

**CLASS "B"**

**WATER AND/OR WASTEWATER UTILITIES**

(Gross Revenue of \$150,000 or More but Less Than \$750,000 Each)

**RECEIVED**

MAY 28 1999

Florida Public Service Commission  
Division of Water and Wastewater

**ANNUAL REPORT**

OF

COMMERCIAL UTILITIES, DIVISION OF GRACE & COMPANY, INC.  
Exact Legal Name of Respondent

164-S

Certificate Number(s)

Submitted To The

**STATE OF FLORIDA**



**OFFICIAL COPY  
DIVISION OF  
WATER AND SEWER  
Do Not Remove from this Office**

**PUBLIC SERVICE COMMISSION**

FOR THE

**YEAR ENDED DECEMBER 31, 1998**

**EXECUTIVE  
SUMMARY**

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# CERTIFICATION OF ANNUAL REPORT

I HEREBY CERTIFY, to the best of my knowledge and belief:

YES

NO

1. The utility is in substantial compliance with the Uniform System of Accounts prescribed by the Florida Public Service Commission.

YES

NO

2. The utility is in substantial compliance with all applicable rules and orders of the Florida Public Service Commission.

YES

NO

3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statement of the utility.

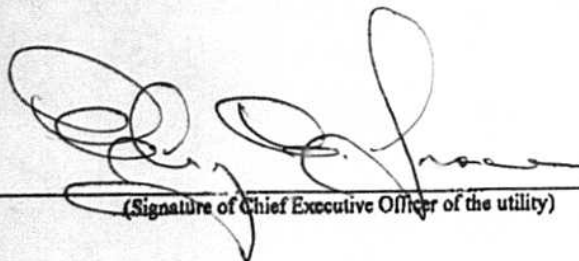
YES

NO

4. The annual report fairly represents the financial condition and results of operations of the respondent for the period presented and other information and statements presented in the report as to the business affairs of the respondent are true, correct and complete for the period for which it represents.

Items Certified

1. 2. 3. 4.



(Signature of Chief Executive Officer of the utility)

1. 2. 3. 4.

(Signature of Chief Financial Officer of the utility)

- \* Each of the four items must be certified YES or NO. Each item need not be certified by both officers. The items being certified by the officer should be indicated in the appropriate area to the left of the signature.

## NOTICE:

Section 837.06, Florida Statutes, provides that any person who knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his duty shall be guilty of a misdemeanor of the second degree.

# ANNUAL REPORT OF

**YEAR OF REPORT**  
December 31, 1998

COMMERCIAL UTILITIES: \_\_\_\_\_  
(Exact Name of Utility)

County: Duval

List below the exact mailing address of the utility for which normal correspondence should be sent:

865 South Lane Avenue  
Jacksonville, Florida 32205

Telephone: (904) 781-0970

Name and address of person to whom correspondence concerning this report should be addressed:

Elroy C. Grace, President  
GRACE & COMPANY, INC.

865 South Lane Avenue  
Jacksonville, Florida 32205

Telephone: (904) 781-0970

List below the address of where the utility's books and records are located:

865 South Lane Avenue  
Jacksonville, Florida 32205

Telephone: (904) 781-0970

List below any groups auditing or reviewing the records and operations:

None

Date of original organization of the utility: April 1, 1974

Check the appropriate business entity of the utility as filed with the Internal Revenue Service

- Individual                       Partnership  
 Sub S Corporation               1120 Corporation

List below every corporation or person owning or holding directly or indirectly 5% or more of the voting securities of the utility:

	Name	Percent Ownership
1.	Elroy C. Grace	30
2.	Walter E. Grace	20
3.	Forbes D. Grace	20
4.	Robert B. Grace	30
5.		
6.		
7.		
8.		
9.		
10.		

UTILITY NAME:

COMMERCIAL UTILITIES

**YEAR OF REPORT**  
December 31, 1998

**THE FLORIDA PUBLIC SERVICE COMMISSION**

NAME OF COMPANY REPRESENTATIVE (1) & (2)	TITLE OR POSITION	ORGANIZATIONAL UNIT TITLE (3)	USUAL PURPOSE FOR CONTACT WITH FPSC
Elroy C. Grace	President		General Regulatory Matters
Norman F. Mears	Consultant (850) 562-9886	Rhema Business Services, Inc.	General Regulatory Matters

- (1) Also list appropriate legal counsel, accountants and others who may not be on general payroll.
- (2) Provide individual telephone numbers if the person is not normally reached at the company.
- (3) Name of company employed by if not on general payroll.

UTILITY NAME: **COMMERCIAL UTILITIES**

### COMPANY PROFILE

Provide a brief narrative company profile which covers the following areas:

- A. Brief company history.
- B. Public services rendered.
- C. Major goals and objectives.
- D. Major operating divisions and functions.
- E. Current and projected growth patterns.
- F. Major transactions having a material effect on operations.

- A. Commercial Utilities was organized on April 1, 1974 and received Public Service Commission Certificate 164-S on June 4, 1975. Prior to the existence of Commercial Utilities and PSC certification, water and wastewater treatment was available to our land tenants from our own water and wastewater treatment plants. Our utility growth has been determined by normal growth and by a moratorium placed by the city on construction of new wastewater treatment facilities. On January 18, 1991, Commercial Utilities began purchasing water from the City of Jacksonville but continued to distribute it through our lines. On August 8, 1992, all of our wastewater collecting lines were connected to the Atlee Street wastewater pump station belonging to the City of Jacksonville; however, the responsibility of the lines and collection of wastewater remains with Commercial Utilities. By Order No. PSC-97-0094-FOF-WU, the commission acknowledged the exempt status of the water division and cancelled Certificate No. 219-W on January 27, 1997.
- B. Wastewater
- C. To provide quality wastewater service to the customers within our service area
- D. Commercial Utilities has two persons on premises to take care of line breaks, replacing of valves, etc. Major work is contracted out. Billing and contract negotiation functions are performed by two persons.
- E. Currently our growth is somewhat static; however, future growth has been permitted. The City of Jacksonville has recently extended their lines into property that we were led to believe was our certificated territory.
- F. Commercial Utilities proposes to reroute some collection lines to accommodate some land use changes.

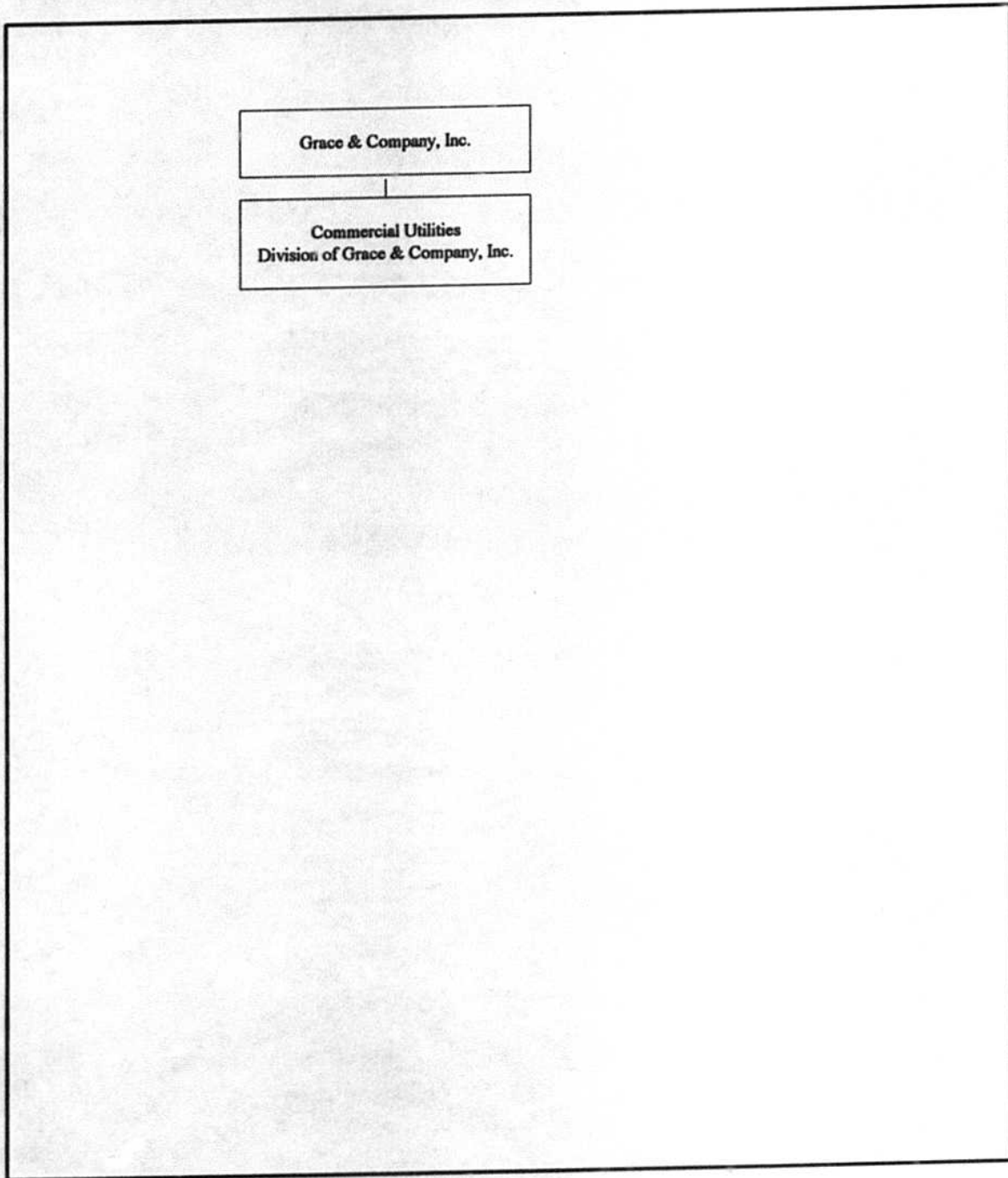
UTILITY NAME:

