

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

INTERVENOR TESTIMONY OF

MICHAEL E. BURTON

ON BEHALF OF INTERCOASTAL UTILITIES, INC.

DOCUMENT NUMBER-DATE

03450 MAR 17 8

FPSC-RECORDS/REPORTING

1 **Intervenor's Testimony of Michael E. Burton**

2
3
4 Q: Please state your name and professional address for the record.

5 A: My name is Michael E. Burton. My professional address is Burton & Associates, Inc. at
6 440 Osceola Avenue, Jacksonville Beach, Florida 32250

7
8 Q: By whom are you employed and in what capacity?

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

10
11 Q: Please state your education and professional experience in matters related to water and
12 wastewater utility rates and rate making.

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

22
23 Q: Have you been accepted as an expert witness in an administrative proceeding?

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

1 Q: In what areas?
2 A: Utility rates, rate making and related issues.
3
4 Q: Are you familiar with Intercoastal's application and its proposal?
5 A: Yes.
6
7 Q: Have you reviewed the prefiled testimony of Deborah Swain and the other witnesses for
8 Nocatee Utility Corporation (NUC) and the deposition of Mr. Doug Miller taken on
9 March 1, 2000?
10 A: Yes.
11
12 Q: Does Ms. Swain's analysis assume a certain level of connections relative to the system
13 capacity?
14 A: Yes, Ms. Swain assumed that the system was at 80% of capacity to establish initial rates
15 and she projected that would occur at the end of year four, which would be 2005.
16
17 Q: Is that a correct approach to the establishment of initial rates for a new investor owned
18 utility?
19 A: It is in accordance with FPSC rules.
20
21 Q: Does this method for establishing initial rates reflect the costs of the utility, either prior to
22 or after the period at which the utility will be at 80% of capacity?
23 A: No, it represents a snapshot at a point in time in the growth of the utility. It effectively
24 shows the cost of service only at the most efficient point of operations during Phase I.
25

1 Q: Have you reviewed the prefiled testimony of Mr. Doug Miller?

2 A: Yes.

3

4 Q: Was the development plan, in terms of number and timing of growth ERC's in Mr. Doug
5 Miller's prefiled testimony the same as was assumed by you and Intercoastal's engineer,
6 Mr. Jim Miller, in your original Direct Testimony in this case?

7 A: No, the information submitted in NUC's Direct Testimony, was somewhat different from
8 the information used to prepare my prefiled testimony, which we had obtained from them
9 in discovery and from their original application for development approval.

10

11 Q: What was the result of the difference in NUC's plan relative to Intercoastal's plan?

12 A: Mr. Jim Miller had to adjust his Conceptual Master Plan to conform with Nocatee's
13 revised development plan as presented in Mr. Doug Miller's prefiled testimony.

14

15 Q: Did that effect your financial analysis as filed in your prefiled testimony?

16 A: Yes. I had to adjust the growth assumptions and capital improvements program in my
17 analysis to match Mr. Jim Miller's Conceptual Master Plan.

18

19 Q: Did those changes effect the results of your analysis?

20 A: Yes, the chart on the following page presents the difference in my prefiled testimony and
21 my current intervenor testimony. This chart, as well as the other charts in my intervenor
22 testimony- except for the chart on page 11 which is a comparative analysis of Intercoastal
23 and JEA's retail rates, is both: (1) a summary of the results of my analysis as submitted
24 with this intervenor testimony and (2) a comparison of the results of the direct testimony,
25 submitted by Intercoastal and NUC, to my intervenor testimony .

Description	Monthly Water and Sewer Bill					
	5,333 Gallons per Month			10,000 Gallons per Month		
	2002	2005	2009	2002	2005	2009
Intercoastal - Stand Alone Service Plan: Direct Testimony	\$54.64	\$42.96	\$36.84	Not Incl.	Not Incl.	Not Incl.
Intervenor Testimony	\$54.64	\$49.27	\$40.51	\$79.70	\$71.71	\$58.59
Percentage change from 2002	NA	-9.83%	-25.86%	NA	-10.03%	-26.49%

As you can see, the changes in the growth, and capital requirements to respond to growth, cause the Intercoastal rates to be about \$3.67 per month higher in 2009 than they would have been with the prior data. However, this still represents a decrease of 25.86% from the rates anticipated in 2002.

I also included an evaluation at an assumed monthly water usage of 10,000 per month. I used 5,333 gallons per month in my prefiled testimony because that is the average usage in the Intercoastal system for a 5/8 x 3/4 inch metered residential single family customer. However, this includes individually metered condominiums, many of which have seasonal occupancy. Therefore, I believe that this average is lower than the monthly consumption would be in a system with predominantly single family homes with year round occupancy. Furthermore, the developments in the western area of Intercoastal's current service area are single family homes with year round occupancy (see pictures on the following page).

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*Sample Views of Single Family Homes in the
Western Portion of Intercoastal's Current Service Area*



To the extent that the Nocatee development is more like the developments in the western portion of Intercoastal's current service area, I believe that the average usage per single family customer will be higher than the 5,333 average for Intercoastal's current service area. Therefore, I used 10,000 gallons per month as an example.

As you can see, if average usage for a single family customer is 10,000 gallons per month, the decrease from the rate impact in 2002 is 26.49%, which is slightly more of a decrease than the 25.86% decrease which results if it is assumed that average usage is 5,333 gallons per month.

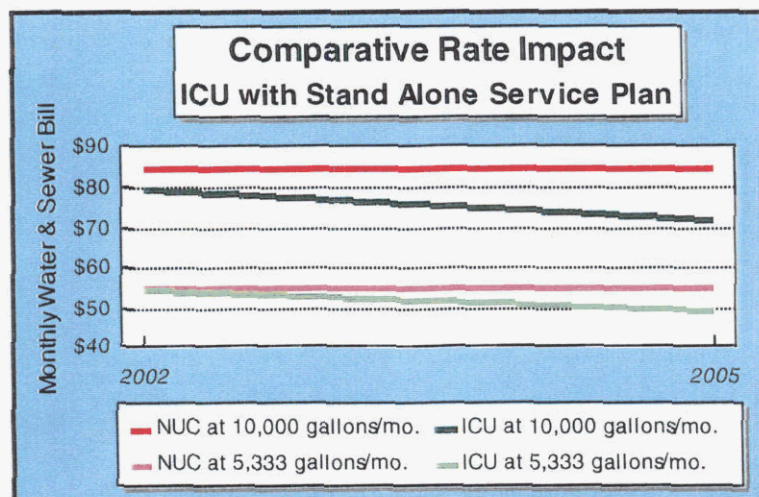
Q: How does that compare to Ms. Swain's analysis for NUC's initial rates?

A: Ms. Swain developed initial water and sewer rates for NUC. The chart below shows that if you calculate the monthly bill of an average single family customer using 5,333 gallons per month with NUC's proposed initial rates, the monthly bill would be \$54.77 per month, which is approximately the same monthly bill as the current Intercoastal rates will produce. However, if you assume water usage of 10,000 gallons per month, the monthly bill for a single family customer of NUC would be \$84.78 per month, which is

1 approximately 6.37% greater than the \$79.70 which the current Intercoastal rates will
 2 produce at that usage. By 2005, Intercoastal's bill will be only \$49.27 with 5,333 gallons
 3 usage and \$71.71 with 10,000 gallons usage while NUC's bill will remain at \$54.77 and
 4 \$84.78 for 5,333 and 10,000 gallons of usage respectively. Therefore, by 2005 NUC's bill
 5 will be 11.16% higher at 5,333 gallons per month of water usage and 18.23% higher at
 6 10,000 gallons per month water usage.

Description	Monthly Water and Sewer Bill					
	5,333 Gallons per Month			10,000 Gallons per Month		
	2002	2005	2009	2002	2005	2009
Intercoastal - Stand Alone Service Plan: Intervenor Testimony	\$54.64	\$49.27	\$40.51	\$79.70	\$71.71	\$58.59
NUC - Direct Testimony	\$54.77	\$54.77	Not Incl.	\$84.78	\$84.78	Not Incl.
Amount that NUC rates are higher than Intercoastal's	\$0.13	\$5.50	NA	\$5.08	\$13.07	NA
Percentage that NUC rates are higher than Intercoastal's	0.24%	11.16%	NA	6.37%	18.23%	NA

16 A graphical representation of this chart follows:



1 Q: Will NUC's rates remain constant at the initial rates level?

2 A: It is my understanding that Ms. Swain set initial rates assuming connections at 80% of
3 capacity and that she projects that will occur in the fourth year of her projection period, or
4 2005. Therefore, I assume that NUC's rates will stay at their initial level until 2005 which
5 is reflected in the chart and graphs above.

6
7 Q: Can you please summarize this comparative analysis?

8 A: Yes. The effect of NUC's rates and Intercoastal's rates upon a single family customer's
9 monthly water and sewer bill with 5,333 gallons of water usage per month would be
10 essentially the same in 2002 at about \$54.77 and \$54.64 respectively per month.
11 However, by 2005 the effect of Intercoastal's rates upon the bill for this same customer
12 would be only \$49.27 whereas, the bill for the same customer in 2005 under NUC's plan
13 would remain at \$54.77 per month, which is approximately 11.16% higher than
14 Intercoastal's projected rate impact in 2005.

15
16 Assuming 10,000 gallons per month average usage, in 2002 the effect of Intercoastal's
17 rates would be a monthly water and sewer bill of \$79.70, whereas, the bill for the same
18 customer in 2002 under NUC's initial rates would be \$84.78 per month, which is
19 approximately 6.37% higher than Intercoastal's projected rate impact in 2002. In
20 addition, by 2005 the effect of Intercoastal's rates upon this same customer would be a
21 monthly water and sewer bill of only \$71.71, whereas, the bill for the same customer in
22 2005 under NUC's plan would remain at \$84.78 per month, which is approximately
23 18.23% higher Intercoastal's projected rate impact in 2005. The chart and graph in the
24 answer to the previous question present these results in tabular and graphical form.

25

1 Q: Did you conduct any other comparisons of Intercoastal's plan to NUC's plan?

2 A: Yes. NUC's plan includes the assumption that the JEA will provide wholesale water and
3 sewage treatment service, whereas Intercoastal's plan assumes that Intercoastal will
4 provide "stand alone" water and wastewater treatment services in its new service area.
5 Therefore, I conducted an analysis that assumed that Intercoastal adopted NUC's plan in
6 the requested service area, including the assumption of wholesale water and sewage
7 treatment service from the JEA.

8
9 Q: What were the results of this analysis?

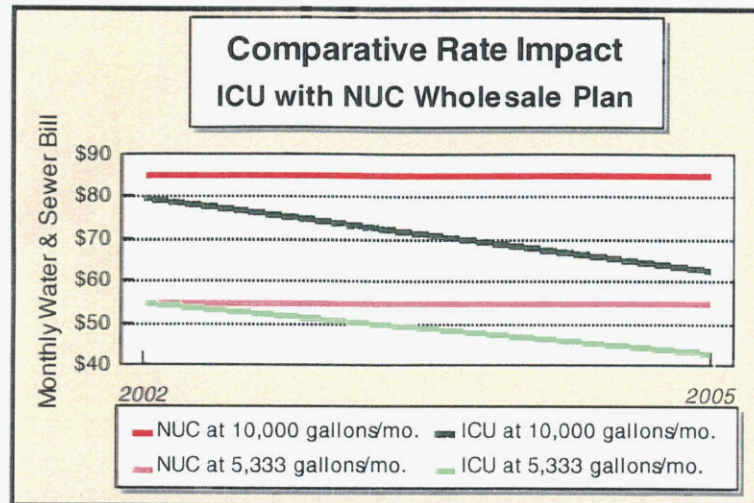
10 A: The following chart shows that the assumption of NUC's plan for the requested service
11 area in the Intercoastal analysis causes the rate impact for Intercoastal to reduce from
12 \$54.64 in 2002 to about \$43.07 in 2005, compared to NUC's rate impact of \$54.77 in
13 2005.

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Description	Monthly Water and Sewer Bill					
	5,333 Gallons per Month			10,000 Gallons per Month		
	2002	2005	2009	2002	2005	2009
Intercoastal Intervenor Testimony with NUC Wholesale Service Plan	\$54.64	\$43.07	NA	\$79.70	\$62.52	NA
NUC - Direct Testimony	\$54.77	\$54.77	Not Incl.	\$84.78	\$84.78	Not Incl.
Amount that NUC rates are higher than Intercoastal's	\$0.13	\$11.70	NA	\$5.08	\$22.26	NA
Percentage that NUC rates are higher than Intercoastal's	0.24%	27.17%	NA	6.37%	35.60%	NA

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25 A graphical representation of this chart is on the following page:



10 Q: What would happen after 2005?

11 A: NUC did not project past 2005, so we do not have any capital improvement program
12 numbers for their plan during that period.

13

14 Q: Did you project for Intercoastal after 2005?

15 A: No, in order to be consistent with NUC's plan we only projected through the years of
16 their plan which ends in 2005.

17

18 Q: What will happen to NUC's rates after 2005?

19 A: Ms. Swain did not address that in her testimony. However, the reason that the
20 Intercoastal rate impact is less than NUC's in 2005 is primarily due to the fact that
21 Intercoastal is a mature utility with over 5,500 existing water ERCs and 2,900 existing
22 sewer ERCs. When Intercoastal adds capital investment to rate base to serve the
23 requested service area, it has continuing reductions in its existing rate base through
24 depreciation to offset, at least to some extent, the increases in total rate base resulting
25 from expansion in the requested service area. Whereas, NUC's total rate base is the new

1 investment in the requested service area and it has no increasing accumulated depreciation
2 on an existing investment to serve 5,500 and 2,900 existing water and sewer ERCs
3 respectively, as does Intercoastal, to counteract the increases in investment, and thus
4 return, to serve expansion in the requested service area.

5
6 Also, Intercoastal is already covering the fixed administrative and operations costs of an
7 ongoing utility in its current rates. Additional administrative and operations costs to serve
8 the requested service area will only be marginal costs. Also, Intercoastal's current
9 administrative and operations costs and other fixed costs will be spread over a larger base
10 of customers as growth occurs in the requested service area causing downward pressure
11 on rates due to these economies of scale.

12
13 NUC will enjoy none of these advantages. And even assuming NUC is awarded the
14 service area and matures as a utility over time, a comparative analysis over the same time
15 period assuming that Intercoastal is awarded the territory, and "stands in NUC's shoes"
16 regarding implementation of the same capital and wholesale service plan as proposed by
17 NUC in the requested service area, would show that Intercoastal will always be able to
18 have lower rates than NUC because of the advantages of Intercoastal's greater economies
19 of scale due to its existing base of customers.

20
21 Q: Is consideration of the JEA's retail rates relevant to NUC's and/or Intercoastal's
22 respective applications?

23 A: If one wants to understand the possible rate impacts of awarding the requested service
24 area to either NUC or Intercoastal, I believe that the clause in the letter of understanding
25 regarding the provision of wholesale service to NUC from JEA that gives to the JEA the

1 right of first refusal to acquire NUC requires an evaluation of the JEA's retail rates.

2
3 Q: Have you performed a comparative analysis of Intercoastal and the JEA's retail rates?

4 A: Yes, it is included in the chart below.

5
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7

Description	Monthly Water and Sewer Bill					
	5,333 Gallons per Month			10,000 Gallons per Month		
	2002	2005	2009	2002	2005	2009
Intercoastal Intervenor Testimony with Stand Alone Service Plan	\$54.64	\$49.27	\$40.51	\$79.70	\$71.71	\$58.59
JEA Retail Rates - Average of summer and winter months rates	\$35.63	NA	NA	\$56.44	NA	NA
Total amount that JEA rates would have to increase to equal Intercoastal's	NA	NA	\$4.88	NA	NA	\$2.15
Total percentage that JEA rates would have to increase to equal Intercoastal's	NA	NA	13.70%	NA	NA	3.81%
Annual percentage that JEA rates would have to increase to equal Intercoastal's	NA	NA	1.437%	NA	NA	0.427%

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1 Q: Will you please describe that analysis?

2 A: This analysis compares the impact of current JEA retail rates upon a single family
3 customer to the current and projected Intercoastal rates for the same customer with 5,333
4 and 10,000 gallons of water usage respectively. The JEA rate impact was calculated for
5 each assumed level of water usage, using the average of the JEA retail rates for summer
6 and winter months, the difference being that during the summer months (April through
7 September), wastewater is billed at 90% of water usage.

8
9 The analysis shows that by 2009, Intercoastal's rates will result in impacts of \$40.51 and
10 \$58.59 for 5,333 and 10,000 of monthly water usage respectively, whereas, the JEA's
11 current retail rates would result in an impact of \$35.63 and \$56.44 for 5,333 and 10,000
12 of monthly water usage respectively. If the average water usage for a single family home
13 in the requested service area is closer to 10,000 gallons per month than to 5,333 gallons
14 per month, which I believe it will be, by 2009 Intercoastal's rates will be only 3.81%
15 higher than the JEA's current rates.

16
17 This does not include consideration of any increases in the JEA's retail rates over the next
18 nine years. It would only take a total increase in the JEA's retail rates of 3.81% over this
19 nine year period for the rate impact of JEA retail rates and Intercoastal's rates to be the
20 same. This equates to only a 0.417% increase per year.

21

22 Q: Did Ms. Swain present reclaimed water rates for NUC?

23 A: Yes.

24

25 Q: Did you compare those rates to projected reclaimed water rates for Intercoastal?

1 A: Yes. Conversion of NUC's proposed reclaimed water rates results in monthly reclaimed
2 water cost per reclaimed water ERC of \$14.78. This conversion of rates to ERCs
3 assumes that a reclaimed water ERC is equivalent to 261 gallons per day which equates to
4 7,830 gallons per month.

5
6 If Intercoastal provides reclaimed water under its stand alone plan, the cost per ERC for
7 reclaimed water would be \$16.17 in 2002, \$15.52 in 2003, \$13.55 in 2004, \$12.11 in
8 2005 and \$10.84 by 2009. This shows that Intercoastal can provide reclaimed water
9 under its stand alone plan at a cost that, although initially is slightly more than NUC
10 (approximately 9% higher), will be 8% lower than NUC's costs by 2004, will be 27%
11 lower by 2005 and will continue to decrease through 2009 as economies of scale are
12 realized by growth in reclaimed water customers. In fact Intercoastal would probably
13 implement reclaimed water rates at the level calculated for 2005 (the fourth year of the
14 plan and consistent with the timing of NUC's initial rate calculations) which means that
15 Intercoastal will have lower reclaimed water rates than NUC from 2002 onward.

16
17 Also, it is important to realize that NUC will not enjoy the same benefit of economies of
18 scale from growth as will Intercoastal. This is because according Ms. Swain's testimony,
19 NUC will purchase reclaimed water from the JEA for an annual cost (at 80% of capacity)
20 of \$119,988. This is approximately 50% of the \$238,278 annual O&M costs for reclaimed
21 water (at 80% of capacity) as represented in Ms. Swain's testimony. This is important to
22 note, because as reclaimed water customers increase, *no economies of scale will be*
23 *realized by NUC relative to this purchased reclaimed water cost.* In fact, as reclaimed
24 water customers increase, the cost to NUC of this purchased reclaimed water will increase
25 proportionately.

1 A: Yes. Conversion of NUC's proposed reclaimed water rates results in monthly reclaimed
2 water cost per reclaimed water ERC of \$14.78. This conversion of rates to ERCs
3 assumes that a reclaimed water ERC is equivalent to 261 gallons per day which equates to
4 7,830 gallons per month.

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6 If Intercoastal provides reclaimed water under its stand alone plan, the cost per ERC for
7 reclaimed water would be \$16.17 in 2002, \$15.52 in 2003, \$13.55 in 2004, \$12.11 in
8 2005 and \$10.84 by 2009. This shows that Intercoastal can provide reclaimed water
9 under its stand alone plan at a cost that, although initially is slightly more than NUC
10 (approximately 9% higher), will be 8% lower than NUC's costs by 2004, will be 27%
11 lower by 2005 and will continue to decrease through 2009 as economies of scale are
12 realized by growth in reclaimed water customers. In fact Intercoastal would probably
13 implement reclaimed water rates at the level calculated for 2005 (the fourth year of the
14 plan and consistent with the timing of NUC's initial rate calculations) which means that
15 Intercoastal will have lower reclaimed water rates than NUC from 2002 onward.

16
17 Also, it is important to realize that NUC will not enjoy the same benefit of economies of
18 scale from growth as will Intercoastal. This is because according Ms. Swain's testimony,
19 NUC will purchase reclaimed water from the JEA for an annual cost (at 80% of capacity)
20 of \$119,988. This is approximately 50% of the \$238,278 annual O&M costs for reclaimed
21 water (at 80% of capacity) as represented in Ms. Swain's testimony. This is important to
22 note, because as reclaimed water customers increase, *no economies of scale will be*
23 *realized by NUC relative to this purchased reclaimed water cost.* In fact, as reclaimed
24 water customers increase, the cost to NUC of this purchased reclaimed water will increase
25 proportionately.

1 Q: Mr. Burton, what is Exhibit MB-2?

2 A: Exhibit MB-2 is my revised financial analysis. It is based on
3 the change (reflected in NUC's direct testimony) in growth and
4 capital assumptions from the data I used in my prefiled
5 testimony (which came from NUC's original application for
6 development approval and discovery documents).

7 Q: Does Exhibit MB-2 reflect your work product and your opinions?

8 A: Yes.

9 Q: Mr. Burton, does the above testimony reflect your opinions
10 regarding all the issues discussed?

11 A: Yes.

12 Q: Does this conclude your testimony?

13 A: Yes.

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INTERCOASTAL UTILITIES, INC.

APPLICATION FOR SERVICE AREA EXTENSION

Financial Analysis - Revised

Presented to

INTERCOASTAL UTILITIES, INC.

March 17, 2000



Presented by

Burton & Associates, Inc.
Specialists In Water Resources Economics

**BURTON &
ASSOCIATES**

March 17, 2000

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

Re: Application for Service Area Extension - Financial Analysis - Revised

Dear Mr. Forrester:

Enclosed you will the Final Report of the above referenced revised analysis. This report will support my intervenor's 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.

This report is a revised analysis because it incorporates information from direct testimony filed by Nocatee Utility Corporation's (NUC) witnesses that was not available when my direct testimony was prepared. This new information does not change the conclusions of the report but this analysis was revised to reflect the most current and accurate data available and to make comparisons between the rate impacts of NUC's plan and Intercoastal's plan to serve the requested service area.

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 - Revised March , 2000.

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 2,900 ERCs in northeastern St. Johns County east of the Intracoastal Waterway, (Water and sewer ERCs are based on actual 1998 metered usage). 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. This analysis also compares the impact upon the monthly water and sewer bill of a single family customer with Intercoastal's rates and NUC's rates as proposed in the prefiled testimony of Ms. Swain.

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,
- Prefiled testimony of NUC witnesses

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. The Analyses Performed

The analysis presented herein in Scenario 1 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. The analysis presented herein as Scenario 2 analyzes the impact upon customer's rates of the implementation by Intercoastal of the capital plan and wholesale water and sewer service agreement with the JEA presented in the NUC prefled testimony.

The analysis then *compares* to NUC's plan both 1) the impact of implementation of the Intercoastal Conceptual Master Plan and 2) the impact of implementation of the Intercoastal plan where Intercoastal "stands in NUC's shoes" regarding implementation of the same capital and wholesale service plan as proposed by NUC in the requested service area. These comparisons are conducted based upon two assumed water usages for a single family customer. First an assumed water usage of 5,333 gallons per month is used. 5,333 gallons per month was used because that is the average usage in the Intercoastal system for a 5/8 x 3/4 inch metered residential single family

customer. However, this includes individually metered condominiums, many of which have seasonal occupancy. Therefore, this average is probably lower than the monthly consumption would be in a system with predominantly single family homes with year round occupancy. Furthermore, the developments in the western area of Intercoastal's current service area are single family homes with year round occupancy (see pictures below) .

*Sample Views of Single Family Homes in the
Western Portion of Intercoastal's Current Service Area*



To the extent that the Nocatee development is more like the developments in the western portion of Intercoastal's current service area, the average usage per single family customer will likely be higher than the 5,333 average for Intercoastal's current service area. Therefore, 10,000 gallons per month was used as an example.

This analysis also includes Scenario 3 which is a comparative analysis of NUC's reclaimed water rate plan to Intercoastal's reclaimed water rate plan.

The results of the analysis are presented in the following section. 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.

F. Results

NUC set initial rates assuming connections at 80% of capacity and NUC projects that will occur in four years, or 2005. Therefore, it is assumed that NUC's rates will stay at their initial level until 2005. Based upon NUC's initial rates and the assumption that those rates would remain constant until 2005, we conducted a comparative analysis of the impact upon the monthly water and sewer bill of a single family customer with both the Intercoastal rates, as projected herein, and the NUC rates, as proposed in the prefiled testimony of Ms. Swain. Assumed monthly water usages of 5,333 and 10,000 were used in accordance with the discussion in the previous section.

1. Scenario 1 - Intercoastal as a "Stand Alone Utility"

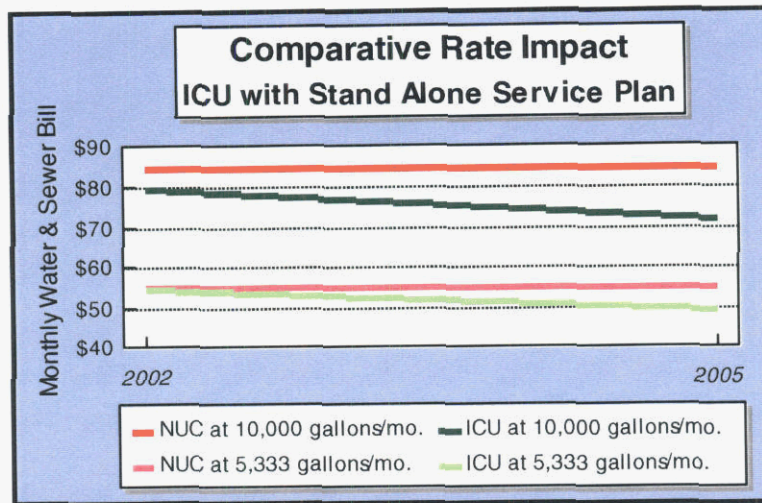
The revised Conceptual Master Plan prepared by PBS&J for Intercoastal assumes that Intercoastal will continue to provide service to the requested service area as a stand alone utility. That means that the revised Conceptual Master Plan does not include wholesale service but rather includes the capital costs to provide water, wastewater and reclaimed water treatment facilities on site. This section compares this Intercoastal stand alone utility plan to NUC's plan, which includes the purchase of wholesale water and wastewater treatment services from the JEA. Supporting schedules and analyses for this scenario are presented in Scenario 1 in the Appendix.

The chart below shows that the monthly bill of an average single family customer using 5,333 gallons per month with NUC's proposed initial rates would be \$54.77 per month, which is approximately the same monthly bill as the current Intercoastal rates will produce. However, if water usage of 10,000 gallons per month is assumed, the monthly bill for a single family customer of NUC would be \$84.78 per month, which is approximately 6.37% greater than the \$79.70 which the current Intercoastal rates will produce at that usage. By 2005, Intercoastal's bill will be only \$40.51 with 5,333 gallons usage and \$71.71 with 10,000 gallons usage while NUC's bill will remain at \$54.77 and \$84.78 for 5,333 and 10,000 gallons of usage respectively. Therefore, by 2005 NUC's bill will be 11.16% higher at 5,333 gallons per month of water usage and 18.23% higher at 10,000 gallons per month water usage.

<i>Description</i>	<i>Monthly Water and Sewer Bill</i>					
	<i>5,333 Gallons per Month</i>			<i>10,000 Gallons per Month</i>		
	<i>2002</i>	<i>2005</i>	<i>2009</i>	<i>2002</i>	<i>2005</i>	<i>2009</i>
Intercoastal - Stand Alone Service Plan: Intervenor Testimony	\$54.64	\$49.27	\$40.51	\$79.70	\$71.71	\$58.59
NUC - Prefiled Testimony	\$54.77	\$54.77	Not Incl	\$84.78	\$84.78	Not Incl
Amount that NUC rates are higher than Intercoastal's	\$0.13	\$5.50	NA	\$5.08	\$13.07	NA
Percentage that NUC rates are higher than Intercoastal's	0.24%	11.16%	NA	6.37%	18.23%	NA

A graphical representation of this chart follows:

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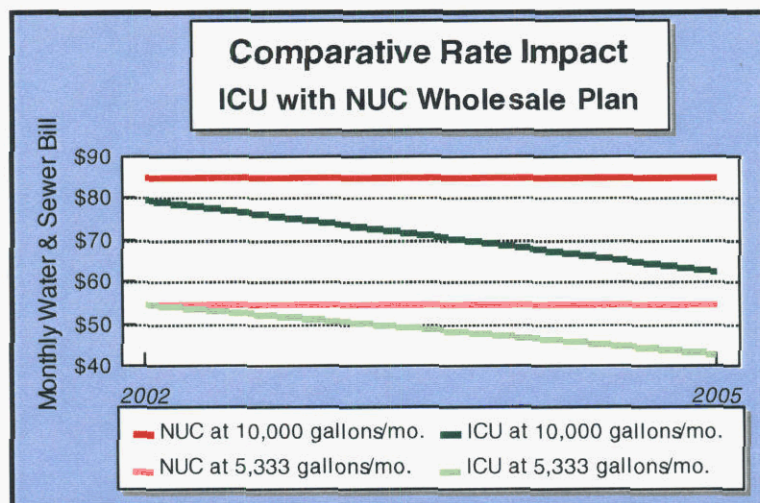
2. **Scenario 2 - Intercoastal “Standing in NUC’s Shoes” with regard to its Capital and Wholesale Service Plan**

As stated in the previous section, Intercoastal’s revised Conceptual Master Plan assumes that Intercoastal will continue to provide service to the requested service area as a stand alone utility; whereas NUC’s plan includes the purchase of wholesale water and wastewater treatment services from the JEA. Therefore in order to have an “apples to apples” comparison, an analysis was conducted that assumed that Intercoastal would “stand in NUC’s shoes”, that is to assume that Intercoastal were to implement NUC’s plan in the requested service area, including the assumption of wholesale water and sewage treatment service from the JEA, while continuing to serve its eastern service area with its existing and planned water and wastewater treatment facilities. Supporting schedules and analyses for this scenario are presented in Scenario 2 in the Appendix.

