOCIATES
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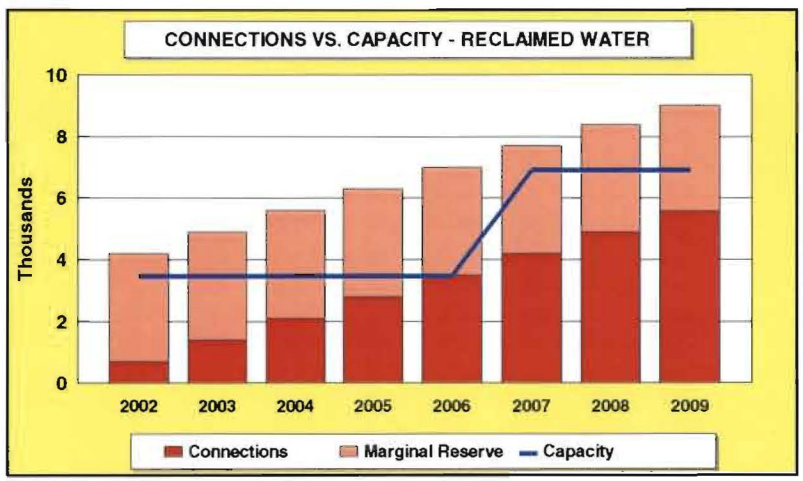
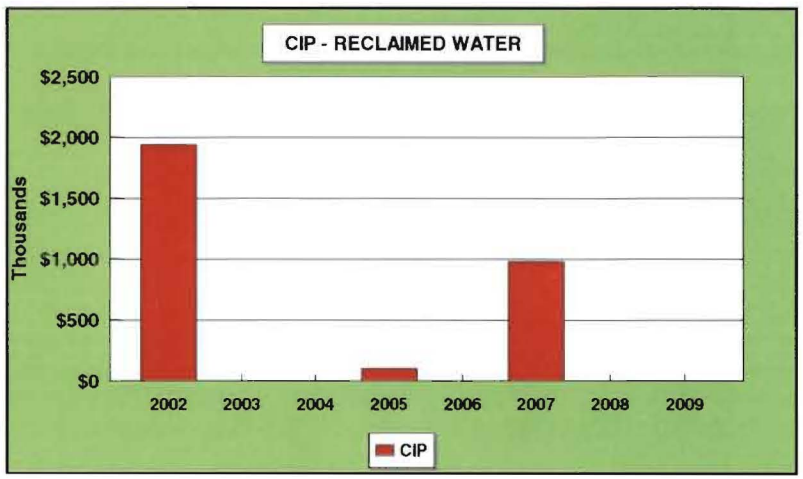
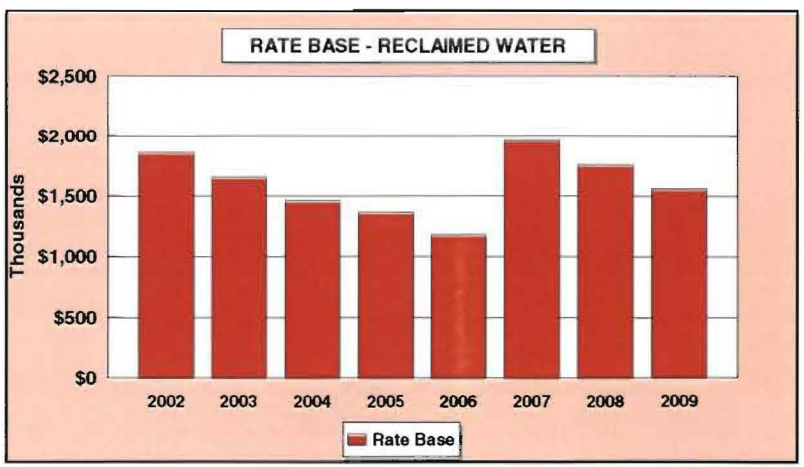
Figure 15

INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 3 - Intercoastal Utility's Reclaimed Water Rates







SOURCE: BURTON & ASSOCIATES
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