

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

REBUTTAL TESTIMONY OF

MICHAEL E. BURTON

ON BEHALF OF INTERCOASTAL UTILITIES, INC.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

Rebuttal Testimony of Michael E. Burton

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

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

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

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

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

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

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

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

Q: In what areas?

A: Utility rates, rate making and related issues.

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

A: Yes.

1 Q: Have you reviewed the Intervenor Direct Testimony of Deborah Swain and Doug Miller?

2 A: Yes.

3 Q: Mr. Miller listed as a concern of his in his testimony the fact that Intercoastal has included
4 Walden Chase in its application, whereas Walden Chase has an agreement with St. Johns
5 County to provide water and sewer services as soon as May, 2000. Is this statement true?

6 A: Intercoastal has assumed that Walden Chase would be in the requested service area in its
7 application. At the time the application was filed, it is my understanding that the issue of
8 St. Johns County serving Walden Chase was under legal appeal. However, in light of Mr.
9 Miller's concerns, I have run our model assuming that Walden Chase is served by St.
10 Johns County. The implication is the removal of Walden Chase's projected connections
11 and resultant revenues, marginal expenses and property and cash CIAC. No adjustment
12 was made to the CIP because Walden Chase would be served with the same backbone
13 system as the rest of the requested service area and the elimination of Walden Chase's
14 connections would not be sufficient to resize the system.

15 Q: Do you have the results of your projections without Walden Chase?

16 A: Yes. I have included Exhibit MB-3 which includes these adjustments. I should point out
17 that Exhibit MB-3 also includes a scenario to demonstrate the effect with the assumption
18 of funding with 40% equity and 60% debt in response to Ms. Swain's testimony as
19 described later in my testimony.

20 Q: With regard to the exclusion of Walden Chase, what are the results of your analysis?

21 A: Assuming Intercoastal's proposed capital plan and plan of financing, the exclusion of
22 Walden Chase causes the rate impacts, assuming an average single family residential water
23 usage of 10,000 gallons per month, to go from \$79.70 with current rates to \$58.87 in
24 2009. Compared to the analysis in MB-2, where the rate impacts of Intercoastal's plan in
25 2009 were \$58.59, the removal of Walden Chase would have the effect of increasing the
projected monthly water and sewer bill of the typical residential customer by
approximately \$0.28 per month by 2009.

1 Q: Now let's turn to Ms. Swain's testimony. Does Ms. Swain present testimony regarding
2 her opinion as to the financial viability and strength of Intercoastal with which you
3 disagree?

4 A: Yes. Ms. Swain concludes that Intercoastal has been unable to pay its debt service from
5 operating earnings for the years 1997 and 1998 and that Intercoastal has had to increase
6 wastewater rates over 40% in part to pay for new debt and that it is unclear whether this
7 increase will provide revenues adequate to pay for new debt.

8 Q: Do you disagree with her conclusion?

9 A: Yes. First, for the moment, assume that Ms. Swain's concerns regarding the ability to pay
10 debt service from operating income are valid. Under the scenario of service proposed by
11 NUC, this concern about inability to meet debt service with net income would be even
12 more apparent in the case of NUC during its start-up years. NUC will have to invest in
13 substantial amounts of infrastructure as a condition of being able to serve the first
14 customers within its service territory and the monies required to fund debt (even at a 60%
15 debt level) to cover that substantial investment will for years be far beyond the net income
16 derived from revenues from customers actually served. This is because the utility will
17 have to invest in those distribution, transmission and collection facilities and will not have
18 any customers online (as does Intercoastal) prior to the construction of at least the first
19 phase. Therefore, to the extent that Ms. Swain's concern is a legitimate one, it will be
20 substantially more apparent and of greater concern under the service proposed by NUC
21 where there is no existing mature service area (such as with Intercoastal), revenues from
22 which will help to lessen the impact of this new area of growth.

23 That being said, the rate regulation criteria of St. Johns County and the Florida Public
24 Service Commission do not provide for an investor owned utility to generate sufficient net
25 income, on an accrual basis to pay for its debt service. Investor owned rate regulation
provides only that a utility be allowed to recover 1) interest, in its return on rate base
based upon the weighted cost of capital of the utility, and only to the extent that rate base
reflects used and useful plant, and 2) principal in the form of depreciation on the assets
funded with debt, and only to the extent that those assets are used and useful.

There is no specific provision, or for that matter requirement, that a utility recover the

1 total amount of its debt service, and in fact my comments in the prior paragraph show that
2 the regulations specifically disallow the recovery of principal and interest related to non
3 used and useful plant.

4 Therefore, Ms. Swain's testimony that Intercoastal's financial strength is somehow
5 suspect because of this condition is misleading, wrong and indicates that she either does
6 not understand the dynamics of the rate regulation process as it relates to the recovery of
7 debt service or is trying to mislead any readers of her testimony regarding Intercoastal's
8 financial strength in this regard.

9 Q: Do you disagree with any of Ms. Swain's other conclusions?

10 A: Yes. Ms. Swain concludes that Intercoastal's recent rate increase of over 40% was to pay
11 for new debt and that it is unclear if that new debt can be paid from the resultant revenues.
12 Again, Ms. Swain either does not understand or is trying to mislead the reader of her
13 testimony. Intercoastal's recent rate increase was awarded by St. Johns County solely
14 because of the impact of the requirement of the Florida Department of Environmental
15 Regulation that Intercoastal install a wastewater effluent discharge line to the Intracoastal
16 Waterway and upgrade its wastewater treatment processes to a level sufficient for such a
17 surface water discharge. This was all to protect the Guana River system from effluent
18 overflows that were coming from the Sawgrass retention ponds, where Intercoastal's
19 effluent was being discharged. The rate increase awarded was what Intercoastal was
20 entitled to under the rules of the St. Johns County Water and Sewer Authority.

21 Also, as with my answer to the previous question, if Ms. Swain's concern about the ability
22 to pay debt service with revenues is legitimate, it should be of much greater concern
23 regarding NUC's proposed plan of service because of the significant investment required
24 to serve even the first customer, without an existing customer base such as Intercoastal
25 has.

26 Q: What about Ms. Swain's conclusions about Intercoastal's highly leveraged position?

27 A: Ms. Swain concludes that because of Intercoastal's highly leveraged position there is a
28 high financial risk and that this raises questions regarding the continued financial viability
29 of the utility over the long term, particularly in light of its plans to finance its expansion

1 into the requested territory entirely through debt.

2 First, I will respond as to Ms. Swain's assertion that it is bad to use debt to finance utility
3 improvements, that it indicates a lack of financial strength and that it is risky is simply
4 wrong. Debt is simply an alternative source of capital. The decision as to whether to use
5 debt or equity as a source of capital is made in part based upon the cost of each source of
6 capital and the impact upon the rate payers of the utility. In Intercoastal's case, its cost of
7 debt is 6.5% and the cost of equity is about 10.0%. Therefore, using debt to finance
8 capital improvements results in lower rates than if equity were used, thus benefitting the
9 rate payer. Also, the interest payments associated with debt are a deductible expense for
10 the purposes of computing federal income taxes, thus having a beneficial impact on rates,
11 whereas, return on equity is not deductible.

12 Q: What about Ms. Swain's assertion that being highly leveraged is risky?

13 A: Some may say that as a general rule higher leveraged systems have more risk. This may
14 be a theoretical truism, however, from the actual rate making standpoint of Intercoastal
15 and this service area, any alleged financial risks that may apply to the general case, either
16 do not exist in Intercoastal's case or are more than substantially outweighed by other
17 decreases in risks and benefits to the customers as a whole.

18 From a pure revenue generation viewpoint, there is no more risk associated with debt than
19 there is with equity, because rate regulation provides that the utility can recover the cost
20 associated with each source of capital. In fact, by not depleting the financial reserves of
21 the utility owners by large equity infusions to the utility to fund capital, not only do the
22 rate payers of Intercoastal benefit through lower rates, but they also benefit by the fact
23 that the utility owners preserve those equity resources to draw upon in the event of
24 unforeseen temporary revenue shortfalls and to use to cover any cash flow deficits that may
25 occur during periods when the utility's used and useful percentage does not allow for full
26 recovery of debt service. Therefore, at least in Intercoastal's case, the use of debt is
27 actually less expensive to the rate payer and less risky than the use of equity as a source of
28 capital.

29 Also, Intercoastal has maintained a highly leveraged position ever since the current owners

1 acquired the utility. The strength of this capital financing strategy and the testimony to the
2 long term financial viability of the utility is this long history of successful financing and
3 operation of the utility as it has grown into a large regional utility in northeast St. Johns
4 County.

5 Q: Have you tested the impact of assuming the same percentage of equity financing as NUC
6 used in Intercoastal's proposed plan for the requested service area?

7 A: Yes. NUC used 40% equity and 60% debt in its application. Therefore, to demonstrate
8 the effect of this equity/debt ratio upon Intercoastal's plan I reran our analysis using the
9 assumption that 40% of the required capital improvements would be funded with equity at
10 10.0% and 60% would be funded with debt at 6.5%.

11 The results of this analysis are shown in Exhibit MB-3, which also assumes that Walden
12 Chase will not be served by Intercoastal as discussed earlier in my testimony in response to
13 one of Doug Miller's concerns. Exhibit MB-3 shows that for Scenarios 1a and 1b, which
14 project the rate impact of Intercoastal's plan to serve the requested service area, the use of
15 100% debt financing (Scenario 1a) results in an average residential water and sewer bill of
16 \$ 58.87 in 2009 assuming 10,000 gallons of water usage per month, whereas, the use of
17 40% equity financing and 60% debt financing (Scenario 1b) results in an average water
18 and sewer bill of \$61.42. Therefore, by 2009, *Intercoastal's proposed capital finance*
19 *plan results in a monthly savings of \$2.55 compared to funding with 40% equity.*

20 Also, Exhibit MB-3 shows that for Scenarios 2a and 2b, which project the rate impact of
21 Intercoastal adopting NUC's proposed plan to serve the requested service area, the use of
22 100% debt financing (Scenario 2a) results in an average residential water and sewer bill of
23 \$64.31 in 2005 (the last year of NUC's capital plan) assuming 10,000 gallons of water
24 usage per month, whereas, the use of 40% equity financing and 60% debt financing
25 (Scenario 2b) results in an average water and sewer bill of \$64.62 by 2005. Therefore,
Intercoastal's proposed capital finance plan results in a monthly savings of \$0.31
compared to funding with 40% equity.

1 Q: What about Ms. Swain's continued assertions that Intercoastal will not be able to pay its
2 projected interest from operating income in the projection in your exhibits.

3 A: Again, I must state that if Ms. Swain's concerns are legitimate, NUC, under its proposed
4 plan of service will be even less able to fund its interest payments from revenues (even
5 though it proposes to utilize 60% debt), simply because of the fact that it will be a start-up
6 utility with no additional sources of revenue from a mature service area to lessen the
7 impact, as has Intercoastal. That being said, regulation of investor owned utilities does
8 not provide or require that operating income cover interest, and in fact specifically does
9 not allow for it in times when used and useful plant is less than 100%. Furthermore, the
10 ability to pay interest on debt is not limited to operating income. In the calculation of
11 operating income, the non cash expense of depreciation is deducted, however, the cash
12 recovered for depreciation is available to the utility. Therefore, the more appropriate
13 measure of the utility's ability to pay its cash expenses would be an analysis of cash flows.

14 Q: Have you conducted such an analysis of cash flows?

15 A: Yes. Figure 18 in Exhibit MB-3 presents an analysis of cash flows for each year in the ten
16 year projection period for all scenarios considered. For Scenario 1a, which reflects
17 Intercoastal's proposed plan, this figure shows that during the forecast period from 2000
18 through 2005 that there will be adequate cash flows in each year to cover all of the
19 utility's cash expenses, with the exception of 2002 and 2003. In these years equity
20 subsidies of \$460,987 and \$204,162 respectively will be required to cover all cash
21 expenses. However, positive cash flows in 2004 and 2005 of \$253,941 and 272,070
22 respectively offset to a great extent the requirement for equity in 2002 and 2003 so that
23 the net equity subsidies required by 2005 will be \$139,138. From 2006 to 2009 the only
24 years with negative cash flows are 2008 and 2009, and in those years the negative cash
25 flows are \$441,929 and \$526,071 respectively. In summary, Figure 18, Scenario 1a in
Exhibit MB-3 shows that the maximum cumulative equity subsidy required to cover
negative cash flows through 2005 is projected to be \$665,149, in 2003, and the maximum
cumulative equity subsidy required through 2009 is projected to be \$968,000, in 2009.

It is important to note these maximum cumulative equity subsidies with 100% debt
financing compare to maximum equity contributions of \$5,051,694 through 2005 and
\$5,217,261 through 2009 if 40% of the capital used to finance capital improvements were

1 equity as is shown in Figure 18, Scenario 1b in Exhibit MN-3. I believe that this
2 demonstrates my earlier point that by not using equity to fund capital initially, the utility's
3 owners can preserve those equity resources to cover any cash flow shortfalls that result
4 from operating the utility under the regulatory constraints regarding recovery of the cost
5 of capital.

6 Q: Ms. Swain states that Intercoastal's plan will increase its current debt significantly in the
7 next couple of years. Does this alarm you?

8 A: No. In fact, I believe that Intercoastal's continued ability to attract debt capital is a
9 measure of its financial strength and the judgement of its financing resources that
10 Intercoastal has a viable long term financial outlook. And as I stated earlier, adjustment of
11 its capital finance plan to a larger equity percentage will only cause rates to be higher.

12 Q: Could Intercoastal implement its capital plan with 40% equity and 60% debt funding?

13 A: Yes. I believe that Mr. Jim Bowen's testimony indicates that Intercoastal's owners have
14 adequate financial resources to provide that level of equity funding. However, as I have
15 continually stated, the proposed plan provides lower rates and less risk to the rate payer.

16 Q: Ms. Swain makes a number of comments about NUC's proposed rates compared to
17 Intercoastal's proposed rates and concludes that rates should not be a major factor in the
18 Commission's decision in these dockets. Do you agree with Ms. Swain's statements and
19 conclusions?

20 A: No. First, NUC has provided only what is required for a new utility application, that is a
21 snapshot of its rates at 80% of capacity, whereas Intercoastal has provided the
22 Commission with a ten year projection of the impact of serving the requested service area
23 upon its rates. Therefore, Intercoastal has surely provided the Commission with a better
24 basis to assess the impact upon the customers' rates in the requested service area over the
25 long term than has NUC. Ms. Swain's statement regarding her assessment that NUC's
rates should decrease over time as additional customers are added is not substantiated by
any analysis that she has presented.

Ms. Swain also presented a rate comparison and concludes that because the monthly bills
of a customer with 5,333 gallons per month of water usage (Intercoastal's average

1 customer) with NUC's rates and with Intercoastal's rates are virtually identical, rates
2 should not be a major factor in the commission's decision in these dockets. As I stated in
3 my Intervenor's Testimony, 5,333 gallons per month is the average residential customer's
4 usage for Intercoastal's current customer base. However, this includes many individually
5 metered condominiums east of highway A1A which have highly seasonal occupancy. The
6 development that will occur in Nocatee will likely be more similar to the development in
7 the western portion of Intercoastal's service area, which is single family homes with year
8 round occupancy.

9 In my Intervenor's Testimony, I provided several pictures of homes in this part of
10 Intercoastal's current service area. Since that time, I have also reviewed an analysis of
11 water usage for the Sawmill Lakes subdivision, which is a subdivision in the western
12 portion of Intercoastal's current service area along CR 210. The homes pictured in my
13 Intervenor's Testimony, all in the western portion of Intercoastal's current service area,
14 are similar to the homes in Sawmill Lakes and at least one of the homes pictured is in
15 Sawmill Lakes.

16 This water usage analysis shows that the average monthly water usage for this subdivision
17 for the three months ending 1/31/2000 was 18,590 gallons per month per home. It is
18 important to note that these three months are historically the lowest months of usage
19 throughout the year. Therefore, I believe that this level of water usage is a conservative
20 indicator of what might be expected in the requested service area. However, we choose
21 to use only 10,000 gallons per month in our customer impact analysis to be doubly
22 conservative. In Exhibit MB-3, which updates Exhibit MB-2 from my Intervenor's
23 testimony, Scenario 1a, Intercoastal's plan, shows that when the monthly water and sewer
24 bills are compared with Intercoastal's current rates (projected to 2002) and NUC's
25 proposed rates for 10,000 gallons per month of water usage, the bill would be \$79.70 with
Intercoastal's rates and \$84.78 with NUC's rates, an amount that is 6.37% higher than
with Intercoastal's rates.

Furthermore, these rate impact comparisons are for 2002, the first projected year of
development in the requested service area, and the projections provided in Exhibit MB-3
show that under Scenario 1a, Intercoastal's proposed plan, *Intercoastal's rates will*

1 decrease from an impact of \$79.70 per month to an impact of \$58.87 per month by 2009
2 which is a reduction of approximately 26% and NUC has presented no evidence that its
3 rates will decrease in the future. Even if one accepts Ms. Swain's opinion that NUC's
4 rates will also decrease in the future as customers are added, it could not happen until the
5 utility exceeds 80% of capacity, the assumption under which its initial rates were
6 calculated. Also, NUC will never have the comparative economies of scale that
7 Intercoastal has in the form of its current customer base west of the Intracoastal
8 Waterway. This customer base will always give Intercoastal more customers than NUC
9 over which to spread its fixed costs, resulting in lower rates than can be achieved by NUC.

10 Therefore, when a rate impact comparison is performed for the 10,000 gallons per month
11 (the level of water usage that is more like what will occur in the requested service area)
12 the favorable impact of Intercoastal's rates over NUC's rates is very large. NUC's
13 proposed rates result in monthly water and sewer bills that are 6.37 % higher than
14 Intercoastal's using 10,000 gallons per month in 2002, 18.01% higher than
15 Intercoastal's in 2005 and 44.01% higher than Intercoastal's in 2009. Therefore, I
16 believe that the level of rates must be a significant factor in the Commission's decision in
17 these dockets.

18 Furthermore, if, as Ms. Swain opined, NUC will experience some level of reduction in
19 rates after the 80% of capacity level is reached, I submit that if that were true, she would
20 have prepared an analysis to support her opinion. It seems that the importance of these
21 proceedings to NUC would dictate that if an analysis could support such an opinion, it
22 would be worth doing. Therefore, without a supporting analysis, one must assume that
23 the initial NUC rates will not decrease, otherwise NUC would have substantiated such a
24 claim. Also, it must be considered that the initial NUC rates may in fact increase in the
25 future, which would be further reason for NUC to avoid presenting an analysis of future
rate impacts and to rely upon opinions unsupported by an analysis.

Q: Ms. Swain states that Intercoastal's rates simply mirror the rates that are currently in
effect under regulation by St. Johns County and that they do not include any pro forma
effect of expanding the system to serve west of the Intracoastal Waterway and that they
may not include the full rate making effect of water and wastewater plant expansions

1 which are in progress or have been recently completed. Are these statements correct?

2
3 A: No. It is very curious to me that Ms. Swain can make such claims if she read my
4 testimony because the essence of my testimony and Exhibit MB1 (replaced by Exhibit
5 MB2 in my Intervenor's Testimony) was a pro forma ten year analysis of the full rate
6 making effect upon Intercoastal's rates. This pro forma analysis clearly includes projected
7 units west of the Intracoastal Waterway (Figure 2 in Exhibits MB-1, MB-2 and MB-3)
8 and a ten year capital plan (Figure 11 in Exhibits MB-1, MB-2 and MB-3) to provide
9 service to those units. This analysis also clearly includes the recent wastewater system
10 improvements and a projected expansion to the water system east of the Intracoastal
11 Waterway (Figure 11 in Exhibits MB-1, MB-2 and MB-3).

12 This proforma projection, which presents the full effect of all aspects of rate making in
13 detail in the figures in Exhibits MB-1, MB-2 and MB-3, provides a much more detailed
14 projection of not only the specific costs to serve the requested service area than does
15 NUC's testimony, but also of the effects of those costs through a full rate effects analysis
16 for ten years, which was not provided at all in NUC's testimony to date.

17 Q: Ms. Swain states that your projections include an excessive level of CIAC resulting in an
18 artificially low projection of future rates due to the assumption that Intercoastal would
19 only invest in the backbone mains running along CR 210 and that the backbone
20 wastewater mains in Phase I appear to be inadequately sized. Do you agree with her
21 statements?

22 A: No. Mr. Forrester and Mr. Miller will address the issue of sizing of backbone wastewater
23 mains and the level of contributed lines to be expected from developers versus the utility's
24 expected investment in lines in their testimony. However, even if one accepted Ms.
25 Swain's contention regarding the level of CIAC, Scenario 2 in Exhibit MB-2 in my
Intervenor's Testimony and in Exhibit MB-3 submitted with this Rebuttal Testimony both
assume that Intercoastal simply adopts the capital plan proposed by NUC. I must assume
that NUC's capital plan includes the level of investment in mains and sizing of mains that
NUC feels would be appropriate. Even assuming implementation of NUC's capital plan
by Intercoastal, comparison of the results of Scenario 1 (Intercoastal's plan) with Scenario

1 2 (Intercoastal implementing NUC's plan) in Exhibits MB-2 in my Intervenor's Testimony
2 in Exhibit MB-3 submitted with this testimony shows that all of the advantages that
3 Intercoastal as the utility in the requested service area has over NUC, assuming
4 Intercoastal implemented its proposed capital plan, would exist even if Intercoastal
5 implemented NUC's proposed capital plan.

6 Q: Ms. Swain also stated that it appeared that developer contributed lines may have been
7 excluded from your projections of future CIAC as a percentage of future plant and that
8 your conclusion that Intercoastal's CIAC will remain within Commission guidelines is
9 suspect and cannot be verified. Do you agree?

10 A: No. This statement by Ms. Swain indicates that she either did not examine my
11 projections, does not understand the projections, or is trying to deliberately plant negative
12 seeds of doubt regarding my projections with her unfounded speculative "may have
13 excluded" statements. Developer lines are clearly included in my projections on Figure 7,
14 page 2 of 2, line 1 in Exhibits MB-2, MB-2 and MB-3. Figure 9, line 1 and 17 in Exhibits
15 MB-1, MB-2 and MB-3 shows that CIAC as a percentage of future plant is within
16 Commission guidelines throughout the projection period and this percentage calculation
17 includes total CIAC, including developer contributed lines, from Figure 7 in Exhibits MB-
18 1, MB-2 and MB-3.

19 Q: Can you summarize the financial implications of your rebuttal testimony?

20 A: Yes. Exhibit MB-3 revises Exhibit MB-2 to exclude Walden Chase from the projections.
21 I will summarize the effect of this change and other scenarios of financing evaluated based
22 upon two assumptions. The first assumption is that Intercoastal implements its proposed
23 capital plan. This assumption is embodied in Scenarios 1a and 1b in Exhibit MB-3. The
24 second assumption is that Intercoastal implements NUC's proposed capital plan with
25 wholesale service from the JEA. This assumption is embodied in Scenarios 2a and 2b in
Exhibit MB-3. The a and b versions of these scenarios assume that capital projects are
funded with a 100%/0% debt/equity ratio or a 60%/40% debt/equity ratio respectively.