The chart on the following page shows that the assumption of NUC’s wholesale service plan for the requested service area in the Intercoastal analysis causes the rate impact for Intercoastal, assuming 5,333 gallons per month of water usage, to reduce from \$54.64 in 2002 to about \$43.07 in 2005, compared to NUC’s rate impact of \$54.77 in 2005, which is 27.17% higher than Intercoastal’s rates. If 10,000 gallons per month of water usage is assumed, in 2002 a single family customer’s monthly water and sewer bill will be \$79.70 with Intercoastal’s rates and \$84.78 with NUC’s rates, or 6.37% higher than Intercoastal. In 2009 10,000 gallons per month of water usage will result in the Intercoastal bill being \$62.52 and the NUC bill would remain at \$84.78, or 35.60% higher than Intercoastal.

Description	Monthly Water and Sewer Bill					
	5,333 Gallons per Month			10,000 Gallons per Month		
	2002	2005	2009	2002	2005	2009
Intercoastal Intervenor Testimony with NUC Wholesale Service Plan	\$54.64	\$43.07	NA	\$79.70	\$62.52	NA
NUC - Prefiled Testimony	\$54.77	\$54.77	Not Incl.	\$84.78	\$84.78	Not Incl.
Amount that NUC rates are higher than Intercoastal's	\$0.13	\$11.70	NA	\$5.08	\$22.26	NA
Percentage that NUC rates are higher than Intercoastal's	0.24%	27.17%	NA	6.37%	35.60%	NA

A graphical representation of this chart follows:



NUC did not project past 2005, so capital improvement program numbers for their plan during that period were not available. Therefore, this analysis does not include projections past 2005. However, although NUC does not address what its rates will be after 2005 it is useful to examine why Intercoastal's rates would be lower than NUC in 2005 and to extrapolate the general nature of the comparative impact upon the rates of both NUC and Intercoastal serving the needs of the requested service area into the future.

The reason that the Intercoastal rate impact is less than NUC's in 2005 is primarily due to the fact that Intercoastal is a mature utility with over 5,500 existing water ERCs and 2,900 existing sewer ERCs. One impact of being a mature utility is that when Intercoastal adds capital investment

to rate base to serve the requested service area, it has continuing reductions in its *existing* rate base through depreciation to offset, at least to some extent, the increases in total rate base resulting from expansion in the requested service area. Whereas, NUC's total rate base is the new investment in the requested service area and it has no increasing accumulated depreciation on an existing investment to serve 5,500 and 2,900 existing water and sewer ERCs respectively, as does Intercoastal, to counteract the increases in investment, and thus return, to serve expansion in the requested service area.

Also, Intercoastal is already covering the fixed administrative and operations costs of an ongoing utility in its current rates. Additional administrative and operations costs to serve the requested service area will only be marginal costs. Also, Intercoastal's current administrative and operations costs and other fixed costs will be spread over a larger base of customers as growth occurs in the requested service area causing downward pressure on rates due to these economies of scale.

NUC will enjoy none of these advantages. And even assuming NUC is awarded the service area and matures as a utility over time, a comparative analysis over the same time period assuming that Intercoastal is awarded the territory, and "stands in NUC's shoes" regarding implementation of the same capital and wholesale service plan as proposed by NUC in the requested service area, would show that Intercoastal will always be able to have lower rates than NUC because of the advantages of Intercoastal's greater economies of scale due to its existing base of customers.

3. Consideration of the Jacksonville Electric Authority (JEA) Retail Rates

The letter of intent between the JEA and NUC includes a clause that gives to the JEA the right of first refusal to acquire NUC. If this right is exercised and the JEA acquires NUC at some time in the future, the JEA will in all probability implement its retail rates in the requested service area after such acquisition. Therefore, it is instructive to evaluate the JEA's retail rates in a comparative analysis to Intercoastal's, assuming that Intercoastal is awarded the requested service area.

Such a comparative analysis is presented in the chart on the following page.

<i>Description</i>	<i>Monthly Water and Sewer Bill</i>					
	<i>5,333 Gallons per Month</i>			<i>10,000 Gallons per Month</i>		
	<u>2002</u>	<u>2005</u>	<u>2009</u>	<u>2002</u>	<u>2005</u>	<u>2009</u>
Intercoastal Intervenor Testimony with Stand Alone Service Plan	\$54.64	\$49.27	\$40.51	\$79.70	\$71.71	\$58.59
JEA Retail Rates - Average of summer and winter months rates	\$35.63	NA	NA	\$56.44	NA	NA
Total amount that JEA rates would have to increase to equal Intercoastal's	NA	NA	\$4.88	NA	NA	\$2.15
Total percentage that JEA rates would have to increase to equal Intercoastal's	NA	NA	13.70%	NA	NA	3.81%
Annual percentage that JEA rates would have to increase to equal Intercoastal's	NA	NA	1.437%	NA	NA	0.427%

This analysis compares the impact of current JEA retail rates upon a single family customer to the current and projected Intercoastal rates for the same customer with 5,333 and 10,000 gallons of water usage respectively. The JEA rate impact was calculated for each assumed level of water usage, using the average of the JEA retail rates for summer and winter months, the difference being that during the summer months (April through September), wastewater is billed at 90% of water usage.

The analysis shows that by 2009, Intercoastal's rates will result in impacts of \$40.51 and \$58.59 for 5,333 and 10,000 of monthly water usage respectively, whereas, the JEA's current retail rates would result in an impact of \$35.63 and \$56.44 for 5,333 and 10,000 of monthly water usage respectively. If the average water usage for a single family home in the requested service area is closer to 10,000 gallons per month than to 5,333 gallons per month which is likely, by 2009 Intercoastal's rates will be only 3.81% higher than the JEA's current rates.

This does not include consideration of any increases in the JEA's retail rates over the next nine years. It would only take a total increase in the JEA's retail rates of 3.81% over this nine year period for the rate impact of JEA retail rates and Intercoastal's rates to be the same. This equates to only a 0.417% increase per year.

4. Scenario 3 - Reclaimed Water Rates

NUC proposed reclaimed water rates based upon a plan to purchase reclaimed water from the JEA. Conversion of NUC's proposed reclaimed water rates results in monthly reclaimed water cost per reclaimed water ERC of \$14.78. This conversion of rates to ERCs assumes that a reclaimed water ERC is equivalent to 261 gallons per day which equates to 7,830 gallons per month.

In Intercoastal's plan to provide reclaimed water under its stand alone plan, the cost per ERC for reclaimed water would be \$16.17 in 2002, \$15.52 in 2003, \$13.55 in 2004, \$12.11 in 2005 and \$10.84 by 2009. This shows that Intercoastal can provide reclaimed water under its stand alone plan at a cost that, although initially is slightly more than NUC (approximately 9% higher), will be 8% lower than NUC's costs by 2004, will be 27% lower by 2005 and will continue to decrease through 2009 as economies of scale are realized by growth in reclaimed water customers. In fact Intercoastal would probably implement reclaimed water rates at the level calculated for 2005 (the fourth year of the plan and consistent with NUC's initial rate calculations) which means that Intercoastal will have lower reclaimed water rates than NUC from 2002 onward. Supporting schedules and analyses for this scenario are presented in Scenario 3 in the Appendix.

Also, it is important to realize that NUC will not enjoy the same benefit of economies of scale from growth as will Intercoastal. This is because according Ms. Swain's testimony, NUC will purchase reclaimed water from the JEA for an annual cost, at 80% of capacity, of \$119,988. This is approximately 50% of the \$238,278 annual O&M costs for reclaimed water, at 80% of capacity, as represented in Ms. Swain's testimony. This is important to note, because as reclaimed water customers increase, no economies of scale will be realized relative to this purchased reclaimed water cost. In fact, as reclaimed water customers increase, the cost to NUC of this purchased reclaimed water will increase proportionately.

G. 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 26% by 2009. This represents an impact in monthly water and sewer bill from \$54.64 in 2002 to \$40.51 in 2009 assuming 5,333 gallons per month for a single family customer and from \$79.70 in 2002 to \$58.59 in 2009 assuming 10,000 gallons per month.

Furthermore, this analysis shows that under any set of reasonable assumptions, Intercoastal can provide water, wastewater and reclaimed water service to the requested service area more cost effectively and with lower rates than can NUC. This is possible in great measure because Intercoastal is an existing, mature utility which would immediately derive the benefits of the economies of scale offered by its 5,500 existing water ERCs and 2,900 existing wastewater ERCs in its rates to serve the requested service area. NUC, on the other hand, would be a start-up utility, and would never be able to "make up the difference" relative to the advantages Intercoastal possesses in terms of economies of scale from existing customers.

This advantage in terms of economies of scale will benefit not only the new customers in the requested service area, but also, *Intercoastal's existing customers* by providing additional growth over which to spread its fixed administrative and operating costs, thus resulting in lower rates than would be possible without the additional service area.

Appendices

This section presents three (3) Appendices, one for each of the three (3) scenarios discussed in the report. Each Appendix 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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Figure 13	Used and Useful
Figure 14	Weighted Cost of Capital Analysis
Figure 15	Graphs of Key Indicators - Water System
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Appendix 1

Scenario 1

Intercoastal as a "Stand Alone" Utility

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 that Intercoastal is a "Stand Alone" utility in that it provides all required water and wastewater treatment facilities on site.

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Figure 17	Graphs of Key Indicators - Water and Sewer System

Figure 1

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
SUMMARY**

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan
Average Monthly Cost per ERC assumes 5,333 Gallons per Month Average Water Usage per ERC

	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%	0.0%	6.9%
Achieved Return	12.47%	4.32%	4.77%	-0.40%	-0.29%	0.93%	2.22%	3.65%	2.12%	3.12%	6.62%
Allowed Return	12.04%	7.10%	7.10%	6.72%	6.72%	6.72%	6.71%	6.71%	6.63%	6.63%	6.62%
Avg Mo.Cost / ERC	\$11.66	\$11.66	\$11.66	\$11.66	\$11.66	\$11.66	\$11.66	\$11.66	\$11.66	\$11.66	\$12.46
Achieved Return (Millions)	\$0.116	\$0.064	\$0.070	(\$0.016)	(\$0.012)	\$0.039	\$0.092	\$0.149	\$0.121	\$0.159	\$0.327
Allowed Return (Millions)	\$0.112	\$0.106	\$0.104	\$0.272	\$0.278	\$0.280	\$0.279	\$0.274	\$0.380	\$0.338	\$0.327
Rate Base (Millions)	\$0.934	\$1.486	\$1.460	\$4.048	\$4.135	\$4.172	\$4.155	\$4.082	\$5.735	\$5.099	\$4.938
Sewer											
Rate Plan	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-12.5%	-13.4%	0.0%	-9.2%	-5.2%
Achieved Return	7.13%	2.96%	6.21%	1.73%	4.09%	8.46%	8.79%	8.32%	7.11%	6.63%	6.62%
Allowed Return	12.04%	7.10%	7.10%	6.72%	6.72%	6.72%	6.71%	6.71%	6.63%	6.63%	6.62%
Avg Mo.Cost / ERC	\$42.98	\$42.98	\$42.98	\$42.98	\$42.98	\$42.98	\$37.61	\$32.57	\$32.57	\$29.58	\$28.05
Achieved Return (Millions)	\$0.355	\$0.144	\$0.275	\$0.200	\$0.456	\$0.849	\$0.782	\$0.645	\$0.915	\$0.740	\$0.697
Allowed Return (Millions)	\$0.600	\$0.345	\$0.315	\$0.777	\$0.749	\$0.674	\$0.598	\$0.520	\$0.853	\$0.740	\$0.697
Rate Base (Millions)	\$4.979	\$4.852	\$4.434	\$11.563	\$11.146	\$10.036	\$8.905	\$7.751	\$12.863	\$11.157	\$10.517
Water & Sewer											
Rate Effect	NA	0.0%	0.0%	0.0%	0.0%	0.0%	-9.8%	-10.2%	0.0%	-6.7%	-1.8%
Achieved Return	7.97%	3.28%	5.85%	1.17%	2.91%	6.25%	6.70%	6.71%	5.57%	5.53%	6.62%
Allowed Return	12.04%	7.10%	7.10%	6.72%	6.72%	6.72%	6.71%	6.71%	6.63%	6.63%	6.62%
Avg Mo.Cost / ERC	\$54.64	\$54.64	\$54.64	\$54.64	\$54.64	\$54.64	\$49.27	\$44.23	\$44.23	\$41.24	\$40.51
Achieved Return (Millions)	\$0.471	\$0.208	\$0.345	\$0.183	\$0.444	\$0.887	\$0.875	\$0.794	\$1.036	\$0.898	\$1.024
Allowed Return (Millions)	\$0.712	\$0.450	\$0.419	\$1.049	\$1.027	\$0.954	\$0.877	\$0.794	\$1.234	\$1.078	\$1.024
Rate Base (Millions)	\$5.913	\$6.338	\$5.894	\$15.610	\$15.281	\$14.208	\$13.060	\$11.832	\$18.598	\$16.256	\$15.454

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Figure 1

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
SUMMARY**

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

Average Monthly Cost per ERC assumes 10,000 Gallons per Month Average Water Usage per ERC

	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%	0.0%	6.9%
Achieved Return	12.47%	4.32%	4.77%	-0.40%	-0.29%	0.93%	2.22%	3.65%	2.12%	3.12%	6.62%
Allowed Return	12.04%	7.10%	7.10%	6.72%	6.72%	6.72%	6.71%	6.71%	6.63%	6.63%	6.62%
Avg Mo.Cost / ERC	\$15.81	\$15.81	\$15.81	\$15.81	\$15.81	\$15.81	\$15.81	\$15.81	\$15.81	\$15.81	\$16.89
Achieved Return (Millions)	\$0.116	\$0.064	\$0.070	(\$0.016)	(\$0.012)	\$0.039	\$0.092	\$0.149	\$0.121	\$0.159	\$0.327
Allowed Return (Millions)	\$0.112	\$0.106	\$0.104	\$0.272	\$0.278	\$0.280	\$0.279	\$0.274	\$0.380	\$0.338	\$0.327
Rate Base (Millions)	\$0.934	\$1.486	\$1.460	\$4.048	\$4.135	\$4.172	\$4.155	\$4.082	\$5.735	\$5.099	\$4.938
Sewer											
Rate Plan	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-12.5%	-13.4%	0.0%	-9.2%	-5.2%
Achieved Return	7.13%	2.96%	6.21%	1.73%	4.09%	8.46%	8.79%	8.32%	7.11%	6.63%	6.62%
Allowed Return	12.04%	7.10%	7.10%	6.72%	6.72%	6.72%	6.71%	6.71%	6.63%	6.63%	6.62%
Avg Mo.Cost / ERC	\$63.89	\$63.89	\$63.89	\$63.89	\$63.89	\$63.89	\$55.90	\$48.41	\$48.41	\$43.98	\$41.69
Achieved Return (Millions)	\$0.355	\$0.144	\$0.275	\$0.200	\$0.456	\$0.849	\$0.782	\$0.645	\$0.915	\$0.740	\$0.697
Allowed Return (Millions)	\$0.600	\$0.345	\$0.315	\$0.777	\$0.749	\$0.674	\$0.598	\$0.520	\$0.853	\$0.740	\$0.697
Rate Base (Millions)	\$4.979	\$4.852	\$4.434	\$11.563	\$11.146	\$10.036	\$8.905	\$7.751	\$12.863	\$11.157	\$10.517
Water & Sewer											
Rate Effect	NA	0.0%	0.0%	0.0%	0.0%	0.0%	-10.0%	-10.4%	0.0%	-6.9%	-2.0%
Achieved Return	7.97%	3.28%	5.85%	1.17%	2.91%	6.25%	6.70%	6.71%	5.57%	5.53%	6.62%
Allowed Return	12.04%	7.10%	7.10%	6.72%	6.72%	6.72%	6.71%	6.71%	6.63%	6.63%	6.62%
Avg Mo.Cost / ERC	\$79.70	\$79.70	\$79.70	\$79.70	\$79.70	\$79.70	\$71.71	\$64.22	\$64.22	\$59.79	\$58.59
Achieved Return (Millions)	\$0.471	\$0.208	\$0.345	\$0.183	\$0.444	\$0.887	\$0.875	\$0.794	\$1.036	\$0.898	\$1.024
Allowed Return (Millions)	\$0.712	\$0.450	\$0.419	\$1.049	\$1.027	\$0.954	\$0.877	\$0.794	\$1.234	\$1.078	\$1.024
Rate Base (Millions)	\$5.913	\$6.338	\$5.894	\$15.610	\$15.281	\$14.208	\$13.060	\$11.832	\$18.598	\$16.256	\$15.454

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Figure 2

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
ASSUMPTIONS**

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

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	13,429	13,429	13,429	13,429	13,429	16,286	16,286
2 Additional Capacity in ERC's		0	5,514	0	2,857	0	0	0	0	2,857	0	0
3 Total Capacity	5,057	5,057	10,571	10,571	13,429	13,429	13,429	13,429	13,429	16,286	16,286	16,286
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	6,867	7,719	8,600	9,514	10,466	11,674	12,411
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	418	418	418	418	418	635	635	635
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	824	852	881	914	962	1,208	738	724
12 Total Connected ERC's	5,506	5,506	5,763	6,043	6,867	7,719	8,600	9,514	10,466	11,674	12,411	13,135
13 Percent Growth in Connected ERC's	0.00%	0.00%	4.67%	4.66%	13.64%	12.40%	11.42%	10.63%	10.00%	11.54%	6.32%	5.83%
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%	3.41%	3.10%	2.86%	2.68%	2.50%	2.88%	1.58%	1.46%
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%	2.87%	2.72%	4.91%	4.60%	4.36%	4.16%	4.00%	4.38%	3.08%	2.96%
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	12,500	12,500
20 Additional Capacity in ERC's		2,500	0	0	3,571	0	0	0	0	3,571	0	0
21 Total Capacity	2,857	5,357	5,357	5,357	8,929	8,929	8,929	8,929	8,929	12,500	12,500	12,500
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	3,365	4,241	5,114	6,018	6,954	7,928	9,173	9,948
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	438	438	438	438	441	672	672	672
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	848	874	903	936	975	1,245	775	761
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	5,866	6,438	6,979	7,519	8,063	8,637	9,612	10,372
32 Percent Growth in Connected ERC's	0.00%	0.00%	9.00%	9.00%	24.92%	20.60%	17.67%	15.66%	14.02%	15.70%	8.44%	7.65%
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%	6.23%	5.15%	4.42%	3.86%	3.50%	3.92%	2.11%	1.91%
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%	7.73%	6.65%	5.92%	5.36%	5.00%	5.42%	3.61%	3.41%
New Debt Assumptions												
37												
38												
39 Term		20										
40 Issuance Costs		1.50%										
41 Interest Rate		6.50%										
O&M Reserves												
42												
43 Water												
44 Minimum Reserves Level			1.5	12.50%								
45 Sewer												
46 Minimum Reserves Level			1.5	12.50%								
Rates & Charges												
47												
48 Current Service Availability Charge			\$234	\$625								

18

Figure 3

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

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

	Actual 1999	Projected 2000	Projected 2001	Projected 2002	Projected 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009	
Water												
Revenue:												
1 Rate Revenue:												
2 Rate Revenue:	\$988,541	\$988,541	\$1,034,711	\$1,085,036	\$1,232,988	\$1,385,872	\$1,544,140	\$1,708,273	\$1,878,158	\$2,065,978	\$2,228,383	
3 Growth Percentage:	NA	4.87%	4.86%	13.84%	12.40%	11.42%	10.83%	10.00%	11.54%	6.32%	6.83%	
4 Rate Revenue from Growth:	0	48,170	50,325	147,950	152,987	158,298	164,133	170,888	218,817	132,417	129,803	
5 Rate Revenue Prior to Rate Adjustment:	\$988,541	\$1,034,711	\$1,085,036	\$1,232,988	\$1,385,872	\$1,544,140	\$1,708,273	\$1,878,158	\$2,065,978	\$2,228,383	\$2,358,286	
6 Percentage Rate Increase:	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
7 Rate Revenue from Rate Adjustment:	0	0	0	0	0	0	0	0	0	0	181,828	
8 Total Rate Revenue:	\$988,541	\$1,034,711	\$1,085,036	\$1,232,988	\$1,385,872	\$1,544,140	\$1,708,273	\$1,878,158	\$2,065,978	\$2,228,383	\$2,520,122	
9												
10 Other Revenue:												
11 Misc. Revenue:	\$1,238	\$1,298	\$1,358	\$1,544	\$1,738	\$1,834	\$2,138	\$2,383	\$2,625	\$2,791	\$2,853	
12 Other Revenue:	0	0	0	0	0	0	0	0	0	0	0	
13 Total Other Revenue:	\$1,238	\$1,298	\$1,358	\$1,544	\$1,738	\$1,834	\$2,138	\$2,383	\$2,625	\$2,791	\$2,853	
14 Total Revenues:	\$989,779	\$1,036,007	\$1,086,395	\$1,234,532	\$1,387,610	\$1,545,974	\$1,710,413	\$1,880,541	\$2,068,603	\$2,231,174	\$2,523,075	
15												
16 Expenses:												
17												
18 Additional O&M - Western Svc Area:	90	90	90	\$71,088	\$112,843	\$168,561	\$202,182	\$248,836	\$305,773	\$432,648	\$500,179	
19 Operating Expenses- Eastern Svc Area:	\$748,138	\$770,580	\$794,085	\$833,068	\$871,388	\$909,336	\$947,138	\$985,033	\$1,028,222	\$1,069,885	\$1,081,230	
20 Rate Case Expense:	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
21 Franchise Fee- PSC:	0	46,582	48,827	55,484	62,584	69,886	78,872	84,582	84,318	100,278	113,406	
22 Depreciation (U & U Amt Only):	182,803	131,987	159,481	228,116	290,487	318,343	347,485	378,277	408,588	372,773	386,888	
23 Amort of CIAC (U & U Amt Only):	(143,313)	(80,503)	(87,734)	(113,517)	(125,377)	(137,838)	(150,867)	(164,880)	(182,011)	(144,887)	(181,112)	
24 Amort of Acq Adj:	4,883	4,883	4,883	4,883	4,883	4,883	4,883	4,883	4,883	4,883	4,883	
25 Total Expenses:	\$792,110	\$843,319	\$886,321	\$1,070,900	\$1,218,386	\$1,328,588	\$1,427,386	\$1,537,408	\$1,731,573	\$1,825,478	\$1,848,084	
26 Operating Income:	\$197,669	\$192,688	\$177,073	\$163,632	\$179,224	\$226,506	\$283,028	\$344,104	\$337,027	\$406,708	\$674,991	
27												
28 Non Operating Income (Expenses):												
29 Non Oper Rev:	90	90	90	90	90	90	90	90	90	90	90	
30 Taxes Other Than Income:	0	0	0	0	0	0	0	0	0	0	0	
31 Intangible Tax:	(488)	(882)	(858)	(1,088)	(1,118)	(1,140)	(1,164)	(1,188)	(1,500)	(1,507)	(1,514)	
32 Other Taxes & Licenses:	(75)	(100)	(88)	(188)	(188)	(172)	(178)	(180)	(227)	(228)	(228)	
33												
34 Property Taxes:	(80,864)	(107,888)	(108,848)	(178,737)	(181,802)	(185,402)	(188,287)	(189,553)	(243,879)	(245,121)	(248,212)	
35												
36 Total Non Operating Expenses:	(\$81,235)	(\$108,451)	(\$107,403)	(\$188,002)	(\$183,188)	(\$186,714)	(\$189,807)	(\$194,823)	(\$245,805)	(\$248,957)	(\$247,855)	
37 Net Income:	\$116,434	\$84,237	\$69,670	(\$18,372)	(\$11,947)	\$38,791	\$92,411	\$148,181	\$121,422	\$158,851	\$327,036	
38 Taxable Income (See worksheet for taxable income below):	90	90	90	90	90	90	90	90	90	90	90	
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:	90	90	90	90	90	90	90	90	90	90	90	
43 Net After Tax Income:	\$116,434	\$84,237	\$69,670	(\$18,372)	(\$11,947)	\$38,791	\$92,411	\$148,181	\$121,422	\$158,851	\$327,036	
44												
45 Rate Base:	\$933,943	\$1,486,332	\$1,480,225	\$4,047,554	\$4,134,908	\$4,172,055	\$4,155,483	\$4,081,828	\$5,734,842	\$5,008,838	\$4,837,532	
46												
47 Rate of Return Achieved:	12.47%	4.32%	4.77%	-0.40%	-0.29%	0.93%	2.22%	3.85%	2.12%	3.12%	6.82%	
48 Allowed Return:	12.04%	7.10%	7.10%	6.72%	6.72%	6.72%	6.71%	6.71%	6.83%	6.83%	6.82%	
49 Allowed Return Amount:	\$112,447	\$106,954	\$103,888	\$271,888	\$277,750	\$280,178	\$278,958	\$273,887	\$380,388	\$337,980	\$327,036	
50												
50 Worksheet for Taxable Income:												
51												
52 Interest Expense - Total:	\$403,085	\$804,884	\$894,080	\$1,408,888	\$1,388,283	\$1,324,831	\$1,278,458	\$1,230,880	\$1,777,978	\$1,707,110	\$1,631,404	
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:	181,378	272,198	287,336	633,981	616,188	596,174	576,758	553,828	800,091	768,200	734,132	
55												
56 Restatement of Net Income Before Income Tax:	\$116,434	\$84,237	\$69,670	(\$18,372)	(\$11,947)	\$38,791	\$92,411	\$148,181	\$121,422	\$158,851	\$327,036	
57 LESS: Interest Expense - Water:	181,378	272,198	287,336	633,981	616,188	596,174	576,758	553,828	800,091	768,200	734,132	
58 Taxable Income - Water (2):	90	90	90	90	90	90	90	90	90	90	90	

(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.

Figure 4

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

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

Sewer	Actual 1999	Projected 2002	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	\$2,985,099	\$3,575,872	\$4,207,802	\$4,254,402	\$4,200,770	\$4,880,183	\$4,787,550	
3 Growth Percentage	NA	9.00%	8.00%	24.92%	20.80%	17.87%	15.56%	14.02%	15.70%	8.44%	7.86%	
4 Rate Revenue from Growth	0	179,799	195,981	591,548	610,774	631,730	654,672	596,371	659,414	410,356	368,013	
5 Rate Revenue Prior to Rate Adjustment	\$1,997,770	\$2,177,570	\$2,373,551	\$2,985,099	\$3,575,872	\$4,207,802	\$4,862,174	\$4,860,773	\$4,880,183	\$5,270,540	\$5,153,563	
6 Percentage Rate Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-12.50%	-13.40%	0.00%	-9.18%	-8.29%	
7 Rate Revenue from Rate Adjustment	0	0	0	0	0	0	(807,772)	(650,004)	0	(482,960)	(267,831)	
8 Total Rate Revenue	\$1,997,770	\$2,177,570	\$2,373,551	\$2,985,099	\$3,575,872	\$4,207,802	\$4,254,402	\$4,200,770	\$4,880,183	\$4,787,550	\$4,885,733	
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	\$2,985,099	\$3,575,872	\$4,207,802	\$4,254,402	\$4,200,770	\$4,880,183	\$4,787,550	\$4,885,733	
15												
16 Expenses:												
17												
18 Additional O&M - Western Svc Area	\$0	\$0	\$0	\$279,836	\$303,468	\$326,629	\$348,621	\$372,708	\$408,968	\$430,806	\$462,858	
19 Operating Expenses- Eastern Svc Area	\$1,196,116	\$1,492,482	\$1,561,016	\$1,670,919	\$1,782,030	\$1,887,465	\$1,986,196	\$2,088,733	\$2,202,033	\$2,281,644	\$2,369,374	
20 Rate Case Expense	56,998	56,998	56,998	56,998	56,998	56,998	56,998	56,998	56,998	56,998	56,998	
21 Franchise Fee- PSC	0	97,991	109,810	133,429	160,814	189,542	191,448	189,836	218,708	215,440	219,858	
22 Depreciation (U & U Amt Only)	438,254	619,278	627,514	679,631	681,591	683,082	684,878	686,985	1,023,708	971,757	1,016,245	
23 Amort of CIAC (U & U Amt Only)	(262,148)	(271,850)	(283,298)	(307,060)	(320,081)	(330,322)	(332,787)	(336,701)	(346,060)	(358,103)	(319,534)	
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	\$1,801,128	\$1,985,291	\$2,318,975	\$2,363,781	\$3,019,454	\$3,145,592	\$3,286,038	\$3,500,824	\$3,885,781	\$3,792,081	
26 Operating Income	\$565,299	\$376,442	\$388,260	\$666,124	\$912,711	\$1,188,348	\$1,108,810	\$914,732	\$1,380,359	\$1,130,769	\$1,093,652	
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)	(77)	(77)	(142)	(148)	(154)	(161)	(168)	(222)	(226)	(229)	
33												
34 Property Taxes:	(126,725)	(132,586)	(132,068)	(248,295)	(256,367)	(267,151)	(278,878)	(281,062)	(384,788)	(390,963)	(396,870)	
35												
36 Total Non Operating Expenses	(\$126,800)	(\$132,663)	(\$132,068)	(\$248,437)	(\$256,515)	(\$267,305)	(\$278,839)	(\$281,251)	(\$385,010)	(\$391,208)	(\$397,090)	
37 Net Income	\$435,499	\$143,780	\$276,217	\$196,718	\$456,196	\$920,842	\$829,971	\$644,514	\$914,549	\$739,560	\$696,563	
38 Taxable Income (See worksheet for taxable income below)	\$213,813	\$0	\$0	\$0	\$0	\$192,185	\$126,270	\$0	\$0	\$0	\$0	
39 Income Taxes:												
40 5.50%	11,760	0	0	0	0	10,570	6,945	0	0	0	0	
41 34.00%	86,998	0	0	0	0	61,749	40,570	0	0	0	0	
42 Total Income Taxes	\$98,758	\$0	\$0	\$0	\$0	\$72,319	\$47,515	\$0	\$0	\$0	\$0	
43 Net After Tax Income	\$366,041	\$143,780	\$276,217	\$196,718	\$456,196	\$920,842	\$782,456	\$644,514	\$914,549	\$739,560	\$696,563	
44												
45 Rate Base	\$4,979,232	\$4,862,112	\$4,433,863	\$11,562,503	\$11,148,273	\$10,036,731	\$8,804,962	\$7,750,629	\$12,862,943	\$11,157,363	\$10,516,866	
46												
47 Rate of Return Achieved	7.13%	2.98%	6.21%	1.73%	4.09%	8.48%	8.79%	8.32%	7.11%	6.63%	6.62%	
48 Allowed Return	12.04%	7.10%	7.10%	6.72%	6.72%	6.72%	6.71%	6.71%	6.63%	6.63%	6.62%	
49 Allowed Return Amount	\$599,500	\$344,879	\$314,842	\$779,922	\$748,773	\$673,954	\$587,790	\$520,080	\$863,145	\$739,560	\$696,563	

50 Worksheet for Taxable Income:

51											
52 Interest Expense - Total	\$403,095	\$604,884	\$594,090	\$1,408,868	\$1,399,263	\$1,324,831	\$1,279,456	\$1,230,950	\$1,777,979	\$1,707,110	\$1,831,404
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	774,877	753,085	728,657	703,702	677,023	977,588	938,911	1,007,272
55											
56 Restatement of Net Income Before Income Tax	\$435,499	\$143,780	\$276,217	\$196,718	\$456,196	\$920,842	\$829,971	\$644,514	\$914,549	\$739,560	\$696,563
57 LESS: Interest Expense - Sewer	221,686	332,686	326,744	774,877	753,085	728,657	703,702	677,023	977,588	938,911	1,007,272
58 Taxable Income - Sewer (2)	\$213,813	\$0	\$0	\$0	\$0	\$192,185	\$126,270	\$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.