**COMMERCIAL UTILITIES**

**YEAR OF REPORT**  
December 31, 1998

**PARENT/AFFILIATE ORGANIZATION CHART**  
Current as of December 31, 1997

Complete below an organizational chart that show all parents and subsidiaries of the utility  
The chart must also show the relationship between the utility and affiliates listed on E-7, E-10(a) and E-10(b).





UTILITY NAME:

COMMERCIAL UTILITIES

YEAR OF REPORT  
December 31, 1998

**COMPENSATION OF OFFICERS**

For each officer, list the time spent on respondent as an officer compared to time spent on total business activities and the compensation received as an officer from the respondent.

NAME (a)	TITLE (b)	% OF TIME SPENT AS OFFICER OF THE UTILITY (c)	OFFICERS COMPENSATION (d)
Elroy C. Grace	President		\$ 27,373
Walter E. Grace	Vice President		0
Forbes D. Grace	Vice President		12,087
Robert B. Grace	Secretary/Treasurer		0

**COMPENSATION OF DIRECTORS**

For each director, list the number of director meetings attended by each director and the compensation received as a director from the respondent.

NAME (a)	TITLE (b)	NUMBER OF MEETINGS ATTENDED (c)	DIRECTORS COMPENSATION (d)
Elroy C. Grace			\$ 27,373
Walter E. Grace			0
Forbes D. Grace			12,087
Robert B. Grace			0

UTILITY NAME:

COMMERCIAL UTILITIESYEAR OF REPORT  
December 31, 1998**BUSINESS CONTRACTS WITH OFFICERS, DIRECTORS AND AFFILIATES**

List all contracts, agreements, or other business arrangements\* entered into during the calendar year (other than compensation related to position with Respondents) between the Respondent and officer and director listed on page E-6. In addition, provide the same information with respect to professional services for each firm, partnership, or organization with which the officer or director is affiliated.

NAME OF OFFICER DIRECTOR OR AFFILIATE (a)	IDENTIFICATION OF SERVICE OR PRODUCT (b)	AMOUNT (c)	NAME AND ADDRESS OF AFFILIATED ENTITY (d)
N/A	N/A	\$ N/A	N/A

Business Agreement, for this schedule, shall mean any oral or written business deal which binds the concerned parties for products or services during the reporting year or future years. Although the Respondent and/or other companies will benefit from the arrangement, the officer or director is, however, acting on his behalf or for the benefit of other companies or persons.

UTILITY NAME:

COMMERCIAL UTILITIESYEAR OF REPORT  
December 31, 1998**AFFILIATION OF OFFICERS AND DIRECTORS**

For each of the officials listed on page E-6, list the principle occupation or business affiliations or connections with any other business or financial organizations, firms, or partnerships. For purposes of this part, an official will be considered to have an affiliation with any business or financial organization, firm or partnership in which he is an officer, director, trustee, partner, or a person exercising similar functions.

NAME (a)	PRINCIPLE OCCUPATION OR BUSINESS AFFILIATION (b)	AFFILIATION OR CONNECTION (c)	NAME AND ADDRESS OF AFFILIATION OR CONNECTION (d)
Elroy C. Grace	Grace & Company, Inc.	President	Grace & Company, Inc. 865 South Lane Avenue Jacksonville, FL 32205
Forbes D. Grace	Commercial Utilities	Co-owner, Service Director	Grace & Company, Inc. 865 South Lane Avenue Jacksonville, FL 32205
Walter E. Grace	Grace & Company, Inc.	Director	Grace & Company, Inc. 865 South Lane Avenue Jacksonville, FL 32205
Robert B. Grace	Grace & Company, Inc.	Director	Grace & Company, Inc. 865 South Lane Avenue Jacksonville, FL 32205

UTILITY NAME: COMMERCIAL UTILITIES

YEAR OF REPORT  
December 31, 1998

**BUSINESSES WHICH ARE A BY PRODUCT, COPRODUCT OR JOINT PRODUCT RESULT OF PROVIDING WATER OR WASTEWATER SERVICE**

Complete the following for any business which is conducted as a byproduct, coproduct, or joint product as a result of providing water and/or wastewater service. This would include any business which requires the use of utility land and facilities. Examples of these types of businesses would be orange groves, nurseries, tree farms, fertilizer manufacturing, etc. This would not include any business for which the assets are properly included in Account 121 - Nonutility Property along with the associated revenue and expenses segregated out as nonutility also.

BUSINESS OR SERVICE CONDUCTED (a)	ASSETS		REVENUES		EXPENSES	
	BOOK COST OF ASSETS (b)	ACCT. NO. (c)	REVENUES GENERATED (d)	ACCT. NO. (e)	EXPENSES INCURRED (f)	ACCT. NO. (g)
N/A	\$ N/A	N/A	\$ N/A	N/A	\$ N/A	

UTILITY NAME:

**COMMERCIAL UTILITIES**

YEAR OF REPORT  
December 31, 1998

**BUSINESS TRANSACTIONS WITH RELATED PARTIES**

List each contract, agreement, or other business transaction exceeding a cumulative amount of \$500 in any on year, entered into between the Respondent and a business or financial organization, firm, or partnership named on pages E-2 and E-6, identifying the parties, amounts, dates and product, and asset, or service involved.

**Part I. Specific Instructions: Services and Products Received or Provided**

1. Enter in this part all transactions involving services and products received or provided.

2. Below are some types of transactions to include:

- management, legal and accounting services
- computer services
- engineering & construction services
- repairing and servicing of equipment

- material and supplies furnished
- leasing of structures, land, and equipment
- rental transactions
- sale, purchase or transfer of various products

NAME OF COMPANY OR RELATED PARTY  (a)	DESCRIPTION SERVICE AND/OR NAME OF PRODUCT  (b)	AGREEMENT EFFECTIVE DATES  (c)	ANNUAL CHARGES	
			CONTRACT OR (S)old  (d)	
Grace & Company, Inc.	Management & Administrative Overhead	Open	Sold	\$ 61,469

## BUSINESS TRANSACTIONS WITH RELATED PARTIES (Cont'd)

**Part II. Specific Instructions: Sale, Purchase and Transfer of Assets**  
 Enter in this part all transactions relating to the purchase, sale, or transfer of assets. 3. The columnar instructions follow:

- Below are examples of some types of transactions to include:
- purchase, sale or transfer of equipment
  - purchase, sale or transfer of land and structures
  - purchase, sale or transfer of securities
  - noncash transfers of assets
  - noncash dividends other than stock dividends
  - writeoff of bad debts or loans
- (a) Enter name of related party or company.  
 (b) Describe briefly the type of assets purchased, sold or transferred.  
 (c) Enter the total received or paid. Indicate purchase with "P" and sale with "S".  
 (d) Enter the net book value for each item reported.  
 (e) Enter the net profit or loss for each item reported. (column (e) - column(d)).  
 (f) Enter the fair market value for each item reported. In space below or in a supplemental schedule, describe the basis used to calculate fair market value.