Assume that Intercoastal Implements its Proposed Stand Alone Capital Plan

The results of this analysis are that, assuming Intercoastal's proposed capital plan and

1 100% debt financing, by 2009 the average monthly water and sewer bill of a single family
2 residential customer with 10,000 gallons per month of water usage is projected to be
3 \$58.87, whereas with Walden Chase included in the projections it was \$58.59. This is
4 shown in the chart and graph on page 14.

5 The results of assuming a plan of financing that includes 60% debt and 40% equity instead
6 of Intercoastal's proposed 100% debt financing are that by 2009 the average monthly
7 water and sewer bill of a single family residential customer with 10,000 gallons per month
8 of water usage is projected to be \$61.42, whereas with Intercoastal's proposed 100% debt
9 financing plan (adjusted to remove Walden Chase) it was \$58.87. This is also shown in
10 the chart and graph on page 14.

11 Finally, a comparison of Intercoastal's plan with 100% debt financing with NUC's
12 proposed rates shows that by 2005 NUC's rates will be approximately 18% higher than
13 Intercoastal's. Under this financing plan, if NUC's rates remain at the proposed levels
14 through 2009 (NUC has presented no projections of future rate reductions), they will
15 exceed Intercoastal's projected rates by approximately 44%. This is also shown in the
16 chart and graph on page 14.

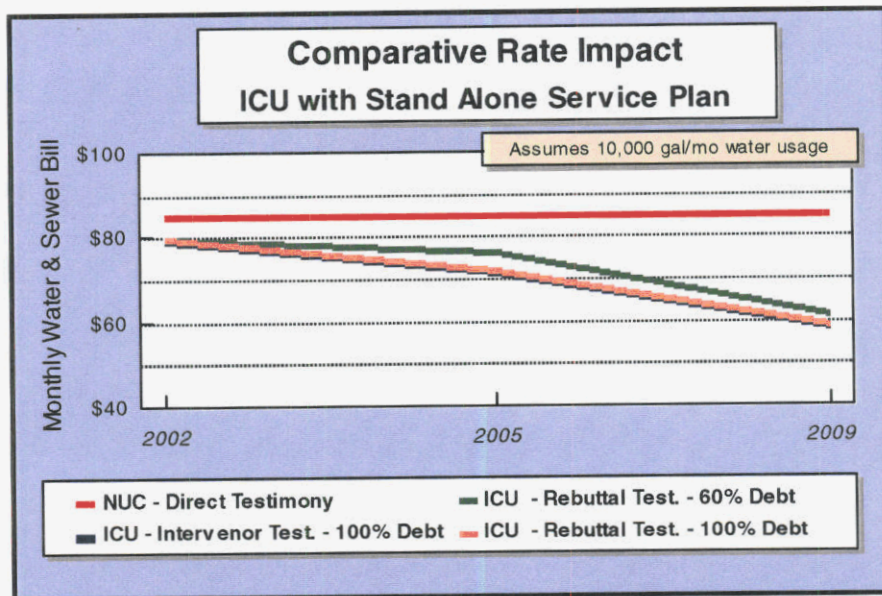
17 Comparing Intercoastal's plan with 60% debt and 40% equity financing with NUC's
18 proposed rates shows that by 2005 NUC's rates will be approximately 11% higher than
19 Intercoastal's. Under this financing plan, if NUC's rates remain at the proposed levels
20 through 2009 (NUC has presented no projections of future rate reductions), they will
21 exceed Intercoastal's projected rates by approximately 38%. This is also shown in the
22 chart and graph on page 14.
23
24
25

Assume that Intercoastal Implements its Proposed Stand Alone Capital Plan

Description	Monthly Water and Sewer Bill with 10,000 gal/Mo Usage					
	Intercoastal's Financing Plan			Nocatee's Financing Plan		
	100% Debt, 0% Equity			60% Debt, 40% Equity		
	2002	2005	2009	2002	2005	2009
Intercoastal - Assumes Proposed Stand Alone Service Plan:						
Intervenor Testimony	\$79.70	\$71.71	\$58.59	NA	NA	NA
Rebuttal Testimony (1)	\$79.70	\$71.84	\$58.87	\$79.70	\$76.12	\$61.42
NUC Direct Testimony - Assumed 60% debt financing (2)	\$84.78	\$84.78	\$84.78	\$84.78	\$84.78	\$84.78
Amount that NUC rates are higher than Intercoastal's	\$5.08	\$12.94	\$25.91	\$5.08	\$8.66	\$23.36
Percentage that NUC rates are higher than Intercoastal's	6.37%	18.01%	44.01%	6.37%	11.38%	38.03%

(1) Revised to remove Walden Chase

(2) NUC did not project any adjustments to their initial rates.



1 Assume that Intercoastal Implements NUC's Proposed Capital Plan with Wholesale
2 Service from the JEA

3 The results of this analysis are that, assuming Intercoastal implements NUC's proposed
4 capital plan with wholesale service from the JEA and 100% debt financing, by 2005 (the
5 last year of NUC's projected capital plan) the average monthly water and sewer bill of a
6 single family residential customer with 10,000 gallons per month of water usage is
7 projected to be \$64.31, whereas with Walden Chase included in the projections it was
 \$62.52. This is shown in the chart and graph on page 16.

8 The results of assuming a plan of financing that includes 60% debt and 40% equity instead
9 of Intercoastal's proposed 100% debt financing are that by 2005 the average monthly
10 water and sewer bill of a single family residential customer with 10,000 gallons per month
11 of water usage is projected to be \$64.62, whereas with Intercoastal's proposed 100% debt
12 financing plan (adjusted to remove Walden Chase) it was \$64.31. This is also shown in
 the chart and graph on page 16.

13 Finally, a comparison of Intercoastal's plan *with 100% debt financing with NUC's*
14 *proposed rates shows that by 2005 NUC's rates will be approximately 32% higher than*
15 *Intercoastal's.* This is also shown in the chart and graph on page 16.

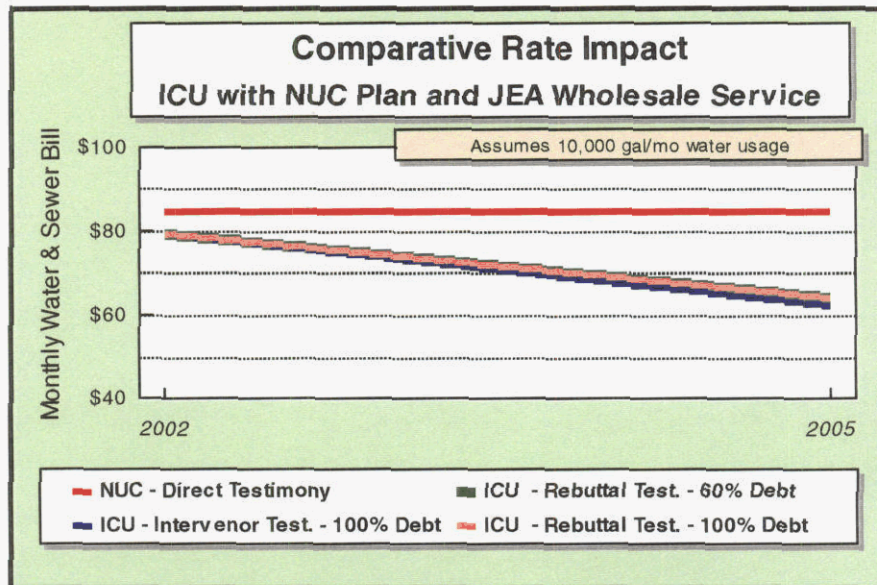
16 Comparing Intercoastal's plan *with 60% debt and 40% equity financing with NUC's*
17 *proposed rates shows that by 2005 NUC's rates will be approximately 31% higher than*
18 *Intercoastal's.* This is also shown in the chart and graph on page 16.

Assume that Intercoastal Implements NUC's Proposed Capital Plan with Wholesale Service from the JEA

Description	Monthly Water and Sewer Bill with 10,000 gal/Mo Usage					
	Intercoastal's Financing Plan			Nocatee's Financing Plan		
	100% Debt, 0% Equity			60% Debt, 40% Equity		
	2002	2005	2009	2002	2005	2009
Intercoastal - Assumes NUC Proposed Service Plan with JEA Wholesale Service:						
Intervenor Testimony	\$79.70	\$62.52	NA	NA	NA	NA
Rebuttal Testimony (1)	\$79.70	\$64.31	NA	\$79.70	\$64.62	NA
NUC Direct Testimony - Assumed 60% debt financing (2)						
	\$84.78	\$84.78	NA	\$84.78	\$84.78	NA
Amount that NUC rates are higher than Intercoastal's	\$5.08	\$20.47	NA	\$5.08	\$20.16	NA
Percentage that NUC rates are higher than Intercoastal's	6.37%	31.83%	NA	6.37%	31.20%	NA

(1) Revised to remove Walden Chase

(2) NUC did not project any adjustments to their initial rates.



1 Q: Is there one simple statement that you can make or aspect of your analysis that you can
2 highlight that will bring into sharp focus how and why Intercoastal is a better choice that
3 NUC to serve the requested service area?

4 A: Yes. To compare, it is best to compare "apples to apples" as the saying goes. When you
5 make the adjustments to produce as close to an apples to apples comparison as possible of
6 Intercoastal's and NUC's proposals, you get Scenario 2b in Exhibit MB-3. This scenario
7 assumes that Intercoastal will implement NUC's capital plan with wholesale JEA service
8 and that it will finance the capital plan with 40% equity and 60% debt. This adjusts
9 Intercoastal's proposal in response to the major objections of NUC, that being
10 Intercoastal's capital plan and funding that plan with debt by simply incorporating NUC's
11 preferences as to how to accomplish these items in Intercoastal's plan.

12 The results of this comparative analysis are profoundly in favor of Intercoastal. The chart
13 on page 16 shows the summary results of this comparative analysis and the detail is
14 presented as Scenario 2b in Exhibit MB-3. These analyses show that, if Intercoastal
15 "stands in NUC's shoes" with regard to its capital plan and debt/equity finding ratio,
16 Intercoastal's rates are projected to be approximately 31% lower than NUC's rates by
17 2005.

18 Also, If NUC had provided a ten year capital plan, we could extend this analysis through
19 2009 and I expect that the difference would get larger. Furthermore, NUC will not reach
20 80% of capacity (the level at which their proposed rates were calculated) until at least
21 2005, so no NUC rate reductions would be possible until then. And when NUC gets to
22 that point, more capital will be needed, and always, because of Intercoastal's current and
23 future customers in its existing service area, NUC will have fewer customers than
24 Intercoastal over which to spread its fixed costs causing it to always have proportionately
25 higher rates than Intercoastal would have.

26 B: Does this conclude your testimony?

27 A: Yes.

INTERCOASTAL UTILITIES, INC.

**APPLICATION FOR SERVICE
AREA EXTENSION**

Financial Analysis - 2nd Revision

Presented to

INTERCOASTAL UTILITIES, INC.

June 2, 2000



Presented by

Burton & Associates, Inc.
Specialists In Water Resources Economics

June 2, 2000

**BURTON &
ASSOCIATES**

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

Re: Application for Service Area Extension - Financial Analysis - 2nd Revision

Dear Mr. Forrester:

Enclosed you will the 2nd Revision of the Final Report of the above referenced revised analysis. This report will support my rebuttal 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 and intervenor testimony filed by Nocatee Utility Corporation's (NUC) witnesses that was not available when my intervenor 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 dated December, 1999.

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

Very truly yours,



Michael E. Burton
President

MEB/cs
Enclosures

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

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

A. Objective

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

B. Scope

This analysis includes examination of the expected impact upon water, wastewater and reclaimed water rates of Intercoastal continuing to serve its current service area plus projected development in an extended service area west of the Intracoastal Waterway to include portions of St. Johns County plus the projected development in Nocatee in Duval County. 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 direct and intervenor 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 analyses presented herein in Scenarios 1a and 1b analyze 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 assuming funding of capital projects with 100% debt and 0% equity in Scenario 1a and with 60% debt and 40% equity in Scenario 1b. The analyses presented herein as Scenarios 2a and 2b analyze 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 prefiled testimony assuming funding of capital projects with 100% debt and 0% equity in Scenario 2a and with 60% debt and 40% equity in Scenario 2b.

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 an assumed water usage for a single family customer. It is reasonable to assume that the development that will occur in Nocatee will likely be similar to the development in the western portion of Intercoastal's service area, which is single family homes with year round occupancy. The homes pictured below are all in the western portion of Intercoastal's current service area, are similar to the homes in Sawmill Lakes and at least one of the homes pictured is in Sawmill Lakes. Therefore, in order to determine a reasonable assumption for water usage in the requested service area, I reviewed an analysis of water usage for the Sawmill Lakes subdivision, which is a subdivision in the western portion of Intercoastal's current service area along CR 210.

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



This water usage analysis shows that the average monthly water usage for this subdivision for the three months ending 1/31/2000 was 18,590 gallons per month per home. It is important to note that these three months are historically the lowest months of usage throughout the year. Therefore, I believe that this level of water usage is a conservative indicator of what might be expected in the requested service area. However, we choose to use only 10,000 gallons per month in our customer impact analysis to be doubly conservative.

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 will 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 usage of 10,000 gallons per month per single family residential customer were used in accordance with the discussion in the previous section. The subsections on the following pages present the results of this analysis.

1. Scenarios 1a and 1b - 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. Scenario 1a assumes 100% debt and 0% equity financing and Scenario 1b assumes 60% debt and 40% equity financing. Supporting schedules and analyses for this scenario are presented in Scenarios 1a and 1b in the Appendix.

The chart on page 6 shows that, assuming Intercoastal's proposed capital plan and 100% debt financing, by 2009 the average monthly water and sewer bill of a single family residential customer with 10,000 gallons per month of water usage is projected to be \$58.87, whereas with Walden Chase included in the projections in my Intervenor's Testimony, it was \$58.59.

The results of assuming a plan of financing that includes 60% debt and 40% equity instead of Intercoastal's proposed 100% debt financing are that by 2009 the average monthly water and sewer bill of a single family residential customer with 10,000 gallons per month of water usage is projected to be \$61.42, whereas with Intercoastal's proposed 100% debt financing plan (adjusted to remove Walden Chase) it was \$58.87. This is also shown in the chart and graph on page 6.

Finally, a comparison of Intercoastal's plan with 100% debt financing with NUC's proposed rates shows that by 2005 NUC's rates will be approximately 18% higher than Intercoastal's. Under this financing plan, if NUC's rates remain at the proposed levels through 2009 (NUC has presented no projections of future rate reductions), they will exceed Intercoastal's projected rates by approximately 44%. This is also shown in the chart and graph on page 6.

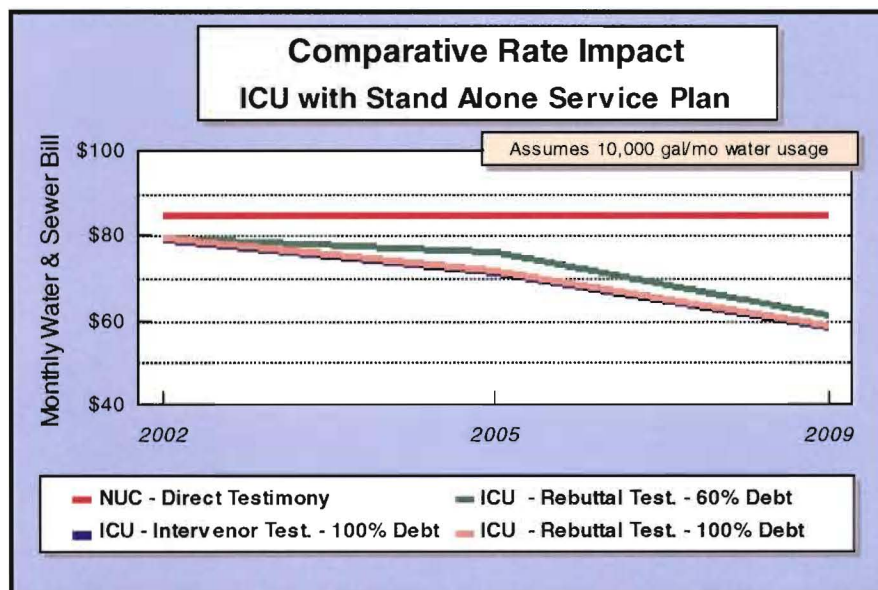
Comparing Intercoastal's plan with 60% debt and 40% equity financing with NUC's proposed rates shows that by 2005 NUC's rates will be approximately 11% higher than Intercoastal's. Under this financing plan, if NUC's rates remain at the proposed levels through 2009 (NUC has presented no projections of future rate reductions), they will exceed Intercoastal's projected rates by approximately 38%. This is also shown in the chart and graph on page 6.

Description	Monthly Water and Sewer Bill with 10,000 gal/Mo Usage					
	Intercoastal's Financing Plan			Nocatee's Financing Plan		
	100% Debt, 0% Equity			60% Debt, 40% Equity		
	2002	2005	2009	2002	2005	2009
Intercoastal - Assumes Proposed Stand Alone Service Plan:						
Intervenor Testimony	\$79.70	\$71.71	\$58.59	NA	NA	NA
Rebuttal Testimony (1)	\$79.70	\$71.84	\$58.87	\$79.70	\$76.12	\$61.42
NUC Direct Testimony - Assumed 60% debt financing (2)	\$84.78	\$84.78	\$84.78	\$84.78	\$84.78	\$84.78
Amount that NUC rates are higher than Intercoastal's	\$5.08	\$12.94	\$25.91	\$5.08	\$8.66	\$23.36
Percentage that NUC rates are higher than Intercoastal's	6.37%	18.01%	44.01%	6.37%	11.38%	38.03%

(1) Revised to remove Walden Chase

(2) NUC did not project any adjustments to their initial rates.

A graphical representation of this chart follows:



2. Scenarios 2a and 2b - 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. Scenario 2a assumes 100% debt and 0% equity financing and Scenario 2b assumes 60% debt and 40% equity financing. Supporting schedules and analyses for this scenario are presented in Scenarios 2a and 2b in the Appendix.

The chart on page 8 shows that, assuming Intercoastal implements NUC's proposed capital plan with wholesale service from the JEA and 100% debt financing, by 2005 (the last year of NUC's projected capital plan) the average monthly water and sewer bill of a single family residential customer with 10,000 gallons per month of water usage is projected to be \$64.31, whereas with Walden Chase included in the projections in my Intervenor's Testimony it was \$62.52. This is shown in the chart and graph on page 8.

The results of assuming a plan of financing that includes 60% debt and 40% equity instead of Intercoastal's proposed 100% debt financing are that by 2005 the average monthly water and sewer bill of a single family residential customer with 10,000 gallons per month of water usage is projected to be \$64.62, whereas with Intercoastal's proposed 100% debt financing plan (adjusted to remove Walden Chase) it was \$64.31. This is also shown in the chart and graph on page 8.

Finally, a comparison of Intercoastal's plan *with 100% debt financing with NUC's proposed rates shows that by 2005 NUC's rates will be approximately 32% higher than Intercoastal's*. This is also shown in the chart and graph on page 8.

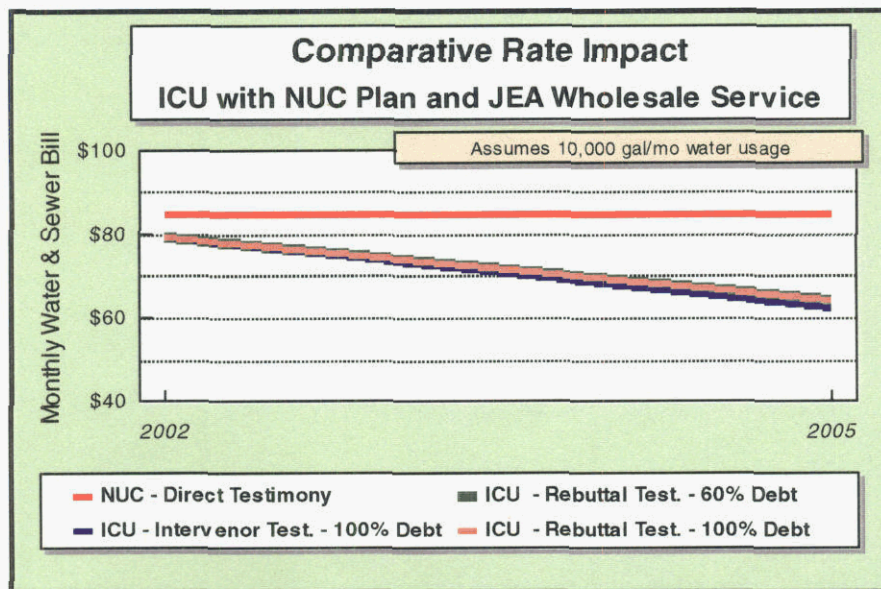
Comparing Intercoastal's plan *with 60% debt and 40% equity financing with NUC's proposed rates shows that by 2005 NUC's rates will be approximately 31% higher than Intercoastal's*. This is also shown in the chart and graph on page 8.

Description	Monthly Water and Sewer Bill with 10,000 gal/Mo Usage					
	Intercoastal's Financing Plan			Nocatee's Financing Plan		
	100% Debt, 0% Equity			60% Debt, 40% Equity		
	2002	2005	2009	2002	2005	2009
Intercoastal - Assumes NUC Proposed Service Plan with JEA Wholesale Service:						
Intervenor Testimony	\$79.70	\$62.52	NA	NA	NA	NA
Rebuttal Testimony (1)	\$79.70	\$64.31	NA	\$79.70	\$64.62	NA
NUC Direct Testimony - Assumed 60% debt financing (2)						
	\$84.78	\$84.78	NA	\$84.78	\$84.78	NA
Amount that NUC rates are higher than Intercoastal's	\$5.08	\$20.47	NA	\$5.08	\$20.16	NA
Percentage that NUC rates are higher than Intercoastal's	6.37%	31.83%	NA	6.37%	31.20%	NA

(1) Revised to remove Walden Chase

(2) NUC did not project any adjustments to their initial rates.

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 3,200 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 3,200 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. 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, assuming 100% debt and 0% equity financing, the cost per ERC for reclaimed water would be \$15.48 in 2002, \$15.48 in 2003, \$14.30 in 2004, \$12.85 in 2005 and \$11.61 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 4.7% higher), will decrease through 2009 to the point that it is 21.4% lower than NUC 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 3a in the Appendix.

Assuming 60% debt and 40% equity financing, the cost per ERC for reclaimed water would be \$15.48 in 2002, \$15.48 in 2003, \$15.48 in 2004, \$14.85 in 2005 and \$13.17 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 4.7% higher), will decrease through 2009 to the point that it is 10.9% lower than NUC as economies of scale are realized by growth in reclaimed water customers. In fact, as with Scenario 3a, 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 3b in the Appendix.