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
DEPRECIATION SCHEDULE - WATER**

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

Water

Existing Asset Depreciation

Existing Assets	Year	Estimated	
		Original Cost	Life (Years)
1 Franchises	1980	\$34,830	NA
2 Structures	1982	12,748	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	538	25
7 Structures & Improvements	1983	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	1990	2,190	33
17 Furniture	1994	3,688	15
18 Power Equip	1987	732	10
19 Misc Equip	1992	3,720	15
20 Acquisition	1983	187,303	40
21 Total Estimated Original Cost		\$6,481,778	
22 Adjustment to 1998 Annual Report Utility Plant in Service		(29,167)	
23 Total Utility Plant in Service		\$6,452,611	

21

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	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	248	248	248	248	248	248	248	248	248	248	-
41 Power Equip	-	-	-	-	-	-	-	-	-	-	-
42 Misc Equip	248	248	248	248	248	248	248	248	248	248	-
43 Acquisition	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	\$182,603	\$182,150	\$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	\$186,434	\$185,981	\$140,615

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
DEPRECIATION SCHEDULE - WATER**

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

Water

New Asset Depreciation

New Assets	Year	Estimated Original Cost	Life (Years)
1 Water Plant- East Svc Area	2000	\$1,500,000	28
2 8" PVC Well Header	2002	24,000	45
3 18" PVC Water Main	2002	380,000	45
4 750 GPM Supply Wells	2002	225,000	30
5 12" PVC Well Header	2002	30,000	45
6 2.0 MG Reservoir w/ Aerator	2002	700,000	40
7 Pumping Station #1 Complete	2002	1,400,000	25
8 12" PVC Water Main	2002	380,000	45
9 Engineering & Contingency	2002	804,750	30
10 2.0 MG Reservoir w. Aerator	2007	700,000	40
11 Expand Pump Station #1	2007	800,000	20
12 750 GPM Supply Wells	2007	225,000	30
13 12" PVC Well Header	2007	30,000	45
14 18" PVC Well Header	2007	38,000	45
15 Engineering & Contingency	2007	505,500	30
16 8" PVC Well Header	2007	24,000	45
17 24" PVC Water Main	2007	405,000	45
18 Land	2000	100,000	-

22

Depreciation Schedule - New Assets	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
19 Water Plant- East Svc Area	-	-	\$28,848	\$57,692	\$57,692	\$57,692	\$57,692	\$57,692	\$57,692	\$57,692	\$57,692	\$57,692
20 8" PVC Well Header	-	-	-	-	287	533	533	533	533	533	533	533
21 18" PVC Water Main	-	-	-	-	4,222	8,444	8,444	8,444	8,444	8,444	8,444	8,444
22 750 GPM Supply Wells	-	-	-	-	3,750	7,500	7,500	7,500	7,500	7,500	7,500	7,500
23 12" PVC Well Header	-	-	-	-	333	667	667	667	667	667	667	667
24 2.0 MG Reservoir w/ Aerator	-	-	-	-	8,750	17,500	17,500	17,500	17,500	17,500	17,500	17,500
25 Pumping Station #1 Complete	-	-	-	-	28,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000
26 12" PVC Water Main	-	-	-	-	4,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
27 Engineering & Contingency	-	-	-	-	13,413	26,825	26,825	26,825	26,825	26,825	26,825	26,825
28 2.0 MG Reservoir w. Aerator	-	-	-	-	-	-	-	-	-	8,750	17,500	17,500
29 Expand Pump Station #1	-	-	-	-	-	-	-	-	-	15,000	30,000	30,000
30 750 GPM Supply Wells	-	-	-	-	-	-	-	-	-	3,750	7,500	7,500
31 12" PVC Well Header	-	-	-	-	-	-	-	-	-	333	667	667
32 18" PVC Well Header	-	-	-	-	-	-	-	-	-	422	844	844
33 Engineering & Contingency	-	-	-	-	-	-	-	-	-	8,425	16,850	16,850
34 8" PVC Well Header	-	-	-	-	-	-	-	-	-	287	533	533
35 24" PVC Water Main	-	-	-	-	-	-	-	-	-	4,500	9,000	9,000
36 Land	-	-	-	-	-	-	-	-	-	-	-	-
47 CIAC Plant	-	-	2,102	4,582	13,470	13,919	14,409	14,943	15,558	19,740	12,058	11,827
48 Total New Depreciation	-	-	\$30,948	\$82,274	\$133,897	\$197,081	\$197,571	\$198,705	\$198,720	\$244,349	\$278,112	\$277,883
Total Depreciation - Water												
49 Total Existing Depreciation		\$182,803	\$182,803	\$182,803	\$182,803	\$182,803	\$182,803	\$182,803	\$182,803	\$182,150	\$137,030	\$136,784
50 Total New Depreciation		-	30,948	82,274	133,897	197,081	197,571	198,705	198,720	244,349	278,112	277,883
51 Total Depreciation		\$182,803	\$213,851	\$265,177	\$316,500	\$379,884	\$380,174	\$380,708	\$381,323	\$428,498	\$415,142	\$414,667
52 Accumulated Depreciation	\$1,835,149	\$1,817,762	\$2,031,302	\$2,278,179	\$2,592,879	\$2,972,362	\$3,362,538	\$3,733,244	\$4,114,867	\$4,541,065	\$4,866,207	\$5,370,875

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
DEPRECIATION SCHEDULE - SEWER**

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

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	1988	78,871	32
9	Treat Equip	1990	1,840,940	18
10	Outfall Sewer	1987	4,941	30
11	Other Treatment	1991	13,285	18
12	Structures	1994	90,237	32
13	General	1981	6,241	32
14	Furniture	1986	711	15
15	Laboratory	1985	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	

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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	108	108	108	108	108	108	108	108	108	108	108
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	\$355,348	\$355,348	\$355,348	\$355,071	\$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

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
DEPRECIATION SCHEDULE - SEWER**

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

SEWER:

New Asset Depreciation

New Assets	Year	Estimated Original Cost	Life (Years)
1 WWTP Improvement East Svc Area	1999	\$3,343,962	22
2 Master Lift Station # 1	2002	200,000	21
3 16" PVC Force Main	2002	456,000	30
4 8" PVC Force Main	2002	408,000	30
5 1.0 MGD WWTP	2002	5,500,000	26
6 16" PVC Outfall/Xfer (50% Cost)	2002	360,000	30
7 Engineering & Contingency	2002	1,793,500	30
8 1.0 MGD WWTP Expansion	2007	5,000,000	26
9 12" PVC Force Main	2007	240,000	30
10 Engineering & Contingency	2007	1,310,000	30
11 Land	2000	250,000	-

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Depreciation Schedule - New Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
12 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
13 Master Lift Station # 1	-	-	-	4,762	9,524	9,524	9,524	9,524	9,524	9,524	9,524
14 16" PVC Force Main	-	-	-	7,600	15,200	15,200	15,200	15,200	15,200	15,200	15,200
15 8" PVC Force Main	-	-	-	6,800	13,600	13,600	13,600	13,600	13,600	13,600	13,600
16 1.0 MGD WWTP	-	-	-	105,769	211,538	211,538	211,538	211,538	211,538	211,538	211,538
17 16" PVC Outfall/Xfer (50% Cost)	-	-	-	6,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
18 Engineering & Contingency	-	-	-	29,892	59,783	59,783	59,783	59,783	59,783	59,783	59,783
19 1.0 MGD WWTP Expansion	-	-	-	-	-	-	-	-	96,154	192,308	192,308
20 12" PVC Force Main	-	-	-	-	-	-	-	-	4,000	8,000	8,000
21 Engineering & Contingency	-	-	-	-	-	-	-	-	21,833	43,667	43,667
22 Land	-	-	-	-	-	-	-	-	-	-	-
23 CIAC Plant	-	7,022	15,309	46,207	47,709	49,346	51,130	53,239	67,976	42,302	41,537
24 Total New Depreciation	\$75,999	\$159,021	\$187,307	\$359,028	\$521,353	\$522,990	\$524,774	\$526,883	\$663,607	\$759,920	\$759,155

Total Depreciation - Sewer

25 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
26 Total New Depreciation	75,999	159,021	187,307	359,028	521,353	522,990	524,774	526,883	663,607	759,920	759,155
27 Total Depreciation	\$436,254	\$519,276	\$527,514	\$719,236	\$881,561	\$883,082	\$884,576	\$886,985	\$1,023,708	\$1,017,747	\$1,016,245

28 Accumulated Depreciation	\$2,768,561	\$3,204,815	\$3,724,091	\$4,251,605	\$4,970,841	\$5,852,402	\$6,735,494	\$7,620,369	\$8,507,354	\$9,531,062	\$10,548,809	\$11,565,055
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SOURCE: BURTON & ASSOCIATES
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**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) - WATER**

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

Water - Existing CIAC

Existing CIAC

Existing CIAC - Plant	Year	Estimated Original Cost	Life (Years)
1 Other	1989	\$29,888	30
2 Dist Reservoirs & Standpipes	1992	24,490	37
3 Transmission & Dist Mains	1985	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	\$1,318,850	30
9 Total Existing CIAC - Cash		\$1,318,850	
10 Total Existing CIAC		\$5,006,427	
11 Adjustment to 1995 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	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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 Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

New CIAC

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
	New CIAC - Plant:	Life												
1	Transmission & Dist Mains	43	\$489.83	-	\$120,761	\$131,630	\$386,978	\$399,890	\$413,965	\$429,307	\$446,969	\$567,106	\$348,349	\$339,775
2	Services	40	\$101.56	-	\$28,113	\$28,463	\$83,678	\$86,470	\$89,513	\$92,831	\$96,660	\$122,627	\$74,892	\$73,471
3	Meters & Meter Installs	20	\$32.91	-	\$8,463	\$9,224	\$27,118	\$28,023	\$29,009	\$30,084	\$31,322	\$39,741	\$24,271	\$23,810
4	Hydrants	45	\$55.85	-	\$14,361	\$15,654	\$46,020	\$47,556	\$49,230	\$51,054	\$53,154	\$67,441	\$41,189	\$40,407
5	Total New CIAC - Plant				\$184,970	\$184,970	\$543,783	\$551,938	\$581,717	\$603,276	\$628,086	\$798,915	\$486,701	\$477,462
6	New CIAC - Cash:													
7	New CIAC - Cash				\$60,287	\$65,713	\$193,189	\$199,636	\$206,663	\$214,322	\$223,139	\$283,114	\$172,907	\$169,625
8	Life	30												
9	Total New CIAC - Cash				\$60,287	\$65,713	\$193,189	\$199,636	\$206,663	\$214,322	\$223,139	\$283,114	\$172,907	\$169,625
10	Total New CIAC				\$228,964	\$250,683	\$736,963	\$751,574	\$788,380	\$817,598	\$851,224	\$1,080,029	\$659,608	\$647,087

Amortization of New CIAC

Amortization Schedule - New CIAC Assets

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
11	New CIAC - Plant Amortization												
12	Transmission & Dist Mains		-	\$1,404	\$3,061	\$8,999	\$9,300	\$9,627	\$9,984	\$10,395	\$13,188	\$8,056	\$7,902
13	Services		-	\$326	\$712	\$2,092	\$2,162	\$2,238	\$2,321	\$2,416	\$3,068	\$1,872	\$1,837
14	Meters & Meter Installs		-	\$212	\$461	\$1,356	\$1,401	\$1,450	\$1,504	\$1,566	\$1,987	\$1,214	\$1,191
15	Hydrants		-	\$160	\$348	\$1,023	\$1,057	\$1,094	\$1,135	\$1,181	\$1,499	\$915	\$896
16	Total New CIAC - Plant Amortization		-	\$2,102	\$4,582	\$13,470	\$13,919	\$14,408	\$14,943	\$15,558	\$19,740	\$12,056	\$11,827
	New CIAC - Cash Amortization												
17	Total New CIAC - Cash Amortization		-	\$1,005	\$2,190	\$6,440	\$6,655	\$6,889	\$7,144	\$7,438	\$9,437	\$5,784	\$5,654
18	Total New CIAC Amortization		-	\$3,107	\$6,772	\$19,910	\$20,574	\$21,298	\$22,087	\$22,986	\$29,177	\$17,840	\$17,481

Summary of CIAC & CIAC Amortization - Water

	Existing 1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
19	Total Existing CIAC	\$5,136,489											
20	Total New CIAC		-	\$229,984	\$250,683	\$736,983	\$751,575	\$788,380	\$817,598	\$851,224	\$1,080,029	\$659,608	\$647,087
21	Total Accumulated CIAC - Water	\$5,136,489	\$5,136,489	\$5,366,473	\$5,617,157	\$6,354,139	\$7,115,714	\$7,904,094	\$8,721,692	\$9,572,928	\$10,652,954	\$11,312,563	\$11,969,650
22	CIAC Amortization												
22	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
23	Total New CIAC Annual Amortization		-	3,107	6,772	19,910	20,574	21,298	22,087	22,986	29,177	17,819	17,481
24	Total CIAC Annual Amortization - Water		\$143,313	\$146,419	\$150,085	\$163,222	\$163,887	\$164,611	\$166,400	\$166,309	\$172,490	\$161,132	\$160,794
25	Accumulated CIAC Amortization	\$1,076,706	\$1,222,018	\$1,368,437	\$1,518,522	\$1,681,745	\$1,846,631	\$2,010,242	\$2,176,642	\$2,341,661	\$2,514,441	\$2,675,573	\$2,836,367

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

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

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	82,148	40
5	Services	1990	561,347	38
6	Structures	1997	5,500	32
7	Receiving Well	1991	247,738	30
8	Pumping Equipment	1990	601,274	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		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
25	Total Existing CIAC Amortization	\$245,924	\$245,924	\$245,924	\$245,924	\$245,924	\$245,924	\$245,924	\$245,924	\$245,924	\$218,076	\$218,076
26	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
27	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 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

New CIAC

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
		CIAC per ERC												
1	New CIAC - Plant:	Life												
1	Structures & Improvements	32	\$23.66	-	\$8,069	\$6,637	\$20,032	\$20,663	\$21,363	\$22,166	\$23,080	\$29,469	\$18,339	\$18,007
2	Sewers - Force	30	\$301.28	-	\$77,472	\$84,444	\$254,685	\$263,199	\$272,199	\$282,041	\$293,673	\$374,962	\$233,341	\$229,123
3	Sewers - Gravity	45	\$1,301.28	-	\$334,615	\$364,730	\$1,100,897	\$1,136,677	\$1,175,677	\$1,216,167	\$1,266,427	\$1,619,529	\$1,007,841	\$989,623
4	Services	38	\$196.48	-	\$50,524	\$55,071	\$166,225	\$171,626	\$177,517	\$183,936	\$191,521	\$244,534	\$152,175	\$149,424
5	Pumping Equip	18	\$175.45	-	\$45,117	\$49,177	\$146,437	\$153,281	\$156,519	\$164,251	\$171,025	\$218,365	\$135,690	\$133,433
6	Life	30												
7	Total New CIAC - Plant				\$513,616	\$560,059	\$1,660,476	\$1,745,416	\$1,805,305	\$1,870,561	\$1,947,727	\$2,486,859	\$1,547,584	\$1,519,610
8	New CIAC - Cash:													
8	New CIAC - Cash				\$180,768	\$175,235	\$528,926	\$546,117	\$564,655	\$585,279	\$609,416	\$778,103	\$484,217	\$475,465
9	Life	30												
10	Total New CIAC - Cash				\$180,768	\$175,235	\$528,926	\$546,117	\$564,655	\$585,279	\$609,416	\$778,103	\$484,217	\$475,465
11	Total New CIAC				\$694,384	\$735,294	\$2,189,403	\$2,291,533	\$2,370,159	\$2,455,859	\$2,557,143	\$3,264,963	\$2,031,802	\$1,995,074

Amortization of New CIAC

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008
		Amortization Schedule - New CIAC Assets											
12	New CIAC - Plant Amortization												
13	Structures & Improvements		-	\$95	\$207	\$626	\$646	\$689	\$693	\$721	\$921	\$573	\$563
14	Sewers - Force		-	\$1,291	\$2,815	\$6,496	\$6,772	\$6,073	\$6,401	\$6,769	\$12,499	\$7,778	\$7,837
15	Sewers - Gravity		-	\$3,718	\$8,105	\$24,464	\$25,259	\$26,126	\$27,071	\$28,167	\$35,980	\$22,396	\$21,692
16	Services		-	\$685	\$1,449	\$4,374	\$4,517	\$4,671	\$4,840	\$5,040	\$6,435	\$4,005	\$3,932
17	Pumping Equip		-	\$1,253	\$2,732	\$6,246	\$6,514	\$6,807	\$6,125	\$6,501	\$12,131	\$7,549	\$7,413
13	Total New CIAC - Plant Amortization		-	\$7,022	\$15,308	\$46,207	\$47,709	\$49,348	\$51,130	\$53,239	\$67,976	\$42,302	\$41,337
18	New CIAC - Cash Amortization		-	\$2,679	\$5,841	\$17,631	\$18,204	\$18,626	\$19,509	\$20,314	\$25,937	\$16,141	\$15,849
19	Total Cash Amortization		-	\$2,679	\$5,841	\$17,631	\$18,204	\$18,626	\$19,509	\$20,314	\$25,937	\$16,141	\$15,849
20	Total New CIAC Amortization		-	\$9,702	\$21,150	\$63,838	\$65,913	\$68,175	\$70,640	\$73,553	\$93,912	\$58,442	\$57,386

Summary of CIAC & CIAC Amortization - Sewer

	Existing 1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
21	Total Existing CIAC	\$6,802,767											
22	Total New CIAC		674,561	735,294	2,219,403	2,291,535	2,370,159	2,455,859	2,557,143	3,264,963	2,031,802	1,995,074	
23	Total Accumulated CIAC - Sewer	\$6,802,767	\$6,802,767	\$7,477,348	\$9,696,751	\$11,916,186	\$14,286,345	\$16,742,204	\$19,299,347	\$21,904,310	\$24,936,112	\$26,931,186	
24	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	
25	Total New CIAC Annual Amortization		-	9,702	21,150	63,636	65,913	66,175	70,640	73,553	93,912	58,442	57,386
26	Total CIAC Annual Amortization - Sewer		\$262,148	\$271,850	\$283,298	\$325,784	\$328,061	\$328,323	\$332,788	\$335,701	\$356,060	\$320,590	\$319,534
27	Accumulated CIAC Amortization	\$1,836,237	\$2,198,385	\$2,470,234	\$2,753,532	\$3,079,518	\$3,407,579	\$3,737,901	\$4,070,689	\$4,406,389	\$4,762,450	\$5,063,040	\$5,482,573
28	Total Water & Sewer		\$405,461	\$405,461	\$405,461	\$405,461	\$405,461	\$405,461	\$405,461	\$405,461	\$405,461	\$405,461	
29	Total Existing CIAC Annual Amortization - Water & Sewer		-	12,808	27,922	63,748	66,487	68,473	72,727	76,549	123,090	76,282	74,667
30	Total CIAC Annual Amortization - Water & Sewer		\$405,461	\$418,269	\$433,383	\$469,209	\$471,948	\$473,934	\$478,188	\$482,010	\$528,550	\$481,742	\$490,134

SOURCE: BURTON & ASSOCIATES
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Figure 9

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
RATE BASE**

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1 Water											
Percent Contributed	84%	64%	67%	45%	50%	55%	60%	65%	58%	61%	64%
2 Utility Plant In Service	\$6,462,609	\$8,232,306	\$8,417,276	\$12,884,820	\$13,446,758	\$14,028,476	\$14,831,752	\$15,259,847	\$18,584,262	\$19,070,963	\$19,548,428
3 Include Construction Work in Progress? <input type="checkbox"/> NO	0	0	0	0	0	0	0	0	0	0	0
4 Less: Accumulated Depreciation	(1,817,752)	(2,031,302)	(2,276,179)	(2,592,679)	(2,972,362)	(3,352,536)	(3,733,244)	(4,114,567)	(4,541,065)	(4,956,207)	(5,370,875)
5 Utility Plant In Service less Accum Depr.	\$4,644,857	\$6,201,004	\$6,141,098	\$10,292,141	\$10,474,396	\$10,675,940	\$10,898,508	\$11,145,281	\$14,043,197	\$14,114,756	\$14,177,551
6 Less: Accumulated CIAC	(5,136,489)	(5,366,473)	(5,617,167)	(6,354,139)	(7,115,714)	(7,904,094)	(8,721,892)	(9,572,926)	(10,652,954)	(11,312,563)	(11,959,850)
7 Plus: Accumulated Amortization of CIAC	1,222,018	1,368,437	1,518,522	1,681,745	1,845,631	2,010,242	2,175,842	2,341,951	2,514,441	2,675,573	2,836,367
8 Net Utility Plant In Service	\$730,386	\$2,202,968	\$2,042,463	\$5,619,748	\$5,204,313	\$4,782,068	\$4,352,458	\$3,914,306	\$5,904,683	\$5,477,767	\$5,054,268
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 <input type="checkbox"/> 12.50% of O&M	93,517	96,322	99,261	104,133	108,923	113,667	118,392	123,129	128,828	132,486	136,404
13 Other	0	0	0	0	0	0	0	0	0	0	0
14 Net Utility Plant In Service	\$933,943	\$2,404,647	\$2,342,398	\$5,819,871	\$5,404,645	\$4,982,380	\$4,662,793	\$4,114,696	\$6,106,797	\$5,676,145	\$5,283,882
15 U&U Percentage	100.00%	61.81%	65.12%	68.55%	76.50%	83.74%	91.27%	99.20%	93.92%	89.79%	93.98%
16 Rate Base	\$933,943	\$1,486,332	\$1,460,225	\$4,047,554	\$4,134,608	\$4,172,055	\$4,155,493	\$4,081,826	\$5,734,842	\$5,098,638	\$4,937,532
17 Sewer:											
Percent Contributed	58%	60%	64%	43%	51%	58%	64%	70%	62%	66%	70%
18 Utility Plant In Service	\$14,298,201	\$15,062,017	\$15,622,076	\$26,030,052	\$27,775,470	\$29,580,774	\$31,451,355	\$33,399,082	\$42,435,941	\$43,983,525	\$45,503,135
19 Include Construction Work in Progress? <input type="checkbox"/> NO	0	0	0	0	0	0	0	0	0	0	0
20 Less: Accumulated Depreciation	(3,204,815)	(3,724,091)	(4,251,605)	(4,970,841)	(5,852,402)	(6,735,494)	(7,620,369)	(8,507,354)	(9,531,062)	(10,548,809)	(11,566,056)
21 Utility Plant In Service less Accum Depr.	\$11,093,386	\$11,337,926	\$11,370,470	\$21,059,211	\$21,923,068	\$22,845,281	\$23,830,986	\$24,891,728	\$32,904,879	\$33,434,716	\$33,937,080
22 Less: Accumulated CIAC	(8,802,767)	(9,277,348)	(10,012,642)	(12,232,045)	(14,523,579)	(16,893,739)	(19,349,598)	(21,908,741)	(25,171,704)	(27,203,506)	(29,198,579)
23 Plus: Amortization of CIAC	2,198,385	2,470,234	2,753,532	3,079,518	3,407,579	3,737,901	4,070,889	4,406,389	4,762,450	5,083,040	5,402,573
24 Net Utility Plant In Service	\$4,688,004	\$4,530,812	\$4,111,360	\$11,906,684	\$10,807,067	\$9,689,444	\$8,552,077	\$7,391,376	\$12,495,625	\$11,314,250	\$10,142,074
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 <input type="checkbox"/> 12.50% of O&M	149,389	188,568	193,877	208,865	222,764	235,933	248,648	261,082	275,254	285,193	294,822
29 Other	0	0	0	0	0	0	0	0	0	0	0
30 Net Utility Plant In Service	\$4,978,232	\$4,862,112	\$4,433,883	\$12,238,097	\$11,146,273	\$10,035,731	\$8,904,982	\$7,780,629	\$12,862,843	\$11,688,410	\$10,516,866
31 U&U Percentage	100.00%	100.00%	100.00%	94.48%	100.00%	100.00%	100.00%	100.00%	100.00%	95.48%	100.00%
32 Rate Base	\$4,978,232	\$4,862,112	\$4,433,883	\$11,562,503	\$11,146,273	\$10,035,731	\$8,904,982	\$7,750,629	\$12,862,843	\$11,157,363	\$10,516,866

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	1999	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
New Assets per CIP:														
1	Water Plant- East Svc Area	2000			\$1,500,000									
2	8" PVC Well Header	2002					\$24,000							
3	16" PVC Water Main	2002					\$380,000							
4	750 GPM Supply Wells	2002					\$225,000							
5	12" PVC Well Header	2002					\$30,000							
6	2.0 MG Reservoir w/ Aerator	2002					\$700,000							
7	Pumping Station #1 Complete	2002					\$1,400,000							
8	12" PVC Water Main	2002					\$380,000							
9	Engineering & Contingency	2002					\$804,750							
10	2.0 MG Reservoir w. Aerator	2007										\$700,000		
11	Expand Pump Station #1	2007										\$600,000		
12	750 GPM Supply Wells	2007										\$225,000		
13	12" PVC Well Header	2007										\$30,000		
14	16" PVC Well Header	2007										\$38,000		
15	Engineering & Contingency	2007										\$505,500		
16	8" PVC Well Header	2007										\$24,000		
17	24" PVC Water Main	2007										\$405,000		
18	Land	2000			\$100,000									
19	Total Utility Plant In Service (not including CIAC)		\$6,482,606	\$6,482,606	\$8,062,606	\$8,062,606	\$11,988,356	\$11,988,356	\$11,988,356	\$11,988,356	\$11,988,356	\$14,513,656	\$14,513,656	\$14,513,656
New Plant Assets per CIAC:														
20	New Plant Assets (CIAC)			\$0	\$169,897	\$184,970	\$543,793	\$561,939	\$581,717	\$603,276	\$628,095	\$706,915	\$486,701	\$477,482
21	Total New Plant Assets (CIAC)		\$0	\$0	\$169,897	\$354,967	\$888,481	\$1,148,098	\$2,162,117	\$2,848,383	\$3,273,488	\$4,070,403	\$4,557,104	\$5,054,567
22	Total Water Utility Plant In Service		\$6,482,606	\$6,482,606	\$8,232,503	\$8,417,576	\$12,884,820	\$13,448,758	\$14,028,476	\$14,631,782	\$15,259,847	\$18,584,282	\$19,070,983	\$19,548,426

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Sewer:

	Estimated Original Cost	In Svc Date	1999	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
New Assets per CIP:														
23	WWTP Improvement East Svc Area	1999		\$3,343,962										
24	Master Lift Station # 1	2002					200000							
25	16" PVC Force Main	2002					468000							
26	8" PVC Force Main	2002					408000							
27	1.0 MGD WWTP	2002					5600000							
28	16" PVC Outfall/Xier (50% Cost)	2002					360000							
29	Engineering & Contingency	2002					1793500							
30	1.0 MGD WWTP Expansion	2007										\$5,000,000		
31	12" PVC Force Main	2007										\$240,000		
32	Engineering & Contingency	2007										\$1,310,000		
33	Land	2000			\$250,000									
34	Total Utility Plant In Service (not including CIAC)		\$10,954,236	\$14,298,201	\$14,548,201	\$14,548,201	\$23,286,701	\$23,286,701	\$23,286,701	\$23,286,701	\$23,286,701	\$28,815,701	\$28,815,701	\$28,815,701
New Plant Assets per CIAC:														
35	New Plant Assets (CIAC)			\$0	\$513,516	\$560,050	\$1,090,476	\$1,745,418	\$1,805,305	\$1,870,561	\$1,947,727	\$2,486,856	\$1,647,564	\$1,519,610
36	Total New Plant Assets (CIAC)		\$0	\$0	\$513,516	\$1,073,876	\$2,764,351	\$4,509,786	\$6,315,073	\$8,186,864	\$10,133,381	\$12,620,240	\$14,167,824	\$15,687,434
37	Total Sewer Utility Plant In Service		\$10,954,236	\$14,298,201	\$15,062,017	\$15,622,076	\$26,030,052	\$27,775,470	\$29,680,774	\$31,451,355	\$33,309,082	\$42,435,941	\$43,983,525	\$45,503,136

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CAPITAL IMPROVEMENTS PROGRAM