NAME OF COMPANY OR RELATED PARTY (a)	DESCRIPTION OF ITEMS (b)	SALE OR PURCHASE PRICE (c)	NET BOOK VALUE (d)	GAIN OR LOSS (e)	FAIR MARKET VALUE (f)
N/A	N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A

UTILITY NAME:

**COMMERCIAL UTILITIES**YEAR OF REPORT  
December 31, 1998**COMPOSITE STATISTICS FOR ALL PRIVATELY OWNED  
WATER AND WASTEWATER UTILITIES UNDER AGENCY JURISDICTION**

DESCRIPTION (a)	WATER (b)	WASTEWATER (c)
<b>PLANT (Intrastate Only) (000's Omitted):</b>		
Plant in Service _____	\$ N/A	\$ 519,542
Construction Work In Progress _____		17,448
Plant Acquisition Adjustment _____		
Plant Held For Future Use _____		
Materials and Supplies _____		
Less:		
Accumulated Depreciation and Accumulated Amortization _____		187,838
Contributions In Aid of Construction _____		11,443
Net Book Cost _____	\$ _____	\$ 337,709
<b>REVENUES AND EXPENSES (Intrastate Only) (000's Omitted):</b>		
Operating Revenues _____	\$ _____	\$ 350,194
Depreciation and Amortization Expense _____	\$ _____	\$ 24,303
Income Tax Expense _____		6,635
Taxes Other Than Income _____		16,613
Other Operation Expenses _____		242,486
Total Operating Expenses _____	\$ _____	\$ 290,037
Net Operating Income _____	\$ _____	\$ 60,157
Other Income _____	\$ _____	\$ 19,127
Other Income Deductions _____		51,625
Net Income _____	\$ _____	\$ 27,659
<b>CUSTOMERS (Intrastate Only):</b>		
Residential - Yearly Average _____		0
Commercial - Yearly Average _____		35
Industrial - Yearly Average _____		0
Others - Yearly Average _____		0
Total _____		35
<b>OTHER STATISTICS (Intrastate Only):</b>		
Average Annual Residential Use Per 1,000 Gallons _____		0
Average Annual Residential Cost Per 1,000 Gallons _____	\$ _____	\$ 0
Average Residential Monthly Bill _____	\$ _____	\$ 0
Gross Plant Investment Per Customer _____	\$ _____	\$ 14,844

**FINANCIAL  
SECTION**



UTILITY NAME:

COMMERCIAL UTILITIESYEAR OF REPORT  
December 31, 1998

## COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
	<b>UTILITY PLANT</b>			
101-105	Utility Plant	F-5	\$ 536,990	\$ 537,110
108-110	Less: Accumulated Depreciation and Amortization	F-6	187,838	168,617
	Net Plant		\$ 349,152	\$ 368,493
114-115	Utility Plant Acquisition Adjustments (Net)	F-5		
	Other Plant Adj.			
	Total Net Utility Plant		\$ 349,152	\$ 368,493
	<b>OTHER PROPERTY AND INVESTMENTS</b>			
121	Nonutility Property	F-7	\$ 127,068	\$ 127,068
122	Less: Accumulated Depreciation and Amortization			
	Net Nonutility Property		\$ 127,068	\$ 127,068
123	Investment In Associated Companies	F-8		
124	Utility Investments	F-8		
125	Other Investments	F-8		
127	Other Special Funds	F-8		
	Total Other Property & Investments		\$ 127,068	\$ 127,068
	<b>CURRENT AND ACCRUED ASSETS</b>			
131	Cash		\$ 85,207	\$ 21,666
132	Special Deposits	F-7		
134	Working Funds			
135	Temporary Cash Investments			
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts	F-9		
145	Accounts Receivable from Associated Companies	F-10		
146	Notes Receivable from Associated Companies	F-10		
151	Material and Supplies			
162	Prepayments	F-11		
171	Accrued Interest and Dividends Receivable			
174	Misc. Current and Accrued Assets			
	Total Current and Accrued Assets		\$ 85,207	\$ 21,666

F-1(a)

UTILITY NAME: COMMERCIAL UTILITIES

**COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense _____	F-12	\$ _____	\$ _____
182	Extraordinary Property Losses _____	F-12	41,022	46,675
186	Misc. Deferred Debits _____	F-11	_____	_____
190	Accumulated Deferred Income Taxes _____		_____	_____
	Total Deferred Debits _____		\$ 41,022	\$ 46,675
	TOTAL ASSETS AND OTHER DEBITS _____		\$ 602,449	\$ 563,902

NOTES TO THE BALANCE SHEET

The space below is provided for important notes regarding the balance sheet.

UTILITY NAME:

COMMERCIAL UTILITIES

YEAR OF REPORT

December 31, 1998

## COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
	<b>EQUITY CAPITAL</b>			
201	Common Stock Issued _____	F-14	\$ _____	\$ _____
204	Preferred Stock Issued _____	F-14	_____	_____
211	Other Paid - In Capital _____		_____	_____
212	Discount On Capital Stock _____		_____	_____
213	Capital Stock Expense _____		_____	_____
214-215	Retained Earnings _____	F-15	128,471	100,812
216	Reacquired Capital Stock _____		_____	_____
218	Proprietary Capital (Proprietorship and Partnership Only) _____		_____	_____
	Total Equity Capital _____		\$ 128,471	\$ 100,812
	<b>LONG TERM DEBT</b>			
221	Bonds _____	F-16	_____	_____
223	Advances from Associated Companies _____	F-16	446,656	435,195
224	Other Long Term Debt _____	F-14	_____	_____
	F-19			
	Total Long Term Debt _____		\$ 446,656	\$ 435,195
	<b>CURRENT AND ACCRUED LIABILITIES</b>			
231	Accounts Payable _____		_____	_____
232	Notes Payable _____	F-13	_____	_____
233	Accounts Payable to Associated Companies _____	F-13	_____	_____
234	Notes Payable to Associated Companies _____	F-13	_____	_____
235	Customer Deposits _____		_____	_____
236	Accrued Taxes _____	F-17	15,879	15,881
237	Accrued Interest _____	F-18	_____	_____
238	Accrued Dividends _____		_____	_____
239	Matured Long Term Debt _____		_____	_____
240	Matured Interest _____		_____	_____
241	Miscellaneous Current & Accrued Liabilities _____	F-19	_____	_____
	Total Current & Accrued Liabilities _____		\$ 15,879	\$ 15,881

## RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

F-2(a)

UTILITY NAME:

COMMERCIAL UTILITIESYEAR OF REPORT  
December 31, 1998

## COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
	DEFERRED CREDITS			
251	Unamortized Premium On Debt -----	F-12	\$ _____	\$ _____
252	Advances For Construction -----	F-19	_____	_____
253	Other Deferred Credits -----		_____	_____
255	Accumulated Deferred Investment Tax Credits -----		_____	_____
	Total Deferred Credits -----		\$ _____	\$ _____
	OPERATING RESERVES			
261	Property Insurance Reserve -----		\$ _____	\$ _____
262	Injuries & Damages Reserve -----		_____	_____
263	Pensions and Benefits Reserve -----		_____	_____
265	Miscellaneous Operating Reserves -----		_____	_____
	Total Operating Reserves -----		\$ _____	\$ _____
	CONTRIBUTIONS IN AID OF CONSTRUCTION			
271	Contributions in Aid of Construction -----	F-20	\$ 15,440	\$ 15,440
272	Accumulated Amortization of Contributions in Aid of Construction -----	F-21	3,997	3,426
	Total Net C.I.A.C. -----		\$ 11,443	\$ 12,014
	ACCUMULATED DEFERRED INCOME TAXES			
281	Accumulated Deferred Income Taxes - Accelerated Depreciation -----		\$ _____	\$ _____
282	Accumulated Deferred Income Taxes - Liberalized Depreciation -----		_____	_____
283	Accumulated Deferred Income Taxes - Other -----		_____	_____
	Total Accumulated Deferred Income Tax -----		\$ _____	\$ _____
	TOTAL EQUITY CAPITAL AND LIABILITIES		\$ 602,449	\$ 563,902

F-2(b)

UTILITY NAME: COMMERCIAL UTILITIESYEAR OF REPORT  
December 31, 1998

## COMPARATIVE OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	REF. PAGE (d)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME			
400	Operating Revenues -----	\$ 352,907	F-3(b)	\$ 350,194
401	Operating Expenses -----	\$ 239,380	F-3(b)	\$ 242,486
403	Depreciation Expense -----	18,409	F-6	18,650
406	Amortization of Utility Plant Acquisition Adjustment -----			
407	Amortization Expense -----	5,653		5,653
408.1	Taxes Other Than Income -----	18,452	F-17	16,613
409.1	Income Taxes -----	2,028	F-17	6,635
410.10	Deferred Income Taxes -----			
411.10	Provision for Deferred Income Taxes - Credit -----			
412.10	Investment Tax Credits Deferred to Future Periods -----			
412.11	Investment Tax Credits Restored to Operating Income -----			
	Utility Operating Expenses -----	\$ 283,922		\$ 290,037
	Utility Operating Income -----	\$ 68,985		\$ 60,157
413	Income From Utility Plant Leased to others -----			
414	Gains (losses) From Disposition of Utility Property -----			
	Total Utility Operating Income [Enter here and on Page F-3(c)] -----	\$ 68,985		\$ 60,157

F-3(a)