As with the water and sewer rates evaluated in Scenarios 1 and 2, this analysis also demonstrates that Intercoastal's proposed plan to use 100% debt financing will result in slightly lower reclaimed water rates than will financing with 60% debt and 40% equity.

Also, it is important to realize that NUC will not enjoy the same benefit of economies of scale from growth regarding reclaimed water 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 10% by 2005 and by as much as 26% by 2009 if it implements its proposed plan. Also, it may be possible to reduce rates by as much as 19% by 2005 if Intercoastal were to implement NUC's proposed plan with wholesale service from the JEA. Further reductions may be possible under this plan, however NUC's plan did not project beyond 2005.

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 3,200 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 eighteen (18) figures, titled Figure 1 through Figure 18. 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. 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 Number	Title
Figure 1	Summary
Figure 2	Assumptions
Figure 3	Pro-Forma Income Projections - Water System
Figure 4	Pro-Forma Income Projections - Sewer System
Figure 5	Depreciation Schedule - Water
Figure 6	Depreciation Schedule - Sewer
Figure 7	Contributions in Aid of Construction (CIAC) - Water
Figure 8	Contributions in Aid of Construction (CIAC) - Sewer
Figure 9	Rate Base
Figure 10	Utility Plant in Service - Water & Sewer
Figure 11	Capital Improvements Program
Figure 12	Not Used
Figure 13	Used and Useful
Figure 14	Weighted Cost of Capital Analysis
Figure 15	Graphs of Key Indicators - Water System
Figure 16	Graphs of Key Indicators - Sewer System
Figure 17	Graphs of Key Indicators - Water and Sewer System
Figure 18	Cash Flow Projections - Total Water and Sewer System

Appendix 1

Scenario 1a
Intercoastal as a "Stand Alone" Utility
100% Debt and 0% Equity Financing

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. It assumes that capital projects will be funded with 100% debt and 0% equity financing.

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Figure 18	Cash Flow Projections - Total Water and Sewer System

Figure 1

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
SUMMARY**

Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

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%	1.4%
Achieved Return	12.47%	4.32%	4.77%	-0.01%	0.35%	1.83%	3.42%	5.17%	3.90%	5.26%	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	\$16.03
Achieved Return (Millions)	\$0.116	\$0.064	\$0.070	(\$0.000)	\$0.012	\$0.061	\$0.113	\$0.169	\$0.160	\$0.191	\$0.234
Allowed Return (Millions)	\$0.112	\$0.106	\$0.104	\$0.216	\$0.221	\$0.223	\$0.222	\$0.219	\$0.272	\$0.241	\$0.234
Rate Base (Millions)	\$0.934	\$1.486	\$1.460	\$3.222	\$3.286	\$3.317	\$3.310	\$3.263	\$4.102	\$3.632	\$3.526
Sewer											
Rate Plan	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-12.3%	-12.2%	0.0%	-7.8%	-5.6%
Achieved Return	7.13%	2.96%	6.21%	1.50%	3.53%	7.78%	7.89%	7.30%	6.97%	7.09%	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	\$56.03	\$49.20	\$49.20	\$45.36	\$42.84
Achieved Return (Millions)	\$0.355	\$0.144	\$0.275	\$0.167	\$0.384	\$0.793	\$0.719	\$0.585	\$0.865	\$0.755	\$0.677
Allowed Return (Millions)	\$0.600	\$0.345	\$0.315	\$0.747	\$0.729	\$0.685	\$0.612	\$0.538	\$0.823	\$0.706	\$0.677
Rate Base (Millions)	\$4.979	\$4.852	\$4.434	\$11.125	\$10.857	\$10.193	\$9.115	\$8.014	\$12.414	\$10.657	\$10.222
Water & Sewer											
Rate Effect	NA	0.0%	0.0%	0.0%	0.0%	0.0%	-9.9%	-9.5%	0.0%	-5.9%	-3.8%
Achieved Return	7.97%	3.28%	5.85%	1.16%	2.80%	6.32%	6.70%	6.68%	6.20%	6.62%	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	\$71.84	\$65.01	\$65.01	\$61.17	\$58.87
Achieved Return (Millions)	\$0.471	\$0.208	\$0.345	\$0.167	\$0.395	\$0.854	\$0.832	\$0.754	\$1.025	\$0.946	\$0.911
Allowed Return (Millions)	\$0.712	\$0.450	\$0.419	\$0.964	\$0.950	\$0.907	\$0.834	\$0.757	\$1.095	\$0.947	\$0.911
Rate Base (Millions)	\$5.913	\$6.338	\$5.894	\$14.346	\$14.144	\$13.510	\$12.425	\$11.277	\$16.517	\$14.289	\$13.748

SOURCE: BURTON & ASSOCIATES
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06/01/2000

Figure 2

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
ASSUMPTIONS**

Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

Assumptions	Actual 1998	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	10,571	10,571	18,286	18,286	18,286	18,286	18,286	22,000	22,000
2 Additional Capacity in ERC's	0	5,514	0	5,714	0	0	0	0	5,714	0	0
3 Total Capacity	5,057	10,571	10,571	18,286	18,286	18,286	18,286	18,286	22,000	22,000	22,000
4 GPD = 1 ERC	350	350	350	350	350	350	350	350	350	350	350
5 Connected ERC's	5,506	5,506	5,763	6,043	6,779	7,542	8,335	9,160	10,024	11,143	11,782
6 Additional Connected ERC's											
7 Walden Chase	0	0	0	0	0	0	0	0	0	0	0
8 Marsh Harbour	0	0	0	14	14	14	14	14	14	14	0
9 Nocatee	0	0	0	416	416	416	416	416	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	257	280	736	763	783	828	863	1,119	649	635
12 Total Connected ERC's	5,506	5,763	6,043	6,779	7,542	8,335	9,160	10,024	11,143	11,782	12,427
13 Percent Growth in Connected ERC's	0.00%	4.67%	4.89%	12.17%	11.26%	10.51%	9.91%	9.42%	11.16%	5.82%	5.39%
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%
15 Effective Multiplier for Growth	0.00%	1.17%	1.22%	3.04%	2.81%	2.63%	2.48%	2.35%	2.70%	1.48%	1.35%
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%
17 Growth and Inflationary Multiplier	1.50%	2.67%	2.72%	4.54%	4.31%	4.13%	3.98%	3.86%	4.29%	2.98%	2.85%
Sewer											
18 Capacity in ERC's	2,557	5,357	5,357	5,357	8,929	8,929	8,929	8,929	8,929	12,500	12,500
19 Additional Capacity in ERC's	2,500	0	0	3,571	0	0	0	0	3,571	0	0
20 Total Capacity	5,357	5,357	5,357	8,929	8,929	8,929	8,929	8,929	12,500	12,500	12,500
21 GPD = 1 ERC	280	280	280	280	280	280	280	280	280	280	280
22 Connected ERC's	2,857	2,857	3,114	3,395	4,152	4,937	5,752	6,600	7,486	8,642	9,328
23 Additional Connected ERC's											
24 Walden Chase	0	0	0	0	0	0	0	0	0	0	0
25 Marsh Harbour	0	0	0	14	14	14	14	14	14	14	0
26 Nocatee	0	0	0	438	438	438	438	441	672	672	672
27 East Svc Area	0	257	280	306	333	363	396	431	470	0	0
28 Total Additional Connected ERC's	0	257	280	758	765	783	848	886	1,158	686	672
29 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
30 Total Used & Useful ERC's	5,357	5,357	5,357	6,000	6,281	6,713	7,185	7,620	8,308	8,992	9,664
31 Percent Growth in Connected ERC's	0.00%	9.00%	9.00%	22.32%	18.91%	16.51%	14.74%	13.43%	15.44%	7.94%	7.20%
32 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%
33 Effective Multiplier for Growth	0.00%	2.25%	2.25%	5.58%	4.73%	4.13%	3.68%	3.35%	3.89%	1.98%	1.80%
34 Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
35 Growth and Inflationary Multiplier	1.50%	3.75%	3.75%	7.08%	6.23%	5.63%	5.18%	4.86%	5.39%	3.48%	3.30%
New Debt Assumptions											
37 Term	20										
38 Issuance Costs	1.50%										
39 Interest Rate	6.50%										
O&M Reserves											
42 Water											
43 Minimum Reserves Level	1.5	12.50%									
44 Sewer											
45 Minimum Reserves Level	1.5	12.50%									
Rates & Charges											
47 Current Service Availability Charge	\$234	\$625									

SOURCE: BURTON & ASSOCIATES
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05/31/2000

Figure 3

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

Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

	Actual 1999	Projected 2000	Projected 2001	Projected 2002	Projected 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009
Water											
Revenues:											
Rate Revenue:											
Rate Revenue	\$686,541	\$686,541	\$1,034,711	\$1,068,038	\$1,217,086	\$1,364,082	\$1,486,478	\$1,644,713	\$1,768,708	\$2,000,838	\$2,117,183
Growth Percentage	NA	4.87%	4.86%	12.17%	11.36%	10.51%	8.91%	8.42%	11.18%	8.82%	5.36%
Rate Revenue from Growth	0	46,170	80,325	132,060	136,987	142,378	148,343	164,986	200,827	118,827	114,013
Rate Revenue Prior to Rate Adjustment	\$686,541	\$1,034,711	\$1,068,038	\$1,217,086	\$1,364,082	\$1,486,478	\$1,644,713	\$1,768,708	\$2,000,838	\$2,117,183	\$2,231,178
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%
Rate Revenue from Rate Adjustment	0	0	0	0	0	0	0	0	0	0	31,308
Total Rate Revenue	\$686,541	\$1,034,711	\$1,068,038	\$1,217,086	\$1,364,082	\$1,486,478	\$1,644,713	\$1,768,708	\$2,000,838	\$2,117,183	\$2,262,486
Other Revenue:											
Misc. Revenue	\$1,238	\$1,296	\$1,268	\$1,824	\$1,898	\$1,874	\$2,080	\$2,254	\$2,505	\$2,861	\$2,784
Other Revenue	0	0	0	0	0	0	0	0	0	0	0
Total Other Revenue	\$1,238	\$1,296	\$1,268	\$1,824	\$1,898	\$1,874	\$2,080	\$2,254	\$2,505	\$2,861	\$2,784
Total Revenues	\$687,779	\$1,036,007	\$1,069,306	\$1,218,910	\$1,365,980	\$1,488,352	\$1,646,793	\$1,801,002	\$2,003,343	\$2,119,944	\$2,265,270
Expenses:											
Additional O&M - Western Svc Area	80	80	80	\$68,348	\$100,720	\$137,804	\$176,488	\$216,823	\$226,288	\$384,378	\$444,138
Operating Expenses- Eastern Svc Area	\$748,138	\$770,680	\$784,086	\$830,188	\$886,371	\$981,724	\$937,582	\$973,736	\$1,018,518	\$1,046,338	\$1,075,298
Rate Case Expense	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Franchise Fee- PSC	0	48,882	48,827	54,788	60,834	67,341	74,612	80,887	86,272	96,272	101,812
Depreciation (U & U Amt Only)	182,803	131,507	158,484	173,823	228,318	246,148	271,037	284,144	286,144	288,144	288,187
Amort of CIAC (U & U Amt Only)	(143,313)	(88,603)	(87,734)	(88,874)	(87,838)	(108,883)	(118,681)	(127,188)	(112,278)	(88,288)	(103,364)
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
Total Expenses	\$767,118	\$885,318	\$988,321	\$1,038,988	\$1,182,988	\$1,263,818	\$1,347,112	\$1,443,381	\$1,503,348	\$1,586,328	\$1,701,783
Operating Income	\$197,668	\$150,689	\$177,075	\$178,813	\$182,788	\$224,534	\$299,681	\$357,621	\$499,795	\$533,616	\$473,518
Non Operating Income (Expenses):											
Non Oper Rev	80	80	80	80	80	80	80	80	80	80	80
Taxes Other Than Income:											
Intangible Tax	0	0	0	0	0	0	0	0	0	0	0
Other Taxes & Licenses	(488)	(882)	(886)	(1,083)	(1,108)	(1,122)	(1,138)	(1,160)	(1,483)	(1,486)	(1,486)
Property Taxes:	(80,864)	(107,888)	(108,848)	(177,747)	(178,823)	(182,434)	(186,310)	(188,807)	(237,844)	(238,187)	(238,288)
Total Non Operating Expenses	(81,244)	(108,688)	(109,748)	(178,747)	(179,941)	(183,376)	(188,222)	(190,887)	(238,844)	(239,667)	(239,688)
Net Income	\$116,424	\$41,801	\$67,327	\$178,066	\$182,788	\$241,158	\$311,459	\$366,734	\$560,951	\$593,949	\$233,830
Taxable Income (See worksheet for taxable income below)	\$116,424	\$41,801	\$67,327	\$178,066	\$182,788	\$241,158	\$311,459	\$366,734	\$560,951	\$593,949	\$233,830
Income Taxes:											
State 8.50%	0	0	0	0	0	0	0	0	0	0	0
Federal 34.00%	0	0	0	0	0	0	0	0	0	0	0
Total Income Taxes	0	0	0	0	0	0	0	0	0	0	0
Net After Tax Income	\$116,424	\$41,801	\$67,327	\$178,066	\$182,788	\$241,158	\$311,459	\$366,734	\$560,951	\$593,949	\$233,830
Rate Base	\$833,843	\$1,486,332	\$1,480,225	\$3,221,817	\$3,288,197	\$3,316,822	\$3,308,748	\$3,263,413	\$4,102,486	\$3,832,458	\$3,828,802
Rate of Return Achieved	12.47%	4.32%	4.77%	-0.81%	0.35%	1.83%	3.42%	5.17%	3.80%	5.26%	6.82%
Allowed Return	12.04%	7.10%	7.10%	6.72%	6.72%	6.72%	6.71%	6.71%	6.83%	6.83%	6.82%
Allowed Return Amount	\$112,447	\$106,864	\$103,888	\$218,484	\$220,767	\$222,728	\$222,183	\$218,972	\$272,101	\$240,775	\$233,831
Worksheet for Taxable Income:											
Interest Expense - Total	\$403,886	\$404,884	\$404,880	\$1,408,888	\$1,388,363	\$1,334,831	\$1,279,468	\$1,230,960	\$1,777,878	\$1,707,110	\$1,831,404
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%
Allocated Interest Expense - Water	181,778	182,198	182,236	633,991	618,188	599,174	576,758	553,938	800,595	768,250	834,132
Restatement of Net Income Before Income Tax	\$116,424	\$41,801	\$67,327	(5182)	\$11,802	\$80,803	\$113,838	\$188,838	\$188,188	\$181,002	\$233,831
LESS: Interest Expense - Water	181,778	182,198	182,236	633,991	618,188	599,174	576,758	553,938	800,595	768,250	834,132
Taxable Income - Water (2)	0	0	0	0	0	0	0	0	0	0	0

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

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

SOURCE: BURTON & ASSOCIATES
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05/31/2000

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

Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

	Actual 1999	Projected 2000	Projected 2001	Projected 2002	Projected 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009
Sewer											
Revenues											
Rate Revenue	\$1,987,770	\$1,987,770	\$2,177,570	\$2,373,861	\$2,903,218	\$3,482,110	\$4,021,968	\$4,047,048	\$4,030,470	\$4,862,901	\$4,830,510
Growth Percentage	NA	0.00%	9.00%	22.52%	18.51%	16.51%	14.74%	13.43%	16.44%	7.94%	7.50%
Rate Revenue from Growth	0	179,789	198,961	629,867	548,883	609,849	662,891	643,468	822,430	309,346	333,586
Rate Revenue Prior to Rate Adjustment	\$1,987,770	\$2,177,570	\$2,373,861	\$2,903,218	\$3,482,110	\$4,021,968	\$4,047,048	\$4,030,470	\$4,862,901	\$4,830,510	\$4,830,510
Percentage Rate Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-12.50%	-12.50%	0.00%	-7.80%	-6.66%
Rate Revenue from Rate Adjustment	0	0	0	0	0	0	(667,802)	(660,043)	0	(391,735)	(276,880)
Total Rate Revenue	\$1,987,770	\$2,177,570	\$2,373,861	\$2,903,218	\$3,482,110	\$4,021,968	\$4,047,048	\$4,030,470	\$4,862,901	\$4,830,510	\$4,830,510
Other Revenues											
Misc. Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Revenue	0	0	0	0	0	0	0	0	0	0	0
Total Other Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$1,987,770	\$2,177,570	\$2,373,861	\$2,903,218	\$3,482,110	\$4,021,968	\$4,047,048	\$4,030,470	\$4,862,901	\$4,830,510	\$4,830,510
Expenses											
Additional O&M - Western Svs Area	\$0	\$0	\$0	\$279,871	\$301,828	\$323,921	\$346,886	\$368,037	\$403,878	\$424,608	\$446,466
Operating Expense- Eastern Svs Area	\$1,186,118	\$1,462,462	\$1,561,016	\$1,890,810	\$1,764,221	\$1,863,491	\$1,890,096	\$2,068,901	\$2,166,461	\$2,240,937	\$2,314,911
Rate Case Expense	\$8,908	\$8,908	\$8,908	\$8,908	\$2,247	NA	NA	NA	NA	NA	NA
Franchise Fee- P&C	0	\$7,991	106,818	130,848	155,346	180,988	182,117	181,371	208,381	208,373	210,878
Depreciation (U & U Ant Only)	436,254	\$19,278	\$27,814	\$46,640	\$46,640	\$78,258	\$80,042	\$82,161	\$86,727	\$86,427	\$86,078
Amort of C&G (U & U Ant Only)	(262,146)	(271,650)	(263,298)	(269,021)	(310,134)	(323,644)	(328,109)	(329,023)	(329,100)	(277,802)	(282,336)
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
Total Expenses	\$1,432,471	\$1,801,128	\$1,965,291	\$2,401,583	\$2,115,908	\$2,328,268	\$2,448,284	\$2,544,060	\$2,641,517	\$2,487,998	\$2,530,376
Operating Income	\$555,299	\$376,442	\$408,570	\$491,635	\$1,366,202	\$1,693,700	\$1,598,764	\$1,486,410	\$1,221,384	\$1,132,512	\$1,088,031
Non Operating Income (Expenses):											
Non Oper Rev	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Other Than Income:											
Intangible Tax	0	0	0	0	0	0	0	0	0	0	0
Other Taxes & Licenses	(76)	(77)	(77)	(141)	(146)	(151)	(160)	(162)	(215)	(218)	(220)
Property Taxes:	(128,726)	(132,866)	(132,966)	(244,264)	(262,344)	(281,117)	(270,832)	(281,026)	(372,719)	(376,904)	(380,778)
Total Non Operating Expenses	(\$128,802)	(\$132,943)	(\$133,043)	(\$244,305)	(\$262,490)	(\$281,268)	(\$270,992)	(\$281,188)	(\$372,933)	(\$377,121)	(\$380,998)
Net Income	\$426,497	\$243,499	\$275,527	\$247,330	\$1,043,712	\$1,412,432	\$1,327,772	\$1,205,222	\$848,451	\$755,391	\$677,033
Taxable Income (See worksheet for taxable income below)	\$213,213	\$0	\$0	\$0	\$0	\$102,768	\$24,274	\$0	\$0	\$0	\$0
Income Taxes:											
8.50%	11,760	0	0	0	0	8,652	1,336	0	0	0	0
34.00%	68,698	0	0	0	0	33,019	7,799	0	0	0	0
Total Income Taxes	\$80,458	\$0	\$0	\$0	\$0	\$41,671	\$9,135	\$0	\$0	\$0	\$0
Net After Tax Income	\$346,041	\$243,499	\$275,527	\$247,330	\$1,043,712	\$1,370,761	\$1,218,637	\$1,205,222	\$848,451	\$755,391	\$677,033
Rate Base	\$4,979,232	\$4,862,112	\$4,433,863	\$11,124,868	\$10,867,261	\$10,183,182	\$9,115,290	\$8,013,879	\$12,414,189	\$10,868,624	\$10,221,709
Rate of Return Achieved	7.13%	2.99%	6.21%	1.50%	3.53%	7.78%	7.89%	7.30%	6.97%	7.00%	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%
Allowed Return Amount	\$600,800	\$344,879	\$314,842	\$747,496	\$729,384	\$684,828	\$611,908	\$537,724	\$823,381	\$708,362	\$677,033
Worksheet for Taxable Income											
Interest Expense - Total	\$403,088	\$804,884	\$894,080	\$1,408,866	\$1,398,263	\$1,324,831	\$1,279,468	\$1,230,860	\$1,777,879	\$1,707,110	\$1,631,404
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%
Allocated Interest Expense - Sewer	\$221,698	\$442,686	\$491,744	\$774,877	\$769,066	\$728,657	\$703,702	\$676,473	\$977,888	\$938,911	\$897,272
Restatement of Net Income Before Income Tax	\$436,498	\$143,780	\$275,527	\$168,830	\$343,714	\$431,426	\$727,878	\$685,183	\$864,640	\$755,393	\$677,033
LESS: Interest Expense - Sewer	\$221,698	\$442,686	\$491,744	\$774,877	\$769,066	\$728,657	\$703,702	\$677,223	\$977,888	\$938,911	\$897,272
Taxable Income - Sewer (2)	\$214,800	\$0	\$0	\$0	\$0	\$102,768	\$24,176	\$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 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

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	1986	60,633	30
4 Other Pumping	1987	4,006	20
5 Pumping Equip	1990	13,536	20
6 Other Water Source Plant	1986	636	25
7 Structures & Improvements	1993	35,424	33
8 Treatment	1986	992,636	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	33,636	25
15 Supply Mains	1991	1,362	35
16 General	1980	2,190	33
17 Furniture	1994	3,668	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 1996 Annual Report Utility Plant in Service		(29,167)	
23 Total Utility Plant in Service		\$8,462,609	

Depreciation Schedule - Existing Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
24 Franchises	-	-	-	-	-	-	-	-	-	-	-
25 Structures	\$386	\$386	\$386	\$386	\$386	\$386	\$386	\$386	\$386	\$386	\$386
26 Wells & Springs	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684
27 Other Pumping	205	205	205	205	205	205	205	205	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	45,120
32 Dist Reservoirs	8,387	8,387	8,387	8,387	8,387	8,387	8,387	8,387	8,387	8,387	8,387
33 Mains	73,564	73,564	73,564	73,564	73,564	73,564	73,564	73,564	73,564	73,564	73,564
34 Services	18,636	18,636	18,636	18,636	18,636	18,636	18,636	18,636	18,636	18,636	18,636
35 Meters	17,244	17,244	17,244	17,244	17,244	17,244	17,244	17,244	17,244	17,244	17,244
36 Hydrants	8,977	8,977	8,977	8,977	8,977	8,977	8,977	8,977	8,977	8,977	8,977
37 Other T&D	1,345	1,345	1,345	1,345	1,345	1,345	1,345	1,345	1,345	1,345	1,345
38 Supply Mains	40	40	40	40	40	40	40	40	40	40	40
39 General	66	66	66	66	66	66	66	66	66	66	66
40 Furniture	246	246	246	246	246	246	246	246	246	246	246
41 Power Equip	-	-	-	-	-	-	-	-	-	-	-
42 Misc Equip	246	246	246	246	246	246	246	246	246	246	246
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	\$182,803	\$182,803	\$182,803	\$182,803	\$182,803	\$182,803	\$182,803	\$182,803	\$182,803	\$182,803	\$182,803
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	\$186,434	\$186,434