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

PROJECT TOTAL	AMOUNT \$BET FINNED	PROJECT NAME	IN SER- VICE DATE	MONTHS TO CON- STRUCT	% BDET FINNED	ASSET LIFE	INCREASE IN CAPACITY (\$M)	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	24,000	24,000 8" PVC Well Header	2002	24	100%	45					24,000							
3	380,000	380,000 16" PVC Water Main	2002	24	100%	45					380,000							
4	225,000	225,000 750 GPM Supply Wells	2002	24	100%	30					225,000							
5	30,000	30,000 12" PVC Well Header	2002	24	100%	45					30,000							
6	700,000	700,000 2.0 MG Reservoir w/ Aerator	2002	24	100%	40	1.00				700,000							
7	1,400,000	1,400,000 Pumping Station #1 Complete	2002	24	100%	25					1,400,000							
8	380,000	380,000 12" PVC Water Main	2002	24	100%	45					380,000							
9	604,750	604,750 Engineering & Contingency	2002	24	100%	30					604,750							
10	700,000	700,000 2.0 MG Reservoir w. Aerator	2007	24	100%	40	1.00									700,000		
11	600,000	600,000 Expand Pump Station #1	2007	24	100%	20										600,000		
12	225,000	225,000 750 GPM Supply Wells	2007	24	100%	30										225,000		
13	30,000	30,000 12" PVC Well Header	2007	24	100%	45										30,000		
14	38,000	38,000 16" PVC Well Header	2007	24	100%	45										38,000		
15	505,500	505,500 Engineering & Contingency	2007	24	100%	30										505,500		
16	24,000	24,000 8" PVC Well Header	2007	24	100%	45										24,000		
17	405,000	405,000 24" PVC Water Main	2007	24	100%	45										405,000		
18	100,000	100,000 Land	2000		100%						100,000							
20	\$8,081,250	\$8,081,250						\$0	\$1,500,000	\$0	\$3,922,750	\$0	\$0	\$0	\$0	\$0	\$2,927,500	\$0
Sewer																		
21	\$3,343,982	\$3,343,982 WWTP Improvement East Svc Are	1999	12	100%	22	0.70	3,343,982										
22	200,000	200,000 Master Lift Station # 1	2002	24	100%	21					200,000							
23	456,000	456,000 16" PVC Force Main	2002	24	100%	30					456,000							
24	408,000	408,000 8" PVC Force Main	2002	24	100%	30					408,000							
25	5,500,000	5,500,000 1.0 MGD WWTP	2002	24	100%	26	1.00				5,500,000							
26	380,000	380,000 16" PVC Outfall/Star (50% Cost)	2002	24	100%	30					380,000							
27	1,793,500	1,793,500 Engineering & Contingency	2002	24	100%	30					1,793,500							
28	5,000,000	5,000,000 1.0 MGD WWTP Expansion	2007	24	100%	26	1.00									5,000,000		
29	240,000	240,000 12" PVC Force Main	2007	24	100%	30										240,000		
30	1,310,000	1,310,000 Engineering & Contingency	2007	24	100%	30										1,310,000		
31	250,000	250,000 Land	2000		100%						250,000							
32	0	0 Renewal & Replacement	2000		100%	30												
33	0	0 Renewal & Replacement	2001		100%	30												
34	0	0 Renewal & Replacement	2002		100%	30												
35	0	0 Renewal & Replacement	2003		100%	30												
36	0	0 Renewal & Replacement	2004		100%	30												
37	0	0 Renewal & Replacement	2005		100%	30												
38	0	0 Renewal & Replacement	2006		100%	30												
39	0	0 Renewal & Replacement	2007		100%	30												
40	0	0 Renewal & Replacement	2008		100%	30												
41	0	0 Renewal & Replacement	2009		100%	30												
42	\$18,881,482	\$18,881,482						\$3,343,982	\$298,000	\$0	\$8,717,500	\$0	\$0	\$0	\$0	\$0	\$8,560,000	\$0
TOTAL WATER & SEWER																		
43	\$28,912,712	\$28,912,712 TOTAL WATER AND SEWER						\$3,343,982	\$1,500,000	\$0	\$12,641,250	\$0	\$0	\$0	\$0	\$0	\$11,487,500	\$0

SOURCE: BURTON & ASSOCIATES / PWS&I
COMMUNITY OF FORT MYERS

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Figure 13

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
USED AND USEFUL**

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Water											
Capacity											
Capacity in ERC's	5,057	5,057	10,571	10,571	13,429	13,429	13,429	13,429	13,429	16,286	16,286
Additional Capacity in ERC's	0	5,514	0	2,857	0	0	0	0	2,857	0	0
Total Capacity	5,057	10,571	10,571	13,429	13,429	13,429	13,429	13,429	16,286	16,286	16,286
Connection / Growth											
Connections in ERC's	5,506	5,506	5,763	6,043	6,867	7,719	8,600	9,514	10,466	11,674	12,411
Annual Growth Percent	0.00%	4.67%	4.86%	13.64%	12.40%	11.42%	10.63%	10.00%	11.54%	6.32%	5.83%
Additional Units	0	257	280	824	852	881	914	952	1,208	738	724
Total Connections	5,506	5,763	6,043	6,867	7,719	8,600	9,514	10,466	11,674	12,411	13,135
Raw U & U Percent	108.87%	54.51%	57.16%	51.14%	57.48%	64.04%	70.85%	77.94%	71.68%	76.21%	80.65%
PLUS: Margin Reserve @ 36 Mos.	0	771	841	2,472	2,555	2,644	2,742	2,855	3,623	2,213	2,171
Total Connections plus Margin Reserve	5,506	6,534	6,884	9,339	10,273	11,245	12,257	13,321	15,298	14,824	15,305
U & U Percent	100.00%	61.81%	65.12%	69.59%	76.50%	83.74%	91.27%	89.20%	83.92%	89.79%	93.98%
SEWER:											
Capacity											
Capacity in ERC's	2,857	5,357	5,357	5,357	8,929	8,929	8,929	8,929	8,929	12,500	12,500
Additional Capacity in ERC's	2,500	0	0	3,571	0	0	0	0	3,571	0	0
Total Capacity	5,357	5,357	5,357	8,929	8,929	8,929	8,929	8,929	12,500	12,500	12,500
Connection / Growth											
Connections in ERC's	2,857	2,857	3,114	3,395	4,241	5,114	6,018	6,954	7,928	9,173	9,948
Annual Growth Percent	0.00%	9.00%	9.00%	24.92%	20.60%	17.67%	15.56%	14.02%	15.70%	8.44%	7.65%
Additional Units - Eastern Service Area	0	257	280	306	333	363	396	431	470	0	0
Additional Units - Western Service Area	0	0	0	541	541	541	541	544	775	775	781
Additional Units - Total	0	257	280	846	874	903	936	975	1,245	775	781
Imputed ERC's from 1998 Rate Case											
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
Total Connections	5,357	5,357	5,357	5,898	6,438	6,979	7,519	8,063	8,637	9,612	10,372
Raw U & U Percent	100.00%	100.00%	100.00%	66.05%	72.11%	78.16%	84.21%	90.30%	70.70%	76.89%	82.98%
PLUS: Margin Reserve @ 36 Mos.	0	771	841	2,538	2,621	2,710	2,806	2,924	3,734	2,324	2,282
Total Connections plus Margin Reserve	5,357	6,128	6,198	8,436	9,059	9,689	10,325	10,961	12,500	11,936	12,500
U & U Percent	100.00%	100.00%	100.00%	94.48%	100.00%	100.00%	100.00%	100.00%	100.00%	95.48%	100.00%

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SOURCE: BURTON & ASSOCIATES

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03/12/2000

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

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY1999					FY2000				
					Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc
1 First Union Bank				7.27%	\$3,835,445	\$0	\$240,464	\$3,835,445	\$278,837	\$3,835,445	\$82,284	\$323,827	\$3,743,162	\$272,128
2 Plantation Developers - WTP	\$663,486	01/01/95	20	7.94%	586,984	19,385	46,914	567,479	46,056	567,479	20,843	45,456	546,636	43,403
3 Plantation Developers- Unit 9	94,851	12/23/94	20	7.94%	94,850	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	7,796	93,966	7,461
5 Crossroads Land Ltd- Seaside Ut 3	128,660	03/28/96	20	7.86%	121,143	3,257	9,331	117,866	9,030	117,866	3,493	9,095	114,363	8,782
6 TAW Nursery, Inc.	112,847	12/23/94	20	7.94%	110,651	2,450	8,828	108,201	8,591	108,201	2,635	8,841	105,566	8,382
7 BAT of Palm Valley - Tom West	40,147	08/30/95	20	7.07%	38,007	1,053	2,702	36,954	2,613	36,954	1,123	2,832	35,831	2,533
8 Odome Mill Ltd.	328,832	09/25/95	20	7.00%	324,838	4,469	22,733	320,469	22,433	320,469	8,051	22,368	312,417	21,669
9 Marsh Dunes	96,517	04/09/98	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	6.56%	50,000	0	3,289	50,000	3,289	50,000	0	3,289	50,000	3,289
12 Arvida- Sawmill Lakes Ut 1	464,815	08/19/97	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	06/08/97	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				0	0	0	0	0	0	0	0	0	0
15 New Debt- in Service:				10.00%	0	0	0	0	0	0	0	0	0	0
16	1999		20	8.50%	0	0	0	0	0	0	0	0	0	0
17	2000	1,877,750	20	8.50%	0	0	0	0	0	1,877,750	48,364	122,064	1,829,386	118,910
18	2001	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
19	2002	12,830,869	20	8.50%	0	0	0	0	0	0	0	0	0	0
20	2003	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
21	2004	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
22	2005	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
23	2006	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
24	2007	9,213,663	20	8.50%	0	0	0	0	0	0	0	0	0	0
25	2008	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
26	2009	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
27					0	0	0	0	0	0	0	0	0	0
28 New Debt- Construction Work in Progress:					0	0	0	0	0	0	0	0	0	0
29 Include CWIP in WACC?		NO	20	7.50%			0	0	0	0	0	0	0	0
30 New Equity	0			10.00%	0	0	0	0	0	0	0	0	0	0
31					0	0	0	0	0	0	0	0	0	0
32 Weighted Average Cost of Capital					\$6,044,764	\$46,855	\$403,065	\$5,994,940	\$437,108		\$199,411	\$604,884	\$7,673,279	\$544,928
									7.29%					7.10%

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

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY 2001					FY 2002				
					Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc
1 First Union Bank				7.27%	\$3,743,182	\$103,502	\$320,849	\$3,639,833	\$284,801	\$3,639,833	\$114,201	\$370,190	\$3,525,429	\$258,266
2 Plantation Developers - WTP	\$663,486	01/01/95	20	7.94%	546,836	22,560	43,739	524,076	41,612	524,076	24,418	41,881	499,666	36,673
3 Plantation Developers - Unit 9	94,951	12/23/94	20	7.94%	92,835	2,181	7,277	90,454	7,182	90,454	2,361	7,067	88,094	6,905
4 Crossroads Land Ltd- Seaside UI 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 UI 3	128,950	03/28/95	20	7.98%	114,363	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%	105,568	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	08/30/95	20	7.07%	35,831	1,205	2,550	34,628	2,448	34,628	1,293	2,462	33,332	2,357
8 Odome Mill Ltd.	328,832	08/25/95	20	7.00%	312,417	8,833	21,774	303,784	21,285	303,784	9,258	21,150	294,526	20,617
9 Marsh Dunes	96,517	04/08/96	20	8.33%	96,517	2,481	6,038	94,036	5,952	94,036	2,843	5,877	91,363	5,785
10 Arvida- Sawmill Lakes (Offsite #1)	50,000	08/12/96	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 UI 1	464,918	08/18/97	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 UI 2	190,030	09/06/97	20	6.77%	176,039	5,375	11,991	170,864	11,554	170,864	5,750	11,816	164,914	11,165
14 Equity	0			10.00%	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	
17 2000	1,877,750		20	6.50%	1,829,366	81,508	118,910	1,777,878	116,562	1,777,878	84,866	116,562	1,723,022	111,996
18 2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	
19 2002	12,830,869		20	6.50%	0	0	0	0	0	12,830,869	330,477	834,008	12,500,362	812,525
20 2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	
21 2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	
22 2005	0		20	6.50%	0	0	0	0	0	0	0	0	0	
23 2006	0		20	6.50%	0	0	0	0	0	0	0	0	0	
24 2007	9,213,663		20	6.50%	0	0	0	0	0	0	0	0	0	
25 2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	
26 2009	0		20	6.50%	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%										
31					\$223,325	\$594,060	\$7,446,953	\$528,007		\$573,020	\$1,408,868	\$16,707,802	\$1,324,232	
32 Weighted Average Cost of Capital								7.10%					6.72%	

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SOURCE: BURTON & ASSOCIATES
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03/12/2000

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

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2003					FY2004				
						Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc
1	First Union Bank				7.27%	\$3,325,429	\$122,774	\$301,283	\$3,402,886	\$247,373	\$3,402,886	\$135,939	\$285,660	\$3,265,716	\$237,271
2	Plantation Developers - WTP	\$863,486	01/01/05	20	7.94%	499,659	26,429	39,870	473,230	37,574	473,230	28,805	37,894	444,625	34,305
3	Plantation Developers- Unit 9	94,851	12/23/04	20	7.94%	88,094	2,556	6,903	85,539	6,792	85,539	2,765	6,863	82,774	6,572
4	Crossroads Land Ltd- Seaside UT 2	106,535	12/23/04	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	03/28/05	20	7.88%	106,563	4,362	6,196	102,160	7,825	102,160	4,741	7,847	97,419	7,462
6	TAW Nursery, Inc.	112,847	12/23/04	20	7.94%	99,827	3,341	7,635	96,287	7,645	96,287	3,616	7,660	82,671	7,366
7	BAT of Palm Valley - Tom West	40,147	06/30/05	20	7.07%	33,332	1,388	2,368	31,944	2,258	31,944	1,489	2,298	30,455	2,153
8	Odome Mill Ltd.	326,832	09/25/05	20	7.00%	294,528	9,927	20,480	284,600	19,922	284,600	10,844	19,783	273,855	19,177
9	Marsh Dunes	96,517	04/09/09	20	6.33%	91,363	2,816	5,704	88,577	5,807	88,577	2,999	5,521	85,578	5,417
10	Arvida- Sawmill Lakes (Offsite #1)	50,000	09/12/06	20	6.81%	47,482	1,393	3,191	46,089	3,139	46,089	1,491	3,093	44,596	3,037
11	Arvida- Sawmill Lakes (Offsite #2)	50,000	02/17/07	20	6.58%	47,417	1,424	3,078	45,993	3,028	45,993	1,521	2,981	44,472	2,929
12	Arvida- Sawmill Lakes UT 1	464,918	06/19/07	20	6.89%	399,161	15,262	27,626	383,900	28,451	383,900	18,347	26,539	367,553	25,324
13	Arvida- Sawmill Lakes UT 2	190,030	09/08/07	20	6.77%	184,914	6,152	11,214	181,762	10,748	181,762	6,581	10,785	181,180	10,303
14	Equity	0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:														
16															
17	1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
18	2000	1,877,760		20	6.50%	1,723,022	58,421	111,096	1,884,801	108,199	1,884,801	62,219	108,199	1,802,382	104,186
19	2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
20	2002	12,830,889		20	6.50%	12,500,392	351,958	812,525	12,148,434	789,848	12,148,434	374,835	789,848	11,773,599	765,284
21	2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22	2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
23	2005	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
24	2006	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
25	2007	9,213,963		20	6.50%	0	0	0	0	0	0	0	0	0	0
26	2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27	2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
28	New Debt- Construction Work in Progress:														
29	include CWIP in WACC?	NO		20	7.50%			0	0	0			0	0	0
30	New Equity	0			10.00%										
31															
32	Weighted Average Cost of Capital						\$812,281	\$1,366,263	\$18,066,640	\$1,282,780		\$861,156	\$1,324,831	\$18,434,385	\$1,237,970
										6.72%					6.72%

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

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2005				FY2006					
					Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc
1 First Union Bank				7.27%	\$3,283,718	\$146,363	\$276,115	\$3,114,333	\$226,412	\$3,114,333	\$180,613	\$267,886	\$2,963,720	\$214,735
2 Plantation Developers - WTP	\$663,486	01/01/96	20	7.94%	444,625	30,961	35,336	413,664	32,846	413,664	33,511	32,788	380,153	30,184
3 Plantation Developers - Unit 9	94,661	12/23/94	20	7.94%	82,774	2,963	6,485	79,781	6,336	79,781	3,240	6,218	76,541	6,077
4 Crossroads Land Ltd- Seaside Lt 2	109,536	12/23/94	20	7.94%	78,408	4,722	6,223	73,684	6,851	73,684	5,111	5,634	68,573	5,445
5 Crossroads Land Ltd- Seaside Lt 3	128,650	03/28/96	20	7.99%	97,419	6,117	7,471	92,302	7,070	92,302	5,823	7,065	86,779	6,847
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	1,566	2,158	28,857	2,040	28,857	1,715	2,041	27,143	1,919
8 Odome Mill Ltd.	328,832	09/25/96	20	7.00%	273,956	11,414	18,963	262,541	18,378	262,541	12,239	18,168	250,302	17,521
9 Marsh Dunes	98,517	04/09/96	20	8.33%	85,578	3,194	5,326	82,384	6,215	82,384	3,402	5,117	78,982	5,000
10 Ar-Vide- Sawmill Lakes (Offsite #1)	50,000	06/12/96	20	8.81%	44,598	1,596	2,988	43,003	2,928	43,003	1,706	2,876	41,295	2,812
11 Ar-Vide- Sawmill Lakes (Offsite #2)	50,000	02/17/97	20	8.58%	44,472	1,824	2,678	42,648	2,819	42,648	1,734	2,766	41,114	2,705
12 Ar-Vide- Sawmill Lakes Lt 1	464,918	06/19/97	20	8.89%	367,663	17,510	25,377	360,043	24,118	360,043	18,755	24,132	331,286	22,626
13 Ar-Vide- Sawmill Lakes Lt 2	190,030	09/06/97	20	8.77%	152,180	7,041	10,325	145,139	8,826	145,139	7,533	8,833	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	8.50%	0	0	0	0	0	0	0	0	0	0
17	2000	1,877,760	20	8.50%	1,602,362	66,263	104,155	1,536,119	99,846	1,536,119	70,570	99,846	1,465,649	96,261
18	2001	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
19	2002	12,830,880	20	8.50%	11,773,569	399,199	765,284	11,374,399	739,339	11,374,399	425,147	739,336	10,949,252	711,701
20	2003	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
21	2004	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
22	2005	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
23	2006	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
24	2007	9,213,663	20	8.50%	0	0	0	0	0	0	0	0	0	0
25	2008	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
26	2009	0	20	8.50%	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%										
31														
32 Weighted Average Cost of Capital						\$708,529	\$1,279,458	\$17,727,855	\$1,190,068		\$755,037	\$1,230,960	\$16,972,619	\$1,138,861
									6.71%					6.71%

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

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2007					FY2008				
					Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc
1 First Union Bank				7.27%	\$2,983,720	\$172,666	\$285,812	\$2,781,034	\$202,181	\$2,781,034	\$185,866	\$242,831	\$2,596,366	\$184,883
2 Plantation Developers - WTP	\$683,486	01/01/96	20	7.94%	380,153	38,270	30,026	343,883	27,304	343,883	36,257	27,042	304,626	24,187
3 Plantation Developers - Unit B	94,861	12/23/94	20	7.94%	76,541	3,506	6,962	73,035	5,799	73,035	3,795	5,863	69,240	5,496
4 Crossroads Land Ltd- Seaside Ut 2	106,535	12/23/94	20	7.94%	66,573	5,532	5,413	63,040	5,005	63,040	5,968	3,967	57,073	4,530
5 Crossroads Land Ltd- Seaside Ut 3	128,650	03/28/95	20	7.88%	66,779	6,961	6,827	60,817	6,181	60,817	6,435	6,164	54,383	5,698
6 TAW Nursery, Inc.	112,847	12/23/94	20	7.94%	84,521	4,585	6,891	79,936	6,347	79,936	4,983	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	1,786	25,303	1,974	1,781	23,329	1,640
8 Odums Mill Ltd.	326,832	06/25/95	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	04/09/98	20	6.33%	78,962	3,624	4,896	75,366	4,770	75,366	3,880	4,858	71,497	4,528
10 Arvida- Sawmill Lakes (Offsite #1)	50,000	06/12/98	20	6.81%	41,285	1,828	2,756	39,467	2,688	39,467	1,956	2,827	37,611	2,854
11 Arvida- Sawmill Lakes (Offsite #2)	50,000	02/17/97	20	6.56%	41,114	1,852	2,650	39,263	2,583	39,263	1,977	2,825	37,285	2,453
12 Arvida- Sawmill Lakes Ut 1	464,918	06/19/97	20	6.88%	331,288	20,088	22,798	311,200	21,442	311,200	21,517	21,399	289,683	19,659
13 Arvida- Sawmill Lakes Ut 2	190,030	06/08/97	20	6.77%	137,606	8,058	9,307	129,547	8,770	129,547	8,622	8,744	120,925	8,187
14 Equity	0				0	0	0	0	0	0	0	0	0	
15 New Debt- In Service:				10.00%	0	0	0	0	0	0	0	0	0	
16		1999	20	6.50%	0	0	0	0	0	0	0	0	0	
17		2000	20	6.50%	1,877,750	76,157	96,281	1,390,362	90,375	1,390,362	80,042	90,375	1,310,360	85,173
18		2001	20	6.50%	0	0	0	0	0	0	0	0	0	
19		2002	20	6.50%	12,630,869	462,782	711,701	10,498,470	682,271	10,498,470	482,213	682,271	10,014,257	650,927
20		2003	20	6.50%	0	0	0	0	0	0	0	0	0	
21		2004	20	6.50%	0	0	0	0	0	0	0	0	0	
22		2005	20	6.50%	0	0	0	0	0	0	0	0	0	
23		2006	20	6.50%	0	0	0	0	0	0	0	0	0	
24		2007	20	6.50%	9,213,663	237,311	598,888	8,976,352	583,463	8,976,352	252,736	583,463	8,723,616	567,035
25		2008	20	6.50%	0	0	0	0	0	0	0	0	0	
26		2009	20	6.50%	0	0	0	0	0	0	0	0	0	
27					0	0	0	0	0	0	0	0	0	
28 New Debt- Construction Work In Progress:			20	7.50%			0	0	0			0	0	
29 Include CMIP In WACC?		<input type="text" value="NO"/>												
30 New Equity	0			10.00%	0	0	0	0	0	0	0	0	0	
31														
32 Weighted Average Cost of Capital						\$1,044,206	\$1,777,976	\$25,142,275	\$1,667,581		\$1,115,075	\$1,707,110	\$24,027,199	\$1,562,629
									6.63%					6.63%

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

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan

FY2000										
Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	
1 First Union Bank				7.27%	\$2,595,368	\$199,825	\$228,874	\$2,395,742	\$174,170	
2 Plantation Developers - WTP	\$683,488	01/01/05	20	7.94%	304,828	42,480	23,809	262,136	20,814	
3 Plantation Developers- Unit 9	94,851	12/23/04	20	7.94%	89,240	4,108	5,350	85,132	5,171	
4 Crossroads Land Ltd- Seaside Ut 2	109,536	12/23/04	20	7.94%	67,053	6,481	4,464	60,572	4,015	
5 Crossroads Land Ltd- Seaside Ut 3	128,850	03/28/05	20	7.99%	74,383	6,945	5,843	67,438	5,188	
6 TAW Nursery, Inc.	112,847	12/23/04	20	7.94%	74,973	5,371	5,905	69,802	5,828	
7 BAT of Palm Valley - Tom West	40,147	08/30/05	20	7.07%	23,329	2,118	1,837	21,211	1,800	
8 Odome Mill Ltd.	326,832	09/25/05	20	7.00%	223,106	15,090	15,317	208,017	14,561	
9 Marsh Dunes	96,517	04/08/06	20	6.33%	71,497	4,112	4,408	67,385	4,285	
10 Arvide- Sawmill Lakes (Offsite #1)	50,000	09/12/06	20	6.81%	37,511	2,094	2,460	35,417	2,412	
11 Arvide- Sawmill Lakes (Offsite #2)	50,000	02/17/07	20	6.58%	37,285	2,111	2,360	35,174	2,314	
12 Arvide- Sawmill Lakes Ut 1	484,918	06/19/97	20	6.89%	289,863	23,048	19,839	286,835	18,371	
13 Arvide- Sawmill Lakes Ut 2	190,030	09/08/97	20	6.77%	120,825	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%	1,310,360	86,246	85,173	1,225,105	79,632	
18	2001	0	20	6.50%	0	0	0	0	0	
19	2002	12,830,889	20	6.50%	10,014,257	513,657	650,927	9,500,700	617,545	
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	0	20	6.50%	0	0	0	0	0	
24	2007	9,213,983	20	6.50%	8,723,618	299,184	567,035	8,454,452	549,539	
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:										
29 Include CWIP in WACC?		NO	20	7.50%			0	0	0	
30 New Equity	0			10.00%					0	
31										
32 Weighted Average Cost of Capital						\$1,160,782	\$1,631,404	\$22,830,418	\$1,512,568	8.62%

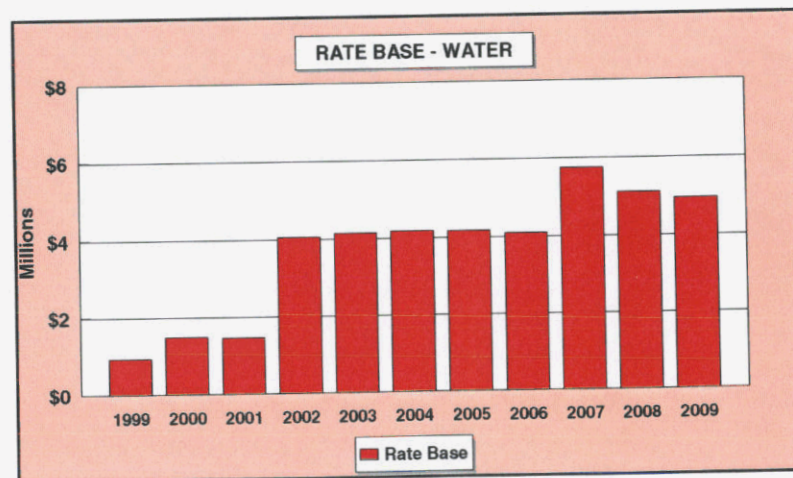
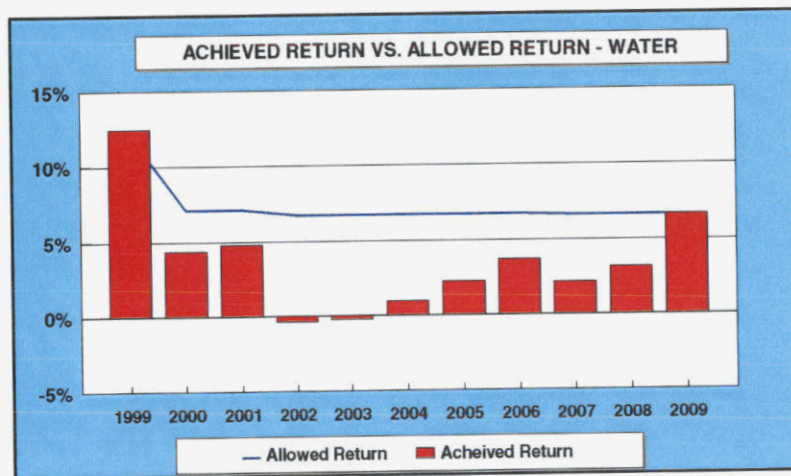
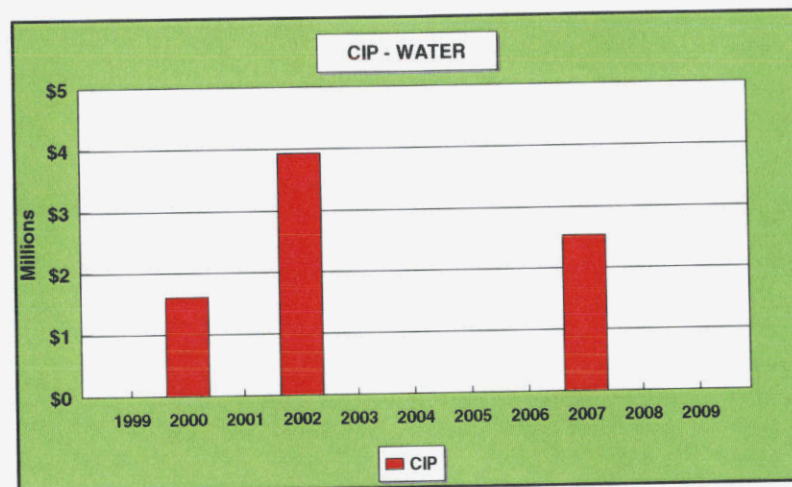
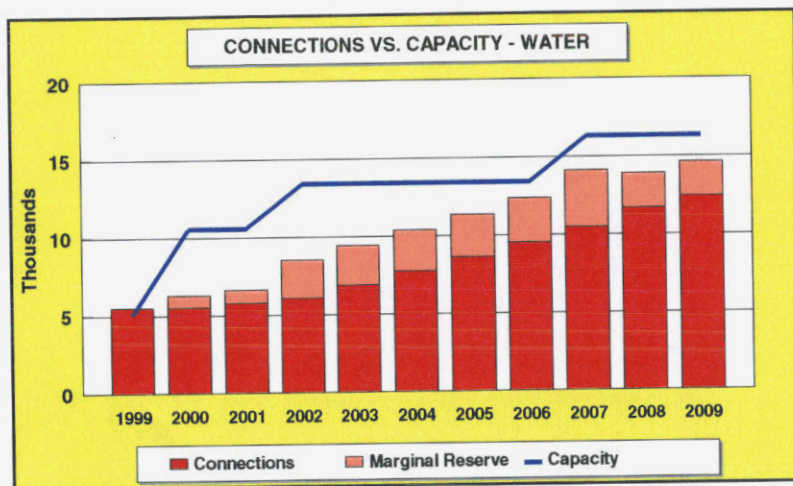
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INTERCOASTAL UTILITIES
WATER SYSTEM
GRAPHS OF KEY INDICATORS