**COMPARATIVE OPERATING STATEMENT (Cont'd)**

REF. PAGE (f)	WATER (g)	REF. PAGE (h)	WASTEWATER (i)	OTHER (j)
W-3	\$ <u>N/A</u>	S-3	\$ <u>350,194</u>	\$ <u>N/A</u>
W-2	\$ _____	S-2	\$ <u>242,486</u>	\$ _____
F-6	_____	F-6	<u>18,650</u>	_____
F-6	_____	F-6	<u>5,653</u>	_____
F-17	_____	F-17	<u>16,613</u>	_____
F-17	_____	F-17	<u>6,635</u>	_____
	_____		_____	_____
	_____		_____	_____
	_____		_____	_____
	_____		_____	_____
	_____		_____	_____
	\$ _____		\$ <u>290,037</u>	\$ _____
	\$ _____		\$ <u>60,157</u>	\$ _____
	_____		_____	_____
	_____		_____	_____
	\$ _____		\$ <u>60,157</u>	\$ _____

F-3(b)

## COMPARATIVE OPERATING STATEMENT (Cont'd)

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	REF. PAGE (d)	CURRENT YEAR (e)
	Total Utility Operating Income [ from page F-3(a)] -----	\$ 68,985		\$ 60,157
	OTHER INCOME AND DEDUCTIONS			
415	Revenues-Merchandising, Jobbing, and Contract Deductions -----	\$ -----		\$ -----
416	Costs & Expenses of Merchandising Jobbing, and Contract Work -----	-----		2,671
419	Interest and Dividend Income -----	-----		16,456
420	Allowance for Funds Used During Construction -----	-----		19,127
421	Nonutility Income -----	-----		
426	Miscellaneous Nonutility Expenses -----	-----		
	Total Other Income and Deductions -----	\$ -----		\$ -----
	TAXES APPLICABLE TO OTHER INCOME			
408.20	Taxes Other Than Income -----	\$ -----	F-17	\$ -----
409.20	Income Taxes -----	-----	F-17	-----
410.20	Provision for Deferred Income Taxes -----	-----		-----
411.20	Provision for Deferred Income Taxes - Credit -----	-----		-----
412.20	Investment Tax Credits - Net -----	-----		-----
412.30	Investment Tax Credits Restored to Operating Income -----	-----		-----
	Total Taxes Applicable To Other Income -----	\$ -----		\$ -----
	INTEREST EXPENSE			
427	Interest Expense -----	\$ 60,706	F-18	\$ 51,625
428	Amortization of Debt Discount & Expense -----	-----	F-12	-----
429	Amortization of Premium on Debt -----	-----	F-12	-----
	Total Interest Expense -----	\$ 60,706		\$ 51,625
	EXTRAORDINARY ITEMS			
433	Extraordinary Income -----	\$ -----		\$ -----
434	Extraordinary Deductions -----	-----		-----
409.30	Income Taxes, Extraordinary Items -----	-----		-----
	Total Extraordinary Items -----	\$ -----		\$ -----
	NET INCOME -----	\$ 8,279		\$ 27,659

**SCHEDULE OF YEAR END RATE BASE**

ACCT. NO.	ACCOUNT NAME	REF. PAGE	WATER UTILITY	WASTEWATER UTILITY
(a)	(b)	(c)	(d)	(e)
101	Utility Plant In Service -----	F-5	\$ N/A	\$ 536,990
	Less:			
	Nonused and Useful Plant (1) -----			0
108	Accumulated Depreciation -----	F-6		187,838
110	Accumulated Amortization -----	F-6		
271	Contributions In Aid of Construction -----	F-20		15,440
252	Advances for Construction -----	F-19		
	Subtotal -----		\$	\$ 333,712
	Additions:			
272	Accumulated Amortization of Contributions in Aid of Construction -----	F-21		3,997
	Subtotal -----		\$	\$ 337,709
	Plus or Minus:			
114	Acquisition Adjustments (2) -----	F-5		
115	Accumulated Amortization of Acquisition Adjustments (2) -----	F-5		30,311
	Working Capital Allowance (3) -----			
	Other (Specify): _____ _____ _____			
	RATE BASE -----		\$	\$ 368,020
	UTILITY OPERATING INCOME -----		\$	\$ 60,157
	ACHIEVED RATE OF RETURN -----			16.35%

## NOTES :

- (1) Estimate if not Known.
- (2) Include only those Acquisition Adjustments that have been approved by the Commission.
- (3) Calculate using Balance Sheet Method, beginning-year end average.



UTILITY NAME: **COMMERCIAL UTILITIES**

**UTILITY PLANT (ACCTS. 101-106)**

ACCT. NO. (a)	DESCRIPTION (b)	WATER (c)	WASTEWATER (d)	OTHER THAN REPORTING SYSTEMS (e)	TOTAL (f)
	Plant Accounts:				
101	Utility Plant In Service	\$ N/A	\$ 519,542	\$ N/A	\$ 519,542
102	Utility Plant Leased to Others				
103	Property Held for Future Use				
104	Utility Plant Purchased or Sold				
105	Construction Work in Progress		17,448		17,448
	Total Utility Plant	\$	\$ 536,990	\$	\$ 536,990

**UTILITY PLANT ACQUISITION ADJUSTMENTS (ACCTS. 114 - 115)**

Report each acquisition adjustment and related accumulated amortization separately. For any acquisition approved by the Commission, include the Order Number.

DESCRIPTION (a)	WATER (b)	WASTEWATER (c)	OTHER THAN REPORTING SYSTEMS (d)	TOTAL (e)
ACQUISITION ADJUSTMENTS (114):	\$ N/A	\$ N/A	\$ N/A	\$
Total Plant Acquisition Adjs.	\$	\$	\$	\$
ACCUMULATED AMORTIZATION (115):	\$	\$	\$	\$
Total Accumulated Amortization	\$	\$	\$	\$
Net Acquisition Adjustments	\$	\$	\$	\$

UTILITY NAME: **COMMERCIAL UTILITIES**
**ACCUMULATED DEPRECIATION ( ACCT. 108 )**

DESCRIPTION NO. (a)	WATER (b)	WASTEWATER (c)	OTHER THAN REPORTING SYSTEMS (d)	TOTAL (e)
Balance first of year	\$ N/A	\$ 168,617	\$ N/A	\$ 168,617
Credit during year:				
Accruals charged to Account 108	\$	\$ 19,221	\$	\$ 19,221
Other Accounts (specify)				
Salvage				
Other Credits (Specify)				
Total Credits	\$	\$ 19,221	\$	\$ 19,221
Debits during year:				
Book cost of plant retired				
Cost of removal				
Other Debits (specify)				
Total Debits	\$	\$	\$	\$
Balance end of year	\$	\$ 187,838	\$	\$ 187,838

**ACCUMULATED AMORTIZATION ( ACCT. 110 )**

DESCRIPTION NO. (a)	WATER (b)	WASTEWATER (c)	OTHER THAN REPORTING SYSTEMS (d)	TOTAL (e)
Balance first of year	\$ N/A	\$ N/A	\$ N/A	\$
Credit during year:				
Accruals charged to Account 110	\$	\$	\$	\$
Other Accounts (specify)				
Total Credits	\$	\$	\$	\$
Debits during year:				
Book cost of plant retired				
Other Debits (specify)				
Total Debits	\$	\$	\$	\$
Balance end of year	\$	\$	\$	\$

UTILITY NAME: **COMMERCIAL UTILITIES**

**YEAR OF REPORT**  
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**NONUTILITY PROPERTY (ACCT. 121)**

Report separately each item of property with a book cost of \$25,000 or more included in Account 121. Other items may be grouped by classes of property.

DESCRIPTION (a)	BEGINING YEAR BALANCE (b)	ADDITIONS (c)	REDUCTIONS (d)	ENDING YEAR BALANCE (e)
Disallowed Utility Plant Cost	\$ 127,068	\$ _____	\$ _____	\$ 127,068
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Nonutility Property _____	\$ 127,068	\$ _____	\$ _____	\$ 127,068

**SPECIAL DEPOSITS (ACCT. 132)**

Report hereunder all special deposits carried in Accounts 132.