SOURCE: BURTON & ASSOCIATES
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05/31/2000

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

Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

Water

New Asset Depreciation

New Assets	Year	Estimated Original Cost	Life (Years)
1 Water Plant- East Svc Area	2000	\$1,500,000	25
2 8" PVC Well Header	2002	24,000	45
3 16" 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	360,000	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	600,000	20
12 750 GPM Supply Wells	2007	225,000	30
13 12" PVC Well Header	2007	30,000	45
14 16" 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	-

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	-	-	-	-	267	533	533	533	533	533	533	533
21 16" 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 16" PVC Well Header	-	-	-	-	-	-	-	-	-	422	844	844
33 Engineering & Contingency	-	-	-	-	-	-	-	-	-	8,425	16,850	16,850
34 8" PVC Well Header	-	-	-	-	-	-	-	-	-	267	533	533
35 24" PVC Water Main	-	-	-	-	-	-	-	-	-	4,500	9,000	9,000
36 Land	-	-	-	-	-	-	-	-	-	-	-	-
47 CIAC Plant	-	-	2,102	4,582	12,023	12,473	12,963	13,497	14,111	18,283	10,809	10,380
48 Total New Depreciation	-	-	\$30,948	\$82,274	\$132,450	\$185,635	\$198,124	\$198,658	\$197,273	\$242,902	\$276,685	\$278,436
Total Depreciation - Water												
49 Total Existing Depreciation	\$182,603	\$182,603	\$182,603	\$182,603	\$182,603	\$182,603	\$182,603	\$182,603	\$182,603	\$182,150	\$137,030	\$136,784
50 Total New Depreciation	-	30,948	62,274	132,450	195,635	198,124	198,658	197,273	242,902	276,685	278,436	
51 Total Depreciation	\$182,603	\$213,551	\$244,877	\$315,053	\$378,237	\$378,727	\$378,261	\$378,876	\$425,502	\$458,715	\$415,216	\$413,221
52 Accumulated Depreciation	\$1,535,148	\$1,817,762	\$2,031,302	\$2,276,179	\$2,581,232	\$2,969,469	\$3,348,196	\$3,727,457	\$4,107,333	\$4,532,386	\$4,946,080	\$5,358,301

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

Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

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	968,960	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	

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	-	-	-	-	-	-
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	\$355,489	\$355,489	\$355,452	\$355,452	\$355,452	\$355,348	\$355,348	\$355,348	\$355,348	\$253,071	\$252,334
41 Adjustment to Reconcile to Accounting Records	4,756	4,756	4,756	4,756	4,756	4,756	4,756	4,756	4,756	4,756	4,756
42 Total Existing Depreciation	\$360,255	\$360,255	\$360,208	\$360,208	\$360,208	\$360,102	\$360,102	\$360,102	\$360,102	\$257,827	\$257,090

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

Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

SEWER:

New Asset Depreciation

New Assets		Year	Estimated Original Cost	Life (Years)
1	WWTP Improvement East Svc Area	1999	\$3,343,982	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	-

Depreciation Schedule - New Assets		1998	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												
24	Total New Depreciation		\$75,999	\$159,021	\$167,307	\$354,195	\$516,519	\$518,156	\$519,941	\$522,049	\$658,773	\$755,086	\$754,321
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	167,307	354,195	516,519	518,156	519,941	522,049	658,773	755,086	754,321
27	Total Depreciation		\$436,254	\$519,276	\$527,514	\$714,402	\$876,727	\$878,258	\$880,042	\$882,151	\$1,018,875	\$1,012,913	\$1,011,412
28 Accumulated Depreciation													
		\$2,768,561	\$3,204,815	\$3,724,091	\$4,251,805	\$4,966,008	\$5,842,735	\$6,720,992	\$7,601,035	\$8,483,186	\$9,502,060	\$10,514,974	\$11,526,385

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

Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

Water - Existing CIAC

Existing CIAC

Existing CIAC - Plant		Year	Estimated Original Cost	Life (Years)
1	Other	1988	\$20,888	30
2	Dist Reservoirs & Standpipes	1992	24,490	37
3	Transmission & Dist Mains	1988	2,585,764	45
4	Services	1990	659,129	40
5	Meters & Meter Installs	1992	181,201	20
6	Hydrants	1990	307,505	45
7	Total Existing CIAC - Plant		\$3,687,777	

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

Amortization of Existing CIAC

Amortization Schedule - Existing Plant CIAC		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
13	Other	\$990	\$990	\$990	\$990	\$990	\$990	\$990	\$990	\$990	\$990	\$990
14	Dist Reservoirs & Standpipes	662	662	662	662	662	662	662	662	662	662	662
15	Transmission & Dist Mains	57,461	57,461	57,461	57,461	57,461	57,461	57,461	57,461	57,461	57,461	57,461
16	Services	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978
17	Meters & Meter Installs	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060
18	Hydrants	6,833	6,833	6,833	6,833	6,833	6,833	6,833	6,833	6,833	6,833	6,833
19	Total Plant Amortization	\$88,985	\$88,985	\$88,985	\$88,985	\$88,985	\$88,985	\$88,985	\$88,985	\$88,985	\$88,985	\$88,985

Amortization Schedule - Existing Cash CIAC		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 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

New CIAC

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	New CIAC - Plant:	Life											
1	Transmission & Dist Mains	45	\$489.83	\$120,781	\$131,830	\$346,418	\$358,328	\$372,403	\$387,746	\$406,407	\$525,544	\$304,788	\$298,213
2	Services	40	\$101.55	\$28,113	\$28,463	\$74,890	\$77,453	\$80,528	\$83,844	\$87,883	\$113,840	\$65,905	\$64,484
3	Meters & Meter Installs	20	\$32.91	\$8,463	\$9,224	\$24,205	\$25,110	\$26,067	\$27,172	\$28,409	\$36,828	\$21,358	\$20,896
4	Hydrants	45	\$55.85	\$14,361	\$15,854	\$41,077	\$42,813	\$44,287	\$46,111	\$48,212	\$62,499	\$38,246	\$36,464
5	Total New CIAC - Plant			\$169,697	\$184,970	\$485,389	\$503,335	\$523,313	\$544,572	\$569,591	\$738,511	\$428,297	\$419,058
6	New CIAC - Cash:												
7	New CIAC - Cash			\$80,287	\$85,713	\$172,441	\$178,887	\$185,914	\$193,573	\$202,390	\$262,365	\$152,158	\$148,878
8	Life	30											
9	Total New CIAC - Cash			\$80,287	\$85,713	\$172,441	\$178,887	\$185,914	\$193,573	\$202,390	\$262,365	\$152,158	\$148,878
10	Total New CIAC			\$228,884	\$250,683	\$657,830	\$682,222	\$709,227	\$738,446	\$772,081	\$1,000,876	\$580,455	\$567,934

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	\$3,081	\$8,033	\$8,333	\$8,861	\$9,017	\$9,428	\$12,222	\$7,088	\$6,935
13	Services			\$326	\$712	\$1,867	\$1,837	\$2,013	\$2,096	\$2,192	\$2,841	\$1,648	\$1,612
14	Meters & Meter Installs			\$212	\$481	\$1,210	\$1,258	\$1,305	\$1,359	\$1,420	\$1,841	\$1,068	\$1,045
15	Hydrants			\$160	\$348	\$913	\$947	\$984	\$1,025	\$1,071	\$1,388	\$805	\$788
16	Total New CIAC - Plant Amortization			\$2,102	\$4,582	\$12,023	\$12,473	\$12,963	\$13,497	\$14,111	\$18,283	\$10,509	\$10,380
	New CIAC - Cash Amortization												
17	Total New CIAC - Cash Amortization			\$1,005	\$2,190	\$5,748	\$5,963	\$6,197	\$6,452	\$6,748	\$8,746	\$5,072	\$4,963
18	Total New CIAC Amortization			\$3,107	\$6,772	\$17,771	\$18,436	\$19,160	\$19,949	\$20,859	\$27,030	\$15,581	\$15,343

Summary of CIAC & CIAC Amortization - Water

	CIAC	Existing 1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
19	Total Existing CIAC	\$5,138,489											
20	Total New CIAC			\$229,884	\$250,683	\$657,830	\$682,222	\$709,227	\$738,445	\$772,081	\$1,000,876	\$580,455	\$567,934
21	Total Accumulated CIAC - Water	\$5,138,489	\$5,138,489	\$5,368,473	\$5,617,157	\$6,274,988	\$6,957,408	\$7,666,635	\$8,405,080	\$9,177,161	\$10,178,037	\$10,758,492	\$11,326,428
	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			\$1,107	\$6,772	\$17,771	\$18,436	\$19,160	\$19,949	\$20,858	\$27,039	\$15,581	\$15,343
24	Total CIAC Annual Amortization - Water		\$143,313	\$144,419	\$150,085	\$161,784	\$161,748	\$162,473	\$163,262	\$164,171	\$170,352	\$158,894	\$158,656
25	Accumulated CIAC Amortization	\$1,078,706	\$1,222,018	\$1,368,437	\$1,518,522	\$1,678,806	\$1,841,366	\$2,003,827	\$2,167,089	\$2,331,260	\$2,501,611	\$2,680,605	\$2,818,261

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

Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

Sewer - Existing CIAC

Existing CIAC

Existing CIAC - Plant		Year	Estimated Original Cost	Life (Years)
1	Other	1982	\$73,594	30
2	Sewers - Force	1989	\$60,765	30
3	Sewers - Gravity	1988	\$,717,765	45
4	Other - Collecting	1985	\$2,148	40
5	Services	1990	\$61,347	35
6	Structures	1997	\$,500	32
7	Receiving Well	1991	\$47,738	30
8	Pumping Equipment	1990	\$51,274	18
9	Total Existing CIAC - Plant		\$6,530,111	

Existing CIAC - Cash		Year	Estimated Original Cost	Life (Years)
10	Cash	1992	\$2,388,734	30
	Total Existing CIAC - Cash		\$2,388,734	
11	Total Existing CIAC		\$8,416,845	
12	Adjustment to 1995 Annual Report		185,922	
13	Total Existing CIAC		\$8,602,767	

Amortization of Existing CIAC

Amortization Schedule - Existing Plant CIAC		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
14	Other	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453
15	Sewers - Force	28,692	28,692	28,692	28,692	28,692	28,692	28,692	28,692	28,692	28,692	28,692
16	Sewers - Gravity	\$2,617	\$2,617	\$2,617	\$2,617	\$2,617	\$2,617	\$2,617	\$2,617	\$2,617	\$2,617	\$2,617
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	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	\$166,366	\$166,366

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	\$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	\$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	\$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 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

New CIAC

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
		Life											
1	New CIAC - Plant:												
2	Structures & Improvements	32	\$25,887	\$6,080	\$6,837	\$17,838	\$18,567	\$18,287	\$20,071	\$20,886	\$27,373	\$18,243	\$16,912
3	Sewers - Force	30	\$301.28	\$77,472	\$84,444	\$228,222	\$236,508	\$248,838	\$255,378	\$267,010	\$348,286	\$208,877	\$202,458
4	Sewers - Gravity	45	\$1,301.28	\$334,816	\$384,730	\$886,734	\$1,021,514	\$1,080,914	\$1,103,024	\$1,163,284	\$1,504,386	\$882,877	\$874,458
5	Services	36	\$198.48	\$50,534	\$55,071	\$148,837	\$154,238	\$160,128	\$166,547	\$174,132	\$227,148	\$134,788	\$132,035
6	Pumping Equip	18	\$175.45	\$45,117	\$48,177	\$132,908	\$137,733	\$142,982	\$148,723	\$155,487	\$202,837	\$120,382	\$117,808
7	Total New CIAC - Plant	30		\$513,918	\$580,059	\$1,513,834	\$1,588,340	\$1,628,488	\$1,683,743	\$1,770,848	\$2,310,021	\$1,370,748	\$1,342,771
8	New CIAC - Cash:												
9	New CIAC - Cash	30		\$180,788	\$175,236	\$473,588	\$480,787	\$509,534	\$528,948	\$554,086	\$722,773	\$428,867	\$420,134
10	Total New CIAC - Cash			\$180,788	\$175,236	\$473,588	\$480,787	\$509,534	\$528,948	\$554,086	\$722,773	\$428,867	\$420,134
11	Total New CIAC			\$694,706	\$755,295	\$1,987,422	\$2,069,127	\$2,138,022	\$2,212,691	\$2,324,934	\$3,032,794	\$1,799,615	\$1,762,905

Amortization of New CIAC

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
12	New CIAC - Plant Amortization			\$95	\$207	\$561	\$581	\$603	\$627	\$658	\$855	\$508	\$487
13	Structures & Improvements			\$1,291	\$2,815	\$7,807	\$7,884	\$8,185	\$8,513	\$8,900	\$11,810	\$6,888	\$6,748
14	Sewers - Force			\$3,718	\$8,105	\$21,808	\$22,700	\$23,587	\$24,512	\$25,428	\$33,430	\$19,437	\$18,432
15	Sewers - Gravity			\$685	\$1,448	\$3,917	\$4,058	\$4,214	\$4,383	\$4,562	\$5,978	\$3,547	\$3,475
16	Services			\$1,253	\$2,732	\$7,384	\$7,652	\$7,944	\$8,262	\$8,638	\$11,289	\$6,887	\$6,550
17	Pumping Equip			\$7,022	\$15,308	\$41,374	\$42,875	\$44,512	\$46,287	\$48,205	\$63,142	\$37,468	\$36,703
18	Total New CIAC - Plant Amortization			\$12,664	\$28,205	\$75,286	\$77,354	\$79,858	\$82,604	\$85,813	\$111,962	\$67,288	\$65,385
19	New CIAC - Cash Amortization			\$2,678	\$5,841	\$15,787	\$16,380	\$16,984	\$17,605	\$18,240	\$24,082	\$14,286	\$14,004
20	Total Cash Amortization			\$2,678	\$5,841	\$15,787	\$16,380	\$16,984	\$17,605	\$18,240	\$24,082	\$14,286	\$14,004
21	Total New CIAC Amortization			\$15,342	\$34,046	\$91,073	\$93,734	\$96,842	\$100,209	\$104,053	\$136,044	\$81,574	\$79,389

Summary of CIAC & CIAC Amortization - Sewer

	Existing 1999	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
21	Total Existing CIAC	\$8,802,787										
22	Total New CIAC		\$694,706	\$755,295	\$1,987,422	\$2,069,127	\$2,138,022	\$2,212,691	\$2,324,934	\$3,032,794	\$1,799,615	\$1,762,905
23	Total Accumulated CIAC - Sewer	\$8,802,787	\$9,497,493	\$10,252,788	\$12,240,210	\$14,309,337	\$16,447,359	\$18,660,050	\$20,984,984	\$24,017,778	\$25,817,393	\$27,580,298
24	CIAC Amortization											
25	Total Existing CIAC Annual Amortization	\$282,148	\$282,148	\$282,148	\$282,148	\$282,148	\$282,148	\$282,148	\$282,148	\$282,148	\$282,148	\$282,148
26	Total New CIAC Annual Amortization		\$12,664	\$28,205	\$75,286	\$77,354	\$79,858	\$82,604	\$85,813	\$111,962	\$67,288	\$65,385
27	Total CIAC Annual Amortization - Sewer		\$12,664	\$34,046	\$91,073	\$93,734	\$96,842	\$100,209	\$104,053	\$136,044	\$81,574	\$79,389
28	Accumulated CIAC Amortization	\$1,836,237	\$2,186,385	\$2,478,234	\$2,765,632	\$3,052,948	\$3,340,223	\$3,628,437	\$3,916,651	\$4,204,865	\$4,493,079	\$4,781,293
29	Total Water & Sewer											
30	Total Existing CIAC Annual Amortization - Water & Sewer	\$405,481	\$405,481	\$405,481	\$405,481	\$405,481	\$405,481	\$405,481	\$405,481	\$405,481	\$405,481	\$405,481
31	Total New CIAC Annual Amortization - Water & Sewer		\$12,664	\$28,205	\$75,286	\$77,354	\$79,858	\$82,604	\$85,813	\$111,962	\$67,288	\$65,385
32	Total CIAC Annual Amortization - Water & Sewer		\$12,664	\$34,046	\$91,073	\$93,734	\$96,842	\$100,209	\$104,053	\$136,044	\$81,574	\$79,389

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Figure 9

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

Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1 Water:											
2 Percent Contributed	84%	84%	87%	45%	40%	54%	58%	63%	68%	60%	62%
3 Utility Plant In Service	\$6,482,800	\$6,232,308	\$6,417,276	\$12,828,416	\$13,328,900	\$13,863,263	\$14,308,136	\$14,967,826	\$16,233,837	\$18,062,134	\$19,061,182
4 Include Construction Work In Progress? <input type="checkbox"/> NO	0	0	0	0	0	0	0	0	0	0	0
5 Less: Accumulated Depreciation	(1,817,762)	(2,031,302)	(2,276,179)	(2,591,232)	(2,989,498)	(3,348,196)	(3,727,457)	(4,107,333)	(4,532,385)	(4,946,080)	(5,359,301)
6 Utility Plant In Service less Accum Depr.	\$4,665,038	\$4,201,006	\$4,141,098	\$10,237,184	\$10,339,402	\$10,515,067	\$10,580,679	\$10,860,493	\$11,701,452	\$13,116,054	\$13,701,881
7 Less: Accumulated CIAC	(5,136,489)	(5,368,473)	(5,617,167)	(6,274,986)	(6,967,406)	(7,666,635)	(8,406,060)	(9,177,181)	(10,178,037)	(10,758,492)	(11,328,428)
8 Plus: Accumulated Amortization of CIAC	1,222,018	1,368,437	1,516,522	1,679,608	1,841,305	2,003,827	2,167,089	2,331,260	2,601,611	2,880,805	3,169,261
9 Net Utility Plant In Service	\$730,568	\$2,202,968	\$2,042,453	\$5,639,804	\$5,214,428	\$4,842,260	\$4,432,688	\$4,014,572	\$3,025,027	\$5,138,367	\$5,542,714
10 Plus or Minus:											
11 Acquisition Adjustments	\$187,303	\$187,303	\$187,303	\$187,303	\$187,303	\$187,303	\$187,303	\$187,303	\$187,303	\$187,303	\$187,303
12 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)
13 Working Capital Allowance <input type="checkbox"/> 12.50% of O&M	83,517	96,322	99,261	103,770	108,248	112,716	117,186	121,717	126,940	130,692	134,412
14 Other	0	0	0	0	0	0	0	0	0	0	0
15 Net Utility Plant In Service	\$891,528	\$2,404,647	\$2,242,388	\$5,838,884	\$5,414,146	\$4,954,976	\$4,431,327	\$4,013,548	\$3,036,000	\$5,358,760	\$5,713,334
16 U&U Percentage	100.00%	81.81%	85.12%	55.17%	80.38%	66.79%	71.40%	77.45%	66.91%	62.45%	65.14%
17 Rate Base	\$893,643	\$1,466,332	\$1,460,225	\$3,221,817	\$3,286,197	\$3,316,622	\$3,308,748	\$3,263,413	\$4,102,465	\$3,632,458	\$3,525,802
18 Sewer:											
19 Percent Contributed	68%	60%	64%	43%	40%	56%	62%	68%	60%	64%	68%
20 Utility Plant In Service	\$14,298,201	\$16,062,017	\$16,822,076	\$26,853,214	\$27,421,793	\$29,050,260	\$30,744,003	\$32,514,891	\$41,374,912	\$42,745,658	\$44,068,429
21 Include Construction Work In Progress? <input type="checkbox"/> NO	0	0	0	0	0	0	0	0	0	0	0
22 Less: Accumulated Depreciation	(3,204,816)	(3,724,091)	(4,251,805)	(4,966,008)	(5,642,735)	(6,720,992)	(7,601,035)	(8,483,185)	(9,502,060)	(10,514,974)	(11,526,385)
23 Utility Plant In Service less Accum Depr.	\$11,093,385	\$12,337,926	\$12,570,271	\$21,887,206	\$21,779,058	\$22,329,268	\$23,142,968	\$24,031,706	\$31,872,852	\$32,230,684	\$32,542,044
24 Less: Accumulated CIAC	(8,802,767)	(9,277,348)	(10,012,642)	(11,998,876)	(14,058,243)	(16,197,233)	(18,430,824)	(20,745,899)	(23,778,693)	(25,678,326)	(27,341,232)
25 Plus: Amortization of CIAC	2,198,385	2,470,234	2,763,532	3,072,840	3,394,223	3,717,867	4,043,977	4,372,999	4,722,382	5,036,294	5,349,149
26 Net Utility Plant In Service	\$4,489,003	\$5,530,812	\$4,321,161	\$12,961,170	\$10,113,038	\$9,849,901	\$8,756,020	\$7,658,806	\$12,816,540	\$11,588,651	\$10,550,961
27 Plus or Minus:											
28 Acquisition Adjustments	\$243,854	\$243,854	\$243,854	\$243,854	\$243,854	\$243,854	\$243,854	\$243,854	\$243,854	\$243,854	\$243,854
29 Accumulated Amort of Acq Adjustments	(103,016)	(109,112)	(115,209)	(121,306)	(127,403)	(133,499)	(139,596)	(145,693)	(151,790)	(157,887)	(163,984)
30 Working Capital Allowance <input type="checkbox"/> 12.50% of O&M	149,389	186,668	193,877	207,601	220,528	232,936	245,012	256,913	270,685	280,117	289,364
31 Other	0	0	0	0	0	0	0	0	0	0	0
32 Net Utility Plant In Service	\$4,978,233	\$5,851,418	\$4,439,833	\$13,051,519	\$10,256,189	\$9,849,332	\$8,764,434	\$7,670,013	\$12,839,527	\$11,600,884	\$10,667,341
33 U&U Percentage	100.00%	100.00%	100.00%	80.51%	96.50%	100.00%	100.00%	100.00%	94.19%	88.40%	93.44%
34 Rate Base	\$4,978,233	\$5,851,418	\$4,439,833	\$13,051,519	\$10,256,189	\$9,849,332	\$8,764,434	\$7,670,013	\$12,414,199	\$10,656,524	\$10,221,709

SOURCE: BURTON & ASSOCIATES
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Figure 10