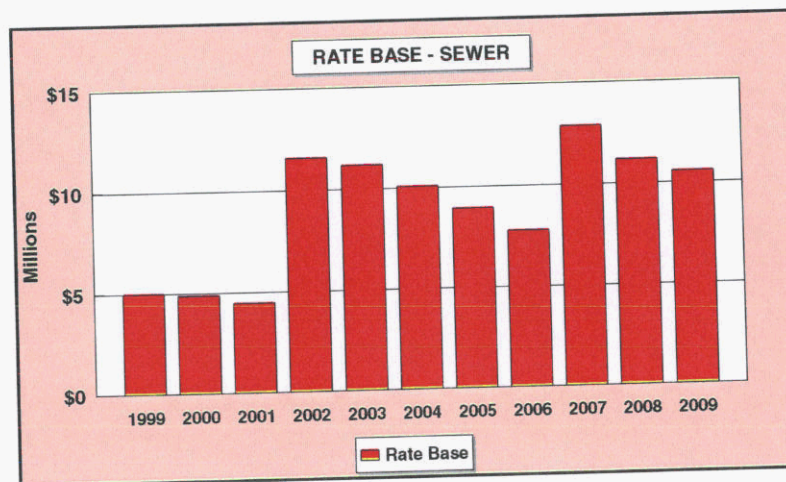
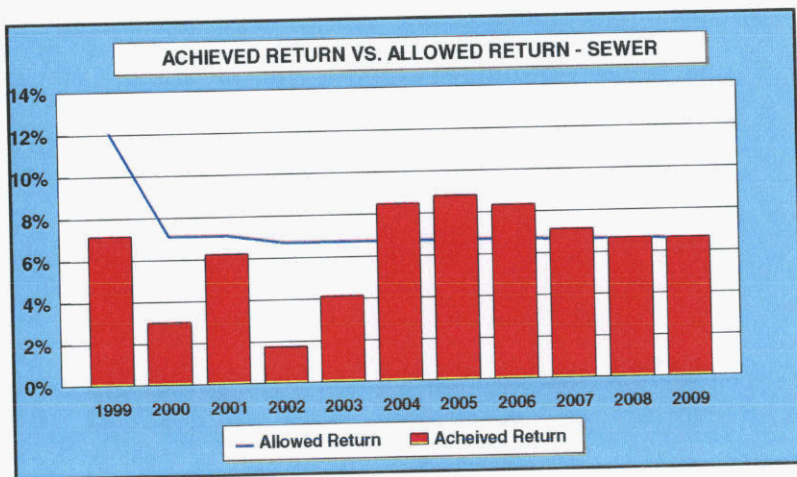
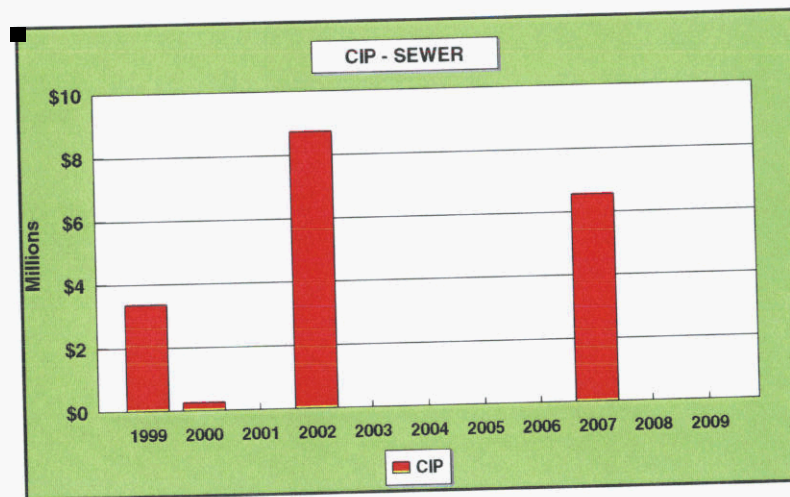
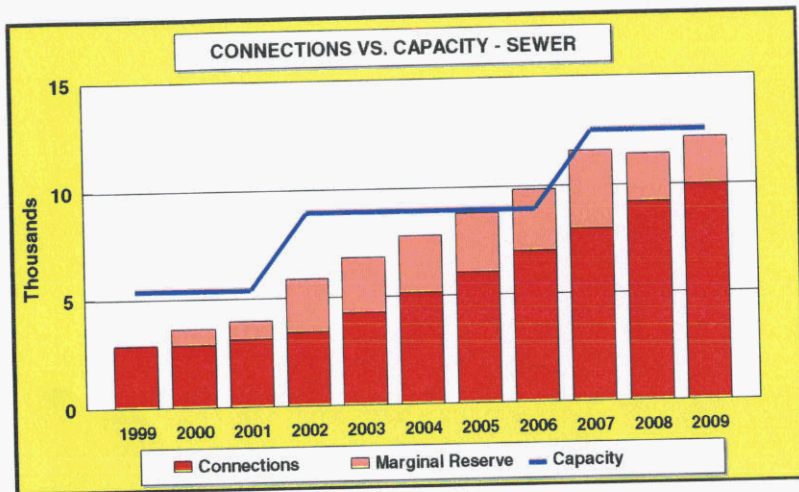
Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan



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INTERCOASTAL UTILITIES
SEWER SYSTEM
GRAPHS OF KEY INDICATORS

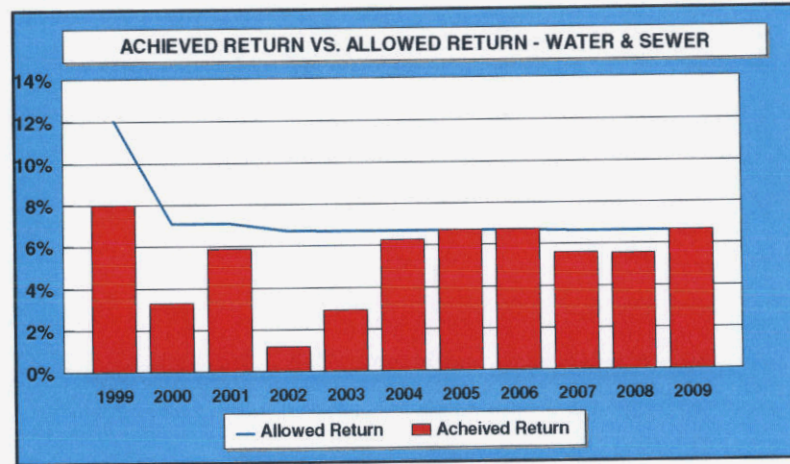
Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan



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INTERCOASTAL UTILITIES
WATER AND SEWER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan



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Appendix 2

Scenario 2

Intercoastal "Standing in NUC's Shoes"

This scenario analyzes the impact upon customer's rates of Intercoastal Utilities implementing NUC'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 NUC's capital plan and plan for wholesale water and wastewater service from the JEA.

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Figure 1

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
SUMMARY**

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

Average Monthly Cost per ERC assumes 5,333 Gallons per Month Average Water Usage per ERC

	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%	-1.0%				
Achieved Return	12.47%	4.64%	5.13%	-6.22%	-2.40%	2.37%	6.91%				
Allowed Return	12.04%	7.13%	7.13%	6.92%	6.92%	6.92%	6.91%				
Avg Mo.Cost / ERC	\$11.66	\$11.66	\$11.66	\$11.66	\$11.66	\$11.66	\$11.54				
Achieved Return (Millions)	\$0.116	\$0.066	\$0.072	(\$0.110)	(\$0.042)	\$0.040	\$0.109				
Allowed Return (Millions)	\$0.112	\$0.102	\$0.099	\$0.122	\$0.120	\$0.116	\$0.109				
Rate Base (Millions)	\$0.934	\$1.425	\$1.395	\$1.762	\$1.735	\$1.672	\$1.570				
Sewer											
Rate Plan	0.0%	0.0%	0.0%	0.0%	-2.2%	-14.9%	-11.9%				
Achieved Return	7.13%	3.19%	6.65%	5.23%	10.34%	8.83%	6.91%				
Allowed Return	12.04%	7.13%	7.13%	6.92%	6.92%	6.92%	6.91%				
Avg Mo.Cost / ERC	\$42.98	\$42.98	\$42.98	\$42.98	\$42.03	\$35.77	\$31.53				
Achieved Return (Millions)	\$0.355	\$0.147	\$0.278	\$0.274	\$0.484	\$0.336	\$0.201				
Allowed Return (Millions)	\$0.600	\$0.328	\$0.298	\$0.362	\$0.324	\$0.263	\$0.201				
Rate Base (Millions)	\$4.979	\$4.602	\$4.184	\$5.234	\$4.681	\$3.803	\$2.906				
Water & Sewer											
Rate Effect	NA	0.0%	0.0%	0.0%	-1.7%	-11.7%	-9.2%				
Achieved Return	7.97%	3.53%	6.27%	2.34%	6.90%	6.86%	6.91%				
Allowed Return	12.04%	7.13%	7.13%	6.92%	6.92%	6.92%	6.91%				
Avg Mo.Cost / ERC	\$54.64	\$54.64	\$54.64	\$54.64	\$53.69	\$47.43	\$43.07				
Achieved Return (Millions)	\$0.471	\$0.213	\$0.350	\$0.164	\$0.443	\$0.376	\$0.309				
Allowed Return (Millions)	\$0.712	\$0.430	\$0.398	\$0.484	\$0.444	\$0.379	\$0.309				
Rate Base (Millions)	\$5.913	\$6.027	\$5.579	\$6.996	\$6.416	\$5.476	\$4.475				

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Figure 1

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
SUMMARY**

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

Average Monthly Cost per ERC assumes 10,000 Gallons per Month Average Water Usage per ERC

	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%	-1.0%				
Achieved Return	12.47%	4.64%	5.13%	-6.22%	-2.40%	2.37%	6.91%				
Allowed Return	12.04%	7.13%	7.13%	6.92%	6.92%	6.92%	6.91%				
Avg Mo.Cost / ERC	\$15.81	\$15.81	\$15.81	\$15.81	\$15.81	\$15.81	\$15.65				
Achieved Return (Millions)	\$0.116	\$0.066	\$0.072	(\$0.110)	(\$0.042)	\$0.040	\$0.109				
Allowed Return (Millions)	\$0.112	\$0.102	\$0.099	\$0.122	\$0.120	\$0.116	\$0.109				
Rate Base (Millions)	\$0.934	\$1.425	\$1.395	\$1.762	\$1.735	\$1.672	\$1.570				
Sewer											
Rate Plan	0.0%	0.0%	0.0%	0.0%	-2.2%	-14.9%	-11.9%				
Achieved Return	7.13%	3.19%	6.65%	5.23%	10.34%	8.83%	6.91%				
Allowed Return	12.04%	7.13%	7.13%	6.92%	6.92%	6.92%	6.91%				
Avg Mo.Cost / ERC	\$63.89	\$63.89	\$63.89	\$63.89	\$62.48	\$53.17	\$46.86				
Achieved Return (Millions)	\$0.355	\$0.147	\$0.278	\$0.274	\$0.484	\$0.336	\$0.201				
Allowed Return (Millions)	\$0.600	\$0.328	\$0.298	\$0.362	\$0.324	\$0.263	\$0.201				
Rate Base (Millions)	\$4.979	\$4.602	\$4.184	\$5.234	\$4.681	\$3.803	\$2.906				
Water & Sewer											
Rate Effect	NA	0.0%	0.0%	0.0%	-1.8%	-11.9%	-9.4%				
Achieved Return	7.97%	3.53%	6.27%	2.34%	6.90%	6.86%	6.91%				
Allowed Return	12.04%	7.13%	7.13%	6.92%	6.92%	6.92%	6.91%				
Avg Mo.Cost / ERC	\$79.70	\$79.70	\$79.70	\$79.70	\$78.29	\$68.98	\$62.52				
Achieved Return (Millions)	\$0.471	\$0.213	\$0.350	\$0.164	\$0.443	\$0.376	\$0.309				
Allowed Return (Millions)	\$0.712	\$0.430	\$0.398	\$0.484	\$0.444	\$0.379	\$0.309				
Rate Base (Millions)	\$5.913	\$6.027	\$5.579	\$6.996	\$6.416	\$5.476	\$4.475				

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Figure 2

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
ASSUMPTIONS**

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

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	16,288	16,288	16,288	16,288	16,288	16,288	16,288
2 Additional Capacity in ERC's	0	5,514	0	5,714	0	5,714	0	0	0	0	0	0
3 Total Capacity	5,057	5,057	10,571	10,571	16,288	16,288	16,288	16,288	16,288	16,288	16,288	16,288
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	6,867	7,719	8,600				
6 Additional Connected ERC's												
7 Walden Chase		0	0	0	89	89	89	89				
8 Marsh Harbour		0	0	0	14	14	14	14				
9 Nocatee		0	0	0	416	416	416	416				
10 East Svc Area		0	257	280	306	333	363	396				
11 Total Additional Connected ERC's	0	0	257	280	824	852	881	914				
12 Total Connected ERC's	5,506	5,506	5,763	6,043	6,867	7,719	8,600	9,514				
13 Percent Growth in Connected ERC's	0.00%	0.00%	4.67%	4.86%	13.64%	12.40%	11.42%	10.63%				
14 Percent of Growth Applied to Expenses	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%	3.41%	3.10%	2.86%	2.66%				
16 Inflationary Multiplier	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%	4.91%	4.60%	4.36%	4.16%				
Sewer												
18 Capacity in ERC's	2,857	2,857	5,357	5,357	5,357	8,929	8,929	8,929				
19 Additional Capacity in ERC's	0	2,500	0	0	3,571	0	0	0				
20 Total Capacity	2,857	5,357	5,357	5,357	8,929	8,929	8,929	8,929				
21 GPD = 1 ERC	280	280	280	280	280	280	280	280				
22 Connected ERC's	2,857	2,857	2,857	3,114	3,365	4,241	5,114	6,018				
23 Additional Connected ERC's												
24 Walden Chase		0	0	0	89	89	89	89				
25 Marsh Harbour		0	0	0	14	14	14	14				
26 Nocatee		0	0	0	438	438	438	438				
27 East Svc Area		0	257	280	306	333	363	396				
28 Total Additional Connected ERC's	0	0	257	280	846	874	903	936				
29 Imputed ERC's from 1998 Rate Case		5,357	5,357	5,357	5,357	5,357	5,357	5,357				
30 Total Used & Useful ERC's	2,857	5,357	5,357	5,357	5,888	6,438	6,979	7,519				
31 Percent Growth in Connected ERC's	0.00%	0.00%	9.00%	9.00%	24.92%	20.80%	17.67%	15.56%				
32 Percent of Growth Applied to Expenses	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%				
33 Effective Multiplier for Growth	0.00%	0.00%	2.25%	2.25%	6.23%	5.15%	4.42%	3.86%				
34 Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%				
35 Growth and Inflationary Multiplier	1.50%	1.50%	3.75%	3.75%	7.73%	6.65%	5.92%	5.36%				
New Debt Assumptions												
37 Term		20										
38 Issuance Costs		1.50%										
39 Interest Rate		6.50%										
O&M Reserves												
42 Water				Months	Percent of Annual O&M							
43 Minimum Reserves Level			1.5	12.50%								
44 Sewer												
45 Minimum Reserves Level			1.5	12.50%								
Rates & Charges												
46 Current Service Availability Charge			\$234	\$825								

SOURCE: BURTON & ASSOCIATES
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**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
PRO-FORMA INCOME PROJECTIONS - WATER SYSTEM**

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

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	\$998,541	\$998,541	\$1,034,711	\$1,085,038	\$1,232,988	\$1,385,872	\$1,544,140				
3 Growth Percentage	NA	4.87%	4.86%	13.84%	12.40%	11.42%	10.63%				
4 Rate Revenue from Growth	0	46,170	50,325	147,950	182,887	198,268	184,133				
5 Rate Revenue Prior to Rate Adjustment	\$998,541	\$1,034,711	\$1,085,038	\$1,232,988	\$1,385,872	\$1,544,140	\$1,708,273				
6 Percentage Rate Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.98%				
7 Rate Revenue from Rate Adjustment	0	0	0	0	0	0	(16,938)				
8 Total Rate Revenue	\$998,541	\$1,034,711	\$1,085,038	\$1,232,988	\$1,385,872	\$1,544,140	\$1,691,335				
9											
10 Other Revenue:											
11 Misc. Revenue	\$1,238	\$1,298	\$1,358	\$1,544	\$1,738	\$1,834	\$2,138				
12 Other Revenue	0	0	0	0	0	0	0				
13 Total Other Revenue	\$1,238	\$1,298	\$1,358	\$1,544	\$1,738	\$1,834	\$2,138				
14 Total Revenues	\$999,779	\$1,036,009	\$1,086,396	\$1,234,532	\$1,387,610	\$1,546,074	\$1,693,473				
15											
16 Expenses:											
17											
18 Additional O&M - Western Svc Area	\$0	\$0	\$0	\$257,698	\$278,875	\$298,814	\$317,888				
19 Operating Expenses- Eastern Svc Area	\$748,138	\$770,639	\$794,001	\$832,878	\$871,294	\$909,239	\$947,040				
20 Rate Case Expense	NA	NA	NA	NA	NA	NA	NA				
21 Franchise Fee- PSC	0	46,562	48,827	55,484	62,364	68,488	76,110				
22 Depreciation (U & U Amt Only)	182,803	131,987	158,481	154,724	180,002	198,017	218,243				
23 Amort of CIAC (U & U Amt Only)	(143,313)	(90,583)	(97,734)	(93,801)	(103,381)	(113,867)	(124,481)				
24 Amort of Acq Adj	4,883	4,883	4,883	4,883	4,883	4,883	4,883				
25 Total Expenses	\$792,110	\$883,278	\$906,238	\$1,212,254	\$1,292,437	\$1,384,563	\$1,437,482				
26 Operating Income	\$197,669	\$172,730	\$177,157	\$22,278	\$95,171	\$161,491	\$256,003				
27											
28 Non Operating Income (Expenses):											
29 Non Oper Rev	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
30 Taxes Other Than Income:											
31 Intangible Tax	(488)	(861)	(845)	(808)	(835)	(867)	(900)				
32 Other Taxes & Licenses	(78)	(98)	(98)	(122)	(128)	(131)	(136)				
33											
34 Property Taxes:	(80,664)	(105,852)	(104,812)	(131,828)	(136,813)	(140,836)	(148,421)				
35											
36 Total Non Operating Expenses	(81,235)	(106,712)	(105,654)	(131,953)	(138,774)	(141,832)	(147,456)				
37 Net Income	\$116,434	\$66,017	\$71,502	(\$109,677)	(\$41,603)	\$39,559	\$108,536				
38 Taxable Income (See worksheet for taxable income below)	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
39 Income Taxes:											
40 State 8.50%	0	0	0	0	0	0	0				
41 Federal 34.00%	0	0	0	0	0	0	0				
42 Total Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
43 Net After Tax Income	\$116,434	\$66,017	\$71,502	(\$109,677)	(\$41,603)	\$39,559	\$108,536				
44											
45 Rate Base	\$833,943	\$1,434,518	\$1,306,088	\$1,761,880	\$1,736,107	\$1,672,182	\$1,588,848				
46											
47 Rate of Return Achieved	12.47%	4.64%	5.13%	-6.22%	-2.40%	2.37%	6.81%				
48 Allowed Return	12.04%	7.13%	7.13%	8.82%	8.82%	8.82%	8.81%				
49 Allowed Return Amount	\$112,447	\$101,598	\$98,480	\$121,878	\$120,081	\$118,678	\$108,536				
50											
50 Worksheet for Taxable Income:											
51											
52 Interest Expense - Total	\$403,865	\$581,792	\$571,583	\$776,147	\$752,950	\$725,883	\$889,230				
53 Allocation Percentage to Water (1)	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%				
54 Allocated Interest Expense - Water	181,378	261,807	257,212	348,286	338,828	326,667	314,853				
55											
56 Restatement of Net Income Before Income Tax	\$116,434	\$68,027	\$71,502	(\$109,677)	(\$41,603)	\$39,559	\$108,536				
57 LESS: Interest Expense - Water	181,378	261,807	257,212	348,286	338,828	326,667	314,853				
58 Taxable Income - Water (2)	\$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.

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**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM**
Water O&M Expense Projections - Based on Debbie Swain's Analysis

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
ERCs	5,506	5,763	6,043	6,867	7,719	8,600	9,514
Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Salaries and Wages - Employees	NA	NA	NA	0	0	0	0
Salaries and Wages - Officers	NA	NA	NA	0	0	0	0
Emp Pensions & Benefits	NA	NA	NA	0	0	0	0
Purchased Water	NA	NA	NA	108,892	124,259	140,558	157,866
Purchased Power	NA	NA	NA	828	945	1,068	1,200
Fuel for Power Production	NA	NA	NA	0	0	0	0
Chemicals	NA	NA	NA	4,139	4,723	5,342	6,000
Materials & Supplies	NA	NA	NA	3,449	3,936	4,452	5,000
Contr Svcs- Engineering	NA	NA	NA	7,168	7,277	7,388	7,500
Contr Svcs- Acct	NA	NA	NA	4,301	4,366	4,433	4,500
Contr Svcs- Legal	NA	NA	NA	2,867	2,911	2,955	3,000
Contr Svcs- Mgt Fees	NA	NA	NA	52,562	53,362	54,175	55,000
Contr Svcs- Other	NA	NA	NA	60,637	61,561	62,498	63,450
Rental of Bldg / Real Prop	NA	NA	NA	11,468	11,643	11,820	12,000
Rental of Equip	NA	NA	NA	0	0	0	0
Trans Exp	NA	NA	NA	0	0	0	0
Insurance - Vehicle	NA	NA	NA	0	0	0	0
Ins Gen Liab	NA	NA	NA	380	434	491	551
Insurance - Work Comp	NA	NA	NA	143	146	148	150
Insurance - Other	NA	NA	NA	463	528	597	671
Advertising Exp	NA	NA	NA	0	0	0	0
Reg Comm Exp - Rate Case	NA	NA	NA	0	0	0	0
Reg Comm Exp - Other	NA	NA	NA	0	0	0	0
Bad Debt Exp	NA	NA	NA	0	0	0	0
Misc Exp	NA	NA	NA	690	787	890	1,000
Total O&M - Nocatee Svc Area	0	0	0	257,986	276,875	296,814	317,888

SOURCE: BURTON & ASSOCIATES
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**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
PRO-FORMA INCOME PROJECTIONS - SEWER SYSTEM**

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocotee's JEA Wholesale Plan

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	\$1,007,770	\$1,007,770	\$2,177,570	\$2,373,551	\$2,965,099	\$3,497,203	\$3,501,895				
3	Growth Percentage	NA	0.00%	9.00%	24.92%	20.90%	17.97%	15.59%				
4	Rate Revenue from Growth	0	179,799	196,981	561,848	610,774	617,832	644,788				
5	Rate Revenue Prior to Rate Adjustment	\$1,007,770	\$2,177,570	\$2,373,551	\$2,965,099	\$3,576,072	\$4,113,035	\$4,046,650				
6	Percentage Rate Increase	0.00%	0.00%	0.00%	0.00%	-2.20%	-14.90%	-11.87%				
7	Rate Revenue from Rate Adjustment	0	0	0	0	(78,000)	(613,140)	(480,296)				
8	Total Rate Revenue	\$1,007,770	\$2,177,570	\$2,373,551	\$2,965,099	\$3,497,203	\$3,501,895	\$3,566,354				
9	Other Revenue:											
10	Misc. Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
11	Other Revenue	0	0	0	0	0	0	0				
12	Total Other Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
13	Total Revenues	\$1,007,770	\$2,177,570	\$2,373,551	\$2,965,099	\$3,497,203	\$3,501,895	\$3,566,354				
14	Expenses:											
15	Additional O&M - Western Svc Area											
16		\$0	\$0	\$0	\$394,428	\$406,837	\$543,553	\$624,822				
17	Operating Expenses- Eastern Svc Area											
18		\$1,195,118	\$1,492,431	\$1,550,953	\$1,670,851	\$1,781,958	\$1,887,389	\$1,969,106				
19	Rate Case Expense	56,996	56,996	56,996	56,996	56,996	56,996	56,996				
20	Franchise Fee- PSC	0	97,991	108,810	133,429	157,374	157,585	180,487				
21	Depreciation (U & U Amt Only)	436,254	519,276	527,514	569,451	648,537	650,068	661,852				
22	Amort of CIAC (U & U Amt Only)	(262,144)	(271,850)	(283,298)	(307,990)	(328,061)	(330,322)	(332,787)				
23	Amort of Acq Adj	6,253	6,253	6,253	6,253	6,253	6,253	6,253				
24	Total Expenses	\$1,432,471	\$1,901,067	\$1,986,228	\$2,523,417	\$2,786,884	\$2,971,822	\$3,156,828				
25	Operating Income	\$565,299	\$276,473	\$408,322	\$441,682	\$707,300	\$530,373	\$409,526				
26	Non Operating Income (Expenses):											
27	Non Oper Rev	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
28	Taxes Other Than Income:											
29	Intangible Tax	0	0	0	0	0	0	0				
30	Other Taxes & Licenses	(78)	(75)	(76)	(97)	(105)	(112)	(121)				
31	Property Taxes:	(129,725)	(129,862)	(130,042)	(167,934)	(180,781)	(194,270)	(208,622)				
32	Total Non Operating Expenses	(\$129,800)	(\$129,736)	(\$130,117)	(\$168,031)	(\$180,986)	(\$194,383)	(\$208,643)				
33	Net Income	\$435,499	\$146,738	\$278,205	\$273,651	\$526,314	\$336,090	\$200,914				
34	Taxable Income (See worksheet for taxable income below)	\$213,813	\$0	\$0	\$0	\$112,321	\$0	\$0				
35	Income Taxes:											
36	5.50%	11,760	0	0	0	6,178	0	0				
37	34.00%	88,998	0	0	0	36,089	0	0				
38	Total Income Taxes	\$100,458	\$0	\$0	\$0	\$42,267	\$0	\$0				
39	Net After Tax Income	\$335,041	\$146,738	\$278,205	\$273,651	\$484,177	\$336,090	\$200,914				
40	Rate Base	\$4,979,232	\$4,902,108	\$4,163,876	\$5,233,862	\$4,680,873	\$3,803,355	\$2,905,629				
41	Rate of Return Achieved	7.13%	3.19%	6.65%	5.23%	10.34%	8.83%	6.91%				
42	Allowed Return	12.04%	7.13%	7.13%	7.13%	6.92%	6.92%	6.91%				
43	Allowed Return Amount	\$599,800	\$328,133	\$296,278	\$362,324	\$323,946	\$263,113	\$200,914				
44	Worksheet for Taxable Income:											
45	Interest Expense - Total	\$403,095	\$581,792	\$571,583	\$776,147	\$752,950	\$725,993	\$899,230				
46	Allocation Percentage to Sewer (1)	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%				
47	Allocated Interest Expense - Sewer	221,688	319,986	314,371	428,881	414,123	399,296	494,576				
48	Restatement of Net Income Before Income Tax	\$435,499	\$146,738	\$278,205	\$273,651	\$526,444	\$336,090	\$200,914				
49	LESS: Interest Expense - Sewer	221,688	319,986	314,371	428,881	414,123	399,296	494,576				
50	Taxable Income - Sewer (2)	\$213,813	\$0	\$0	\$0	\$112,321	\$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.