DESCRIPTION OF SPECIAL DEPOSITS (a)	YEAR END BOOK COST (b)
SPECIAL DEPOSITS (ACCT. 132):	\$ N/A
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total Special Deposits _____	\$ _____

UTILITY NAME: **COMMERCIAL UTILITIES**

**INVESTMENTS AND SPECIAL FUNDS (ACCTS. 123-127)**

Report hereunder all investments and special funds carried in Accounts 123 thru 127.		
DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
<b>INVESTMENT IN ASSOCIATED COMPANIES (ACCT. 123):</b> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <b>Total Investment in Associated Companies</b> -----	\$ _____ _____ _____ _____ _____ _____ _____ _____ _____ \$ _____	\$ <u>      N/A      </u> _____ _____ _____ _____ _____ _____ _____ _____ \$ _____
<b>UTILITY INVESTMENTS (ACCT. 124):</b> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <b>Total Utility Investment</b> -----	\$ _____ _____ _____ _____ _____ _____ _____ _____ _____ \$ _____	\$ <u>      N/A      </u> _____ _____ _____ _____ _____ _____ _____ _____ \$ _____
<b>OTHER INVESTMENTS (ACCT. 125):</b> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <b>Total Other Investment</b> -----	\$ _____ _____ _____ _____ _____ _____ _____ _____ _____ \$ _____	\$ <u>      N/A      </u> _____ _____ _____ _____ _____ _____ _____ _____ \$ _____
<b>SPECIAL FUNDS (ACCT. 127):</b> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <b>Total Special Funds</b> -----	\$ _____ _____ _____ _____ _____ _____ _____ _____ _____ \$ _____	\$ <u>      N/A      </u> _____ _____ _____ _____ _____ _____ _____ _____ \$ _____

UTILITY NAME:

**COMMERCIAL UTILITIES**

**YEAR OF REPORT**  
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**ACCOUNTS AND NOTES RECEIVABLE - NET ( ACCTS. 141 - 144 )**

Report hereunder all accounts and notes receivable included in Accounts 141, 142, and 144. Amounts included in Accounts 142 and 144 should be listed individually.		TOTAL (b)
DESCRIPTION (a)		
<b>ACCOUNTS RECEIVABLE:</b>		
Customer Accounts Receivable ( Acct. 141 ):	\$ _____	
Water _____	_____	
Wastewater _____	_____	0
Other _____	_____	
Total Customer Accounts Receivable _____		\$ _____
<b>OTHER ACCOUNTS RECEIVABLE ( Acct. 142):</b>		
_____	\$ _____	N/A
_____	_____	
_____	_____	
Total Other Accounts Receivable _____		\$ _____
<b>NOTES RECEIVABLE (Acct. 144):</b>		
_____	\$ _____	N/A
_____	_____	
_____	_____	
Total Notes Receivable _____		\$ _____
Total Accounts and Notes Receivable _____		\$ _____
<b>ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS ( Acct. 143 )</b>		
Balance first of year _____	\$ _____	N/A
Add: Provision for uncollectibles for current year _____	\$ _____	
Collection of accounts previously written off _____	_____	
Utility Accounts _____	_____	
Others _____	_____	
Total Additions _____	\$ _____	
Deduct accounts written off during year:		
Utility Accounts _____	_____	
Others _____	_____	
Total accounts written off _____	\$ _____	
Balance end of year _____		\$ _____
<b>Total Accounts and Notes Receivable - Net</b> _____		\$ _____

UTILITY NAME: COMMERCIAL UTILITIES

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**ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES ( ACCT. 145 )**

Report each account receivable from associated companies separately.	
DESCRIPTION (a)	TOTAL (b)
	\$ N/A
Total _____	\$ _____

**NOTES RECEIVABLE FROM ASSOCIATED COMPANIES ( ACCT. 146 )**

Report each note receivable from associated companies separately.		
DESCRIPTION (a)	INTEREST RATE (b)	TOTAL (c)
		\$ N/A
Total _____		\$ _____

UTILITY NAME: COMMERCIAL UTILITIES

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**PREPAYMENTS ( ACCT. 162 )**

DESCRIPTION (a)	TOTAL (b)
Prepaid Insurance _____	\$ <u>      N/A      </u>
Prepaid Rents _____	_____
Prepaid Interest _____	_____
Prepaid Taxes _____	_____
Other Prepayments (Specify): _____	_____
_____	_____
_____	_____
Total Prepayments _____	\$ <u>_____</u>

**MISCELLANEOUS DEFERRED DEBITS ( ACCT. 186 )**

DESCRIPTION (a)	TOTAL (b)
MISCELLANEOUS DEFERRED DEBITS (Acct. 186):	
Deferred Rate Case Expense (Acct. 186.1) _____	\$ <u>          0</u>
Other Deferred Debits (Acct. 186.2) _____	_____
	<u>          0</u>
Total Miscellaneous Deferred Debits _____	\$ <u>_____</u>

UTILITY NAME: COMMERCIAL UTILITIES

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**UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM ON DEBT  
(ACCTS. 181 & 251)**

Report the net discount and expense or premium separately for each security issue.		
DESCRIPTION (a)	AMOUNT WRITTEN OFF DURING YEAR (b)	YEAR END BALANCE (c)
UNAMORTIZED DEBT DISCOUNT AND EXPENSE (ACCT. 181):		
_____	\$ _____	\$ N/A
_____	_____	_____
_____	_____	_____
Total Unamortized Debt Discount and Expense _____	\$ _____	\$ _____
UNAMORTIZED PREMIUM ON DEBT (ACCT. 251)		
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
Total Unamortized Premium on Debt _____	\$ _____	\$ _____

**EXTRAORDINARY PROPERTY LOSSES (ACCT. 182)**

Report each item separately.	
DESCRIPTION (a)	TOTAL (b)
EXTRAORDINARY PROPERTY LOSSES (ACCT. 182):	
Unamortized Loss on Abandonment of Wastewater Treatment Facilities	\$ 41,022
_____	_____
_____	_____
Total Extraordinary Property Losses _____	\$ 41,022



UTILITY NAME: COMMERCIAL UTILITIES

**NOTES PAYABLE (ACCTS. 232 & 234)**

DESCRIPTION (a)	NOMINAL DATE OF ISSUE (b)	DATE OF MATURITY (c)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (f)
			RATE (d)	FREQUENCY OF PAYMENT (e)	
ACCOUNT 232 - NOTES PAYABLE:  _____ _____ _____ _____ _____ _____ Total Account 232 _____	_____ _____ _____ _____ _____	_____ _____ _____ _____ _____	_____ _____ _____ _____ _____	_____ _____ _____ _____ _____	\$ N/A _____ _____ _____ _____ _____ _____ \$ _____
ACCOUNT 234 - NOTES PAYABLE TO ASSOC. COMPANIES:  _____ _____ _____ _____ _____ _____ Total Account 234 _____	_____ _____ _____ _____ _____	_____ _____ _____ _____ _____	_____ _____ _____ _____ _____	_____ _____ _____ _____ _____	\$ N/A _____ _____ _____ _____ _____ _____ \$ _____

**ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (ACCT. 233)**

Report each account payable separately.	
DESCRIPTION (a)	TOTAL (b)
_____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ Total _____	\$ N/A _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ \$ _____

UTILITY NAME: COMMERCIAL UTILITIES

**CAPITAL STOCK (ACCTS. 201 & 204)**

DESCRIPTION (a)	COMMON STOCK (b)	PREFERRED STOCK (c)
Par or stated value per share _____	\$ 0	\$ 0
Shares authorized _____	0	0
Shares issued and outstanding _____	0	0
Total par value of stock issued _____	\$ 0	\$ 0
Dividends declared per share for year _____	\$ 0	\$ 0

**LONG TERM DEBT (ACCT. 224)**

DESCRIPTION OF OBLIGATION (INCLUDING NOMINAL DATE OF ISSUE AND DATE OF MATURITY) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (d)
	RATE (b)	FREQUENCY OF PAYMENT (c)	
_____	%	_____	\$ N/A
_____	%	_____	_____
_____	%	_____	_____
_____	%	_____	_____
_____	%	_____	_____
_____	%	_____	_____
_____	%	_____	_____
_____	%	_____	_____
_____	%	_____	_____
_____	%	_____	_____
_____	%	_____	_____
_____	%	_____	_____
_____	%	_____	_____
_____	%	_____	_____
_____	%	_____	_____
_____	%	_____	_____
_____	%	_____	_____
_____	%	_____	_____
Total _____			\$ _____

UTILITY NAME:

COMMERCIAL UTILITIES

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STATEMENT OF RETAINED EARNINGS

1. Dividends should be shown for each class and series of capital stock. Show amounts as dividends per share.
2. Show separately the state and federal income tax effect of items shown in Account No. 439.