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

Water

		Estimated Original Cost	In Svc Date	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1	New Assets per CIP:													
2	Water Plant- East Svc Area	\$1,500,000	2000		\$1,500,000									
3	8" PVC Well Header	24,000	2002				\$34,000							
4	16" PVC Water Main	380,000	2002				380,000							
5	750 GPM Supply Well	225,000	2002				225,000							
6	12" PVC Well Header	30,000	2002				30,000							
7	2.0 MG Reservoir w/ Aerator	700,000	2002				700,000							
8	Pumping Station #1 Complete	1,400,000	2002				1,400,000							
9	12" PVC Water Main	380,000	2002				380,000							
10	Engineering & Contingency	804,750	2002				804,750							
11	2.0 MG Reservoir w. Aerator	700,000	2007									700,000		
12	Expand Pump Station #1	600,000	2007									600,000		
13	750 GPM Supply Well	225,000	2007									225,000		
14	12" PVC Well Header	30,000	2007									30,000		
15	16" PVC Well Header	38,000	2007									38,000		
16	Engineering & Contingency	806,500	2007									806,500		
17	8" PVC Well Header	24,000	2007									24,000		
18	24" PVC Water Main	406,000	2007									406,000		
19	Land	100,000	2000			\$100,000								
20	Total Utility Plant In Service (not including CIAC)			\$4,462,808	\$4,462,808	\$4,562,808	\$11,584,369	\$11,584,369	\$11,584,369	\$11,584,369	\$11,584,369	\$14,513,858	\$14,513,858	\$14,513,858
21	New Plant Assets per CIAC:													
22	New Plant Assets (CIAC)			\$0	\$0	\$189,897	\$184,970	\$485,349	\$903,536	\$623,313	\$644,872	\$590,891	\$738,511	\$428,287
23	Total New Plant Assets (CIAC)			\$0	\$0	\$189,897	\$184,970	\$485,349	\$903,536	\$623,313	\$644,872	\$590,891	\$738,511	\$428,287
24	Total Water Utility Plant In Service			\$4,462,808	\$4,462,808	\$4,752,705	\$4,747,770	\$12,069,718	\$12,487,905	\$12,207,682	\$12,229,241	\$15,114,749	\$15,242,369	\$14,942,145

SEWER:

		Estimated Original Cost	In Svc Date	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
25	New Assets per CIP:													
26	WWTP Improvement East Svc Area	\$3,343,962	1999		\$3,343,962									
27	Master Lift Station #1	200,000	2002				200,000							
28	16" PVC Force Main	456,000	2002				456,000							
29	8" PVC Force Main	408,000	2002				408,000							
30	1.0 MGD WWTP	8,500,000	2002				8,500,000							
31	16" PVC Outfall/Slur (50% Cost)	360,000	2002				360,000							
32	Engineering & Contingency	1,763,500	2002				1,763,500							
33	1.0 MGD WWTP Expansion	8,000,000	2007									8,000,000		
34	12" PVC Force Main	240,000	2007									240,000		
35	Engineering & Contingency	1,310,000	2007									1,310,000		
36	Land	250,000	2000			\$250,000								
37	Total Utility Plant In Service (not including CIAC)			\$10,854,238	\$14,298,201	\$14,348,201	\$14,348,201	\$23,288,701	\$23,288,701	\$23,288,701	\$23,288,701	\$23,288,701	\$31,598,701	\$31,598,701
38	New Plant Assets per CIAC:													
39	New Plant Assets (CIAC)			\$0	\$0	\$613,818	\$590,059	\$1,513,838	\$1,568,560	\$1,828,486	\$1,893,743	\$1,770,888	\$2,310,021	\$1,370,746
40	Total New Plant Assets (CIAC)			\$0	\$0	\$613,818	\$590,059	\$1,513,838	\$1,568,560	\$1,828,486	\$1,893,743	\$1,770,888	\$2,310,021	\$1,370,746
41	Total Sewer Utility Plant In Service			\$10,854,238	\$14,298,201	\$14,962,019	\$14,938,260	\$24,802,539	\$24,857,260	\$25,117,187	\$25,182,444	\$25,059,589	\$33,908,722	\$23,368,452

SOURCE: BURTON & ASSOCIATES
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PROJECT TOTAL	ASSET BEGT FUNDING	PROJECT NAME	IN CONSTRUCTION				INCREASE IN CAPACITY (MGD)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
			WAGE RATE	TO COM- STRUCT	% COM- FUNDING	ASSET LIFE												
Water																		
\$1,500,000	\$1,500,000	Water Plant- East Svc Area	2000	24	100%	26	1.93		1,500,000									
34,000	34,000	8" PVC Well Header	2002	24	100%	45					34,000							
380,000	380,000	18" PVC Water Main	2002	24	100%	45					380,000							
228,000	228,000	750 GPM Supply Wells	2002	24	100%	30					228,000							
30,000	30,000	12" PVC Well Header	2002	24	100%	45					30,000							
700,000	700,000	2.0 MG Reservoir w/ Aerator	2002	24	100%	40	2.00				700,000							
1,400,000	1,400,000	Pumping Station #1 Complete	2002	24	100%	25					1,400,000							
380,000	380,000	12" PVC Water Main	2002	24	100%	45					380,000							
804,750	804,750	Engineering & Contingency	2002	24	100%	30					804,750							
700,000	700,000	2.0 MG Reservoir w. Aerator	2007	24	100%	40	2.00									700,000		
600,000	600,000	Expand Pump Station #1	2007	24	100%	20										600,000		
228,000	228,000	750 GPM Supply Wells	2007	24	100%	30										228,000		
30,000	30,000	12" PVC Well Header	2007	24	100%	45										30,000		
38,000	38,000	18" PVC Well Header	2007	24	100%	45										38,000		
608,500	608,500	Engineering & Contingency	2007	24	100%	30										608,500		
34,000	34,000	8" PVC Well Header	2007	24	100%	45										24,000		
408,000	408,000	24" PVC Water Main	2007	24	100%	45										408,000		
100,000	100,000	Land	2000						100,000									
\$8,051,250	\$8,051,250							\$0	\$1,500,000	\$0	\$1,823,750	\$0	\$0	\$0	\$0	\$2,827,500	\$0	\$0
SEWER																		
\$3,343,982	\$3,343,982	WWTP Improvement East Svc Are	1999	12	100%	22	0.70	3,343,982										
200,000	200,000	Master Lift Station #1	2002	24	100%	21					200,000							
456,000	456,000	16" PVC Force Main	2002	24	100%	30					456,000							
408,000	408,000	8" PVC Force Main	2002	24	100%	30					408,000							
5,500,000	5,500,000	1.0 MGD WWTP	2002	24	100%	26	1.00				5,500,000							
380,000	380,000	16" PVC Outfall/Star (50% Cost)	2002	24	100%	30					380,000							
1,793,500	1,793,500	Engineering & Contingency	2002	24	100%	30					1,							

SOURCE: BURTON & ASSOCIATES / PSCAJ
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Figure 13

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

Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

	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	16,286	16,286	16,286	16,286	16,286	22,000	22,000
Additional Capacity in ERC's	0	5,514	0	5,714	0	0	0	0	5,714	0	0
Total Capacity	5,057	10,571	10,571	16,286	16,286	16,286	16,286	16,286	22,000	22,000	22,000
Connection / Growth											
Connections in ERC's	5,508	5,508	5,763	6,043	6,779	7,542	8,335	9,160	10,024	11,143	11,792
Annual Growth Percent	0.00%	4.87%	4.86%	12.17%	11.26%	10.51%	9.91%	9.42%	11.16%	5.82%	5.39%
Additional Units	0	257	280	738	763	793	828	853	1,119	649	636
Total Connections	5,508	5,763	6,043	6,779	7,542	8,335	9,160	10,024	11,143	11,792	12,427
Raw U & U Percent	108.87%	64.51%	57.16%	41.82%	46.31%	51.18%	56.25%	61.55%	66.66%	53.60%	56.48%
PLUS: Margin Reserve @ 36 Mos.	0	771	841	2,207	2,289	2,379	2,477	2,560	3,357	1,947	1,905
Total Connections plus Margin Reserve	5,508	6,534	6,884	8,985	9,831	10,714	11,637	12,583	14,500	13,739	14,332
U & U Percent	100.00%	61.81%	65.12%	55.17%	60.36%	65.79%	71.46%	77.45%	65.91%	62.46%	65.14%
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	4,152	4,937	5,752	6,600	7,486	8,642	9,328
Annual Growth Percent	0.00%	9.00%	9.00%	22.32%	18.91%	16.51%	14.74%	13.43%	15.44%	7.94%	7.20%
Additional Units - Eastern Service Area	0	257	280	308	333	363	396	431	470	0	0
Additional Units - Western Service Area	0	0	0	452	452	452	452	455	666	666	672
Additional Units - Total	0	257	280	758	785	815	848	886	1,136	666	672
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	5,809	6,261	6,713	7,165	7,620	8,306	8,982	9,664
Raw U & U Percent	100.00%	100.00%	100.00%	65.06%	70.12%	75.19%	80.25%	85.35%	66.45%	71.94%	77.31%
PLUS: Margin Reserve @ 36 Mos.	0	771	841	2,273	2,355	2,445	2,543	2,659	3,468	2,058	2,016
Total Connections plus Margin Reserve	5,357	6,128	6,198	8,082	8,616	9,158	9,708	10,279	11,774	11,040	11,680
U & U Percent	100.00%	100.00%	100.00%	90.51%	96.50%	100.00%	100.00%	100.00%	94.19%	88.40%	93.44%

SOURCE: BURTON & ASSOCIATES

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

Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY1999					FY2000				
						Beginning Balance	Principal	Interest	Ending Balance	Cost of Capital	Beginning Balance	Principal	Interest	Ending Balance	Cost of Capital
1	First Union Bank					\$1,838,448		\$90,064	\$1,838,448	6.71%	\$1,838,448		\$90,064	\$1,838,448	6.71%
2	Plantation Developers - WTP	\$683,486	01/01/86	20	7.84%	\$683,486	10,386	46,814	\$627,178	46.08%	\$627,178	30,843	46,814	\$549,521	43.40%
3	Plantation Developers - Unit 9	84,861	12/23/84	20	7.84%	84,861		7,443	84,860	7.81%	84,860	2,016	7,443	82,836	7.36%
4	Crossroads Land Ltd- Seaside U2	100,536	12/23/84	20	7.84%	100,022	2,867	7,889	97,148	7.71%	97,148	3,179	7,789	93,869	7.46%
5	Crossroads Land Ltd- Seaside U2	126,860	03/28/86	20	7.88%	121,143	3,267	8,331	117,886	6.93%	117,886	3,483	8,008	114,383	6.76%
6	TAM Nursery, Inc.	112,847	12/23/84	20	7.84%	110,861	2,480	8,826	108,301	8.96%	108,301	2,836	8,841	105,464	8.36%
7	BAT of Palm Valley - Tom West	40,147	06/30/86	20	7.07%	38,007	1,063	2,702	36,964	2.81%	36,964	1,123	2,832	35,831	2.83%
8	Odessa Mill Ltd.	329,832	06/25/86	20	7.00%	324,838	4,488	22,733	320,488	22.43%	320,488	8,081	22,364	312,417	21.89%
9	Marsh Dunes	86,517	04/06/88	20	6.33%	86,517		6,110	86,517	6.11%	86,517		6,110	86,517	6.11%
10	Arvida- Seawall Lakes (Offsite #1)	80,000	08/12/88	20	8.81%	80,000		3,405	80,000	3.40%	80,000		3,405	80,000	3.40%
11	Arvida- Seawall Lakes (Offsite #2)	80,000	02/17/87	20	8.88%	80,000		3,280	80,000	3.28%	80,000		3,280	80,000	3.28%
12	Arvida- Seawall Lakes U2	484,918	08/18/87	20	8.80%	460,782	11,861	31,228	438,131	30.28%	438,131	12,419	30,487	425,712	28.40%
13	Equity	180,030	08/06/87	20	8.77%	186,786	4,722	12,844	181,063	12.26%	181,063	8,034	12,342	173,029	11.81%
14	New Debt- In Service:				10.00%										
15															
16															
17		1998			8.50%										
18		2000			8.50%						1,877,750	48,364	122,064	1,829,386	118.81%
19		2001			8.50%										
20		2002			8.50%										
21		2003			8.50%										
22		2004			8.50%										
23		2005			8.50%										
24		2006			8.50%										
25		2007			8.50%										
26		2008			8.50%										
27		2009			8.50%										
28	New Debt- Construction Work in Progress:														
29	Include CHAP in WACC?			20	7.50%										
30	New Equity				10.00%										
31															
32	Weighted Average Cost of Capital					\$8,044,784	\$48,856	\$403,086	\$8,396,720	6.37%	\$1,186,211	\$804,864	\$7,873,279	\$544,828	7.10%

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

Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2002					FY2004				
					Beginning Balance	Principal	Interest	Cost of Capital		Beginning Balance	Principal	Interest	Cost of Capital	
1 First Union Bank														
2 Plantation Developers - WTP	8043,488	01/01/06	20	7.27%	\$1,826,428	\$122,774	\$301,283	\$1,402,885	\$347,373	\$1,402,885	\$138,938	\$280,580	\$1,263,716	\$337,272
3 Plantation Developers - Unit 8	84,961	12/23/04	20	7.84%	480,858	26,428	36,870	473,238	37,874	473,238	26,805	37,884	444,825	36,303
4 Crossroads Land Ltd- Seaside Lt 2	108,535	12/23/04	20	7.84%	88,084	2,358	8,923	85,538	8,782	85,538	2,786	8,883	82,774	8,572
5 Crossroads Land Ltd- Seaside Lt 3	128,860	03/28/06	20	7.84%	84,801	4,031	8,614	82,778	8,872	82,778	4,383	8,882	78,408	8,225
6 TAW Nursery, Inc.	112,847	12/23/04	20	7.84%	108,583	4,382	8,186	102,100	7,825	102,100	4,741	7,847	97,418	7,482
7 BAT of Palm Valley - Yess West	40,147	06/30/06	20	7.84%	33,332	3,341	7,835	30,287	7,844	30,287	3,818	7,880	26,471	7,388
8 Odessa Mill Ltd.	328,832	06/25/06	20	7.00%	304,528	8,827	20,480	284,803	18,822	284,803	10,844	18,783	263,956	18,177
9 Marsh Dunes	88,517	04/08/08	20	8.33%	81,383	2,816	8,704	88,577	8,837	88,577	2,868	8,821	85,708	8,417
10 Arvida - Sawmill Lakes (Offsite #1)	80,000	08/12/08	20	8.81%	47,482	1,363	3,181	46,088	3,138	46,088	1,481	3,083	44,606	3,037
11 Arvida - Sawmill Lakes (Offsite #2)	80,000	02/17/07	20	8.58%	47,417	1,434	3,078	45,883	3,028	45,883	1,521	2,981	44,472	2,828
12 Arvida - Sawmill Lakes Lt 1	464,918	08/18/07	20	8.88%	388,181	15,282	27,825	363,800	26,481	363,800	16,347	26,538	347,553	26,324
13 Arvida - Sawmill Lakes Lt 2	180,520	08/08/07	20	8.77%	184,814	6,152	11,214	188,782	10,748	188,782	6,581	10,785	182,180	10,303
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														
17	1808		20	8.50%	0	0	0	0	0	0	0	0	0	0
18	2000		20	8.50%	1,723,822	86,421	111,888	1,684,801	108,188	1,684,801	82,218	108,188	1,602,382	104,186
19	2001		20	8.50%	0	0	0	0	0	0	0	0	0	0
20	2002		20	8.50%	12,830,868	361,868	812,828	12,148,434	788,848	12,148,434	374,838	788,848	11,773,588	788,284
21	2003		20	8.50%	0	0	0	0	0	0	0	0	0	0
22	2004		20	8.50%	0	0	0	0	0	0	0	0	0	0
23	2005		20	8.50%	0	0	0	0	0	0	0	0	0	0
24	2006		20	8.50%	0	0	0	0	0	0	0	0	0	0
25	2007		20	8.50%	0	0	0	0	0	0	0	0	0	0
26	2008		20	8.50%	0	0	0	0	0	0	0	0	0	0
27	2009		20	8.50%	0	0	0	0	0	0	0	0	0	0
28 New Debt - Construction Work In Progress:														
29 Include CWP in WACC?	NO		20	7.50%	0	0	0	0	0	0	0	0	0	0
30 New Equity	0				0	0	0	0	0	0	0	0	0	0
31				10.00%	0	0	0	0	0	0	0	0	0	0
32 Weighted Average Cost of Capital					8812,281	81,386,283	818,085,340	81,382,780	6.72%	8881,158	81,324,831	818,434,385	81,237,970	6.72%

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

Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

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														
2 Plantation Developers - WTP	\$663,466	01/01/86	20	7.21%	\$1,263,716	\$149,363	\$278,119	\$1,114,353	\$226,412	\$1,114,353	\$180,813	\$267,399	\$933,540	\$214,735
3 Plantation Developers - Unit 8	84,851	12/23/84	20	7.84%	444,626	30,981	35,336	413,645	\$2,846	413,645	33,511	32,788	380,135	30,184
4 Crossroads Land Ltd. - Seaside U1 2	108,836	12/23/84	20	7.84%	62,774	2,983	6,466	70,781	6,336	70,781	5,240	6,218	70,541	6,077
5 Crossroads Land Ltd. - Seaside U1 3	126,660	03/28/86	20	7.88%	78,408	4,722	8,223	73,686	6,861	73,686	5,111	6,234	68,573	5,446
6 TAW Nursery, Inc.	112,847	12/23/84	20	7.84%	87,418	5,117	7,471	82,302	7,070	82,302	6,823	7,066	80,779	6,647
7 BAT of Palm Valley - Tom West	40,147	06/30/86	20	7.84%	82,871	3,914	7,363	86,787	7,047	86,787	4,236	7,040	84,521	6,711
8 Odessa Mill Ltd.	328,832	06/30/86	20	7.87%	30,486	1,608	2,156	28,867	2,040	28,867	1,715	2,041	27,143	1,919
9 Marsh Dunes	86,517	04/08/86	20	7.50%	273,966	11,414	18,903	262,541	18,378	262,541	12,238	18,168	250,302	17,521
10 Arvida - Sawmill Lakes (Offsite #1)	80,000	08/12/86	20	8.33%	86,578	3,184	6,328	82,384	8,218	82,384	3,402	8,117	78,982	6,000
11 Arvida - Sawmill Lakes (Offsite #2)	80,000	02/17/87	20	8.81%	44,588	1,568	2,988	43,020	2,828	43,020	1,708	2,876	41,286	2,812
12 Arvida - Sawmill Lakes U1 1	464,916	06/18/87	20	8.88%	44,472	1,834	2,678	42,648	2,818	42,648	1,734	2,788	41,114	2,705
13 Arvida - Sawmill Lakes U1 2	180,030	06/08/87	20	8.77%	367,583	17,810	25,377	350,043	24,118	350,043	18,765	24,132	331,288	22,828
14 Equity					152,180	7,041	10,328	145,139	8,826	145,139	7,833	8,833	137,306	9,316
15 New Debt - In Service:				10.00%										
16														
17	1999		20	8.50%										
18	2000		20	8.50%										
19	2001	1,877,750	20	8.50%	1,862,382	86,263	104,166	1,836,116	88,848	1,836,116	70,570	90,848	1,765,546	86,261
20	2002		20	8.50%										
21	2003	12,830,988	20	8.50%	11,773,588	388,188	786,284	11,374,308	738,334	11,374,308	426,147	738,336	10,948,262	711,701
22	2004		20	8.50%										
23	2005		20	8.50%										
24	2006		20	8.50%										
25	2007	8,213,863	20	8.50%										
26	2008		20	8.50%										
27	2009		20	8.50%										
28 New Debt - Construction Work In Progress:														
29 Include CMIP in WACCT	NO		20	7.50%										
30 New Equity														
31				10.00%										
32 Weighted Average Cost of Capital					\$708,328	\$1,278,456	\$17,727,856	\$1,180,080	6.71%	\$708,037	\$1,220,850	\$16,872,818	\$1,138,881	6.71%

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

Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2007					FY2008				
					Beginning Balance	Principal	Interest	Balance	Cost of Capital	Beginning Balance	Principal	Interest	Balance	Cost of Capital
1 First Union Bank	9483,486	01/01/86	30	7.27%	12,353,728	1172,988	825,912	12,781,034	622,181	12,781,034	1185,888	822,831	12,585,388	618,083
2 Plantation Developers - WTP	94,861	12/23/84	30	7.94%	360,185	36,270	30,028	343,885	27,304	343,885	36,287	27,042	304,826	24,187
3 Plantation Developers - Unit 9	108,836	12/23/84	30	7.94%	76,541	5,508	5,952	73,826	5,788	73,826	5,788	5,883	68,348	5,488
4 Crossroads Land Ltd- Seaside US 2	128,860	02/28/86	30	7.94%	86,878	5,532	6,415	83,049	5,805	83,049	5,805	4,987	87,853	4,830
5 Crossroads Land Ltd- Seaside US 3	112,847	12/23/84	30	7.94%	84,521	4,586	6,881	79,836	5,347	79,836	4,583	6,314	74,873	5,353
6 TAW Nursery, Inc.	40,147	08/30/86	30	7.07%	27,143	1,840	1,816	26,303	1,788	26,303	1,874	1,781	23,338	1,648
7 BAT of Palm Valley - Tom West	328,832	08/25/86	30	7.00%	250,302	13,134	17,383	237,178	14,803	237,178	14,572	16,335	223,108	15,617
8 Odessa MS Ltd.	86,517	04/09/86	30	6.33%	78,982	3,824	4,886	75,358	4,770	75,358	3,880	4,858	71,487	4,528
9 Marsh Dunes	80,000	08/12/86	30	6.81%	41,386	1,828	2,756	38,487	2,888	38,487	1,958	2,827	37,511	2,554
10 Arvida- Seawall Lakes (Offsite #1)	80,000	02/17/87	30	6.88%	41,114	1,852	2,850	38,263	2,863	38,263	1,877	2,828	37,286	2,453
11 Arvida- Seawall Lakes (Offsite #2)	484,818	08/18/87	30	6.88%	331,388	30,088	22,798	311,200	21,442	311,200	21,517	21,348	289,883	18,958
12 Arvida- Seawall Lakes US 1	180,000	08/08/87	30	6.77%	137,808	8,058	9,307	129,847	8,770	129,847	8,622	8,744	120,826	8,187
13 Equity	0				0	0	0	0	0	0	0	0	0	0
14 New Debt- In Service:				10.00%	0	0	0	0	0	0	0	0	0	0
15														
16														
17														
18														
19														
20														
21														
22														
23														
24														
25														
26														
27														
28 New Debt- Construction Work In Progress:														
29 Include CWIP In WACCT														
30 New Equity														
31														
32 Weighted Average Cost of Capital														

SOURCE: BURTON & ASSOCIATES
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05/31/2000