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**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM**
Sewer O&M Expense Projections - Based on Debbie Swain's Analysis

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

	1999	2000	2001	2002	2003	2004	2005
ERCs	2,857	2,857	3,114	3,395	4,241	5,114	6,018
Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Salaries and Wages - Employees	NA	NA	NA	0	0	0	0
Salaries and Wages - Officers	NA	NA	NA	0	0	0	0
Emp Pensions & Benefits	NA	NA	NA	0	0	0	0
Purchased Sewage Treatment	NA	NA	NA	234,758	297,731	364,528	435,459
Sludge Removal Expense	NA	NA	NA	18,330	23,246	28,462	34,000
Purchased Power	NA	NA	NA	270	342	419	500
Fuel for Power Production	NA	NA	NA	0	0	0	0
Chemicals	NA	NA	NA	2,696	3,419	4,186	5,000
Materials & Supplies	NA	NA	NA	4,043	5,128	6,278	7,500
Contr Svcs- Engineering	NA	NA	NA	4,301	4,366	4,433	4,500
Contr Svcs- Acct	NA	NA	NA	2,867	2,911	2,955	3,000
Contr Svcs- Legal	NA	NA	NA	52,562	53,362	54,175	55,000
Contr Svcs- Mgt Fees	NA	NA	NA	60,637	61,561	62,498	63,450
Contr Svcs- Other	NA	NA	NA	11,468	11,643	11,820	12,000
Rental of Bldg / Real Prop	NA	NA	NA	0	0	0	0
Rental of Equip	NA	NA	NA	0	0	0	0
Trans Exp	NA	NA	NA	0	0	0	0
Insurance - Vehicle	NA	NA	NA	0	0	0	0
Ins Gen Liab	NA	NA	NA	387	491	601	718
Insurance - Work Comp	NA	NA	NA	143	146	148	150
Insurance - Other	NA	NA	NA	1,426	1,808	2,214	2,645
Advertising Exp	NA	NA	NA	0	0	0	0
Reg Comm Exp - Rate Case	NA	NA	NA	0	0	0	0
Reg Comm Exp - Other	NA	NA	NA	0	0	0	0
Bad Debt Exp	NA	NA	NA	0	0	0	0
Misc Exp	NA	NA	NA	539	684	837	1,000
Total O&M - Nocatee Svc Area		0	0	394,426	466,837	543,553	624,922

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

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

Water

Existing Asset Depreciation

Existing Assets	Year	Estimated Original Cost	Life (Years)
1 Franchises	1980	\$34,830	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	13,538	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	3,888	15
18 Power Equip	1987	732	10
19 Misc Equip	1992	3,720	15
20 Acquisition	1983	187,303	40
21 Total Estimated Original Cost		\$8,491,776	
22 Adjustment to 1998 Annual Report Utility Plant In Service		(29,167)	
23 Total Utility Plant In Service		\$8,462,609	

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Depreciation Schedule - Existing Assets	1999	2000	2001	2002	2003	2004	2005
24 Franchises							
25 Structures	\$386	\$386	\$386	\$386	\$386	\$386	\$386
26 Wells & Springs	1,684	1,684	1,684	1,684	1,684	1,684	1,684
27 Other Pumping	205	205	205	205	205	205	205
28 Pumping Equip	677	677	677	677	677	677	677
29 Other Water Source Plant	21	21	21	21	21	21	21
30 Structures & Improvements	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
32 Dist Reservoirs	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
34 Services	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
36 Hydrants	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
38 Supply Mains	40	40	40	40	40	40	40
39 General	66	66	66	66	66	66	66
40 Furniture	246	246	246	246	246	246	246
41 Power Equip							
42 Misc Equip	248	248	248	248	248	248	248
43 Acquisition	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
45 Adjustment to Reconcile to Accounting Records	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

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
DEPRECIATION SCHEDULE - WATER**

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

Water

New Asset Depreciation

New Assets		Year	Estimated Original Cost	Life (Years)
1	Pumping Equipment	2002	\$100,000	20
2	Trans and Dist Mains (Plant)	2002	1,097,247	43
3	Office Furniture and Equipment	2002	10,000	15
4	Stores Equipment	2002	5,000	18
5	Communication Equipment	2002	2,500	10
6	Organizations	2002	15,000	40
7	2.0 MG Reservoir w. Aerator	2007	-	40
8	Expand Pump Station #1	2007	600,000	20
9	750 GPM Supply Wells	2007	-	30
10	12" PVC Well Header	2007	-	45
11	16" PVC Well Header	2007	-	45
12	Engineering & Contingency	2007	404,250	30
13	8" PVC Well Header	2007	-	45
14	24" PVC Water Main	2007	450,000	45
15	Water Plant- East Svc Area	2000	1,500,000	26

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Depreciation Schedule - New Assets		1998	1999	2000	2001	2002	2003	2004	2005
16	Pumping Equipment	-	-	-	-	\$2,500	\$5,000	\$5,000	\$5,000
17	Trans and Dist Mains (Plant)	-	-	-	-	12,759	25,517	25,517	25,517
18	Office Furniture and Equipment	-	-	-	-	333	667	667	667
19	Stores Equipment	-	-	-	-	139	278	278	278
20	Communication Equipment	-	-	-	-	125	250	250	250
21	Organizations	-	-	-	-	188	375	375	375
22	2.0 MG Reservoir w. Aerator	-	-	-	-	-	-	-	-
23	Expand Pump Station #1	-	-	-	-	-	-	-	-
24	750 GPM Supply Wells	-	-	-	-	-	-	-	-
25	12" PVC Well Header	-	-	-	-	-	-	-	-
26	16" PVC Well Header	-	-	-	-	-	-	-	-
27	Engineering & Contingency	-	-	-	-	-	-	-	-
28	8" PVC Well Header	-	-	-	-	-	-	-	-
29	24" PVC Water Main	-	-	-	-	-	-	-	-
30	Water Plant- East Svc Area	-	-	28,846	57,692	57,692	57,692	57,692	57,692
47	CIAC Plant	-	-	2,102	4,582	13,470	13,919	14,409	14,943
48	Total New Depreciation	-	-	\$30,948	\$62,274	\$87,206	\$103,699	\$104,189	\$104,723

Total Depreciation - Water

49	Total Existing Depreciation	\$182,603	\$182,603	\$182,603	\$182,603	\$182,603	\$182,603	\$182,603	\$182,603
50	Total New Depreciation	-	30,948	62,274	87,206	103,699	104,189	104,723	
51	Total Depreciation	\$182,603	\$213,551	\$244,877	\$269,808	\$286,301	\$286,791	\$287,325	
52	Accumulated Depreciation	\$1,635,149	\$1,817,752	\$2,031,302	\$2,276,179	\$2,545,987	\$2,832,288	\$3,119,080	\$3,406,405

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
DEPRECIATION SCHEDULE - SEWER**

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

SEWER:

Existing Asset Depreciation

Existing Assets	Year	Estimated Original Cost	Life (Years)
1 Franchises	1980	\$34,530	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	13,285	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	

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Depreciation Schedule - Existing Assets	1999	2000	2001	2002	2003	2004	2005
22 Franchises	-	-	-	-	-	-	-
23 Sewers-Force	\$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
25 Other	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
27 Receiving Well	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
29 Structures	2,485	2,485	2,485	2,485	2,485	2,485	2,485
30 Treat Equip	102,274	102,274	102,274	102,274	102,274	102,274	102,274
31 Outfall Sewer	165	165	165	165	165	165	165
32 Other Treatment	737	737	737	737	737	737	737
33 Structures	2,820	2,820	2,820	2,820	2,820	2,820	2,820
34 General	195	195	195	195	195	195	195
35 Furniture	47	47	-	-	-	-	-
36 Laboratory	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
40 Total Existing Depreciation	\$355,499	\$355,499	\$355,452	\$355,452	\$355,452	\$355,346	\$355,346
41 Adjustment to Reconcile to Accounting Records	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

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
DEPRECIATION SCHEDULE - SEWER**

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

SEWER:

New Asset Depreciation

	New Assets	Year	Estimated	
			Original Cost	Life (Years)
1	Organizations	2002	\$15,000	40
2	Structures and Improvements	2002	257,600	32
3	Collection Sewers - Force	2002	1,426,074	30
4	Flow Measuring Devices	2002	50,000	5
5	Pumping Equipment	2002	386,400	18
6	Office Furniture and Equipment	2002	10,000	15
7	Stores Equipment	2002	5,000	18
8	Communication Equipment	2002	2,500	10
9	1.0 MGD WWTP Expansion	2007	-	26
10	12" PVC Force Main	2007	120,000	30
11	8" PVC Force Main	2007	115,000	30
12	Engineering & Contingency	2007	1,327,500	30
13	16" PVC Force Main	2007	190,000	30
14	WWTP Improvement East Svc Area	1999	3,343,962	22

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	1999	2000	2001	2002	2003	2004	2005
15	Organizations	-	-	\$188	\$375	\$375	\$375
16	Structures and Improvements	-	-	4,025	8,050	8,050	8,050
17	Collection Sewers - Force	-	-	23,768	47,536	47,536	47,536
18	Flow Measuring Devices	-	-	5,000	10,000	10,000	10,000
19	Pumping Equipment	-	-	10,733	21,467	21,467	21,467
20	Office Furniture and Equipment	-	-	333	667	667	667
21	Stores Equipment	-	-	139	278	278	278
22	Communication Equipment	-	-	125	250	250	250
23	1.0 MGD WWTP Expansion	-	-	-	-	-	-
24	12" PVC Force Main	-	-	-	-	-	-
25	8" PVC Force Main	-	-	-	-	-	-
26	Engineering & Contingency	-	-	-	-	-	-
27	16" PVC Force Main	-	-	-	-	-	-
28	WWTP Improvement East Svc Area	75,999	151,998	151,998	151,998	151,998	151,998
29	CIAC Plant	-	7,022	15,309	46,207	47,709	49,346
30	Total New Depreciation	\$75,999	\$159,021	\$167,307	\$242,517	\$288,329	\$289,966

Total Depreciation - Sewer

31	Total Existing Depreciation	\$360,255	\$360,255	\$360,208	\$360,208	\$360,208	\$360,102
32	Total New Depreciation	75,999	159,021	167,307	242,517	288,329	291,751
33	Total Depreciation	\$436,254	\$519,276	\$527,514	\$602,724	\$648,537	\$651,852

34	Accumulated Depreciation	\$2,768,581	\$3,204,815	\$3,724,091	\$4,251,605	\$4,854,329	\$5,502,866	\$6,152,834	\$6,804,787
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SOURCE: BURTON & ASSOCIATES
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**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) - WATER**

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

Water - Existing CIAC

Existing CIAC

Existing CIAC - Plant		Year	Estimated Original Cost	Life (Years)
1	Other	1989	\$29,888	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
13	Other	\$990	\$990	\$990	\$990	\$990	\$990	\$990
14	Dist Reservoirs & Standpipes	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
16	Services	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
18	Hydrants	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

Amortization Schedule - Existing Cash CIAC		1999	2000	2001	2002	2003	2004	2005
20	Cash	\$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

22	Total Existing CIAC Amortization	\$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
24	Total Existing CIAC Amortization	\$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 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

New CIAC

			1999	2000	2001	2002	2003	2004	2005
	New CIAC - Plant:	Life							
				CIAC PER					
				ERC					
1	Transmission & Dist Mains	43	-	\$489,63	\$120,761	\$131,630	\$386,978	\$399,890	\$413,965
2	Services	40	-	\$101.55	\$28,113	\$28,463	\$83,678	\$86,470	\$89,513
3	Meters & Meter Installs	20	-	\$32.91	\$8,463	\$9,224	\$27,118	\$28,023	\$29,009
4	Hydrants	45	-	\$55.85	\$14,361	\$15,654	\$46,020	\$47,556	\$49,230
5	Total New CIAC - Plant		-		\$169,697	\$184,970	\$543,783	\$581,939	\$581,717
6	New CIAC - Cash:								
7	New CIAC - Cash		-	\$60,287	\$65,713	\$193,189	\$199,636	\$206,863	\$214,322
8	Life	30							
9	Total New CIAC - Cash		-	\$60,287	\$65,713	\$193,189	\$199,636	\$206,863	\$214,322
10	Total New CIAC		-	\$228,984	\$250,683	\$736,983	\$781,575	\$788,380	\$817,598

Amortization of New CIAC

Amortization Schedule - New CIAC Assets

			1999	2000	2001	2002	2003	2004	2005
11	New CIAC - Plant Amortization								
12	Transmission & Dist Mains		-	\$1,404	\$3,051	\$8,999	\$9,300	\$9,627	\$9,984
13	Services		-	\$326	\$712	\$2,092	\$2,162	\$2,238	\$2,321
14	Meters & Meter Installs		-	\$212	\$461	\$1,356	\$1,401	\$1,450	\$1,504
15	Hydrants		-	\$180	\$348	\$1,023	\$1,057	\$1,094	\$1,135
16	Total New CIAC - Plant Amortization		-	\$2,102	\$4,582	\$13,470	\$13,919	\$14,409	\$14,843
	New CIAC - Cash Amortization								
17	Total New CIAC - Cash Amortization		-	\$1,005	\$2,190	\$6,440	\$6,655	\$6,889	\$7,144
18	Total New CIAC Amortization		-	\$3,107	\$6,772	\$19,910	\$20,574	\$21,298	\$22,087

Summary of CIAC & CIAC Amortization - Water

	CIAC	Existing 1998	1999	2000	2001	2002	2003	2004	2005
19	Total Existing CIAC	\$5,136,489							
20	Total New CIAC		-	\$229,984	\$250,683	\$736,983	\$781,575	\$788,380	\$817,598
21	Total Accumulated CIAC - Water	\$5,136,489	\$5,136,489	\$5,366,473	\$5,617,157	\$6,354,139	\$7,135,714	\$7,924,094	\$8,741,692
	CIAC Amortization								
22	Total Existing CIAC Annual Amortization		\$143,313	\$143,313	\$143,313	\$143,313	\$143,313	\$143,313	\$143,313
23	Total New CIAC Annual Amortization		-	3,107	6,772	19,910	20,574	21,298	22,087
24	Total CIAC Annual Amortization - Water		\$143,313	\$146,419	\$150,085	\$163,222	\$163,887	\$164,611	\$165,400
25	Accumulated CIAC Amortization	\$1,078,705	\$1,222,018	\$1,368,437	\$1,518,522	\$1,681,746	\$1,846,631	\$2,010,242	\$2,175,642

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

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

Sewer - Existing CIAC

Existing CIAC

Existing CIAC - Plant		Year	Estimated Original Cost	Life (Years)
1	Other	1992	\$73,894	30
2	Sewers - Force	1989	860,765	30
3	Sewers - Gravity	1988	3,717,766	45
4	Other - Collecting	1985	62,148	40
5	Services	1990	561,347	38
6	Structures	1987	6,500	32
7	Receiving Well	1991	247,738	30
8	Pumping Equipment	1990	601,274	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		166,822	
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
14	Other	\$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
16	Sewers - Gravity	82,617	82,617	82,617	82,617	82,617	82,617	82,617
17	Other - Collecting	1,564	1,564	1,564	1,564	1,564	1,564	1,564
18	Services	14,772	14,772	14,772	14,772	14,772	14,772	14,772
19	Structures	172	172	172	172	172	172	172
20	Receiving Well	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
22	Total Plant Amortization	\$166,366	\$166,366	\$166,366	\$166,366	\$166,366	\$166,366	\$166,366

Amortization Schedule - Existing Cash CIAC		1999	2000	2001	2002	2003	2004	2005
23	Cash	\$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

25	Total Existing CIAC Amortization	\$245,924	\$245,924	\$245,924	\$245,924	\$245,924	\$245,924	\$245,924
26	Adjustment to Reconcile to Accounting Records	\$16,224	\$16,224	\$16,224	\$16,224	\$16,224	\$16,224	\$16,224
27	Total Existing CIAC Amortization	\$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 Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

New CIAC

			1999	2000	2001	2002	2003	2004	2005
New CIAC - Plant:									
	Life	CIAC per ERC							
1 Structures & Improvements	32	\$23.66	-	\$6,089	\$6,637	\$20,032	\$20,683	\$21,360	\$22,196
2 Sewers - Force	30	\$301.28	-	\$77,472	\$84,444	\$254,885	\$263,169	\$272,199	\$282,041
3 Sewers - Gravity	45	\$1,301.28	-	\$334,815	\$364,730	\$1,100,887	\$1,136,677	\$1,175,677	\$1,216,167
4 Services	38	\$186.48	-	\$50,524	\$55,071	\$166,225	\$171,628	\$177,517	\$183,835
5 Pumping Equip	18	\$173.45	-	\$45,117	\$49,177	\$148,437	\$153,261	\$158,519	\$164,251
6 Life	30								
7 Total New CIAC - Plant			-	\$513,918	\$580,059	\$1,660,476	\$1,745,418	\$1,805,305	\$1,870,581
New CIAC - Cash:									
8 New CIAC - Cash			-	\$160,768	\$175,235	\$528,928	\$546,117	\$564,855	\$585,279
9 Life	30								
10 Total New CIAC - Cash			-	\$160,768	\$175,235	\$528,928	\$546,117	\$564,855	\$585,279
11 Total New CIAC			-	\$674,686	\$755,294	\$2,218,403	\$2,291,535	\$2,370,160	\$2,455,860

Amortization of New CIAC

			1999	2000	2001	2002	2003	2004	2005
Amortization Schedule - New CIAC Assets									
12 New CIAC - Plant Amortization									
13 Structures & Improvements			-	\$95	\$207	\$626	\$646	\$669	\$693
14 Sewers - Force			-	\$1,291	\$2,815	\$8,486	\$8,772	\$9,073	\$9,401
15 Sewers - Gravity			-	\$3,718	\$8,105	\$24,464	\$25,259	\$26,126	\$27,071
16 Services			-	\$685	\$1,449	\$4,374	\$4,517	\$4,671	\$4,840
17 Pumping Equip			-	\$1,253	\$2,732	\$8,246	\$8,514	\$8,807	\$9,125
18 Total New CIAC - Plant Amortization			-	\$7,022	\$15,308	\$48,207	\$47,708	\$48,346	\$51,130
19 New CIAC - Cash Amortization			-	\$2,679	\$5,841	\$17,631	\$18,204	\$18,826	\$19,509
20 Total Cash Amortization			-	\$2,679	\$5,841	\$17,631	\$18,204	\$18,826	\$19,509
21 Total New CIAC Amortization			-	\$9,702	\$21,150	\$65,838	\$65,913	\$68,175	\$70,640

Summary of CIAC & CIAC Amortization - Sewer

	Existing 1998	1999	2000	2001	2002	2003	2004	2005
CIAC								
21 Total Existing CIAC	\$6,602,767							
22 Total New CIAC		-	\$74,581	\$35,294	\$2,218,403	\$2,291,535	\$2,370,160	\$2,455,860
23 Total Accumulated CIAC - Sewer	\$6,602,767	\$6,602,767	\$6,277,346	\$10,012,842	\$12,232,045	\$14,523,579	\$16,893,739	\$19,349,598
CIAC Amortization								
24 Total Existing CIAC Annual Amortization		\$262,148	\$262,148	\$262,148	\$262,148	\$262,148	\$262,148	\$262,148
25 Total New CIAC Annual Amortization			9,702	21,150	63,836	65,913	68,175	70,640
26 Total CIAC Annual Amortization - Sewer		\$262,148	\$271,850	\$283,298	\$325,984	\$328,061	\$330,322	\$332,787
27 Accumulated CIAC Amortization	\$1,836,237	\$2,198,385	\$2,470,234	\$2,753,532	\$3,078,518	\$3,407,579	\$3,737,901	\$4,070,688
Total Water & Sewer								
28 Total Existing CIAC Annual Amortization - Water & Sewer		\$405,461	\$405,461	\$405,461	\$405,461	\$405,461	\$405,461	\$405,461
29 Total New CIAC Annual Amortization - Water & Sewer			12,806	27,922	83,746	86,487	89,473	92,727
30 Total CIAC Annual Amortization - Water & Sewer		\$405,461	\$418,267	\$433,383	\$489,207	\$491,948	\$494,933	\$498,188

SOURCE: BURTON & ASSOCIATES
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**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
RATE BASE**

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

		1999	2000	2001	2002	2003	2004	2005
1	Water							
	Percent Contributed	84%	68%	68%	62%	67%	73%	78%
2	Utility Plant in Service	\$8,482,608	\$8,132,306	\$8,317,276	\$10,090,817	\$10,652,756	\$11,234,473	\$11,837,749
3	Include Construction Work In Progress? <input type="checkbox"/> NO	0	0	0	0	0	0	0
4	Less: Accumulated Depreciation	(1,817,752)	(2,031,302)	(2,276,179)	(2,545,987)	(2,832,288)	(3,119,080)	(3,408,405)
5	Utility Plant in Service less Accum Depr.	\$4,644,857	\$5,101,004	\$6,041,098	\$7,544,829	\$7,820,467	\$8,115,393	\$8,431,344
6	Less: Accumulated CIAC	(5,136,489)	(5,366,473)	(5,817,157)	(6,354,139)	(7,115,714)	(7,904,094)	(8,721,692)
7	Plus: Accumulated Amortization of CIAC	1,222,018	1,368,437	1,518,522	1,681,745	1,845,631	2,010,242	2,175,842
8	Net Utility Plant in Service	\$730,386	\$2,102,968	\$1,942,463	\$2,872,435	\$2,550,384	\$2,221,542	\$1,885,295
9	Plus or Minus:							
10	Acquisition Adjustments	\$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)
12	Working Capital Allowance <input type="checkbox"/> 12.50% of O&M	93,517	96,317	99,250	104,122	108,912	113,655	118,380
13	Other	0	0	0	0	0	0	0
14	Net Utility Plant in Service	\$933,943	\$2,304,642	\$2,142,387	\$3,072,548	\$2,750,604	\$2,421,831	\$2,085,917
15	U&U Percentage	100.00%	61.81%	65.12%	57.35%	63.08%	69.05%	75.26%
16	Rate Base	\$933,943	\$1,424,518	\$1,395,099	\$1,761,980	\$1,735,107	\$1,672,162	\$1,569,648
17	Sewer:							
	Percent Contributed	58%	61%	65%	64%	72%	79%	86%
18	Utility Plant in Service	\$14,298,201	\$14,812,017	\$15,372,076	\$19,215,126	\$20,960,544	\$22,765,848	\$24,636,429
19	Include Construction Work In Progress? <input type="checkbox"/> NO	0	0	0	0	0	0	0
20	Less: Accumulated Depreciation	(3,204,815)	(3,724,091)	(4,251,605)	(4,854,329)	(5,502,866)	(6,152,934)	(6,804,787)
21	Utility Plant in Service less Accum Depr.	\$11,093,386	\$11,087,926	\$11,120,470	\$14,360,796	\$15,457,678	\$16,612,914	\$17,831,643
22	Less: Accumulated CIAC	(8,602,787)	(9,277,348)	(10,012,642)	(12,232,045)	(14,523,579)	(16,893,739)	(19,349,598)
23	Plus: Amortization of CIAC	2,198,385	2,470,234	2,753,632	3,079,518	3,407,579	3,737,901	4,070,689
24	Net Utility Plant in Service	\$4,689,004	\$4,280,812	\$3,861,360	\$5,208,270	\$4,341,677	\$3,457,077	\$2,552,734
25	Plus or Minus:							
26	Acquisition Adjustments	\$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)
28	Working Capital Allowance <input type="checkbox"/> 12.50% of O&M	149,389	188,554	193,869	208,856	222,745	235,924	248,638
29	Other	0	0	0	0	0	0	0
30	Net Utility Plant in Service	\$4,979,232	\$4,602,108	\$4,183,875	\$5,530,878	\$4,680,873	\$3,803,355	\$2,605,829
31	U&U Percentage	100.00%	100.00%	100.00%	94.48%	100.00%	100.00%	100.00%
32	Rate Base	\$4,979,232	\$4,602,108	\$4,183,875	\$5,233,862	\$4,680,873	\$3,803,355	\$2,905,629

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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
New Assets per CIP:										
1	Pumping Equipment	\$100,000	2002				\$100,000			
2	Trane and Dial Mains (Plant)	1,097,247	2002				\$1,097,247			
3	Office Furniture and Equipment	10,000	2002				10,000			
4	Stores Equipment	5,000	2002				5,000			
5	Communication Equipment	2,500	2002				2,500			
6	Organizations	15,000	2002				15,000			
7	2.0 MG Reservoir w. Aerator	0	2007							
8	Expand Pump Station #1	600,000	2007							
9	750 GPM Supply Well	0	2007							
10	12" PVC Well Header	0	2007							
11	18" PVC Well Header	0	2007							
12	Engineering & Contingency	404,250	2007							
13	8" PVC Well Header	0	2007							
14	24" PVC Water Main	450,000	2007							
15	Water Plant - East Svc Area	1,500,000	2000		1,500,000					
16	Total Utility Plant In Service (not including CIAC)			\$6,482,600	\$6,482,600	\$7,982,600	\$7,982,600	\$8,192,356	\$8,192,356	\$8,192,356
New Plant Assets per CIAC:										
17	New Plant Assets (CIAC)			\$0	\$0	\$180,887	\$184,870	\$543,793	\$561,930	\$681,717
18	Total New Plant Assets (CIAC)			\$0	\$0	\$180,887	\$354,887	\$898,481	\$1,480,399	\$2,042,117
19	Total Water Utility Plant In Service			\$6,482,600	\$6,482,600	\$8,132,308	\$8,317,276	\$10,090,817	\$10,652,755	\$11,234,473

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Sewer:

	Estimated Original Cost	In Svc Date	1998	1999	2000	2001	2002	2003	2004	2005
New Assets per CIP:										
20	Organizations	\$15,000	2002				\$15,000			
21	Structures and Improvements	257,600	2002				\$257,600			
22	Collection Sewers - Force	1,426,074	2002				1,426,074			
23	Flow Measuring Devices	60,000	2002				60,000			
24	Pumping Equipment	386,400	2002				386,400			
25	Office Furniture and Equipment	10,000	2002				10,000			
26	Stores Equipment	5,000	2002				5,000			
27	Communication Equipment	2,500	2002				2,500			
28	1.0 MGD WWTP Expansion	0	2007							
29	12" PVC Force Main	120,000	2007							
30	8" PVC Force Main	115,000	2007							
31	Engineering & Contingency	1,327,500	2007							
32	18" PVC Force Main	190,000	2007							
33	WWTP Improvement East Svc Area	3,343,962	1999		3,343,962					
34	Total Utility Plant In Service (not including CIAC)			\$10,954,230	\$14,298,201	\$14,298,201	\$14,298,201	\$16,450,775	\$16,450,775	\$16,450,775
New Plant Assets per CIAC:										
35	New Plant Assets (CIAC)			\$0	\$0	\$513,816	\$590,059	\$1,090,478	\$1,745,418	\$1,806,305
36	Total New Plant Assets (CIAC)			\$0	\$0	\$513,816	\$1,073,875	\$2,784,351	\$4,906,796	\$6,315,073
37	Total Sewer Utility Plant In Service			\$10,954,230	\$14,298,201	\$14,812,017	\$15,372,076	\$19,216,126	\$20,980,544	\$22,765,848

SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
 WATER & SEWER SYSTEM
 CAPITAL IMPROVEMENTS PROGRAM

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

PROJECT TOTAL	AMOUNT DEBT FUNDED	PROJECT NAME	IN SER- VICE DATE	MONTHS TO CON- STRUCT	% DEBT FUNDED	ASSET LIFE	INCREASE IN CAPACITY (MGD)	1998	2000	2001	2002	2003	2004	2005
WATER														
1	\$100,000	\$100,000 Pumping Equipment	2002	12	100%	20	2.00				100,000			
2	1,097,247	1,097,247 Trans and Dist Mains (Plant)	2002	12	100%	43	0.00				1,097,247			
3	10,000	10,000 Office Furniture and Equipment	2002	12	100%	15	0.00							10,000
4	5,000	5,000 Stores Equipment	2002	12	100%	18	0.00							5,000
5	2,500	2,500 Communication Equipment	2002	12	100%	10	0.00							2,500
6	15,000	15,000 Organizations	2002	12	100%	40	0.00							15,000
7	1,500,000	1,500,000 Water Plant- East Svc Area	2000	24	100%	26	1.93		1,500,000					
8	\$3,728,747	\$2,728,747						\$0	\$1,500,000	\$0	\$1,228,747	\$0	\$0	\$0
SEWER														
9	\$15,000	\$15,000 Organizations	2002	12	100%	40	0.00							15,000
10	257,600	257,600 Structures and Improvements	2002	12	100%	32	0.00							257,600
11	1,428,074	1,428,074 Collection Sewers - Force	2002	12	100%	30	0.00				1,428,074			
12	50,000	50,000 Flow Measuring Devices	2002	12	100%	5	0.00							50,000
13	386,400	386,400 Pumping Equipment	2002	12	100%	18	1.00				386,400			
14	10,000	10,000 Office Furniture and Equipment	2002	12	100%	15	0.00							10,000
15	5,000	5,000 Stores Equipment	2002	12	100%	18	0.00							5,000
16	2,500	2,500 Communication Equipment	2002	12	100%	10	0.00							2,500
17	3,343,962	3,343,962 WWTP Improvement East Svc Arc	1999	12	100%	22	0.70	3,343,962						
18	\$5,498,336	\$5,498,336						\$3,343,962	\$0	\$2,152,374	\$0	\$0	\$0	\$0
TOTAL WATER & SEWER														
19	\$8,228,283	\$8,228,283 TOTAL WATER AND SEWER						\$3,343,962	\$1,500,000	\$2,152,374	\$1,228,747	\$0	\$0	\$0

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SOURCE: BURTON & ASSOCIATES / PDE&J
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Figure 13

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
USED AND USEFUL**

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

	1999	2000	2001	2002	2003	2004	2005
Water							
Capacity							
Capacity in ERC's	5,057	5,057	10,571	10,571	16,286	16,286	16,286
Additional Capacity in ERC's	0	5,514	0	5,714	0	0	0
Total Capacity	5,057	10,571	10,571	16,286	16,286	16,286	16,286
Connection / Growth							
Connections in ERC's	5,506	5,506	5,763	6,043	6,867	7,719	8,600
Annual Growth Percent	0.00%	4.67%	4.86%	13.64%	12.40%	11.42%	10.63%
Additional Units	0	257	280	824	852	881	914
Total Connections	5,506	5,763	6,043	6,867	7,719	8,600	9,514
Raw U & U Percent	108.87%	54.51%	57.16%	42.17%	47.40%	52.81%	58.42%
PLUS: Margin Reserve @ 36 Mos.	0	771	841	2,472	2,565	2,844	2,742
Total Connections plus Margin Reserve	5,506	6,534	6,884	9,339	10,273	11,245	12,257
U & U Percent	100.00%	61.81%	65.12%	57.35%	63.08%	69.05%	75.26%
SEWER:							
Capacity							
Capacity in ERC's	2,857	5,357	5,357	5,357	8,929	8,929	8,929
Additional Capacity in ERC's	2,500	0	0	3,571	0	0	0
Total Capacity	5,357	5,357	5,357	8,929	8,929	8,929	8,929
Connection / Growth							
Connections in ERC's	2,857	2,857	3,114	3,365	4,241	5,114	6,018
Annual Growth Percent	0.00%	9.00%	9.00%	24.92%	20.60%	17.67%	15.56%
Additional Units - Eastern Service Area	0	257	280	306	333	363	398
Additional Units - Western Service Area	0	0	0	541	541	541	541
Additional Units - Total	0	257	280	846	874	903	936
Imputed ERC's from 1998 Rate Case							
Eastern Service Area Only	5,357	5,357	5,357	5,357	5,357	5,357	5,357
Total Connections	5,357	5,357	5,357	8,929	8,438	8,979	7,519
Raw U & U Percent	100.00%	100.00%	100.00%	66.05%	72.11%	78.16%	84.21%
PLUS: Margin Reserve @ 36 Mos.	0	771	841	2,538	2,621	2,710	2,808
Total Connections plus Margin Reserve	5,357	5,357	5,357	8,438	8,929	8,929	8,929
U & U Percent	100.00%	100.00%	100.00%	94.48%	100.00%	100.00%	100.00%