ACCT. NO. (a)	DESCRIPTION (b)	AMOUNTS (c)
215	Unappropriated Retained Earnings:	
	Balance Beginning of Year _____	\$ 100,812
	Changes to Account:	
439	Adjustments to Retained Earnings ( requires Commission approval prior to use):	
	Credits: _____	\$ _____
	_____	_____
	Total Credits: _____	\$ _____
	Debits: _____	\$ _____
	_____	_____
	Total Debits: _____	\$ _____
435	Balance Transferred from Income _____	\$ 27,659
436	Appropriations of Retained Earnings:	
	_____	_____
	_____	_____
	Total Appropriations of Retained Earnings _____	\$ _____
	Dividends Declared:	
437	Preferred Stock Dividends Declared _____	_____
438	Common Stock Dividends Declared _____	_____
	_____	_____
	Total Dividends Declared _____	\$ _____
	Year end Balance _____	\$ 128,471
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	
	_____	_____
	_____	_____
	Total Appropriated Retained Earnings _____	\$ 0
	Total Retained Earnings _____	\$ 128,471

Notes to Statement of Retained Earnings:

UTILITY NAME: **COMMERCIAL UTILITIES**

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**BONDS (ACCT. 221)**

DESCRIPTION OF OBLIGATION (INCLUDING NOMINAL DATE OF ISSUE AND DATE OF MATURITY) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (d)
	RATE (b)	FREQUENCY OF PAYMENT (c)	
	%		\$ N/A
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
Total -----			\$ _____

**ADVANCES FROM ASSOCIATED COMPANIES ( ACCT. 223)**

Report each advance separately.	
DESCRIPTION (a)	TOTAL (b)
Grace & Company, Inc.	\$ 446,656
Total -----	\$ 446,656

**ACCRUED TAXES (ACCT. 236)**

ACCT. NO. (a)	DESCRIPTION (b)	WATER (c)	WASTEWATER (d)	OTHER (e)	TOTAL (f)
	Balance First of Year	\$ N/A	\$ 15,881	\$ N/A	\$ 15,881
408.10	Accruals Charged: Utility Regulatory Assessment Fees	\$ N/A	\$ 15,879	\$	\$ 15,879
408.11	Property Taxes				
408.12	Payroll Taxes		734		734
408.13	Other Taxes & Licenses				
409.10	Federal Income Taxes		4,780		4,780
409.11	State Income Taxes		1,855		1,855
	Taxes Applicable to Other Income (Accts. 408.2, 409.2, 409.3, 410.2)				
	Total Taxes Accrued	\$	\$ 23,248	\$	\$ 23,248
	Taxes Paid During Year:				
408.10	Utility Regulatory Assessment Fees	\$	\$ 15,881	\$	\$ 15,881
408.11	Property Taxes				
408.12	Payroll Taxes		734		734
408.13	Other Taxes & Licenses				
409.10	Federal Income Taxes		4,780		4,780
409.11	State Income Taxes		1,855		1,855
	Taxes Applicable to other Income (Accts. 408.2, 409.2, 409.3, 410.2)				
	Total Taxes Paid	\$	\$ 23,250	\$	\$ 23,250
	Balance End of Year	\$	\$ 15,879	\$	\$ 15,879

UTILITY NAME: COMMERCIAL UTILITIES

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**ACCRUED INTEREST (ACCT. 237)**

DESCRIPTION OF DEBIT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR		INTEREST PAID DURING YEAR (e)	BALANCE END OF YEAR (f)
		ACCT. DEBIT (c)	AMOUNT (d)		
ACCOUNT NO. 237.1 - Accrued Interest on Long Term Debt:	\$ _____		\$ _____	\$ _____	\$ _____
_____	_____		_____	_____	_____
_____	_____		_____	_____	_____
_____	_____		_____	_____	_____
Total Account No. 237.1	\$ _____		\$ _____	\$ _____	\$ _____
ACCOUNT NO. 237.2 - Accrued Interest on Other Liabilities:					
Grace & Company Advance	\$ 0	427	\$ 51,300	\$ 51,300	\$ _____
Other	_____	427	325	325	_____
_____	_____		_____	_____	_____
_____	_____		_____	_____	_____
Total Account No. 237.2	\$ _____		\$ 51,625	\$ _____	\$ _____
Total Account No. 237	\$ _____		\$ 51,625	\$ _____	\$ _____

**REGULATORY COMMISSION EXPENSE - AMORTIZATION  
OF RATE CASE EXPENSE (ACCTS. 666 & 766)**

DESCRIPTION OF CASE (DOCKET NO.) (a)	EXPENSE INCURRED DURING YEAR (b)	AMOUNT TRANSFERRED TO ACCOUNT NO. 186.1 (c)	CHARGED OFF DURING YEAR	
			ACCT. (d)	AMOUNT (e)
_____	\$ _____	\$ _____		\$ N/A
_____	_____	_____		_____
_____	_____	_____		_____
_____	_____	_____		_____
_____	_____	_____		_____
_____	_____	_____		_____
_____	_____	_____		_____
_____	_____	_____		_____
_____	_____	_____		_____
Total	\$ _____	\$ _____		\$ _____



UTILITY NAME: COMMERCIAL UTILITIES

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCT. 271)

DESCRIPTION (a)	WATER (b)	WASTEWATER (c)	W & WW OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance first of year	\$ N/A	\$ 15,440	\$ N/A	\$ 15,440
Add credits during year:				
Contributions received from Capacity, Main Extension and Customer Connection Charges (Schedule "A")	\$ _____	\$ 0	\$ _____	\$ _____
Contributions received from Developer or Contractor Agreements in cash or property (Schedule "B")	\$ _____	\$ 0	\$ _____	\$ _____
Total Credits _____	\$ _____	\$ _____	\$ _____	\$ _____
Less debit charged during the year (All debits charged during the year must be explained below) _____	\$ _____	\$ _____	\$ _____	\$ _____
Total Contribution In Aid of Construction _____	\$ _____	\$ 15,440	\$ _____	\$ 15,440

Explain all debits charged to Account 271 below:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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UTILITY NAME: **COMMERCIAL UTILITIES**

**SCHEDULE "A"**  
**ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION RECEIVED FROM CAPACITY,  
MAIN EXTENSION AND CUSTOMER CONNECTION CHARGES RECEIVED DURING THE YEAR**

DESCRIPTION OF CHARGES (a)	NUMBER OF CONNECTIONS (b)	CHARGE PER CONNECTION (c)	WATER (d)	WASTEWATER (e)
		\$ _____	\$ N/A	\$ _____ 0
Total Credits _____			\$ _____	\$ _____ 0

**ACCUMULATED AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCT. 272)**

DESCRIPTION (a)	WATER (b)	WASTEWATER (c)	W & WW OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance first of year	\$ N/A	\$ 3,426	\$ _____	\$ 3,426
Debits during year:				
Accruals charged to:				
Account 272 _____	\$ _____	\$ 571	\$ _____	\$ 571
Other debits (specify): _____				
Total debits _____	\$ _____	\$ 571	\$ _____	\$ 571
Credits during year:				
Total Credits _____	\$ _____	\$ _____	\$ _____	\$ _____
Balance end of year _____	\$ _____	\$ 3,997	\$ _____	\$ 3,997



UTILITY NAME: COMMERCIAL UTILITIES

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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES  
(UTILITY OPERATIONS)

1. The reconciliation should include the same detail as furnished on Schedule M-1 of the federal tax return for the year. The reconciliation shall be submitted even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount and show the computations of all tax accruals.
2. If the utility is a member of a group which files a consolidated federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating intercompany amounts to be eliminated in such consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignments, or sharing of the consolidated tax among the group members.

DESCRIPTION (a)	REF. NO. (b)	AMOUNT (c)
Net income for the year _____		\$ _____
Reconciling items for the year:		
Taxable income not reported on books: <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-left: 20px;">                         Commercial Utilities does not incur income tax directly, but its operations are included in the tax return for Grace &amp; Company, Inc. Commercial Utilities accordingly has no taxable income with which to reconcile.                     </div>		_____
_____		_____
_____		_____
Deductions recorded on books not deducted for return:		_____
_____		_____
_____		_____
Income recorded on books not included in return:		_____
_____		_____
_____		_____
Deduction on return not charged against book income:		_____
_____		_____
_____		_____
Federal tax net income _____		\$ _____
Computation of tax :		

**\*\*COMPLETION OF SCHEDULE ONLY REQUIRED IF AFUDC WAS CHARGED DURING YEAR\*\***

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UTILITY NAME: COMMERCIAL UTILITIES

**SCHEDULE "A"**  
**SCHEDULE OF COST OF CAPITAL USED FOR AFUDC CALCULATION (2)**

CLASS OF CAPITAL (a)	DOLLAR AMOUNT (1) (b)	PERCENTAGE OF CAPITAL (c)	ACTUAL COST RATES (d)	WEIGHTED COST (c x d) (e)
Common Equity	\$ N/A	N/A	N/A %	%
Preferred Stock				
Long Term Debt				
Customer Deposits				
Tax Credits - Zero Cost			0.00%	
Tax Credits - Weighted Cost				
Deferred Income Taxes				
Other (Explain): _____				
<b>Total</b>	\$ _____	<u>100.00%</u>		_____

- (1.) Should equal amounts on Schedule B, Column (f), Page F-25.
- (2.) Must be calculated using the same methodology used to calculate AFUDC rate approved by the Commission.