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

Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

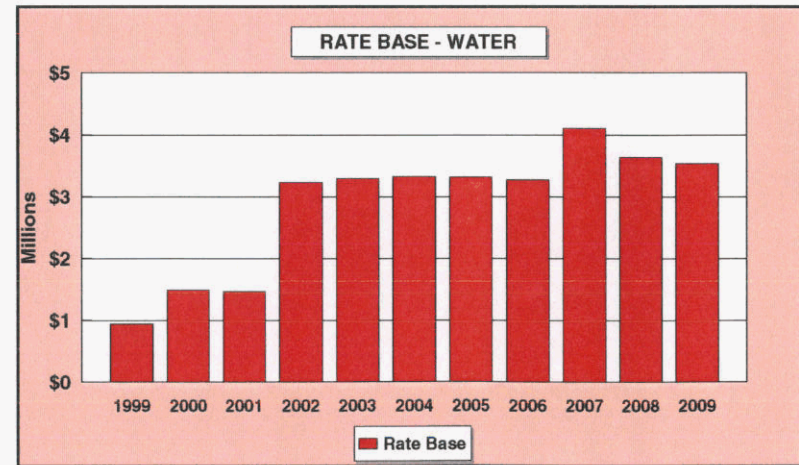
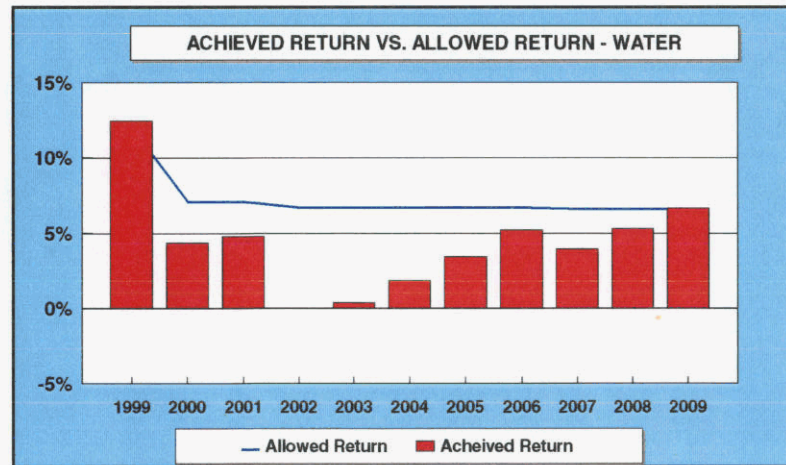
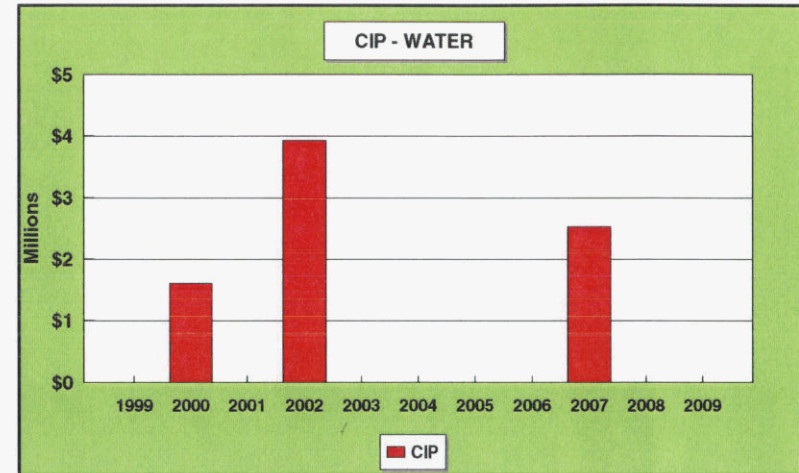
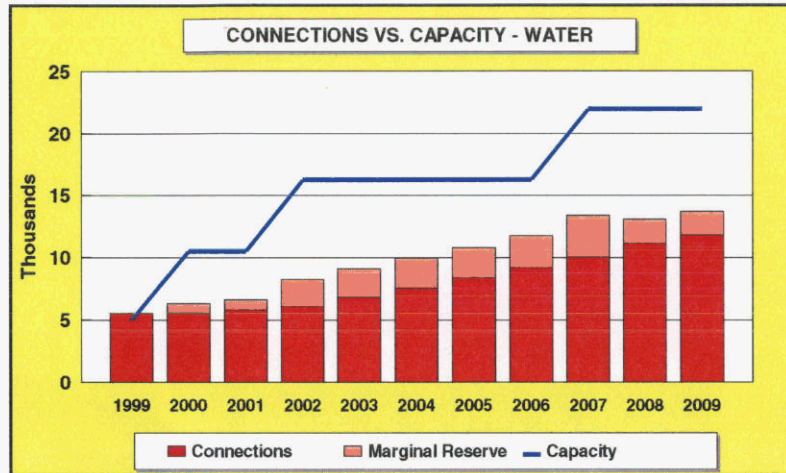
FY2000										
Lender		Orig Loan Amount	Orig Loan Date	Term	Interest Rate	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc
1	FPA Union Bank									
2	Plantation Developers - WTP	9683,486	01/01/06	20	7.27%	32,366,368	5188,825	6228,974	32,366,742	5174,170
3	Plantation Developers- Unit 9	94,861	12/23/04	20	7.94%	304,528	42,480	23,808	262,136	20,814
4	Crossroads Land Ltd- Seaside LR 2	108,535	12/23/04	20	7.94%	88,240	4,108	8,360	86,132	5,171
5	Crossroads Land Ltd- Seaside LR 3	128,860	03/28/06	20	7.94%	87,863	8,481	4,484	80,872	4,816
6	TAM Nursery, Inc.	112,847	12/23/04	20	7.94%	74,383	7,483	8,843	67,443	5,188
7	BAT of Palm Valley - Tom West	40,147	12/23/04	20	7.94%	74,873	8,371	8,808	66,402	5,838
8	Odessa Mill Ltd.	40,147	06/03/06	20	7.07%	23,329	2,118	1,837	21,211	1,500
9	Marsh Dunes	326,832	08/25/06	20	7.00%	223,108	18,080	18,317	208,617	14,581
10	Arvida- Seawall Lagoon (Offsite #1)	96,517	04/08/06	20	6.33%	71,487	4,112	4,408	67,386	4,285
11	Arvida- Seawall Lagoon (Offsite #2)	50,000	08/12/06	20	6.81%	37,811	2,084	2,490	36,417	2,412
12	Arvida- Seawall Lagoon LR 1	50,000	02/17/07	20	6.89%	37,286	2,111	2,360	35,174	2,314
13	Arvida- Seawall Lagoon LR 2	464,916	08/18/07	20	6.89%	286,863	23,048	19,830	286,636	18,371
14	Equity	180,030	08/08/07	20	6.77%	120,628	8,234	8,142	111,701	7,842
15	New Debt- In Service:	0			10.00%	0		0	0	0
16										
17	1998	0		20	6.50%	0	0	0	0	0
18	2000	1,877,760		20	6.50%	1,310,360	86,346	84,173	1,228,108	78,832
19	2001	0		20	6.50%	0	0	0	0	0
20	2002	12,830,860		20	6.50%	10,014,267	513,867	850,827	9,600,700	617,548
21	2003	0		20	6.50%	0	0	0	0	0
22	2004	0		20	6.50%	0	0	0	0	0
23	2005	0		20	6.50%	0	0	0	0	0
24	2006	0		20	6.50%	0	0	0	0	0
25	2007	8,213,063		20	6.50%	8,723,816	288,164	647,036	8,464,452	548,838
26	2008	0		20	6.50%	0	0	0	0	0
27	2009	0		20	6.50%	0	0	0	0	0
28	New Debt- Construction Work In Progress:									
29	Include CWP in WACC?			20	7.50%			0	0	0
30	New Equity	0			10.00%				0	0
31										
32	Weighted Average Cost of Capital						\$1,180,782	\$1,831,204	\$22,836,418	\$1,312,568
										6.82%

SOURCE: BURTON & ASSOCIATES
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05/31/2000

INTERCOASTAL UTILITIES
WATER SYSTEM
GRAPHS OF KEY INDICATORS

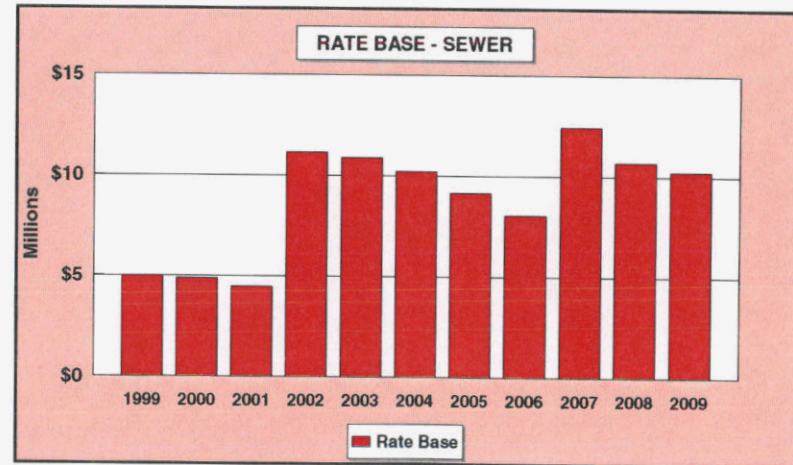
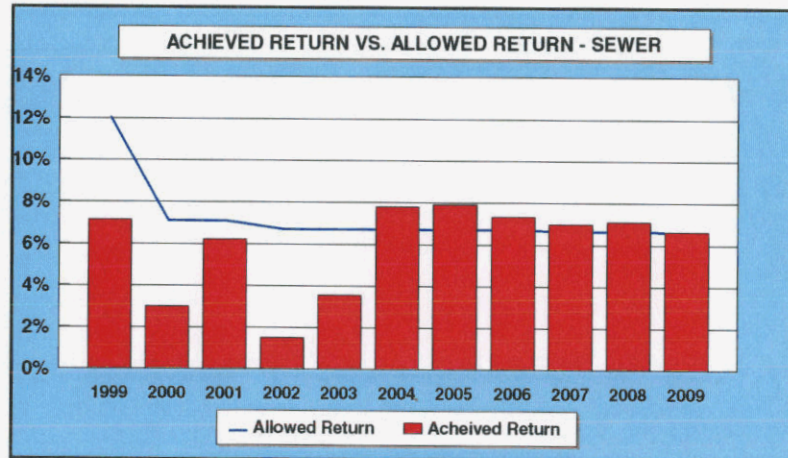
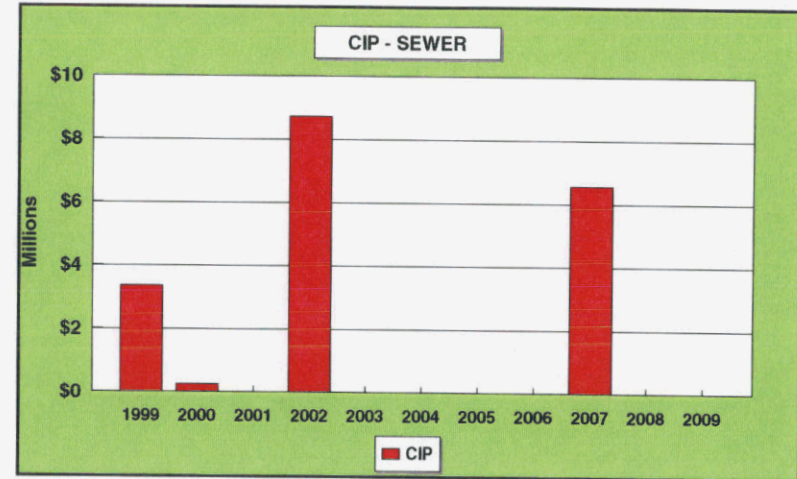
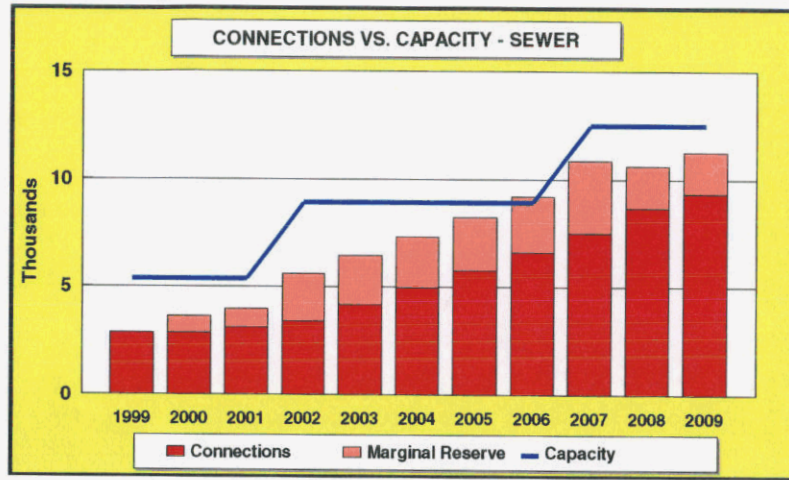
Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity



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INTERCOASTAL UTILITIES
SEWER SYSTEM
GRAPHS OF KEY INDICATORS

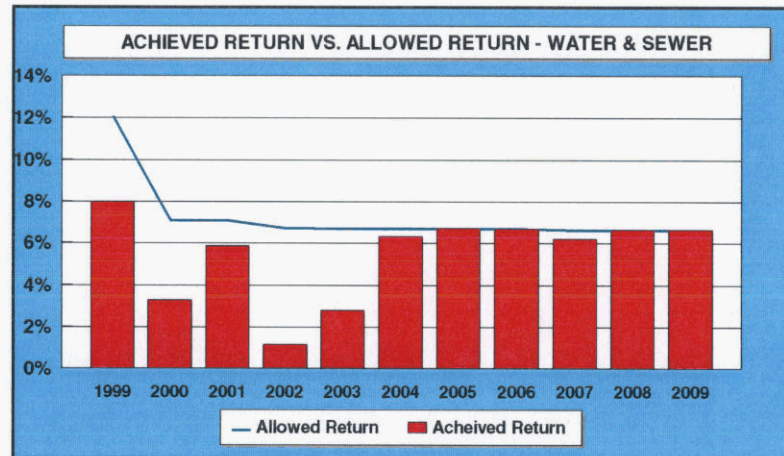
Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity



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INTERCOASTAL UTILITIES
WATER AND SEWER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity



**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CASH FLOW PROJECTIONS - TOTAL WATER AND SEWER SYSTEM**

Scenario 1a - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sources of Funds											
1 Beginning Year Balance	85,284	385,167	366,794	509,099	311,371	328,774	345,652	362,210	478,512	475,709	410,809
2 Net Income	471,475	208,017	344,887	166,638	395,316	853,556	831,880	753,823	1,024,814	946,365	910,564
3 Add:											
4 Depreciation	618,857	651,273	686,976	820,461	1,074,369	1,127,404	1,151,049	1,176,365	1,239,871	1,153,772	1,214,262
5 Amort of Utility Plant Acq Adj	10,935	10,935	10,935	10,935	10,935	10,935	10,935	10,935	10,935	10,935	10,935
6 Amort of Rate Case Expense	56,996	56,996	56,996	56,996	52,247	0	0	0	0	0	0
7 Less:											
8 Amort of CIAC	(405,461)	(362,353)	(381,031)	(377,895)	(407,775)	(430,527)	(442,771)	(456,173)	(441,375)	(376,791)	(395,690)
9 Net Income adjusted for non-cash items	752,803	564,869	718,763	677,136	1,125,092	1,561,368	1,551,094	1,484,950	1,834,245	1,734,312	1,740,071
10 Additional Cash											
11 CIAC Cash	0	221,053	240,948	646,037	669,674	685,438	723,521	756,476	985,139	581,045	569,010
12 Total additional Cash	0	221,053	240,948	646,037	669,674	685,438	723,521	756,476	985,139	581,045	569,010
13											
14 Total Sources of Funds	838,087	1,171,088	1,326,504	1,832,272	2,106,136	2,585,580	2,820,287	2,603,636	3,297,895	2,791,066	2,719,891
15											
Uses of Funds											
16 Less:											
17 Principal	(49,855)	(199,411)	(223,325)	(573,020)	(612,261)	(661,156)	(706,829)	(755,037)	(1,044,206)	(1,115,075)	(1,190,782)
18 Interest	(403,065)	(604,884)	(594,060)	(1,408,868)	(1,369,263)	(1,324,831)	(1,279,458)	(1,230,950)	(1,777,979)	(1,707,110)	(1,631,404)
19 Working Capital Reserve	(242,907)	(282,880)	(293,138)	(311,371)	(328,774)	(345,652)	(362,210)	(378,629)	(397,625)	(410,809)	(423,776)
20 Equity Investment	0	0	0	0	0	0	0	0	0	0	0
21											
22 Total Uses of Funds	(695,827)	(1,087,175)	(1,110,543)	(2,293,259)	(2,310,299)	(2,331,639)	(2,348,197)	(2,364,616)	(3,219,811)	(3,232,995)	(3,245,962)
23											
24 Excess (Deficit)	142,260	83,914	215,962	(460,987)	(204,162)	253,941	272,070	239,020	78,084	(441,929)	(526,071)
25											
26 Annual subsidy required from stockholders	0	0	0	460,987	204,162	(253,941)	(272,070)	(139,138)	0	441,929	526,071
27 Net Cash Flow	142,260	83,914	215,962	0	0	0	0	99,882	78,084	0	0
28 Add Back: Working Capital Reserve	242,907	282,880	293,138	311,371	328,774	345,652	362,210	378,629	397,625	410,809	423,776
29 Ending Balance	385,167	366,794	509,099	311,371	328,774	345,652	362,210	478,512	475,709	410,809	423,776
30											
31 Cumulative subsidy required from stockholders	0	0	0	460,987	665,149	411,208	139,138	0	0	441,929	968,000

SOURCE: BURTON & ASSOCIATES
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06/01/2000

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Scenario 1b
Intercoastal as a "Stand Alone" Utility
60% Debt and 40% Equity Financing

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. It assumes that capital projects will be funded with 60% debt and 40% equity financing.

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Figure 1

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
SUMMARY**

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

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

Water	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Rate Plan	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.5%
Achieved Return	12.47%	4.32%	4.77%	-0.01%	0.35%	1.83%	3.42%	5.17%	3.90%	5.26%	7.86%
Allowed Return	12.04%	7.10%	7.10%	7.61%	7.63%	7.65%	7.68%	7.70%	7.80%	7.83%	7.86%
Avg Mo.Cost / ERC	\$15.81	\$15.81	\$15.81	\$15.81	\$15.81	\$15.81	\$15.81	\$15.81	\$15.81	\$15.81	\$16.36
Achieved Return (Millions)	\$0.116	\$0.064	\$0.070	(\$0.000)	\$0.012	\$0.061	\$0.113	\$0.169	\$0.160	\$0.191	\$0.277
Allowed Return (Millions)	\$0.112	\$0.106	\$0.104	\$0.245	\$0.251	\$0.254	\$0.254	\$0.251	\$0.320	\$0.284	\$0.277
Rate Base (Millions)	\$0.934	\$1.486	\$1.460	\$3.222	\$3.286	\$3.317	\$3.310	\$3.263	\$4.102	\$3.632	\$3.526
Sewer											
Rate Plan	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-5.6%	-13.7%	0.0%	-6.3%	-7.6%
Achieved Return	7.13%	2.96%	6.21%	1.50%	3.53%	7.14%	9.21%	8.71%	7.73%	8.70%	7.86%
Allowed Return	12.04%	7.10%	7.10%	7.61%	7.63%	7.65%	7.68%	7.70%	7.80%	7.83%	7.86%
Avg Mo.Cost / ERC	\$63.89	\$63.89	\$63.89	\$63.89	\$63.89	\$63.89	\$60.31	\$52.05	\$52.05	\$48.77	\$45.06
Achieved Return (Millions)	\$0.355	\$0.144	\$0.275	\$0.167	\$0.384	\$0.727	\$0.840	\$0.698	\$0.960	\$0.927	\$0.804
Allowed Return (Millions)	\$0.600	\$0.345	\$0.315	\$0.847	\$0.829	\$0.780	\$0.700	\$0.617	\$0.968	\$0.834	\$0.804
Rate Base (Millions)	\$4.979	\$4.852	\$4.434	\$11.125	\$10.857	\$10.193	\$9.115	\$8.014	\$12.414	\$10.657	\$10.222
Water & Sewer											
Rate Effect	NA	0.0%	0.0%	0.0%	0.0%	0.0%	-4.5%	-10.9%	0.0%	-4.8%	-4.9%
Achieved Return	7.97%	3.28%	5.85%	1.16%	2.80%	5.83%	7.67%	7.68%	6.78%	7.83%	7.86%
Allowed Return	12.04%	7.10%	7.10%	7.61%	7.63%	7.65%	7.68%	7.70%	7.80%	7.83%	7.86%
Avg Mo.Cost / ERC	\$79.70	\$79.70	\$79.70	\$79.70	\$79.70	\$79.70	\$76.12	\$67.86	\$67.86	\$64.58	\$61.42
Achieved Return (Millions)	\$0.471	\$0.208	\$0.345	\$0.167	\$0.395	\$0.788	\$0.953	\$0.866	\$1.120	\$1.118	\$1.081
Allowed Return (Millions)	\$0.712	\$0.450	\$0.419	\$1.092	\$1.080	\$1.034	\$0.954	\$0.869	\$1.288	\$1.119	\$1.081
Rate Base (Millions)	\$5.913	\$6.338	\$5.894	\$14.346	\$14.144	\$13.510	\$12.425	\$11.277	\$16.517	\$14.289	\$13.748

SOURCE: BURTON & ASSOCIATES
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Figure 2

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
ASSUMPTIONS**

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

Assumptions		Actual 1998	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	10,571	10,571	16,286	16,286	16,286	16,286	16,286	22,000	22,000
2	Additional Capacity in ERC's	0	5,514	0	5,714	0	0	0	0	5,714	0	0
3	Total Capacity	5,057	10,571	10,571	16,286	16,286	16,286	16,286	16,286	22,000	22,000	22,000
4	GPD = 1 ERC	350	350	350	350	350	350	350	350	350	350	350
5	Connected ERC's	5,508	5,508	5,763	6,043	6,779	7,542	8,335	9,160	10,024	11,143	11,792
6	Additional Connected ERC's											
7	Walden Chase	0	0	0	0	0	0	0	0	0	0	0
8	Marsh Harbour	0	0	0	14	14	14	14	14	14	14	0
9	Nocatee	0	0	0	416	416	416	416	416	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	257	280	736	763	793	828	863	1,119	649	635
12	Total Connected ERC's	5,508	5,763	6,043	6,779	7,542	8,335	9,160	10,024	11,143	11,792	12,427
13	Percent Growth in Connected ERC's	0.00%	4.87%	4.86%	12.17%	11.26%	10.51%	9.91%	9.42%	11.16%	5.82%	5.39%
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%
15	Effective Multiplier for Growth	0.00%	1.17%	1.22%	3.04%	2.81%	2.63%	2.48%	2.38%	2.76%	1.48%	1.35%
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%
17	Growth and Inflationary Multiplier	1.50%	2.67%	2.72%	4.54%	4.31%	4.13%	3.98%	3.88%	4.29%	2.98%	2.85%
Sewer												
18	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
19	Additional Capacity in ERC's	2,500	0	0	3,571	0	0	0	0	3,571	0	0
20	Total Capacity	5,357	5,357	5,357	8,929	8,929	8,929	8,929	8,929	12,500	12,500	12,500
21	GPD = 1 ERC	280	280	280	280	280	280	280	280	280	280	280
22	Connected ERC's	2,857	2,857	3,114	3,395	4,152	4,937	5,752	6,600	7,486	8,642	9,328
23	Additional Connected ERC's											
24	Walden Chase	0	0	0	0	0	0	0	0	0	0	0
25	Marsh Harbour	0	0	0	14	14	14	14	14	14	14	0
26	Nocatee	0	0	0	438	438	438	438	441	672	672	672
27	East Svc Area	0	257	280	306	333	363	396	431	470	0	0
28	Total Additional Connected ERC's	0	257	280	758	785	815	848	888	1,158	686	672
29	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
30	Total Used & Useful ERC's	5,357	5,357	5,357	5,809	6,261	6,713	7,165	7,620	8,308	8,992	9,664
31	Percent Growth in Connected ERC's	0.00%	9.00%	9.00%	22.32%	18.91%	16.51%	14.74%	13.43%	15.44%	7.94%	7.20%
32	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%
33	Effective Multiplier for Growth	0.00%	2.25%	2.25%	5.58%	4.73%	4.13%	3.68%	3.36%	3.66%	1.98%	1.80%
34	Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
35	Growth and Inflationary Multiplier	1.50%	3.75%	3.75%	7.08%	6.23%	5.63%	5.16%	4.86%	5.36%	3.48%	3.30%
New Debt Assumptions												
37	Term	20										
38	Issuance Costs	1.50%										
39	Interest Rate	6.50%										
Percent of Annual O&M												
42	O&M Reserves	Months										
43	Water											
44	Minimum Reserves Level	1.5	12.50%									
45	Sewer											
46	Minimum Reserves Level	1.5	12.50%									
Rates & Charges												
47	Current Service Availability Charge	\$234	\$625									