SOURCE: BURTON & ASSOCIATES

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

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY1999					FY2000					
						Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	
1	First Union Bank				7.27%	\$3,835,445	\$0	\$240,454	\$3,835,445	\$278,837	\$3,835,445	\$0	\$240,454	\$3,835,445	\$278,837	
2	Plantation Developers - WTP	\$663,486	01/01/86	20	7.84%	566,864	19,365	46,914	567,479	46,056	567,479	20,843	46,466	646,636	43,403	
3	Plantation Developers- Unit 9	94,651	12/23/84	20	7.94%	94,650	0	7,443	94,650	7,515	94,650	2,016	7,443	92,636	7,355	
4	Crossroads Land Ltd- Seaside Ut 2	109,536	12/23/84	20	7.94%	100,002	2,857	7,989	97,145	7,713	97,145	3,179	7,786	93,968	7,461	
5	Crossroads Land Ltd- Seaside Ut 3	128,850	03/28/86	20	7.89%	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	12/23/84	20	7.94%	110,651	2,460	8,826	108,201	8,591	108,201	2,636	8,841	105,666	8,382	
7	BAT of Palm Valley - Tom West	40,147	06/30/86	20	7.07%	38,007	1,063	2,702	36,954	2,613	36,954	1,123	2,632	35,831	2,533	
8	Odome Mill Ltd.	325,832	06/25/86	20	7.00%	324,938	4,469	22,733	320,469	22,433	320,469	8,051	22,356	312,417	21,669	
9	Marsh Dunes	96,517	04/06/86	20	6.33%	96,517	0	6,110	96,517	6,110	96,517	0	6,110	96,517	6,110	
10	Arvide- Sawmill Lakes (Offsite #1)	50,000	06/12/86	20	8.11%	50,000	0	3,406	50,000	3,405	50,000	0	3,405	50,000	3,405	
11	Arvide- Sawmill Lakes (Offsite #2)	50,000	02/17/87	20	6.58%	50,000	0	3,289	50,000	3,290	50,000	0	3,289	50,000	3,290	
12	Arvide- Sawmill Lakes Ut 1	454,918	06/19/87	20	6.89%	450,792	11,861	31,225	439,131	30,256	439,131	12,419	30,467	426,712	29,400	
13	Arvide- Sawmill Lakes Ut 2	190,030	06/08/87	20	6.77%	185,785	4,722	12,644	181,063	12,258	181,063	5,024	12,342	176,039	11,816	
14	Equity	0			10.00%	0	0	0	0	0	0	0	0	0	0	
15	New Debt- In Service:															
16				1999		0			0	0	0		0	0	0	
17				2000		1,522,500			0	0	0	1,522,500	39,214	96,963	1,463,286	96,414
18				2001		0			0	0	0	0	0	0	0	
19				2002		3,433,056			0	0	0	0	0	0	0	
20				2003		0			0	0	0	0	0	0	0	
21				2004		0			0	0	0	0	0	0	0	
22				2005		0			0	0	0	0	0	0	0	
23																
24																
25																
26																
27																
28	New Debt- Construction Work In Progress:															
29	Include CWIP in WACC?								0	0	0		0	0	0	
30	New Equity					0			0	0	0		0	0	0	
31																
32	Weighted Average Cost of Capital					\$6,044,794	\$49,855	\$403,085	\$5,994,940	\$437,106	\$5,994,940	\$160,261	\$561,762	\$7,327,179	\$822,432	
															7.13%	

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

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale PI

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2001				FY2002					
						Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc
1	First Union Bank				7.27%	\$3,743,182	\$103,352	\$320,348	\$3,839,830	\$264,801	\$3,839,830	\$114,201	\$310,180	\$3,525,429	\$256,280
2	Plantation Developers - WTP	\$683,488	01/01/96	20	7.94%	646,836	22,560	43,736	824,076	41,812	824,076	24,418	41,881	466,659	36,673
3	Plantation Developers - Unit 9	84,851	12/23/94	20	7.94%	92,835	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	108,535	12/23/94	20	7.94%	93,988	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	128,850	03/28/95	20	7.88%	114,369	3,770	8,818	110,822	8,474	110,822	4,070	8,519	106,553	8,162
6	TAW Nursery, Inc.	112,847	12/23/94	20	7.94%	105,598	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	08/30/95	20	7.07%	35,831	1,205	2,550	34,826	2,448	34,826	1,283	2,482	33,332	2,357
8	Odome Mill Ltd.	326,832	08/25/95	20	7.00%	312,417	8,633	21,774	303,784	21,295	303,784	9,258	21,150	284,526	20,617
9	Marsh Dunes	96,517	04/09/98	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	08/12/98	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	454,918	08/19/97	20	6.88%	428,712	13,302	29,584	413,410	28,484	413,410	14,248	28,638	399,161	27,502
13	Arvida- Sawmill Lakes Ut 2	190,000	09/08/97	20	6.77%	178,039	6,375	11,991	170,064	11,554	170,064	5,750	11,816	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															
17	1999	0		20	8.50%	0	0	0	0	0	0	0	0	0	0
18	2000	1,522,500		20	8.50%	1,483,286	41,763	96,414	1,441,523	93,890	1,441,523	44,478	93,890	1,367,045	90,808
19	2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
20	2002	3,433,066		20	6.50%	0	0	0	0	0	3,433,066	88,423	223,149	3,344,633	217,401
21	2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22	2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
23	2005	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
24															
25															
26															
27															
28	New Debt- Construction Work In Progress:			20	7.50%			0	0	0			0	0	0
29	Include CWIP in WACC?														
30	New Equity	0			10.00%										
31															
32	Weighted Average Cost of Capital					\$213,581	\$571,383	\$7,113,398	\$807,144	7.13%	\$320,568	\$776,147	\$10,228,065	\$707,919	6.92%

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

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale PI

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY 2003					FY 2004				
						Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc
1	First Union Bank				7.27%	\$3,325,429	\$122,774	\$301,283	\$3,402,655	\$347,373	\$3,402,655	\$134,899	\$286,590	\$3,283,718	\$237,272
2	Plantation Developers - WTP	\$683,488	01/01/05	20	7.94%	490,659	26,429	39,870	473,230	37,574	473,230	28,805	37,964	444,825	35,303
3	Plantation Developers- Unit 9	94,851	12/23/04	20	7.94%	88,064	2,555	6,903	85,539	6,792	85,539	2,785	6,963	82,774	6,572
4	Crossroads Land Lid- Seaside Ut 2	109,535	12/23/04	20	7.94%	88,801	4,031	6,914	82,770	6,572	82,770	4,363	6,542	78,406	6,225
5	Crossroads Land Lid- Seaside Ut 3	128,850	03/28/05	20	7.99%	108,553	4,392	8,198	102,180	7,825	102,180	4,741	7,847	97,419	7,482
6	TAW Nursery, Inc.	112,847	12/23/04	20	7.94%	99,827	3,341	7,935	99,287	7,645	99,287	3,816	7,860	92,871	7,358
7	BAT of Palm Valley - Tom West	40,147	06/30/06	20	7.07%	33,332	1,368	2,368	31,944	2,258	31,944	1,489	2,298	30,455	2,153
8	Odums Mill Ltd.	325,832	09/25/05	20	7.00%	294,528	9,827	20,480	284,800	19,822	284,800	10,844	19,783	273,955	19,177
9	Marsh Dunes	95,517	04/09/06	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	06/12/06	20	6.81%	47,482	1,393	3,181	46,089	3,139	46,089	1,491	3,063	44,598	3,037
11	Arvida- Sawmill Lakes (Offsite #2)	50,000	02/17/07	20	6.58%	47,417	1,424	3,078	45,993	3,028	45,993	1,821	2,981	44,472	2,928
12	Arvida- Sawmill Lakes Ut 1	464,918	08/19/07	20	6.89%	399,161	15,282	27,825	383,900	26,451	383,900	16,347	26,539	367,553	25,324
13	Arvida- Sawmill Lakes Ut 2	190,030	09/08/07	20	6.77%	184,914	6,152	11,214	158,782	10,748	158,782	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	0	0	0	0	0	0	0	0	0
17			2000	20	6.50%	1,522,500	47,399	90,808	1,349,877	87,729	1,349,877	50,448	87,729	1,299,229	84,450
18			2001	20	6.50%	0	0	0	0	0	0	0	0	0	0
19			2002	20	6.50%	3,433,056	94,171	217,401	3,250,462	211,280	3,250,462	100,292	211,280	3,150,170	204,761
20			2003	20	6.50%	0	0	0	0	0	0	0	0	0	0
21			2004	20	6.50%	0	0	0	0	0	0	0	0	0	0
22			2005	20	6.50%	0	0	0	0	0	0	0	0	0	0
23															
24															
25															
26															
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%										
31															
32	Weighted Average Cost of Capital						\$343,421	\$752,950	\$9,882,844	\$683,942		\$374,841	\$726,993	\$9,507,803	\$687,742
										6.92%					6.92%

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

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale PI

FY2005										
Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	
1 First Union Bank					\$3,283,718	\$148,383	\$278,116	\$3,114,333	\$226,412	
2 Plantation Developers - WTP	\$883,488	01/01/95	20	7.27%	444,628	30,961	35,338	413,664	32,846	
3 Plantation Developers- Unit 9	94,851	12/23/94	20	7.94%	82,774	2,993	6,485	79,781	6,336	
4 Crossroads Land Ltd- Seaside Lt 2	106,535	12/23/94	20	7.94%	78,408	4,722	8,223	73,684	5,851	
5 Crossroads Land Ltd- Seaside Lt 3	128,650	03/28/95	20	7.99%	97,419	5,117	7,471	92,302	7,070	
6 TAW Nursery, Inc.	112,847	12/23/94	20	7.94%	82,671	3,914	7,363	88,757	7,047	
7 BAT of Palm Valley - Tom West	40,147	08/30/95	20	7.07%	30,456	1,588	2,158	28,857	2,040	
8 Odome Mill Ltd.	328,832	08/25/95	20	7.00%	273,956	11,414	18,993	262,541	18,376	
9 Marsh Dunes	96,517	04/08/95	20	6.33%	85,578	3,194	5,328	82,384	5,215	
10 Arvide- Sawmill Lakes (Offsite #1)	50,000	09/12/96	20	6.81%	44,598	1,586	2,968	43,003	2,828	
11 Arvide- Sawmill Lakes (Offsite #2)	50,000	02/17/97	20	6.58%	44,472	1,624	2,878	42,848	2,819	
12 Arvide- Sawmill Lakes Lt 1	464,918	05/19/97	20	6.89%	367,553	17,510	25,377	350,043	24,118	
13 Arvide- Sawmill Lakes Lt 2	190,030	09/08/97	20	6.77%	152,180	7,041	10,325	145,139	9,826	
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	1,822,500	20	6.50%	1,299,229	53,727	84,450	1,245,502	80,958	
18	2001	0	20	6.50%	0	0	0	0	0	
19	2002	3,433,056	20	6.50%	3,150,170	108,811	204,761	3,043,360	197,818	
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										
24										
25										
26										
27										
28 New Debt- Construction Work in Progress:			20	7.50%			0	0	0	
29 Include CWIP in WACC?	<input type="text" value="NO"/>									
30 New Equity	0			10.00%				0	0	
31										
32 Weighted Average Cost of Capital						\$401,604	\$689,230	\$6,106,196	\$626,860 6.91%	

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

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale PI

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate
1	First Union Bank				
2	Plantation Developers - WTP	\$663,488	01/01/86	20	7.27%
3	Plantation Developers- Unit 9	64,651	12/23/84	20	7.94%
4	Crossroads Land Ltd- Seaside Ut 2	109,536	12/23/84	20	7.94%
5	Crossroads Land Ltd- Seaside Ut 3	128,650	03/28/86	20	7.68%
6	TAW Nursery, Inc.	112,847	12/23/84	20	7.94%
7	BAT of Palm Valley - Tom West	40,147	06/30/86	20	7.07%
8	Odums Mill Ltd.	328,832	06/25/86	20	7.00%
9	Marsh Dunes	96,517	04/06/88	20	6.33%
10	Arvida- Sawmill Lakes (Offsite #1)	50,000	06/12/86	20	6.81%
11	Arvida- Sawmill Lakes (Offsite #2)	50,000	02/17/87	20	6.58%
12	Arvida- Sawmill Lakes Ut 1	464,918	06/16/87	20	6.89%
13	Arvida- Sawmill Lakes Ut 2	160,030	06/06/87	20	6.77%
14	Equity	0			10.00%
15	New Debt- In Service:				
16					
17	1999	0		20	6.50%
18	2000	1,622,500		20	6.50%
19	2001	0		20	6.50%
20	2002	3,433,056		20	6.50%
21	2003	0		20	6.50%
22	2004	0		20	6.50%
23	2005	0		20	6.50%
24					
25					
26					
27					
28	New Debt- Construction Work in Progress:			20	7.50%
29	Include CWIP in WACC?	NO			
30	New Equity	0			10.00%
31					
32	Weighted Average Cost of Capital				

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

Scenario 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JFA Wholesale PI

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate
1	First Union Bank				7.27%
2	Plantation Developers - WTP	\$663,486	01/01/95	20	7.94%
3	Plantation Developers- Unit 9	94,851	12/23/94	20	7.94%
4	Crossroads Land Ltd- Seaside UT 2	109,535	12/23/94	20	7.94%
5	Crossroads Land Ltd- Seaside UT 3	128,850	03/28/96	20	7.89%
6	TAW Nursery, Inc.	112,847	12/23/94	20	7.94%
7	BAT of Palm Valley - Tom West	40,147	08/30/96	20	7.07%
8	Odona Mill Ltd.	326,832	09/25/96	20	7.00%
9	Marsh Dunes	96,517	04/09/98	20	6.33%
10	Arvide- Sawmill Lakes (Offsite #1)	50,000	09/12/98	20	6.81%
11	Arvide- Sawmill Lakes (Offsite #2)	50,000	02/17/97	20	6.68%
12	Arvide- Sawmill Lakes UT 1	464,918	09/19/97	20	6.89%
13	Arvide- Sawmill Lakes UT 2	190,030	09/08/97	20	6.77%
14	Equity	0			10.00%
15	New Debt- In Service:				
16		1999	0	20	6.50%
17		2000	1,522,500	20	6.50%
18		2001	0	20	6.50%
19		2002	3,433,066	20	6.50%
20		2003	0	20	6.50%
21		2004	0	20	6.50%
22		2005	0	20	6.50%
23					
24					
25					
26					
27					
28	New Debt- Construction Work in Progress:			20	7.50%
29	Include CWIP in WACC?	<input type="text" value="NO"/>			
30	New Equity	0			10.00%
31					
32	Weighted Average Cost of Capital				

SOURCE: BURTON & ASSOCIATES
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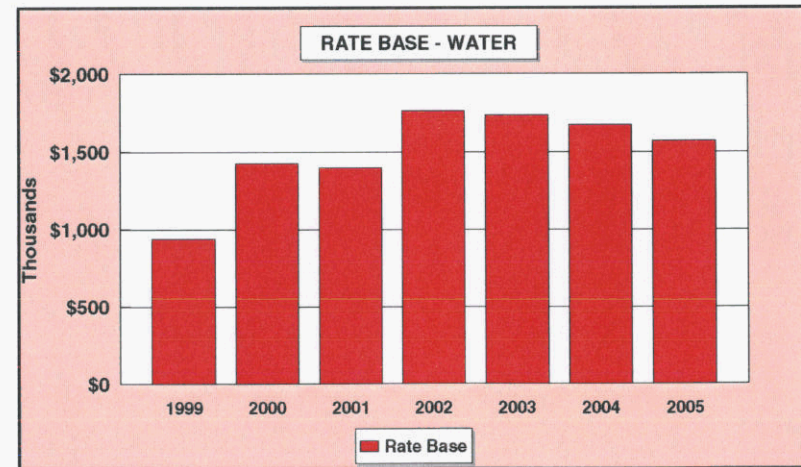
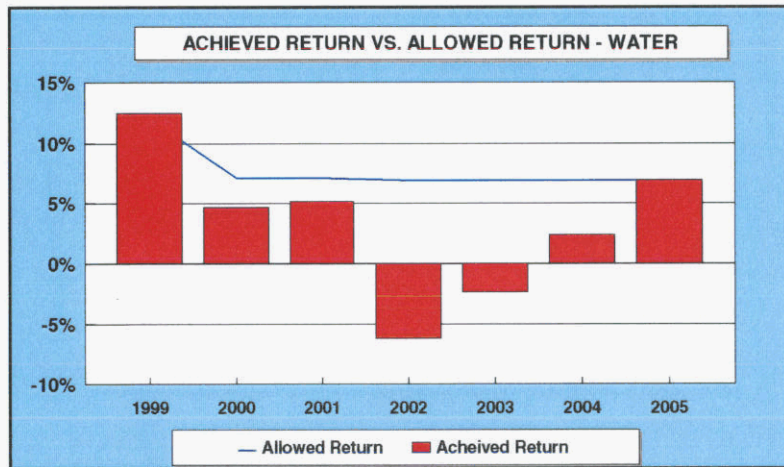
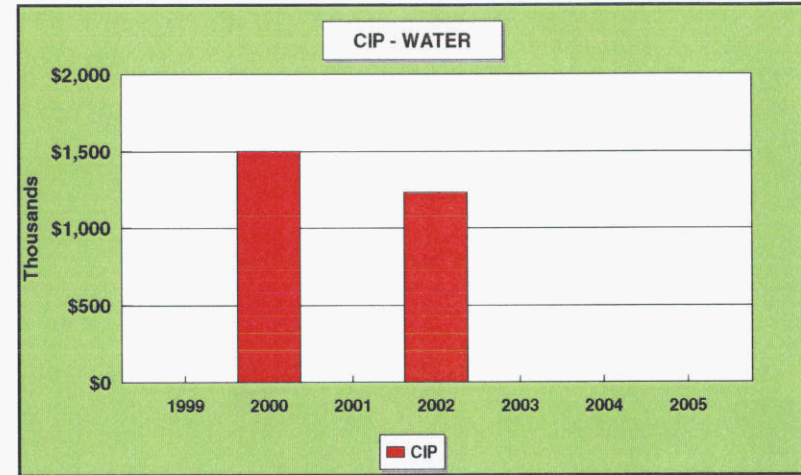
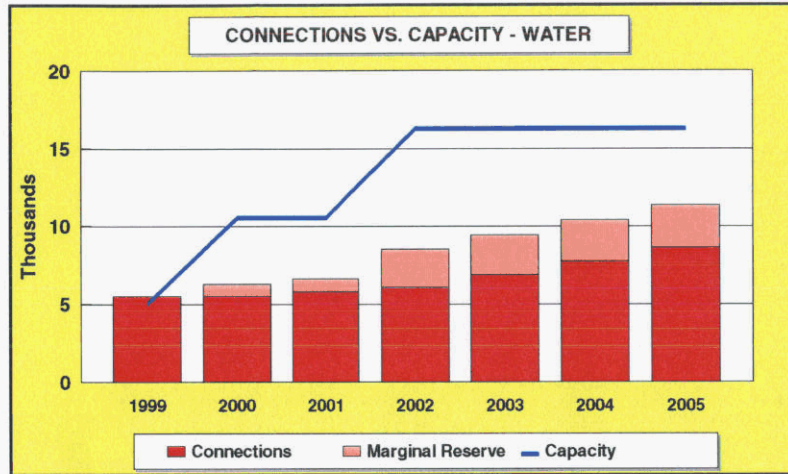
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INTERCOASTAL UTILITIES
WATER SYSTEM
GRAPHS OF KEY INDICATORS

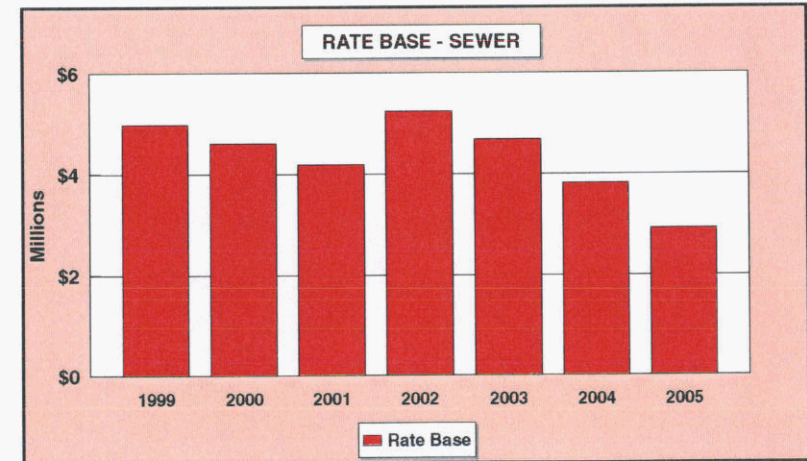
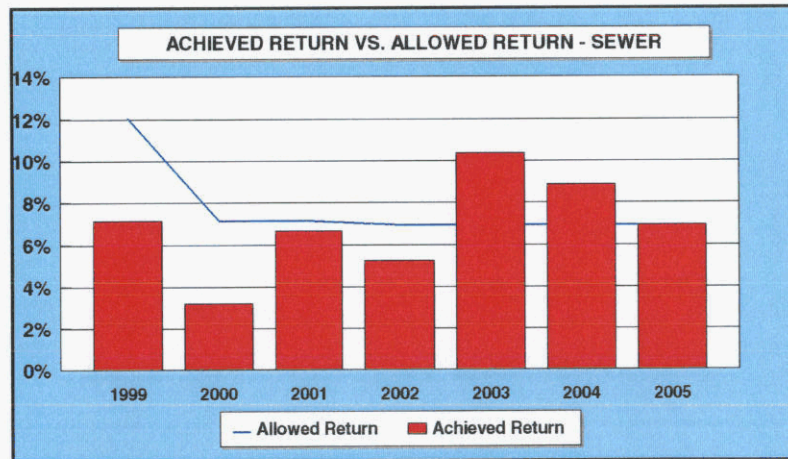
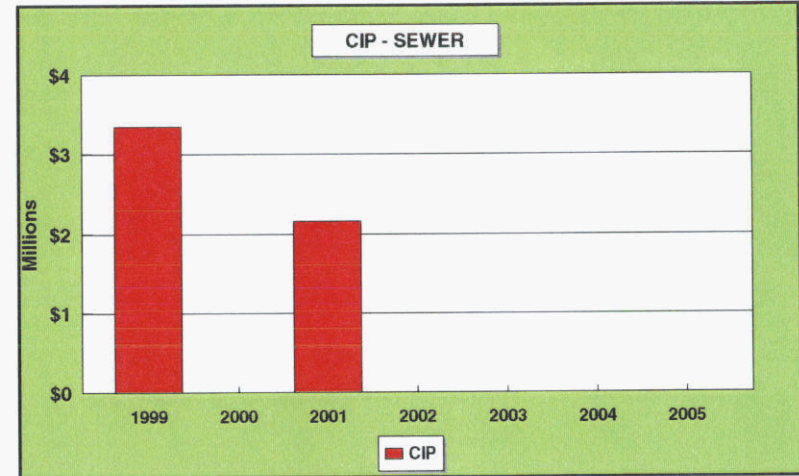
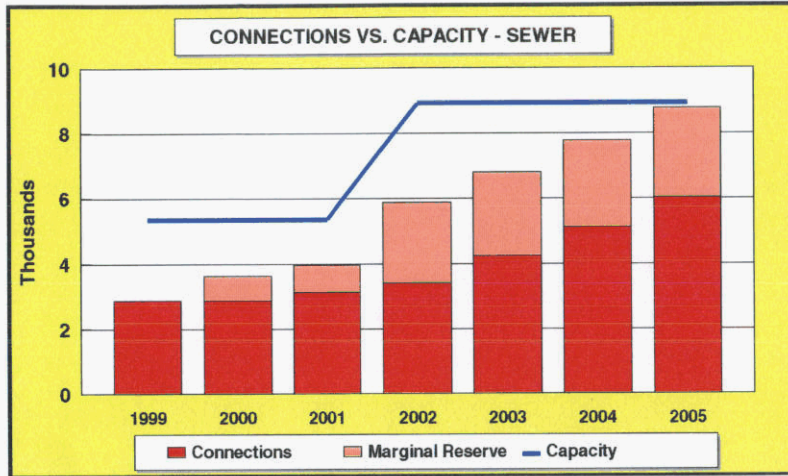
Scenario 2 - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan

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INTERCOASTAL UTILITIES
SEWER SYSTEM
GRAPHS OF KEY INDICATORS

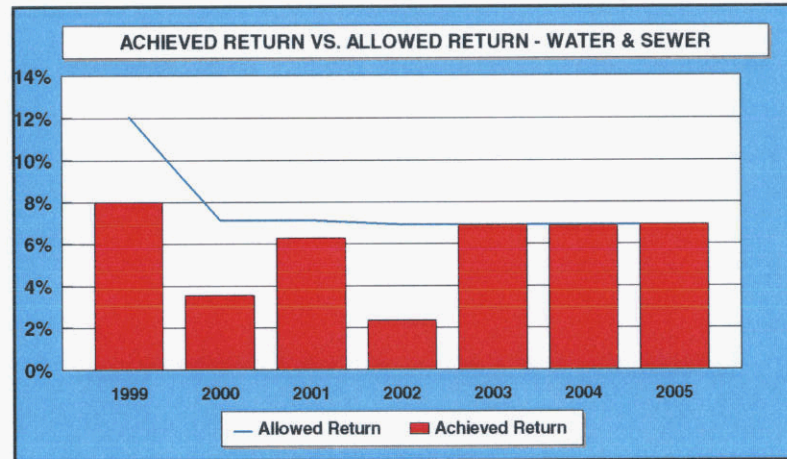
Scenario 2 - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan



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INTERCOASTAL UTILITIES
WATER AND SEWER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 2 - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan



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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.

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**INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
SUMMARY**

Scenario 1R - Intercoastal Utilities Reclaimed Water Rates w/ Intercoastal Capital Plan

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Reclaimed Water											
Rate Plan				0.0%	-4.0%	-12.7%	-10.7%	-9.1%	0.0%	0.0%	-1.5%
Achieved Return				6.50%	6.50%	6.50%	6.50%	6.50%	4.07%	5.06%	6.50%
Allowed Return				6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Avg Mo.Cost / ERC				\$16.17	\$15.52	\$13.55	\$12.11	\$11.00	\$11.00	\$11.00	\$10.84
Achieved Return (Millions)				\$0.248	\$0.231	\$0.214	\$0.198	\$0.181	\$0.177	\$0.203	\$0.238
Allowed Return (Millions)				\$0.248	\$0.231	\$0.214	\$0.198	\$0.181	\$0.282	\$0.260	\$0.238
Rate Base (Millions)				\$3.817	\$3.558	\$3.299	\$3.041	\$2.782	\$4.346	\$4.004	\$3.665

SOURCE: BURTON & ASSOCIATES
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Figure 2

**INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
ASSUMPTIONS**

Scenario 1R - Intercoastal Utilities Reclaimed Water Rates w/ Intercoastal Capital Plan

	Actual 1998	Actual 1999	Projected 2000	Projected 2001	Projected 2002	Projected 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009
Assumptions												
Reclaimed Water												
1	Capacity in ERC's					3,449	3,449	3,449	3,449	3,449	8,622	8,622
2	Additional Capacity in ERC's				3,448	0	0	0	0	5,172	0	0
3	Total Capacity				3,449	3,449	3,449	3,449	3,449	8,622	8,622	8,622
4	GPD = 1 ERC				290	290	290	290	290	290	290	290
5	Connected ERC's					2,817	3,417	4,018	4,618	5,219	5,964	6,710
6	Additional Connected ERC's											
7	Walden Chase				89	89	89	89	89	89	89	89
8	Marsh Harbour				14	14	14	14	14	14	14	0
9	Nocatee				2,713	498	498	498	498	643	643	643
10	East Svc Area				0	0	0	0	0	0	0	0
11	Total Additional Connected ERC's				2,818	601	601	601	601	746	746	732
12	Total Connected ERC's				2,817	3,417	4,018	4,618	5,219	5,964	6,710	7,441
13	Percent Growth In Connected ERC's					21.32%	17.57%	14.95%	13.00%	14.29%	12.50%	10.90%
14	Percent of Growth Applied to Expenses				25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
15	Effective Multiplier for Growth					5.33%	4.39%	3.74%	3.25%	3.57%	3.13%	2.73%
16	Inflationary Multiplier				1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
17	Growth and Inflationary Multiplier					6.83%	5.89%	5.24%	4.75%	5.07%	4.63%	4.23%
New Debt Assumptions												
18	Term				20							
21	Issuance Costs				1.50%							
22	Interest Rate				6.50%							
O&M Reserves												
23	Water				Months	Percent of Annual O&M						
25	Minimum Reserves Level				1.5	12.50%						
Rates & Charges												
27	Current Service Availability Charge				\$234							

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SOURCE: BURTON & ASSOCIATES
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**INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
PRO-FORMA INCOME PROJECTIONS - RECLAIMED WATER SYSTEM**

Scenario 1R - Intercoastal Utilities Reclaimed Water Rates w/ Intercoastal Capital Plan

	Actual 1999	Projected 2000	Projected 2001	Projected 2002	Projected 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009
Reclaimed Water											
Revenues:											
1 Rate Revenue:											
2 Rate Revenue					\$548,401	\$636,385	\$653,366	\$670,825	\$688,067	\$787,494	\$885,931
3 Growth Percentage					21.32%	17.87%	14.95%	13.00%	14.29%	12.50%	10.90%
4 Rate Revenue from Growth					118,487	111,858	87,869	87,243	98,437	98,437	96,588
5 KRS Revenue Prior to Rate Adjustment					\$548,401	\$636,385	\$748,225	\$751,825	\$758,188	\$787,494	\$885,931
6 Percentage Rate Increase					0.00%	-4.90%	-12.69%	-10.67%	0.00%	0.00%	-1.50%
7 Rate Revenue from Rate Adjustment					0	(26,513)	(84,857)	(80,100)	(89,111)	0	0
8 Total Rate Revenue					\$548,401	\$636,385	\$653,366	\$670,825	\$688,067	\$787,494	\$885,931
9											
10 Other Revenue:											
11 Misc. Revenue					\$0	\$0	\$0	\$0	\$0	\$0	\$0
12 Other Revenue					0	0	0	0	0	0	0
13 Total Other Revenue					\$0	\$0	\$0	\$0	\$0	\$0	\$0
14 Total Revenues					\$548,401	\$636,385	\$653,366	\$670,825	\$688,067	\$787,494	\$885,931
15											
16 Expenses:											
17											
18 Additional O&M - Western Svc Area					\$23,054	\$24,628	\$26,080	\$27,446	\$28,748	\$30,207	\$31,805
19 Operating Expenses- Eastern Svc Area					\$84,304	\$120,859	\$148,066	\$175,985	\$204,438	\$236,776	\$275,836
20 Rate Case Expense					NA	NA	NA	NA	NA	NA	NA
21 Franchise Fee- PSC					24,688	28,437	28,401	30,182	31,008	35,437	39,847
22 Depreciation (U & U Amt Only)					\$6,085	\$35,982	\$35,982	\$35,982	\$35,982	\$35,982	\$35,982
23 Amort of CIAC (U & U Amt Only)					(34,014)	(14,509)	(14,509)	(14,509)	(14,509)	(18,013)	(18,013)
24 Amort of Acq Adj					0	0	0	0	0	0	0
25 Total Expenses					\$194,018	\$225,578	\$252,130	\$266,055	\$285,848	\$341,300	\$391,748
26 Operating Income					\$352,383	\$410,807	\$401,236	\$404,770	\$402,219	\$446,194	\$494,183
27											
28 Non Operating Income (Expense):											
29 Non Oper Rev					\$0	\$0	\$0	\$0	\$0	\$0	\$0
30 Taxes Other Than Income:					0	0	0	0	0	0	0
31 Intangible Tax					0	(738)	(787)	(788)	(826)	(1,074)	(1,108)
32 Other Taxes & Licenses					0	(102)	(108)	(110)	(114)	(149)	(154)
33											
34 Property Taxes:											
35											
36 Total Non Operating Expenses					(\$104,385)	(\$108,524)	(\$113,877)	(\$118,230)	(\$122,984)	(\$158,507)	(\$164,566)
37 Net Income					\$248,018	\$302,283	\$287,359	\$286,540	\$279,235	\$327,687	\$329,617
38 Taxable Income (See worksheet for taxable income below)					\$0	\$0	\$0	\$0	\$0	\$0	\$0
39 Income Taxes:											
40 State 5.50%					0	0	0	0	0	0	0
41 Federal 34.00%					0	0	0	0	0	0	0
42 Total Income Taxes					\$0	\$0	\$0	\$0	\$0	\$0	\$0
43 Net After Tax Income					\$248,018	\$302,283	\$287,359	\$286,540	\$279,235	\$327,687	\$329,617
44											
45 Rate Base					\$3,817,123	\$3,568,202	\$3,298,366	\$3,040,806	\$2,781,828	\$4,345,884	\$4,003,871
46											
47 Rate of Return Achieved					6.50%	6.50%	6.50%	6.50%	6.50%	4.07%	5.08%
48 Allowed Return					6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
49 Allowed Return Amount					\$248,113	\$231,283	\$214,459	\$187,840	\$180,825	\$282,488	\$260,258
50											
50 Worksheet for Taxable Income:											
51											
52 Interest Expense - Total					\$298,042	\$290,366	\$282,180	\$273,483	\$264,210	\$378,368	\$364,856
53 Allocation Percentage to Water (1)					100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
54 Allocated Interest Expense - Water					\$298,042	\$290,366	\$282,180	\$273,483	\$264,210	\$378,368	\$364,856
55											
56 Restatement of Net Income Before Income Tax					\$248,018	\$231,283	\$214,459	\$187,840	\$180,825	\$178,887	\$202,819
57 LESS: Interest Expense - Water					298,042	290,366	282,180	273,483	264,210	378,368	364,856
58 Taxable Income - Water (2)					\$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.

**INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
DEPRECIATION SCHEDULE - RECLAIMED WATER**

Scenario 1R - Intercoastal Utilities Reclaimed Water Rates w/ Intercoastal Capital Plan

Reclaimed Water

Existing Asset Depreciation

Existing Assets	Year	Estimated Original Cost	Life (Years)											
1 Franchises														
2 Structures														
3 Wells & Springs														
4 Other Pumping														
5 Pumping Equip														
6 Other Water Source Plant														
7 Structures & Improvements														
8 Treatment														
9 Dist Reservoirs														
10 Mains														
11 Services														
12 Meters														
13 Hydrants														
14 Other T&D														
15 Supply Mains														
16 General														
17 Furniture														
18 Power Equip														
19 Misc Equip														
20 Acquisition														
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 Acquisition														
44 Total Existing Depreciation														
45 Adjustment to Reconcile to Accounting Records														
46 Total Existing Depreciation														

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**INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
DEPRECIATION SCHEDULE - RECLAIMED WATER**

Scenario 1R - Intercoastal Utilities Reclaimed Water Rates w/ Intercoastal Capital Plan

Reclaimed Water

New Asset Depreciation

New Assets	Year	Estimated Original Cost	Life (Years)
1 16" PVC Outfall / Xfer (50% Cost)	2002	\$380,000	45
2 12" ICWW Crossing	2002	300,000	45
3 ICU - East Reclaim P.S.	2002	250,000	25
4 3.0 MG Reclaimed Storage Reservoir	2002	1,100,000	41
5 Reclaimed Water P.S.	2002	500,000	25
6 24" PVC Reclaimed Water Main	2002	380,000	45
7 16" PVC Reclaimed Water Main	2002	456,000	45
8 8" PVC Reclaimed Water Main	2002	288,000	45
9 Engineering & Contingency	2002	903,500	30
10 16" PVC Reclaimed Wtr Main	2007	304,000	45
11 Expand Reclaimed Wtr P.S.	2007	100,000	20
12 3.0 MG Reservoir	2007	1,100,000	41
13 Engineering & Contingency	2007	376,000	30

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Depreciation Schedule - New Assets	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
14 16" PVC Outfall / Xfer (50% Cost)	-	-	-	-	\$4,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
15 12" ICWW Crossing	-	-	-	-	3,333	6,667	6,667	6,667	6,667	6,667	6,667	6,667
16 ICU - East Reclaim P.S.	-	-	-	-	5,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
17 3.0 MG Reclaimed Storage Reservoir	-	-	-	-	13,415	26,829	26,829	26,829	26,829	26,829	26,829	26,829
18 Reclaimed Water P.S.	-	-	-	-	10,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
19 24" PVC Reclaimed Water Main	-	-	-	-	4,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
20 16" PVC Reclaimed Water Main	-	-	-	-	5,067	10,133	10,133	10,133	10,133	10,133	10,133	10,133
21 8" PVC Reclaimed Water Main	-	-	-	-	3,200	6,400	6,400	6,400	6,400	6,400	6,400	6,400
22 Engineering & Contingency	-	-	-	-	15,058	30,117	30,117	30,117	30,117	30,117	30,117	30,117
23 16" PVC Reclaimed Wtr Main	-	-	-	-	-	-	-	-	-	3,378	6,756	6,756
24 Expand Reclaimed Wtr P.S.	-	-	-	-	-	-	-	-	-	2,500	5,000	5,000
25 3.0 MG Reservoir	-	-	-	-	-	-	-	-	-	13,415	26,829	26,829
26 Engineering & Contingency	-	-	-	-	-	-	-	-	-	6,267	12,533	12,533
47 CIAC Plant	-	-	-	-	23,012	9,816	9,816	9,816	9,816	12,187	12,187	11,958
48 Total New Depreciation	-	-	-	-	\$86,085	\$135,962	\$135,962	\$135,962	\$135,962	\$163,892	\$189,451	\$189,222

Total Depreciation - Reclaimed Water

49 Total Existing Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
50 Total New Depreciation	-	-	-	-	86,085	135,962	135,962	135,962	135,962	163,892	189,451	189,222
51 Total Depreciation	-	-	-	-	\$86,085	\$135,962	\$135,962	\$135,962	\$135,962	\$163,892	\$189,451	\$189,222
52 Accumulated Depreciation	-	-	-	-	\$86,085	\$222,047	\$358,010	\$493,972	\$629,934	\$793,826	\$983,276	\$1,172,498

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

Scenario 1R - Intercoastal Utilities Reclaimed Water Rates w/ Intercoastal Capital Plan

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		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
20	Cash	-	-	-	-	-	-	-	-	-	-	-
21	Total Cash CIAC Amortization	-	-	-	-	-	-	-	-	-	-	-
22	Total Existing CIAC Amortization	-	-	-	-	-	-	-	-	-	-	-
23	Adjustment to Reconcile to Accounting Records	-	-	-	-	-	-	-	-	-	-	-
24	Total Existing CIAC Amortization	-	-	-	-	-	-	-	-	-	-	-

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

Scenario 1R - Intercoastal Utilities Reclaimed Water Rates w/ Intercoastal Capital Plan

New CIAC

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	New CIAC - Plant:												
		Life											
			CIAC PER										
			ERC										
1	Transmission & Dist Mains	43	\$489.83	-	-	\$1,322,233	\$282,011	\$282,011	\$282,011	\$282,011	\$350,106	\$350,106	\$343,532
2	Services	40	\$101.55	-	-	\$285,911	\$60,980	\$60,980	\$60,980	\$60,980	\$75,705	\$75,705	\$74,283
3	Meters & Meter Installs	20	\$32.91	-	-	\$92,857	\$19,762	\$19,762	\$19,762	\$19,762	\$24,534	\$24,534	\$24,073
4	Hydrants	45	\$55.85	-	-	\$157,243	\$33,537	\$33,537	\$33,537	\$33,537	\$41,835	\$41,835	\$40,853
5	Total New CIAC - Plant			-	-	\$1,858,044	\$396,290	\$396,290	\$396,290	\$396,290	\$491,981	\$491,981	\$482,742
6	New CIAC - Cash:												
7	New CIAC - Cash			-	-	\$660,094	\$140,787	\$140,787	\$140,787	\$140,787	\$174,782	\$174,782	\$171,500
8	Life	30											
9	Total New CIAC - Cash			-	-	\$660,094	\$140,787	\$140,787	\$140,787	\$140,787	\$174,782	\$174,782	\$171,500
10	Total New CIAC			-	-	\$2,518,138	\$537,078	\$537,078	\$537,078	\$537,078	\$666,763	\$666,763	\$654,242

Amortization of New CIAC

Amortization Schedule - New CIAC Assets

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
11	New CIAC - Plant Amortization											
12	Transmission & Dist Mains	-	-	-	\$15,375	\$6,558	\$6,558	\$6,558	\$6,558	\$8,142	\$8,142	\$7,989
13	Services	-	-	-	\$3,574	\$1,525	\$1,525	\$1,525	\$1,525	\$1,893	\$1,893	\$1,857
14	Meters & Meter Installs	-	-	-	\$2,318	\$988	\$988	\$988	\$988	\$1,227	\$1,227	\$1,204
15	Hydrants	-	-	-	\$1,747	\$745	\$745	\$745	\$745	\$925	\$925	\$908
16	Total New CIAC - Plant Amortization	-	-	-	\$23,012	\$9,816	\$9,816	\$9,816	\$9,816	\$12,187	\$12,187	\$11,958
	New CIAC - Cash Amortization											
17	Total New CIAC - Cash Amortization	-	-	-	\$11,002	\$4,893	\$4,893	\$4,893	\$4,893	\$5,826	\$5,826	\$5,717
18	Total New CIAC Amortization	-	-	-	\$34,014	\$14,509	\$14,509	\$14,509	\$14,509	\$18,013	\$18,013	\$17,674

Summary of CIAC & CIAC Amortization - Water

CIAC	Existing 1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
19	Total Existing CIAC	-	-	-	-	-	-	-	-	-	-	-
20	Total New CIAC	-	-	-	\$2,518,138	\$537,078	\$537,078	\$537,078	\$537,078	\$666,763	\$666,763	\$654,242
21	Total Accumulated CIAC - Water	-	-	-	\$2,518,138	\$3,055,216	\$3,592,294	\$4,129,371	\$4,666,449	\$5,333,212	\$5,999,976	\$6,654,217
	CIAC Amortization											
22	Total Existing CIAC Annual Amortization	-	-	-	-	-	-	-	-	-	-	-
23	Total New CIAC Annual Amortization	-	-	-	\$34,014	\$14,509	\$14,509	\$14,509	\$14,509	\$18,013	\$18,013	\$17,674
24	Total CIAC Annual Amortization - Water	-	-	-	\$34,014	\$14,509	\$14,509	\$14,509	\$14,509	\$18,013	\$18,013	\$17,674
25	Accumulated CIAC Amortization	-	-	-	\$34,014	\$48,523	\$63,032	\$77,541	\$92,051	\$110,063	\$128,076	\$146,750

SOURCE: BURTON & ASSOCIATES
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**INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
RATE BASE**

Scenario 1R - Intercoastal Utilities Reclaimed Water Rates w/ Intercoastal Capital Plan

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1 Reclaimed Water											
2 Percent Contributed				39%	46%	52%	57%	62%	55%	60%	64%
3 Utility Plant in Service				\$6,375,544	\$6,771,835	\$7,168,125	\$7,564,416	\$7,960,706	\$10,332,687	\$10,824,668	\$11,307,409
4 Include Construction Work in Progress? <input type="checkbox"/> NO				0	0	0	0	0	0	0	0
5 Less: Accumulated Depreciation				(86,085)	(222,047)	(358,010)	(493,972)	(629,934)	(793,826)	(983,276)	(1,172,498)
6 Utility Plant in Service less Accum Depr.				\$6,289,459	\$6,549,787	\$6,810,115	\$7,070,444	\$7,330,772	\$9,538,861	\$9,841,391	\$10,134,911
7 Less: Accumulated CIAC				(2,518,138)	(3,065,216)	(3,592,294)	(4,129,371)	(4,666,448)	(5,333,212)	(5,999,976)	(6,654,217)
8 Plus: Accumulated Amortization of CIAC				34,014	48,523	63,032	77,541	92,061	110,063	128,076	145,750
9 Net Utility Plant in Service				\$3,805,335	\$3,533,094	\$3,280,854	\$3,018,614	\$2,766,374	\$4,315,712	\$3,969,492	\$3,626,444
10 Plus or Minus:											
11 Acquisition Adjustments											
12 Accumulated Amort of Acq Adjustments											
13 Working Capital Allowance <input type="checkbox"/> 12.50% of O&M				11,788	15,107	18,512	21,996	25,555	29,972	34,480	38,999
14 Other				0	0	0	0	0	0	0	0
15 Net Utility Plant in Service				\$3,817,123	\$3,558,202	\$3,299,366	\$3,040,610	\$2,791,929	\$4,345,684	\$4,003,971	\$3,665,443
16 U&U Percentage				100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17 Rate Base				\$3,817,123	\$3,558,202	\$3,299,366	\$3,040,610	\$2,791,928	\$4,345,684	\$4,003,971	\$3,665,443

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SOURCE: BURTON & ASSOCIATES
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**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	18" PVC Outfall / Xier (50% Cost)	\$380,000	2002				\$380,000							
2	12" ICWW Crossing	300,000	2002				\$300,000							
3	ICU - East Reclaim P.S.	250,000	2002				250,000							
4	3.0 MG Reclaimed Storage Reservoir	1,100,000	2002				1,100,000							
5	Reclaimed Water P.S.	800,000	2002				800,000							
6	24" PVC Reclaimed Water Main	380,000	2002				380,000							
7	18" PVC Reclaimed Water Main	458,000	2002				458,000							
8	8" PVC Reclaimed Water Main	288,000	2002				288,000							
9	Engineering & Contingency	903,500	2002				903,500							
10	18" PVC Reclaimed Wtr Main	304,000	2007									304,000		
11	Expand Reclaimed Wtr P.S.	100,000	2007									100,000		
12	3.0 MG Reservoir	1,100,000	2007									1,100,000		
13	Engineering & Contingency	378,000	2007									378,000		
14	Total Utility Plant In Service (not including CIAC)			\$0	\$0	\$0	\$0	\$4,517,500	\$4,517,500	\$4,517,500	\$4,517,500	\$4,517,500	\$6,307,500	\$6,307,500
New Plant Assets per CIAC:														
15	New Plant Assets (CIAC)			\$0	\$0	\$0	\$0	\$1,858,044	\$366,290	\$366,290	\$366,290	\$366,290	\$481,081	\$481,081
16	Total New Plant Assets (CIAC)			\$0	\$0	\$0	\$0	\$1,858,044	\$2,284,335	\$2,650,625	\$3,046,918	\$3,443,208	\$3,935,187	\$4,427,168
17	Total Reclaimed Water Utility Plant In Service			\$0	\$0	\$0	\$0	\$6,375,544	\$6,771,835	\$7,188,125	\$7,584,418	\$7,960,708	\$10,332,687	\$10,824,668

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SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
CAPITAL IMPROVEMENTS PROGRAM

Scenario 1R - Intercoastal Utilities Reclaimed Water Rates w/ Intercoastal Capital Plan

PROJECT TOTAL	AMOUNT DEBT FUNDED	PROJECT NAME	IN SER- VICE DATE	MONTHS TO COM- PLETE	% DEBT FUNDED	ASSET LIFE	INCREASE IN CAPACITY (MGD)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Reclaimed Water																		
1	\$380,000	\$380,000	16" PVC Outfall / X'er (50% Cost)	2002	24	100%	45				360,000							
2	300,000	300,000	12" ICWW Crossing	2002	24	100%	45				300,000							
3	250,000	250,000	ICU - East Reclaim P.S.	2002	24	100%	25				250,000							
4	1,100,000	1,100,000	3.0 MG Reclaimed Storage Reserv	2002	24	100%	41	1.00			1,100,000							
5	500,000	500,000	Reclaimed Water P.S.	2002	24	100%	25				500,000							
6	380,000	380,000	24" PVC Reclaimed Water Main	2002	24	100%	45				380,000							
7	455,000	455,000	18" PVC Reclaimed Water Main	2002	24	100%	45				455,000							
8	288,000	288,000	8" PVC Reclaimed Water Main	2002	24	100%	45				288,000							
9	903,500	903,500	Engineering & Contingency	2002	24	100%	30				903,500							
10	304,000	304,000	18" PVC Reclaimed Wtr Main	2007	24	100%	45									304,000		
11	100,000	100,000	Expand Reclaimed Wtr P.S.	2007	24	100%	20									100,000		
12	1,100,000	1,100,000	3.0 MG Reservoir	2007	24	100%	41	1.50								1,100,000		
13	376,000	376,000	Engineering & Contingency	2007	24	100%	30									376,000		
14																		
15	\$4,387,500	\$8,387,500						\$0	\$0	\$0	\$4,317,500	\$0	\$0	\$0	\$0	\$1,880,000	\$0	\$0

SOURCE: BURTON & ASSOCIATES / PBS&J
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Figure 13

**INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
USED AND USEFUL**

Scenario 1R - Intercoastal Utilities Reclaimed Water Rates w/ Intercoastal Capital Plan

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1 Reclaimed Water											
2 Capacity											
3 Capacity in ERC's					3,449	3,449	3,449	3,449	3,449	8,622	8,622
4 Additional Capacity in ERC's				3,448	0	0	0	0	5,172	0	0
5 Total Capacity				3,449	3,449	3,449	3,449	3,449	8,622	8,622	8,622
6 Connection / Growth											
7 Connections in ERC's					2,817	3,417	4,018	4,618	5,219	5,964	6,710
8 Annual Growth Percent					21.32%	17.57%	14.95%	13.00%	14.29%	12.50%	10.90%
9 Additional Units				2,816	601	601	601	601	746	746	732
10 Total Connections				2,817	3,417	4,018	4,618	5,219	5,964	6,710	7,441
11 Raw U & U Percent				81.65%	99.06%	116.47%	133.88%	151.29%	69.17%	77.82%	86.31%
12 PLUS: Margin Reserve @ 36 Mos.				8,447	1,802	1,802	1,802	1,802	2,237	2,237	2,195
13 Total Connections plus Margin Reserve				11,263	5,219	5,819	6,420	7,020	8,201	8,948	9,636
14 U & U Percent				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 1R - Intercoastal Utilities Reclaimed Water Rates w/ Intercoastal Capital Plan

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY1999				FY2000					
						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															
17	1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
18	2000	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19	2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
20	2002	4,585,283		20	6.50%	0	0	0	0	0	0	0	0	0	0
21	2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22	2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
23	2005	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
24	2006	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
25	2007	1,908,200		20	6.50%	0	0	0	0	0	0	0	0	0	0
26	2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27	2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
28	New Debt- Construction Work in Progress:														
29	Include CWIP in WACC?			20	7.50%			0	0	0	0	0	0	0	0
30	New Equity	0			10.00%				0					0	0
31						\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
32	Weighted Average Cost of Capital									0.00%					0.00%

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

Scenario 1R - Intercoastal Utilities Reclaimed Water Rates w/ Intercoastal Capital Plan

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2001					FY2002				
						Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc
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	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
18	2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19	2002	4,585,263		20	6.50%	0	0	0	0	4,585,263	118,100	298,042	4,467,163	290,386	
20	2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	
21	2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	
22	2005	0		20	6.50%	0	0	0	0	0	0	0	0	0	
23	2006	0		20	6.50%	0	0	0	0	0	0	0	0	0	
24	2007	1,908,200		20	6.50%	0	0	0	0	0	0	0	0	0	
25	2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	
26	2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	
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%										
31							\$0	\$0	\$0		\$118,100	\$298,042	\$4,467,163	\$290,386	
32	Weighted Average Cost of Capital								0.00%					6.50%	

SOURCE: BURTON & ASSOCIATES
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03/12/2000

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INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 1R - Intercoastal Utilities Reclaimed Water Rates w/ Intercoastal Capital Plan

Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2003					FY2004					
					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														
15	New Debt- In Service:			10.00%	0	0	0	0	0	0	0	0	0	0	0
16		1999			0	0	0	0	0	0	0	0	0	0	0
17		2000	20	6.50%	0	0	0	0	0	0	0	0	0	0	0
18		2001	20	6.50%	0	0	0	0	0	0	0	0	0	0	0
19		2002	20	6.50%	4,467,163	125,776	290,366	4,341,386	282,190	4,341,386	133,952	282,190	4,207,435	273,483	6.50%
20		2003	20	6.50%	0	0	0	0	0	0	0	0	0	0	0
21		2004	20	6.50%	0	0	0	0	0	0	0	0	0	0	0
22		2005	20	6.50%	0	0	0	0	0	0	0	0	0	0	0
23		2006	20	6.50%	0	0	0	0	0	0	0	0	0	0	0
24		2007	20	6.50%	0	0	0	0	0	0	0	0	0	0	0
25		2008	20	6.50%	0	0	0	0	0	0	0	0	0	0	0
26		2009	20	6.50%	0	0	0	0	0	0	0	0	0	0	0
27															
28	New Debt- Construction Work in Progress:														
29	include CWIP in WACC?			7.50%				0	0			0	0	0	0
30	New Equity			10.00%	0			0	0			0	0	0	0
31															
32	Weighted Average Cost of Capital														
						\$125,776	\$290,366	\$4,341,386	\$282,190		\$133,952	\$282,190	\$4,207,435	\$273,483	6.50%

SOURCE: BURTON & ASSOCIATES
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03/12/2000

LS

INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 1R - Intercoastal Utilities Reclaimed Water Rates w/ Intercoastal Capital Plan

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2005					FY2006						
						Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc		
14	Equity	0			10.00%	0	0	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:																
16																	
17	1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0	0	0
18	2000	0		20	6.50%	0	0	0	0	0	0	0	0	0	0	0	0
19	2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0	0	0
20	2002	4,585,263		20	6.50%	4,207,435	142,859	273,483	4,064,776	284,210	4,064,776	151,931	284,210	3,912,844	254,335		
21	2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0	0	0
22	2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0	0	0
23	2005	0		20	6.50%	0	0	0	0	0	0	0	0	0	0	0	0
24	2006	0		20	6.50%	0	0	0	0	0	0	0	0	0	0	0	0
25	2007	1,908,200		20	6.50%	0	0	0	0	0	0	0	0	0	0	0	0
26	2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0	0	0
27	2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0	0	0
28	New Debt- Construction Work in Progress:			20	7.50%			0	0	0			0	0	0	0	0
29	Include CWIP in WACC?																
30	New Equity	0			10.00%												
31							\$142,859	\$273,483	\$4,064,776	\$284,210		\$151,931	\$284,210	\$3,912,844	\$254,335		
32	Weighted Average Cost of Capital									6.50%							6.50%

SOURCE: BURTON & ASSOCIATES
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03/12/2008

SS

INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
Weighted Average Cost of Capital Analysis

Scenario 1R - Intercoastal Utilities Reclaimed Water Rates w/ Intercoastal Capital Plan

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2007					FY2008				
						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	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
18	2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19	2002	4,585,283		20	6.50%	3,912,844	161,807	254,335	3,751,037	243,817	3,751,037	172,324	243,817	3,578,713	232,616
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	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
24	2007	1,908,200		20	6.50%	1,908,200	49,148	124,033	1,859,052	120,838	1,859,052	62,343	120,838	1,806,709	117,436
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:														
29	Include CWIP in WACC?			20	7.80%				0	0	0		0	0	0
30	New Equity	0			10.00%										
31															
32	Weighted Average Cost of Capital						\$210,955	\$378,368	\$5,810,089	\$384,858		\$224,667	\$364,858	\$5,385,422	\$360,052

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

Scenario 1R - Intercoastal Utilities Reclaimed Water Rates w/ Intercoastal Capital Plan

		FY 2008								
	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	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
15	New Debt- In Service:									
16		1999		20	6.50%	0	0	0	0	0
17		2000		20	6.50%	0	0	0	0	0
18		2001		20	6.50%	0	0	0	0	0
19		2002		20	6.50%	3,578,713	163,538	232,616	3,306,187	220,687
20		2003		20	6.50%	0	0	0	0	0
21		2004		20	6.50%	0	0	0	0	0
22		2005		20	6.50%	0	0	0	0	0
23		2006		20	6.50%	0	0	0	0	0
24		2007		20	6.50%	1,908,200	55,746	117,436	1,750,963	113,813
25		2008		20	6.50%	0	0	0	0	0
26		2009		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%					
31							\$250,271	\$350,062	\$6,146,151	\$334,500
32	Weighted Average Cost of Capital									6.50%

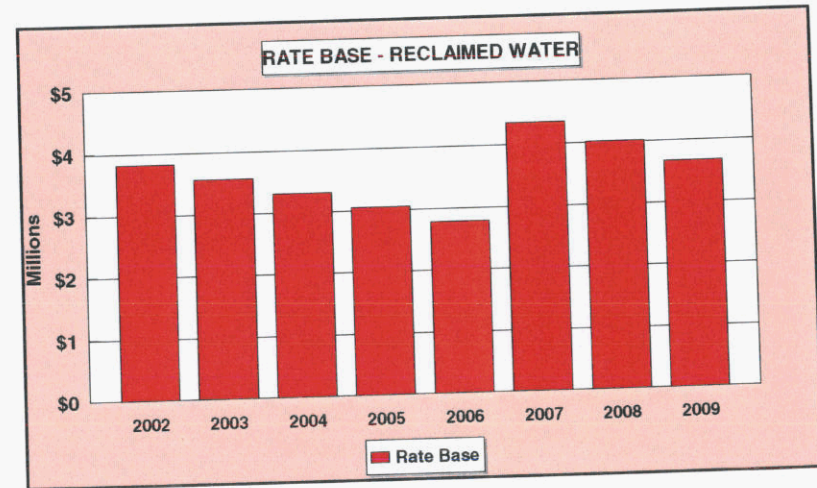
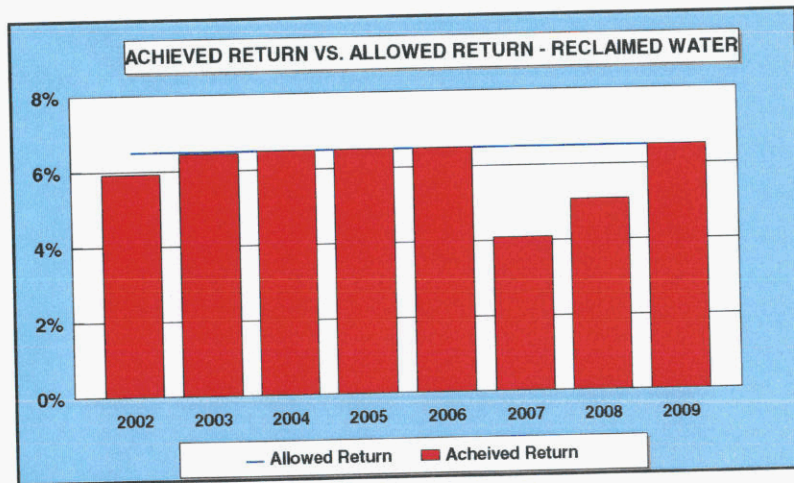
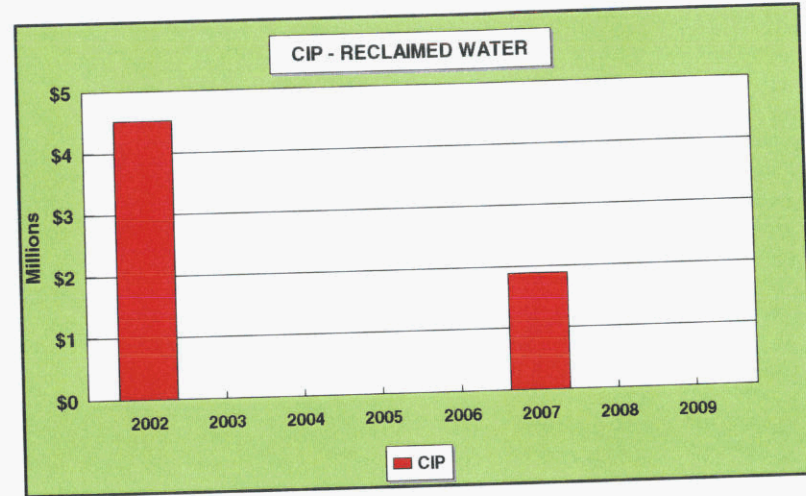
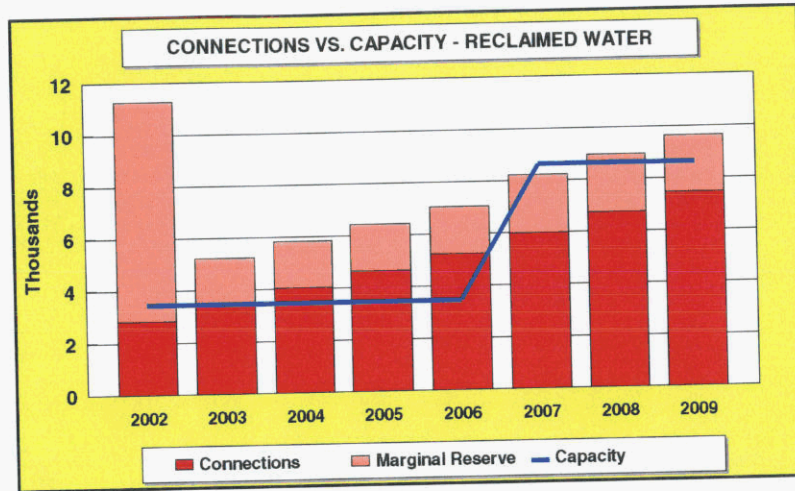
SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 1R - Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan



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