**APPROVED AFUDC RATE**

Approved AFUDC rate:	_____ %
proving AFUDC rate:	_____ %

**\*\*COMPLETION OF SCHEDULE ONLY REQUIRED IF AFUDC WAS CHARGED DURING YEAR\*\***

<b>YEAR OF REPORT</b> December 31, 1998
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UTILITY NAME: COMMERCIAL UTILITIES

**SCHEDULE "B"**  
**SCHEDULE OF CAPITAL STRUCTURE ADJUSTMENTS**

CLASS OF CAPITAL (a)	PER BOOK BALANCE (b)	NON-UTILITY ADJUSTMENTS (c)	NON-JURIS. ADJUSTMENTS (d)	OTHER (1) ADJUSTMENTS (e)	CAPITAL STRUCTURE USED FOR AFUDC CALCULATION (f)
Common Equity	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Preferred Stock	_____	_____	_____	_____	_____
Long Term Debt	_____	_____	_____	_____	_____
Customer Deposits	_____	_____	_____	_____	_____
Tax Credits - Zero Cost	_____	_____	_____	_____	_____
Tax Credits - (Weighted COC)	_____	_____	_____	_____	_____
Deferred Inc. Taxes	_____	_____	_____	_____	_____
Other (Explain)	_____	_____	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

(1) Explain below all adjustments made in Column (e):

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# **WATER OPERATING SECTION**

**Note:** This utility is a wastewater only service; therefore, Pages W-1 through W-10 have been omitted from this report.

**WASTEWATER OPERATION  
SECTION**

UTILITY NAME:

COMMERCIAL UTILITIES

<b>YEAR OF REPORT</b> December 31, 1998
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**WASTEWATER UTILITY PLANT ACCOUNTS**

ACCT. NO.	ACCOUNT NAME	PREVIOUS YEAR	ADDITIONS	RETIREMENTS
(a)	(b)	(c)	(d)	(e)
351	Organization	\$ _____	\$ _____	\$ _____
352	Franchises	_____	_____	_____
353	Land and Land Rights	_____	_____	_____
354	Structures and Improvements	_____	_____	_____
360	Collection Sewers - Force	321,654	_____	_____
361	Collection Sewers - Gravity	9,458	_____	_____
362	Special Collecting Structures	_____	_____	_____
363	Services to Customers	2,492	_____	_____
364	Flow Measuring Devices	_____	_____	_____
365	Flow Measuring Installations	_____	_____	_____
370	Receiving Wells	32,446	_____	_____
371	Pumping Equipment	_____	_____	_____
380	Treatment and Disposal Equip.	_____	_____	_____
381	Plant Sewers	_____	_____	_____
382	Outfall Sewer Lines	_____	_____	_____
389	Other Plant and Miscellaneous Equipment	155,445	_____	1,953
390	Office Furniture and Equipment	_____	_____	_____
391	Transportation Equipment	_____	_____	_____
392	Stores Equipment	_____	_____	_____
393	Tools, Shop and Garage Equip.	_____	_____	_____
394	Laboratory Equipment	_____	_____	_____
395	Power Operated Equipment	_____	_____	_____
396	Communication Equipment	_____	_____	_____
397	Miscellaneous Equipment	_____	_____	_____
398	Other Tangible Plant	_____	_____	_____
	<b>Total Wastewater Plant</b>	<b>\$ 521,495</b>	<b>\$ _____</b>	<b>\$ 1,953</b>

**NOTE:** Any adjustments made to reclassify property from one account to another must be footnoted.



**WASTEWATER UTILITY PLANT MATRIX**

CURRENT YEAR (f)	1. INTANGIBLE PLANT (g)	2. COLLECTION PLANT (h)	3. SYSTEM PUMPING PLANT (i)	4. TREATMENT AND DISPOSAL (j)	5. GENERAL PLANT (k)
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
<u>321,654</u>	_____	<u>321,654</u>	_____	_____	_____
<u>9,458</u>	_____	<u>9,458</u>	_____	_____	_____
_____	_____	_____	_____	_____	_____
<u>2,492</u>	_____	<u>2,492</u>	_____	_____	_____
_____	_____	_____	_____	_____	_____
<u>32,446</u>	_____	_____	<u>32,446</u>	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
<u>153,492</u>	<u>153,492</u>	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
<u>\$ 519,542</u>	<u>\$ 153,492</u>	<u>\$ 333,604</u>	<u>\$ 32,446</u>	<u>\$ _____</u>	<u>\$ _____</u>

S-1(b)

UTILITY NAME:

**COMMERCIAL UTILITIES**

**YEAR OF REPORT**  
December 31, 1998

**WASTEWATER UTILITY EXPENSE ACCOUNTS**

ACCT. NO.	ACCOUNT NAME	CURRENT YEAR	1.	2.
			COLLECTION EXPENSES- OPERATIONS	COLLECTION EXPENSES- MAINTENANCE
(a)	(b)	(c)	(d)	(e)
701	Salaries and Wages - Employees	\$ 18,048	\$ 12,087	\$
703	Salaries and Wages - Officers, Directors, and Majority Stockholders	27,373		
704	Employee Pensions and Benefits			
710	Purchased Sewage Treatment	168,639		
711	Sludge Removal Expense			
715	Purchased Power	923		
716	Fuel for Power Purchased			
718	Chemicals			
720	Materials and Supplies	136		
731	Contractual Services-Engineering			
732	Contractual Services - Accounting	5,948		
733	Contractual Services - Legal	375		
734	Contractual Services - Mgt. Fees			
735	Contractual Services - Other	776		776
741	Rental of Building/Real Property	14,400		
742	Rental of Equipment			
750	Transportation Expenses			
756	Insurance - Vehicle			
757	Insurance - General Liability	4,827		
758	Insurance - Workman's Comp.			
759	Insurance - Other			
760	Advertising Expense			
766	Regulatory Commission Expenses - Amortization of Rate Case Expense			
767	Regulatory Commission Expenses - Other			
770	Bad Debt Expense			
775	Miscellaneous Expenses	1,041		
	<b>Total Wastewater Utility Expenses</b>	<b>\$ 242,486</b>	<b>\$ 12,087</b>	<b>\$ 776</b>

**WASTEWATER EXPENSE ACCOUNT MATRIX**

3. PUMPING EXPENSES - OPERATIONS (f)	4. PUMPING EXPENSES - MAINTENANCE (g)	5. TREATMENT & DISPOSAL EXPENSES - OPERATIONS (h)	6. TREATMENT & DISPOSAL EXPENSES - MAINTENANCE (i)	7. CUSTOMER ACCOUNTS EXPENSE (j)	8. ADMINISTRATIVE & GENERAL EXPENSES (k)
\$ _____	\$ _____	\$ _____	\$ _____	\$ 2,980	\$ 2,981
_____	_____	_____	_____	_____	27,373
_____	_____	168,639	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	136	_____
_____	_____	_____	_____	_____	5,948
_____	_____	_____	_____	_____	375
_____	_____	_____	_____	7,200	7,200
_____	_____	_____	_____	_____	4,827
_____	_____	_____	_____	_____	0
_____	_____	_____	_____	_____	1,041
\$ 923	\$ _____	\$ 168,639	\$ _____	\$ 10,316	\$ 49,745

S-2(b)

UTILITY NAME:

**COMMERCIAL UTILITIES**

**YEAR OF REPORT**  
December 31, 1998

**WASTEWATER OPERATING REVENUE**

ACCT. NO.	DESCRIPTION	BEGINNING YEAR NO. CUSTOMERS	YEAR END NUMBER OF CUSTOMERS	AMOUNTS
(a)	(b)	(c)	(d)	(e)
	Operating Revenues:			
	Flat Rate Revenues:			
521.1	Residential Revenues			\$ _____
521.2	Commercial Revenues	1	0	0
521.3	Industrial Revenues			
521.4	Revenues From Public Auth.			
521.5	Multiple Family Dwelling Rev.			
521.6	Other Revenues			
	Total Flat Rate Revenues	1	0	\$ _____
	Measured Revenues:			
522.1	Residential Revenues			
522.2	Commercial Revenues	36	35	350,194
522.3	Industrial Revenues			
522.4	Rev. From Public Authorities			
2.5	Multiple Family Dwelling Rev.			
	Total Measured Revenues	36	35	\$ 350,194
523	Revenues From Public Authorities			
524	Revenues From Other Systems			
525	Interdepartmental Revenues			
	Totals	37	35	\$ 350,194
	Other Wastewater Revenues:			
530	Guaranteed Revenues			\$ _____
531	Sale of Sludge			
532	Forfeited Discounts			
534	Rents From Wastewater Property			
535	Interdepartmental Rents			0
536	Other Wastewater Revenues			
	Total Other Wastewater Revenues			\$ _____
	Total Wastewater Operating Revenues			\$ 350,194

UTILITY NAME:

**COMMERCIAL UTILITIES**

**YEAR OF REPORT**  
December 31, 1998

**BASIS FOR WASTEWATER DEPRECIATION CHARGES**

ACCT. NO.	ACCOUNT NAME	AVERAGE SERVICE LIFE IN YEARS	AVERAGE NET SALVAGE IN PERCENT	DEPRECIATION RATE APPLIED IN PERCENT (100% - D) / C
(a)	(b)	(c)	(d)	(e)
354	Structures and Improvements			
360	Collection Sewers - Force	27	0 %	3.70 %
361	Collection Sewers - Gravity	40	0 %	2.50 %
362	Special Collection Structures			
363	Services to Customers	35	0 %	2.86 %
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells	25	0 %	4.00 %
371	Pumping Equipment			
380	Treatment and disposal Equip.			
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equipment	27	0 %	3.70 %
390	Office Furniture and Equipment			
391	Transportation Equipment			
392	Stores Equipment			
393	Tools, Shop and Garage Equip.			
394	Laboratory Equipment			
395	Power Operated Equipment			
396	Communication Equipment			
397	Miscellaneous Equipment			
398	Other Tangible plant			
	Wastewater Plant Composite Depreciation Rate *			

\* If depreciation rates prescribed by this Commission are on a total composite basis, entries should be made on this line only.