SOURCE: BURTON & ASSOCIATES
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05/31/2000

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Figure 3

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

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

	Actual 2000	Projected 2001	Projected 2002	Projected 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009
Water										
Revenues:										
Rate Revenue	\$988,541	\$988,541	\$1,034,711	\$1,086,036	\$1,217,096	\$1,364,082	\$1,486,470	\$1,644,713	\$1,786,708	\$2,000,636
Growth Percentage	NA	4.87%	4.86%	12.17%	11.36%	10.81%	8.91%	8.42%	11.19%	8.39%
Rate Revenue from Growth	0	48,170	80,328	132,080	136,807	142,378	148,243	154,808	200,827	116,527
Rate Revenue Prior to Rate Adjustment	\$988,541	\$1,034,711	\$1,086,036	\$1,217,096	\$1,364,082	\$1,486,470	\$1,644,713	\$1,786,708	\$2,000,636	\$2,117,163
Percentage Rate Increase	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	3.44%
Rate Revenue from Rate Adjustment	0	0	0	0	0	0	0	0	0	77,146
Total Rate Revenue	\$988,541	\$1,034,711	\$1,086,036	\$1,217,096	\$1,364,082	\$1,486,470	\$1,644,713	\$1,786,708	\$2,000,636	\$2,194,309
Other Revenues:										
Misc. Revenue	\$1,238	\$1,268	\$1,268	\$1,324	\$1,400	\$1,374	\$2,080	\$2,264	\$2,506	\$2,861
Other Revenue	0	0	0	0	0	0	0	0	0	0
Total Other Revenue	\$1,238	\$1,268	\$1,268	\$1,324	\$1,400	\$1,374	\$2,080	\$2,264	\$2,506	\$2,861
Total Revenues	\$989,779	\$1,035,979	\$1,087,304	\$1,218,420	\$1,365,482	\$1,487,844	\$1,646,793	\$1,808,972	\$2,003,142	\$2,217,170
Expenses:										
Additional O&M - Western Ave Area	\$0	\$0	\$0	\$46,348	\$100,720	\$137,804	\$178,488	\$216,823	\$236,260	\$384,378
Operating Expenses- Eastern Ave Area	\$748,138	\$770,880	\$794,086	\$830,158	\$866,871	\$901,724	\$937,862	\$973,738	\$1,016,519	\$1,046,538
Rate Case Expense	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Franchise Fee- PSC	0	48,562	48,527	54,788	60,834	67,341	74,912	80,987	86,228	96,272
Depreciation (J & U Amt Only)	182,803	131,897	168,461	173,222	228,319	248,146	271,007	284,214	289,344	288,187
Amort of CIAC (J & U Amt Only)	(143,313)	(89,503)	(87,734)	(88,874)	(87,638)	(106,863)	(116,861)	(127,160)	(112,278)	(88,288)
Amort of Acq Adj	4,883	4,883	4,883	4,883	4,883	4,883	4,883	4,883	4,883	4,883
Total Expenses	\$792,110	\$863,319	\$908,321	\$1,056,308	\$1,182,988	\$1,263,819	\$1,347,112	\$1,443,391	\$1,505,348	\$1,668,328
Operating Income	\$197,669	\$172,660	\$178,973	\$178,812	\$182,700	\$224,025	\$299,681	\$365,581	\$497,794	\$548,842
Non Operating Income (Expenses):										
Non Oper Rev	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Other Than Income:	0	0	0	0	0	0	0	0	0	0
Intangible Tax	(498)	(862)	(856)	(1,083)	(1,108)	(1,122)	(1,138)	(1,180)	(1,463)	(1,485)
Other Taxes & Licenses	(78)	(100)	(98)	(186)	(187)	(170)	(172)	(178)	(221)	(222)
Property Taxes:	(88,884)	(107,888)	(106,548)	(177,747)	(178,823)	(182,434)	(186,310)	(188,807)	(237,844)	(238,187)
Total Non Operating Expense	\$(89,382)	\$(108,450)	\$(107,402)	\$(178,916)	\$(180,117)	\$(183,726)	\$(188,222)	\$(190,342)	\$(239,528)	\$(239,894)
Net Income	\$118,287	\$64,210	\$71,571	\$0	\$2,583	\$40,300	\$111,459	\$175,239	\$258,266	\$308,948
Taxable Income (See worksheet for taxable income below)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Income Taxes:	0	0	0	0	0	0	0	0	0	0
State 5.50%	0	0	0	0	0	0	0	0	0	0
Federal 34.00%	0	0	0	0	0	0	0	0	0	0
Total Income Taxes	0	0	0	0	0	0	0	0	0	0
Net After Tax Income	\$118,287	\$64,210	\$71,571	\$0	\$2,583	\$40,300	\$111,459	\$175,239	\$258,266	\$308,948
Rate Base	\$833,843	\$1,486,332	\$1,480,228	\$3,221,817	\$3,286,187	\$3,316,822	\$3,308,748	\$3,283,413	\$4,102,486	\$3,832,458
Rate of Return Achieved	12.47%	4.32%	4.77%	-0.01%	0.36%	1.83%	3.42%	5.17%	3.80%	5.28%
Allowed Return	12.04%	7.10%	7.10%	7.81%	7.83%	7.86%	7.70%	7.70%	7.80%	7.80%
Allowed Return Amount	\$112,447	\$106,864	\$105,888	\$251,314	\$256,829	\$258,850	\$254,110	\$251,433	\$318,818	\$294,350
Worksheet for Taxable Income:										
Interest Expense - Total	\$403,086	\$404,884	\$404,080	\$1,075,286	\$1,044,263	\$1,008,872	\$973,344	\$936,216	\$1,263,744	\$1,200,817
Allocation Percentage to Water (1)	48.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
Allocated Interest Expense - Water	\$193,378	\$182,198	\$181,836	\$483,870	\$469,914	\$454,037	\$438,006	\$421,597	\$569,186	\$540,368
Restatement of Net Income Before Income Tax	\$118,287	\$64,210	\$71,571	\$0	\$2,583	\$40,300	\$111,459	\$175,239	\$258,266	\$308,948
LESS: Interest Expense - Water	\$193,378	\$182,198	\$181,836	\$483,870	\$469,914	\$454,037	\$438,006	\$421,597	\$569,186	\$540,368
Taxable Income - Water (2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

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

SOURCE: BURTON & ASSOCIATES
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05/31/2000

Figure 4

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

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

	Actual 1998	Projected 2008	Projected 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019
Sewer													
Revenue													
Rate Revenue													
Rate Revenue	\$1,907,770	\$1,907,770	\$2,177,570	\$2,375,861	\$2,603,218	\$3,462,110	\$4,021,869	\$4,366,230	\$4,284,267	\$4,822,803	\$4,978,818	\$4,978,818	\$4,978,818
Growth Percentage	NA	0.00%	0.00%	22.32%	18.91%	18.91%	14.74%	13.43%	18.44%	7.94%	7.30%	7.30%	7.30%
Rate Revenue from Growth	0	179,789	196,961	529,097	648,893	869,849	992,091	984,984	658,536	360,799	358,978	358,978	358,978
Rate Revenue Prior to Rate Adjustment	\$1,907,770	\$2,177,570	\$2,375,861	\$2,603,218	\$3,462,110	\$4,021,869	\$4,366,230	\$4,366,230	\$4,366,230	\$4,366,230	\$4,366,230	\$4,366,230	\$4,366,230
Percentage Rate Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.00%	-0.00%	-18.70%	-0.00%	-0.00%	-0.00%	-0.00%
Rate Revenue from Rate Adjustment	0	0	0	0	0	0	0	0	(264,420)	(778,946)	0	(334,765)	(408,891)
Total Rate Revenue	\$1,907,770	\$2,177,570	\$2,375,861	\$2,603,218	\$3,462,110	\$4,021,869	\$4,366,230	\$4,366,230	\$4,284,267	\$4,822,803	\$4,978,818	\$4,978,818	\$4,978,818
Other Revenue													
Misc. Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenue	\$1,907,770	\$2,177,570	\$2,375,861	\$2,603,218	\$3,462,110	\$4,021,869	\$4,366,230	\$4,366,230	\$4,284,267	\$4,822,803	\$4,978,818	\$4,978,818	\$4,978,818
Expenses													
Additional O&M - Western Svc Area	0	0	0	\$278,871	\$301,828	\$323,821	\$346,885	\$368,037	\$403,878	\$424,508	\$446,486	\$446,486	\$446,486
Operating Expenses- Eastern Svc Area	\$1,198,118	\$1,402,482	\$1,561,016	\$1,680,810	\$1,764,221	\$1,863,481	\$1,880,088	\$2,066,301	\$2,165,461	\$2,240,837	\$2,314,811	\$2,314,811	\$2,314,811
Rate Case Expense	\$6,906	\$6,906	\$6,906	\$6,906	\$2,247	NA	NA	NA	NA	NA	NA	NA	NA
Franchise Fee- PSC	0	87,891	106,810	130,646	156,346	180,948	198,030	191,802	221,828	224,047	221,822	221,822	221,822
Depreciation (U & U Amt Only)	436,264	\$18,278	\$27,514	\$46,640	\$46,051	\$78,258	\$80,042	\$82,151	\$99,727	\$95,427	\$95,078	\$95,078	\$95,078
Amort of CIAC (U & U Amt Only)	(262,148)	(271,850)	(283,298)	(286,021)	(310,138)	(323,844)	(328,109)	(329,023)	(326,100)	(277,502)	(262,336)	(262,336)	(262,336)
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	6,253	6,253
Total Expenses	\$1,432,471	\$1,801,128	\$1,965,291	\$2,491,903	\$2,815,308	\$2,926,268	\$3,082,197	\$3,174,811	\$3,427,463	\$3,513,870	\$3,641,320	\$3,641,320	\$3,641,320
Operating Income	\$465,299	\$376,442	\$410,570	\$111,225	\$646,802	\$1,095,603	\$1,284,033	\$1,284,033	\$1,086,804	\$1,408,340	\$1,466,148	\$1,466,148	\$1,466,148
Non Operating Income (Expenses)													
Non Oper Rev	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxes Other Than Income:													
Intangible Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Taxes & Licenses	(76)	(77)	(77)	(141)	(146)	(161)	(166)	(162)	(216)	(216)	(220)	(220)	(220)
Property Taxes:	(128,726)	(132,586)	(132,866)	(244,264)	(252,344)	(261,117)	(270,832)	(281,026)	(372,719)	(376,904)	(380,776)	(380,776)	(380,776)
Total Non Operating Expenses	(128,726)	(132,586)	(132,866)	(244,264)	(252,344)	(261,117)	(270,832)	(281,026)	(372,719)	(376,904)	(380,776)	(380,776)	(380,776)
Net Income	\$336,573	\$245,314	\$275,279	\$167,261	\$394,458	\$829,436	\$1,013,201	\$1,003,007	\$716,081	\$1,034,436	\$1,085,372	\$1,085,372	\$1,085,372
Taxable Income (See worksheet for taxable income below)	\$336,573	\$245,314	\$275,279	\$167,261	\$394,458	\$829,436	\$1,013,201	\$1,003,007	\$716,081	\$1,034,436	\$1,085,372	\$1,085,372	\$1,085,372
Income Taxes:													
8.50%	11,780	0	0	0	0	16,207	36,836	16,176	23,807	23,617	15,398	15,398	15,398
34.00%	68,898	0	0	0	0	186,794	186,794	84,494	139,074	137,341	89,653	89,653	89,653
Total Income Taxes	\$80,678	0	0	0	0	\$203,001	\$223,630	\$100,670	\$162,881	\$160,958	\$105,051	\$105,051	\$105,051
Net After Tax Income	\$255,895	\$245,314	\$275,279	\$167,261	\$394,458	\$626,435	\$789,371	\$902,337	\$553,194	\$871,485	\$979,321	\$979,321	\$979,321
Rate Base	\$4,978,232	\$4,862,112	\$4,433,883	\$11,124,866	\$10,867,361	\$10,183,182	\$9,116,280	\$8,013,879	\$12,414,109	\$10,666,824	\$10,221,709	\$10,221,709	\$10,221,709
Rate of Return Achieved	7.13%	2.98%	6.21%	1.50%	3.63%	7.14%	8.21%	8.71%	7.73%	8.70%	7.80%	7.80%	7.80%
Allowed Return	12.04%	7.10%	7.10%	7.61%	7.63%	7.66%	7.66%	7.70%	7.60%	7.63%	7.60%	7.60%	7.60%
Allowed Return Amount	\$600,800	\$344,879	\$314,842	\$847,040	\$828,720	\$780,173	\$696,838	\$617,436	\$907,768	\$834,198	\$803,936	\$803,936	\$803,936
Worksheet for Taxable Income													
Interest Expense - Total	\$403,066	\$604,884	\$604,080	\$1,076,298	\$1,044,263	\$1,008,972	\$973,344	\$936,218	\$1,263,744	\$1,200,817	\$1,144,219	\$1,144,219	\$1,144,219
Allocation Percentage to Sewer (1)	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Allocated Interest Expense - Sewer	\$261,993	\$393,175	\$392,642	\$699,594	\$678,761	\$655,832	\$632,673	\$608,542	\$821,934	\$780,531	\$743,952	\$743,952	\$743,952
Restatement of Net Income Before Income Tax	\$436,499	\$143,780	\$275,217	\$168,830	\$383,714	\$831,426	\$1,023,244	\$808,489	\$1,122,408	\$1,088,027	\$909,286	\$909,286	\$909,286
LESS: Interest Expense - Sewer	\$261,993	\$393,175	\$392,642	\$699,594	\$678,761	\$655,832	\$632,673	\$608,542	\$821,934	\$780,531	\$743,952	\$743,952	\$743,952
Taxable Income - Sewer (2)	\$174,506	(249,395)	(117,425)	(530,764)	(295,047)	(174,406)	(389,429)	(198,053)	(300,526)	(307,484)	(164,666)	(164,666)	(164,666)

(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 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

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	80,533	30
4 Other Pumping	1987	4,065	20
5 Pumping Equip	1990	13,536	20
6 Other Water Source Plant	1985	536	25
7 Structures & Improvements	1993	35,424	33
8 Treatment	1988	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	1988	33,635	25
15 Supply Mains	1991	1,392	35
16 General	1980	2,190	33
17 Furniture	1994	3,688	15
18 Power Equip	1987	732	10
19 Misc Equip	1992	3,720	15
20 Acquisition	1993	187,303	40
21 Total Estimated Original Cost		\$8,491,778	
22 Adjustment to 1998 Annual Report Utility Plant in Service		(29,167)	
23 Total Utility Plant in Service		\$8,462,611	

Depreciation Schedule - Existing Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
24 Franchises	-	-	-	-	-	-	-	-	-	-	-
25 Structures	\$366	\$366	\$366	\$366	\$366	\$366	\$366	\$366	\$366	\$366	\$366
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	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	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	248
41 Power Equip	-	-	-	-	-	-	-	-	-	-	-
42 Misc Equip	248	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	\$182,603	\$182,603
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	\$186,434	\$186,434

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

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

Water

New Asset Depreciation

New Assets	Year	Estimated Original Cost	Life (Years)
1 Water Plant- East Svc Area	2000	\$1,500,000	25
2 8" PVC Well Header	2002	24,000	45
3 16" 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	600,000	20
12 750 GPM Supply Wells	2007	225,000	30
13 12" PVC Well Header	2007	30,000	45
14 16" 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	-

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					267	533	533	533	533	533	533	533
21 16" 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 16" PVC Well Header										422	844	844
33 Engineering & Contingency										8,425	16,850	16,850
34 8" PVC Well Header										267	533	533
35 24" PVC Water Main										4,500	9,000	9,000
36 Land												
47 CIAC Plant												
48 Total New Depreciation			2,102	4,582	12,023	12,473	12,903	13,497	14,111	18,293	10,609	10,380
			\$30,948	\$62,274	\$132,450	\$195,635	\$198,124	\$198,658	\$197,273	\$242,902	\$276,685	\$276,438

Total Depreciation - Water

49 Total Existing Depreciation	\$182,603	\$182,603	\$182,603	\$182,603	\$182,603	\$182,603	\$182,603	\$182,603	\$182,603	\$182,150	\$137,030	\$136,784
50 Total New Depreciation		30,948	62,274	132,450	195,635	198,124	198,658	197,273	242,902	276,685	276,438	
51 Total Depreciation	\$182,603	\$213,551	\$244,877	\$315,053	\$378,237	\$376,727	\$378,261	\$378,876	\$425,502	\$413,695	\$413,221	
52 Accumulated Depreciation	\$1,635,149	\$1,817,762	\$2,031,302	\$2,276,179	\$2,591,232	\$2,969,469	\$3,348,196	\$3,727,457	\$4,107,333	\$4,532,386	\$4,946,080	\$5,359,301

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

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

SEWER:

Existing Asset Depreciation

Existing Assets	Year	Estimated Original Cost	Life (Years)
1 Franchises	1980	\$34,830	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	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 1988 Annual Report Utility Plant In Service		308,909	
21 Total Utility Plant In Service		\$10,954,239	

Depreciation Schedule - Existing Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
22 Franchises	-	-	-	-	-	-	-	-	-	-	-
23 Sewers-Force	\$40,314	\$40,314	\$40,314	\$40,314	\$40,314	\$40,314	\$40,314	\$40,314	\$40,314	\$40,314	\$40,314
24 Sewers-Gravity	107,639	107,639	107,639	107,639	107,639	107,639	107,639	107,639	107,639	107,639	107,639
25 Other	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880
26 Services	19,400	19,400	19,400	19,400	19,400	19,400	19,400	19,400	19,400	19,400	19,400
27 Receiving Well	15,301	15,301	15,301	15,301	15,301	15,301	15,301	15,301	15,301	15,301	15,301
28 Pumping Equip	55,387	55,387	55,387	55,387	55,387	55,387	55,387	55,387	55,387	55,387	55,387
29 Structures	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465
30 Treat Equip	102,274	102,274	102,274	102,274	102,274	102,274	102,274	102,274	102,274	102,274	102,274
31 Outfall Sewer	185	185	185	185	185	185	185	185	185	185	185
32 Other Treatment	737	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	47	47	47	47	47	47	47	47	47
36 Laboratory	516	516	516	516	516	516	516	516	516	516	516
37 Power Equip	108	108	108	108	108	108	108	108	108	108	108
38 Misc Equip	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253
39 Acquisition	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253
40 Total Existing Depreciation	\$355,499	\$355,499	\$355,452	\$355,452	\$355,452	\$355,346	\$355,346	\$355,346	\$355,346	\$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	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	\$360,102	\$360,102

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

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

SEWER:

New Asset Depreciation

	New Assets	Year	Estimated Original Cost	Life (Years)
1	WWTP Improvement East Svc Area	1999	\$3,343,982	22
2	Master Lift Station # 1	2002	200,000	21
3	16" PVC Force Main	2002	458,000	30
4	8" PVC Force Main	2002	408,000	30
5	1.0 MGD WWTP	2002	5,500,000	28
6	16" PVC Outfall/Xfer (50% Cost)	2002	380,000	30
7	Engineering & Contingency	2002	1,793,500	30
8	1.0 MGD WWTP Expansion	2007	5,000,000	28
9	12" PVC Force Main	2007	240,000	30
10	Engineering & Contingency	2007	1,310,000	30
11	Land	2000	250,000	-

Depreciation Schedule - New Assets		1998	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		-	-	-	-	-	-	-	-	98,154	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	41,374	42,875	44,512	46,297	48,405	63,142	37,468	36,703
24	Total New Depreciation		\$75,999	\$159,021	\$167,307	\$354,195	\$518,519	\$518,156	\$519,941	\$522,049	\$658,773	\$755,088	\$754,321

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	167,307	354,195	518,519	518,156	519,941	522,049	658,773	755,088	754,321
27	Total Depreciation		\$436,254	\$519,276	\$527,514	\$714,402	\$878,727	\$878,258	\$880,042	\$882,151	\$1,018,875	\$1,012,913	\$1,011,412
28	Accumulated Depreciation		\$2,768,561	\$3,204,815	\$3,724,091	\$4,251,605	\$4,966,008	\$5,842,735	\$6,720,992	\$7,601,835	\$8,483,196	\$9,502,060	\$10,514,974

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

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

Water - Existing CIAC

Existing CIAC

Existing CIAC - Plant		Year	Estimated Original Cost	Life (Years)
1	Other	1989	\$29,888	30
2	Dist Reservoirs & Standpipes	1982	24,490	37
3	Transmission & Dist Mains	1988	2,685,764	45
4	Services	1990	559,129	40
5	Meters & Meter Installs	1992	181,201	20
6	Hydrants	1990	307,605	45
7	Total Existing CIAC - Plant		\$3,587,777	

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

Amortization of Existing CIAC

Amortization Schedule - Existing Plant CIAC		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
13	Other	\$990	\$990	\$990	\$990	\$990	\$990	\$990	\$990	\$990	\$990	\$990
14	Dist Reservoirs & Standpipes	662	662	662	662	662	662	662	662	662	662	662
15	Transmission & Dist Mains	57,461	57,461	57,461	57,461	57,461	57,461	57,461	57,461	57,461	57,461	57,461
16	Services	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978
17	Meters & Meter Installs	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060
18	Hydrants	6,833	6,833	6,833	6,833	6,833	6,833	6,833	6,833	6,833	6,833	6,833
19	Total Plant Amortization	\$88,985	\$88,985	\$88,985	\$88,985	\$88,985	\$88,985	\$88,985	\$88,985	\$88,985	\$88,985	\$88,985