UTILITY NAME:

**COMMERCIAL UTILITIES**

<b>YEAR OF REPORT</b> December 31, 1998
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**ANALYSIS OF ENTRIES IN WASTEWATER ACCUMULATED DEPRECIATION**

ACCT. NO.	ACCOUNT NAME	BALANCE AT BEGINNING OF YEAR	ACCRUALS	OTHER CREDITS *	TOTAL CREDITS (d + e)
(a)	(b)	(c)	(d)	(e)	(f)
354	Structures and Improvements	\$	\$	\$	\$
360	Collection Sewers - Force	63,806	11,901		11,901
361	Collection Sewers - Gravity	5,255	236		236
362	Special Collecting Structures				
363	Services to Customers	1,464	71		71
364	Flow Measuring Devices				
365	Flow Measuring Installations				
370	Receiving Wells	21,069	1,298		1,298
371	Pumping Equipment				
380	Treatment and Disposal Equip.				
381	Plant Sewers				
382	Outfall Sewer Lines				
389	Other Plant and Miscellaneous Equipment	21,070	5,715		5,715
390	Office Furniture and Equipment				
391	Transportation Equipment				
392	Stores Equipment				
393	Tools, Shop and Garage Equip.				
394	Laboratory Equipment				
395	Power Operated Equipment				
396	Communication Equipment				
397	Miscellaneous Equipment				
398	Other Tangible Plant				
	Adjustment-Do. No. 910766-WS	55,953			
	Total Wastewater Accumulated Depreciation	\$ 168,617	\$ 19,221	\$	\$ 19,221

\* Specify nature of transaction.  
Use ( ) to denote reversal entries.

**ANALYSIS OF ENTRIES IN WASTEWATER ACCUMULATED DEPRECIATION (Cont'd)**

PLANT RETIRED (g)	ASSOCIATED SALVAGE AND INSURANCE (h)	ASSOCIATED COST OF REMOVAL (i)	OTHER CHARGES (j)	TOTAL CHARGES (g-h+i+j) (k)	BALANCE AT END OF YEAR (c+f-k) (l)
\$ _____	\$ _____ 0	\$ _____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____	_____	75,707
_____	_____	_____	_____	_____	5,491
_____	_____	_____	_____	_____	1,535
_____	_____	_____	_____	_____	22,367
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	26,785
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	55,953
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	187,838
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

UTILITY NAME: **COMMERCIAL UTILITIES**  
 UTILITY SYSTEM: **Commercial Utilities**

YEAR OF REPORT  
 December 31, 1998

**PUMPING EQUIPMENT**

	1	2				
Lift station number						
Make or type and nameplate data of pump:	Davco	Davco				
Year installed	1965	1966				
Rated Capacity						
Size	4"	4"				
Power:						
Electric	Electric	Electric				
Mechanical						
Nameplate data of motor:	220 Volt	220 Volt				
	3 Phase	3 Phase				
	5 HP	5 HP				
Lift station number						
Make or type and nameplate data of pump:						
Year installed						
Rated Capacity						
Size						
Power:						
Electric						
Mechanical						
Nameplate data of motor:						

**SERVICE CONNECTIONS**

Size (inches)	4"					
Type (PVC, VCP, etc.)	VCP					
Average length	50'					
Number of active service connections	43					
Beginning of year	43					
Added during year	0					
Retired during year	0					
End of year	43					
Give full particulars concerning inactive connections:						



UTILITY NAME: COMMERCIAL UTILITIES  
 UTILITY SYSTEM: Commercial Utilities

YEAR OF REPORT  
 December 31, 1998

**COLLECTING MAINS**

COLLECTING MAINS:						
Size (inches) -----	8"	6"	_____	_____	_____	_____
Type of main -----	VCP	VCP	_____	_____	_____	_____
Length of main (nearest foot):						
Beginning of year -----	284	450	_____	_____	_____	_____
Added during year -----	0	0	_____	_____	_____	_____
Retired during year -----	0	0	_____	_____	_____	_____
End of year -----	284	450	=====	=====	=====	=====
MANHOLES:						
Size -----	48"	_____	_____	_____	_____	_____
Type -----	Precast	_____	_____	_____	_____	_____
Number:						
Beginning of year -----	8	_____	_____	_____	_____	_____
Added during year -----	0	_____	_____	_____	_____	_____
Retired during year -----	0	_____	_____	_____	_____	_____
End of year -----	8	_____	=====	=====	=====	=====

**FORCE MAINS**

FORCE MAINS:						
Size (inches) -----	10"	4"	_____	_____	_____	_____
Type of main -----	PVC DR18	Asbestos Cement	_____	_____	_____	_____
Length of main (nearest foot):						
Beginning of year -----	6,760	2,924	_____	_____	_____	_____
Added during year -----	0	0	_____	_____	_____	_____
Retired during year -----	0	0	_____	_____	_____	_____
End of year -----	6,760	2,924	=====	=====	=====	=====

UTILITY NAME: COMMERCIAL UTILITIES  
UTILITY SYSTEM: Commercial Utilities

TREATMENT PLANT

Manufacturer _____	N/A	_____	_____	_____
Type _____	_____	_____	_____	_____
"Steel or "Concrete" _____	_____	_____	_____	_____
Total Capacity _____	_____	_____	_____	_____
Average Daily Flow _____	_____	_____	_____	_____
Effluent Disposal _____	_____	_____	_____	_____
Total Gallons of Sewage Treated _____	_____	_____	_____	_____

MASTER LIFT STATION PUMPS

Manufacturer _____	N/A	_____	_____	_____
Capacity _____	_____	_____	_____	_____
Motor: Mfr. _____	_____	_____	_____	_____
Horsepower _____	_____	_____	_____	_____
Power (Electric or Mechanical) _____	_____	_____	_____	_____

OTHER WASTEWATER SYSTEM INFORMATION

Furnish information below for each system not physically connected with another facility. A separate page should be supplied where necessary.

- Maximum number of ERC's\* which can be served. Unknown
- Estimated annual increase in ERC's\*. Depends on commercial growth in the service area
- List permit numbers required by Chapter 17-4, Rules of the Department of Environmental Protection (DEP) for systems in operation. NPDES - FL0028258 FLA. DEP - PWS-1D 2160226
- State any plans and estimated completion dates for any enlargements of this system. None
- If present systems do not meet the requirements of Chapter 17-4, Rules of the DER, submit the following:
  - Evaluation of the present plant or plants in regards to meeting the DEP's rules. N/A
  - Plans for funding and construction of the required upgrading. N/A
  - Have these plans been coordinated with the DEP? N/A
  - Do they concur? N/A
  - When will construction begin? N/A
- In what percent of your certificated area have service connections been installed? 90

\* ERC = (Total Gallons Sold / 365 days) / 275 Gallons Per Day  
Note: Total Gallons Treated includes both sewage treated and purchased sewage treatment.

UTILITY NAME:

COMMERCIAL UTILITIES

YEAR OF REPORT  
December 31, 1998

**CALCULATION OF THE WASTEWATER SYSTEMS EQUIVALENT RESIDENTIAL UNITS**

METER SIZE*	TYPE OF METER*	EQUIVALENT FACTOR	NUMBER OF METERS	TOTAL NUMBER OF METER EQUIVALENTS (c x d)
(a)	(b)	(c)	(d)	(e)
5/8"	Displacement	1.0	4	4
3/4"	Displacement	1.5		
1"	Displacement	2.5	9	23
1 1/2"	Displacement or Turbine	5.0	9	45
2"	Displacement, Compound or Turbine	8.0	9	72
3"	Displacement	15.0	1	15
3"	Compound	16.0		
3"	Turbine	17.5		
4"	Displacement or Compound	25.0	3	75
4"	Turbine	30.0		
6"	Displacement or Compound	50.0		
6"	Turbine	62.5		
8"	Compound	80.0		
8"	Turbine	90.0		
10"	Compound	115.0		
10"	Turbine	145.0		
12"	Turbine	215.0		
Total Wastewater System Meter Equivalents -----				234

**CALCULATION OF THE WASTEWATER SYSTEMS EQUIVALENT RESIDENTIAL CONNECTIONS**

$$\left( \frac{72,095,980}{\text{(total gallons treated)}} \right) / 365 \text{ days} / 275 \text{ gpd} = \underline{\quad 718 \quad}$$