Amortization Schedule - Existing Cash CIAC		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
20	Cash	\$43,965	\$43,965	\$43,965	\$43,965	\$43,965	\$43,965	\$43,965	\$43,965	\$43,965	\$43,965	\$43,965
21	Total Cash CIAC Amortization	\$43,965	\$43,965	\$43,965	\$43,965	\$43,965	\$43,965	\$43,965	\$43,965	\$43,965	\$43,965	\$43,965
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 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

New CIAC

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	New CIAC - Plant:	Life											
1	Transmission & Dist Mains	43	\$489,833	\$120,781	\$131,830	\$345,416	\$358,328	\$372,408	\$387,745	\$405,407	\$426,544	\$304,788	\$296,213
2	Services	40	\$101,55	\$28,113	\$28,463	\$74,880	\$77,483	\$80,828	\$83,844	\$87,863	\$113,840	\$85,905	\$84,484
3	Meters & Meter Installs	20	\$32,91	\$8,463	\$9,224	\$24,205	\$25,110	\$26,097	\$27,172	\$28,409	\$36,828	\$21,358	\$20,898
4	Hydrants	45	\$55,85	\$14,361	\$15,654	\$41,077	\$42,613	\$44,287	\$46,111	\$48,212	\$62,499	\$36,248	\$35,464
5	Total New CIAC - Plant			\$169,697	\$184,970	\$485,389	\$503,535	\$523,313	\$544,872	\$569,891	\$738,511	\$428,297	\$419,058
6	New CIAC - Cash:												
7	New CIAC - Cash		-	\$80,287	\$86,713	\$172,441	\$178,887	\$185,914	\$193,573	\$202,360	\$282,365	\$162,158	\$148,876
8	Life	30											
9	Total New CIAC - Cash		-	\$80,287	\$86,713	\$172,441	\$178,887	\$185,914	\$193,573	\$202,360	\$282,365	\$162,158	\$148,876
10	Total New CIAC		-	\$229,884	\$250,683	\$657,830	\$682,422	\$709,227	\$738,445	\$772,081	\$1,000,876	\$590,455	\$567,934

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		-	\$1,404	\$3,061	\$8,033	\$8,333	\$8,561	\$9,017	\$9,428	\$12,222	\$7,088	\$6,505
12	Transmission & Dist Mains		-	\$328	\$712	\$1,867	\$1,937	\$2,013	\$2,096	\$2,192	\$2,841	\$1,648	\$1,612
13	Services		-	\$212	\$481	\$1,210	\$1,258	\$1,305	\$1,359	\$1,420	\$1,841	\$1,068	\$1,045
14	Meters & Meter Installs		-	\$180	\$348	\$913	\$947	\$984	\$1,025	\$1,071	\$1,389	\$805	\$788
15	Hydrants		-	\$2,102	\$4,582	\$12,023	\$12,473	\$12,963	\$13,497	\$14,111	\$18,293	\$10,609	\$10,380
16	Total New CIAC - Plant Amortization		-	\$2,102	\$4,582	\$12,023	\$12,473	\$12,963	\$13,497	\$14,111	\$18,293	\$10,609	\$10,380
17	New CIAC - Cash Amortization		-	\$1,005	\$2,190	\$5,748	\$5,963	\$6,197	\$6,452	\$6,746	\$8,748	\$5,072	\$4,963
18	Total New CIAC - Cash Amortization		-	\$1,005	\$2,190	\$5,748	\$5,963	\$6,197	\$6,452	\$6,746	\$8,748	\$5,072	\$4,963
19	Total New CIAC Amortization		-	\$3,107	\$6,772	\$17,771	\$18,436	\$19,160	\$19,949	\$20,868	\$27,039	\$15,681	\$15,343

Summary of CIAC & CIAC Amortization - Water

	CIAC	Existing 1999	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	\$667,830	\$682,422	\$709,227	\$738,445	\$772,061	\$1,000,876	\$580,455	\$567,934
21	Total Accumulated CIAC - Water	\$5,136,489	\$5,136,489	\$5,366,473	\$5,617,157	\$6,274,988	\$6,957,408	\$7,666,635	\$8,405,080	\$9,177,161	\$10,178,037	\$10,768,492	\$11,326,428
	<u>CIAC Amortization</u>												
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	17,771	18,436	19,160	19,949	20,868	27,039	15,681	15,343
24	Total CIAC Annual Amortization - Water		\$143,313	\$146,419	\$150,085	\$161,084	\$161,748	\$162,473	\$163,262	\$164,171	\$170,352	\$158,994	\$158,656
25	Accumulated CIAC Amortization	\$1,078,706	\$1,222,918	\$1,368,437	\$1,518,522	\$1,678,606	\$1,841,356	\$2,003,827	\$2,167,089	\$2,331,260	\$2,501,811	\$2,680,805	\$2,818,261

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

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

Sewer - Existing CIAC

Existing CIAC

Existing CIAC - Plant		Year	Estimated Original Cost	Life (Years)
1	Other	1992	\$73,564	30
2	Sewers - Force	1989	860,766	30
3	Sewers - Gravity	1988	3,717,766	45
4	Other - Collecting	1985	62,148	40
5	Services	1990	561,347	35
6	Structures	1997	8,500	32
7	Receiving Well	1991	247,736	30
8	Pumping Equipment	1990	501,274	15
9	Total Existing CIAC - Plant		\$8,030,111	
Existing CIAC - Cash		Year	Estimated Original Cost	Life (Years)
10	Cash	1992	\$2,358,734	30
	Total Existing CIAC - Cash		\$2,358,734	
11	Total Existing CIAC		\$8,416,845	
12	Adjustment to 1998 Annual Report		185,922	
13	Total Existing CIAC		\$8,602,767	

Amortization of Existing CIAC

Amortization Schedule - Existing Plant CIAC		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
14	Other	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453
15	Sewers - Force	28,692	28,692	28,692	28,692	28,692	28,692	28,692	28,692	28,692	28,692	28,692
16	Sewers - Gravity	82,617	82,617	82,617	82,617	82,617	82,617	82,617	82,617	82,617	82,617	82,617
17	Other - Collecting	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554
18	Services	14,772	14,772	14,772	14,772	14,772	14,772	14,772	14,772	14,772	14,772	14,772
19	Structures	172	172	172	172	172	172	172	172	172	172	172
20	Receiving Well	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258
21	Pumping Equipment	27,849	27,849	27,849	27,849	27,849	27,849	27,849	27,849	27,849	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	\$166,366	\$166,366
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	\$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	\$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	\$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 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

New CIAC

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
New CIAC - Plant:													
	Life	CIAC per ERC											
1	Structures & Improvements	32	\$23.88	\$6,080	\$6,637	\$17,836	\$18,587	\$18,287	\$20,071	\$20,965	\$27,373	\$16,243	\$15,912
2	Sewers - Force	30	\$301.38	\$77,472	\$84,444	\$228,222	\$236,506	\$245,538	\$266,378	\$267,010	\$346,298	\$206,877	\$202,458
3	Sewers - Gravity	45	\$1,301.38	\$334,616	\$364,730	\$985,734	\$1,021,514	\$1,080,514	\$1,103,024	\$1,153,264	\$1,504,366	\$882,877	\$874,458
4	Services	36	\$196.48	\$50,524	\$55,071	\$148,837	\$154,238	\$160,128	\$166,547	\$174,132	\$227,146	\$134,786	\$132,035
5	Pumping Equip	18	\$175.45	\$45,117	\$48,177	\$132,808	\$137,733	\$142,982	\$148,723	\$155,487	\$202,837	\$120,362	\$117,808
6	Life	30											
7	Total New CIAC - Plant			\$615,818	\$680,059	\$1,513,838	\$1,586,360	\$1,628,468	\$1,803,743	\$1,770,868	\$2,310,021	\$1,370,748	\$1,342,771
New CIAC - Cash:													
8	New CIAC - Cash												
9	Life	30		\$180,788	\$178,235	\$473,596	\$480,787	\$508,324	\$528,948	\$554,088	\$722,773	\$426,887	\$420,134
10	Total New CIAC - Cash			\$180,788	\$178,235	\$473,596	\$480,787	\$508,324	\$528,948	\$554,088	\$722,773	\$426,887	\$420,134
11	Total New CIAC			\$674,581	\$735,284	\$1,987,234	\$2,068,368	\$2,137,991	\$2,223,891	\$2,324,976	\$3,032,794	\$1,798,633	\$1,762,905

Amortization of New CIAC

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Amortization Schedule - New CIAC Assets													
New CIAC - Plant Amortization													
12	Structures & Improvements			\$85	\$207	\$561	\$581	\$603	\$627	\$656	\$655	\$508	\$497
13	Sewers - Force			\$1,291	\$2,615	\$7,807	\$7,884	\$8,185	\$8,513	\$8,900	\$11,610	\$6,689	\$6,748
14	Sewers - Gravity			\$3,718	\$4,106	\$21,905	\$22,700	\$23,587	\$24,512	\$25,828	\$33,430	\$18,837	\$18,432
15	Services			\$985	\$1,449	\$3,917	\$4,058	\$4,214	\$4,383	\$4,582	\$5,978	\$3,547	\$3,475
16	Pumping Equip			\$1,253	\$2,732	\$7,364	\$7,652	\$7,944	\$8,262	\$8,638	\$11,269	\$6,667	\$6,550
17	Total New CIAC - Plant Amortization			\$7,022	\$15,309	\$41,374	\$42,875	\$44,312	\$46,297	\$48,405	\$63,142	\$37,468	\$36,703
New CIAC - Cash Amortization													
18	New CIAC - Cash Amortization			\$2,679	\$5,841	\$15,787	\$16,360	\$16,884	\$17,665	\$18,470	\$24,062	\$14,286	\$14,004
19	Total Cash Amortization			\$2,679	\$5,841	\$15,787	\$16,360	\$16,884	\$17,665	\$18,470	\$24,062	\$14,286	\$14,004
20	Total New CIAC Amortization			\$6,782	\$21,150	\$57,160	\$59,235	\$61,197	\$63,962	\$66,875	\$87,234	\$51,754	\$50,708

Summary of CIAC & CIAC Amortization - Sewer

	Existing 1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
CIAC													
21	Total Existing CIAC	\$4,802,787											
22	Total New CIAC		-	674,581	735,284	1,987,234	2,056,368	2,137,991	2,223,891	2,324,975	3,032,794	1,799,633	1,762,908
23	Total Accumulated CIAC - Sewer	\$4,802,787	\$4,802,787	\$5,277,348	\$10,012,842	\$11,968,876	\$14,056,243	\$16,187,233	\$18,420,924	\$20,745,369	\$23,778,883	\$25,578,328	\$27,341,232
CIAC Amortization													
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	\$262,148	\$262,148
25	Total New CIAC Annual Amortization		-	8,702	21,150	57,180	58,235	61,497	63,982	66,875	87,234	51,764	50,708
26	Total CIAC Annual Amortization - Sewer	\$262,148	\$271,150	\$283,298	\$319,308	\$321,583	\$325,344	\$326,109	\$329,023	\$340,382	\$313,912	\$312,858	\$312,858
27	Accumulated CIAC Amortization	\$1,836,237	\$2,198,385	\$2,478,234	\$2,763,532	\$3,072,846	\$3,384,223	\$3,717,867	\$4,043,977	\$4,372,989	\$4,722,382	\$5,036,284	\$5,348,148
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	\$405,461	\$405,461	\$405,461	\$405,461	\$405,461
29	Total New CIAC Annual Amortization - Water & Sewer		-	12,806	27,822	74,832	77,871	80,858	83,911	87,733	114,273	67,445	66,050
30	Total CIAC Annual Amortization - Water & Sewer	\$405,461	\$418,269	\$433,363	\$480,382	\$483,131	\$486,117	\$489,371	\$493,193	\$519,734	\$472,906	\$471,511	\$471,511

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Figure 9

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

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1	Water											
2	Utility Plant In Service	Percent Contributed 84%	84%	87%	45%	49%	64%	59%	63%	59%	59%	62%
3	Include Construction Work in Progress?	<input type="checkbox"/> NO										
4	Less: Accumulated Depreciation	(1,817,752)	(2,031,302)	(2,276,179)	(2,501,232)	(2,969,409)	(3,348,196)	(3,727,467)	(4,107,333)	(4,532,385)	(4,948,080)	(5,359,301)
5	Utility Plant In Service less Accum Depr.	\$4,842,857	\$6,291,004	\$6,141,008	\$10,236,184	\$10,360,481	\$10,506,087	\$10,870,878	\$10,880,493	\$13,701,452	\$13,716,054	\$13,721,881
6	Less: Accumulated CIAC	(5,136,489)	(5,368,473)	(5,617,157)	(6,274,986)	(8,967,408)	(7,866,835)	(8,405,080)	(9,177,181)	(10,178,037)	(10,758,492)	(11,328,426)
7	Plus: Accumulated Amortization of CIAC	1,222,018	1,368,437	1,518,522	1,679,806	1,841,366	2,003,827	2,167,089	2,331,280	2,501,811	2,680,605	2,819,261
8	Net Utility Plant In Service	\$730,386	\$2,290,968	\$2,042,373	\$5,639,904	\$5,244,428	\$4,842,280	\$4,432,888	\$4,014,592	\$5,025,227	\$5,818,167	\$5,212,726
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)	(81,948)	(86,629)	(91,312)	(96,995)	(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	99,281	103,770	108,246	112,716	117,186	121,717	126,940	130,692
13	Other	0	0	0	0	0	0	0	0	0	0	0
14	Net Utility Plant In Service	\$833,843	\$2,496,323	\$2,248,973	\$5,838,904	\$5,441,127	\$5,041,900	\$4,631,827	\$4,213,889	\$5,234,843	\$5,878,753	\$5,212,348
15	U&U Percentage	100.00%	81.81%	85.12%	85.17%	80.36%	86.79%	71.48%	77.45%	85.91%	82.45%	85.14%
16	Rate Base	\$833,843	\$1,486,332	\$1,460,225	\$3,221,817	\$3,286,187	\$3,316,622	\$3,309,748	\$3,263,413	\$4,102,485	\$3,632,458	\$3,525,802
17	Sewer											
18	Utility Plant In Service	Percent Contributed 58%	60%	64%	43%	49%	56%	62%	68%	60%	64%	68%
19	Include Construction Work in Progress?	<input type="checkbox"/> NO										
20	Less: Accumulated Depreciation	(3,204,816)	(3,724,091)	(4,251,805)	(4,966,008)	(5,842,735)	(6,720,992)	(7,601,035)	(8,483,188)	(9,502,060)	(10,514,974)	(11,526,385)
21	Utility Plant In Service less Accum Depr.	\$11,083,386	\$11,337,928	\$11,370,470	\$20,887,206	\$21,578,059	\$22,328,287	\$23,142,968	\$24,031,705	\$31,872,852	\$32,230,884	\$32,562,044
22	Less: Accumulated CIAC	(8,802,767)	(9,277,348)	(10,012,842)	(11,969,876)	(14,059,243)	(16,197,233)	(18,420,924)	(20,745,899)	(23,778,893)	(25,878,326)	(27,341,232)
23	Plus: Amortization of CIAC	2,198,385	2,470,234	2,763,532	3,072,840	3,394,223	3,717,867	4,043,977	4,372,899	4,722,382	5,036,294	5,349,149
24	Net Utility Plant In Service	\$4,688,004	\$4,530,812	\$4,111,360	\$11,990,170	\$10,914,039	\$9,849,301	\$8,765,020	\$7,658,605	\$12,816,340	\$11,685,651	\$10,569,961
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)	(121,305)	(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	188,558	193,877	207,801	220,528	232,936	245,012	256,913	270,685	289,364
29	Other	0	0	0	0	0	0	0	0	0	0	0
30	Net Utility Plant In Service	\$4,878,232	\$4,665,152	\$4,439,983	\$12,210,919	\$11,261,018	\$10,183,182	\$8,118,380	\$6,013,879	\$13,179,229	\$12,064,738	\$10,838,185
31	U&U Percentage	100.00%	100.00%	100.00%	90.51%	96.50%	100.00%	100.00%	100.00%	94.19%	88.40%	93.44%
32	Rate Base	\$4,979,232	\$4,852,112	\$4,433,883	\$11,124,556	\$10,857,351	\$10,183,182	\$9,115,290	\$8,013,879	\$12,414,199	\$10,656,524	\$10,221,709

SOURCE: BURTON & ASSOCIATES
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05/31/2000

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Figure 10

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

Water

		Estimated Original Cost	In Svc Date	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1	New Assets per CIP:													
2	Water Plant- East Svc Area	\$1,500,000	2000		\$1,500,000									
3	8" PVC Well Header	24,000	2002				\$24,000							
4	16" PVC Water Main	380,000	2002				380,000							
5	750 GPM Supply Well	225,000	2002				225,000							
6	12" PVC Well Header	30,000	2002				30,000							
7	2.0 MG Reservoir w/ Aerator	700,000	2002				700,000							
8	Pumping Station #1 Complete	1,400,000	2002				1,400,000							
9	12" PVC Water Main	380,000	2002				380,000							
10	Engineering & Contingency	804,750	2002				804,750							
11	2.0 MG Reservoir w/ Aerator	700,000	2007									700,000		
12	Expand Pump Station #1	800,000	2007									800,000		
13	750 GPM Supply Well	225,000	2007									225,000		
14	12" PVC Well Header	30,000	2007									30,000		
15	16" PVC Well Header	38,000	2007									38,000		
16	Engineering & Contingency	505,500	2007									505,500		
17	8" PVC Well Header	24,000	2007									24,000		
18	34" PVC Water Main	405,000	2007									405,000		
19	Land	100,000	2000											
20	Total Utility Plant In Service (not including CIAC)			\$4,462,800	\$4,462,800	\$4,062,800	\$4,062,800	\$11,366,350	\$11,366,350	\$11,366,350	\$11,366,350	\$11,366,350	\$14,313,850	\$14,313,850
21	New Plant Assets per CIAC:													
22	New Plant Assets (CIAC)				\$0	\$180,897	\$184,970	\$485,389	\$503,536	\$523,313	\$544,872	\$566,891	\$738,511	\$428,297
23	Total New Plant Assets (CIAC)			\$0	\$0	\$180,897	\$364,867	\$840,058	\$1,343,591	\$1,866,904	\$2,411,776	\$2,981,487	\$3,718,978	\$4,148,275
24	Total Water Utility Plant In Service			\$4,462,800	\$4,462,800	\$4,243,697	\$4,417,278	\$12,206,415	\$13,329,950	\$13,863,263	\$14,398,136	\$14,967,828	\$18,233,837	\$18,462,134

Sewer

		Estimated Original Cost	In Svc Date	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
25	New Assets per CIP:													
26	WWTP Improvement East Svc Area	\$3,343,982	1999		\$3,343,982									
27	Master LA Station # 1	200,000	2002				200,000							
28	16" PVC Force Main	455,000	2002				455,000							
29	8" PVC Force Main	408,000	2002				408,000							
30	1.0 MGD WWTP	5,500,000	2002				5,500,000							
31	16" PVC Outfall (50% Cost)	380,000	2002				380,000							
32	Engineering & Contingency	1,793,500	2002				1,793,500							
33	1.0 MGD WWTP Expansion	5,000,000	2007									5,000,000		
34	12" PVC Force Main	240,000	2007									240,000		
35	Engineering & Contingency	1,310,000	2007									1,310,000		
36	Land	250,000	2000											
37	Total Utility Plant In Service (not including CIAC)			\$10,964,239	\$14,298,201	\$14,548,201	\$14,548,201	\$23,286,701	\$23,286,701	\$23,286,701	\$23,286,701	\$23,286,701	\$28,318,701	\$29,318,701
38	New Plant Assets per CIAC:													
39	New Plant Assets (CIAC)			\$0	\$0	\$513,816	\$590,050	\$1,513,638	\$1,568,580	\$1,828,496	\$1,893,743	\$1,770,888	\$2,310,021	\$1,370,748
40	Total New Plant Assets (CIAC)			\$0	\$0	\$513,816	\$1,073,875	\$2,887,315	\$4,156,982	\$5,764,556	\$7,476,302	\$8,248,190	\$11,668,211	\$12,928,657
41	Total Sewer Utility Plant In Service			\$10,964,239	\$14,298,201	\$15,062,017	\$15,622,076	\$26,663,214	\$27,421,793	\$29,060,298	\$30,744,003	\$32,514,891	\$41,374,912	\$42,748,658

SOURCE: BURTON & ASSOCIATES
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05/31/2000

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**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CAPITAL IMPROVEMENTS PROGRAM**

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

PROJECT TOTAL	AMOUNT BIBB FUNDS	PROJECT NAME	IN SER- MONTHS			INCREASE IN		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
			VICE DATE	TO CON- STRUCT	% DEBT FUNDS	ASSET LIFE	CAPACITY (MGD)											
Water																		
1	\$1,500,000	\$1,500,000 Water Plant- East Svc Area	2000	24	100%	26	1.83		1,500,000									
2	24,000	14,400 8" PVC Well Header	2002	24	60%	45					24,000							
3	380,000	228,000 18" PVC Water Main	2002	24	60%	45					380,000							
4	225,000	135,000 750 GPM Supply Wells	2002	24	60%	30					225,000							
5	30,000	18,000 12" PVC Well Header	2002	24	60%	45					30,000							
6	700,000	420,000 2.0 MG Reservoir w/ Aerator	2002	24	60%	40	2.00				700,000							
7	1,400,000	840,000 Pumping Station #1 Complete	2002	24	60%	25					1,400,000							
8	360,000	216,000 12" PVC Water Main	2002	24	60%	45					360,000							
9	804,750	482,850 Engineering & Contingency	2002	24	60%	30					804,750							
10	700,000	420,000 2.0 MG Reservoir w. Aerator	2007	24	60%	40	2.00									700,000		
11	600,000	360,000 Expand Pump Station #1	2007	24	60%	20										600,000		
12	225,000	135,000 750 GPM Supply Wells	2007	24	60%	30										225,000		
13	30,000	18,000 12" PVC Well Header	2007	24	60%	45										30,000		
14	38,000	22,800 18" PVC Well Header	2007	24	60%	45										38,000		
15	605,500	363,300 Engineering & Contingency	2007	24	60%	30										605,500		
16	24,000	14,400 8" PVC Well Header	2007	24	60%	45										24,000		
17	405,000	243,000 24" PVC Water Main	2007	24	60%	45										405,000		
18	100,000	100,000 Land	2000		100%				100,000									
19																		
20	\$4,051,250	\$4,051,250						\$0	\$1,500,000	\$0	\$1,923,750	\$0	\$0	\$0	\$0	\$2,527,500	\$0	\$0
SEWER																		
21	\$3,343,962	\$3,343,962 WWTP Improvement, East Svc Area	1999	12	100%	22	0.70	3,343,962										
22	200,000	120,000 Master Lift Station # 1	2002	24	60%	21					200,000							
23	456,000	273,600 18" PVC Force Main	2002	24	60%	30					456,000							
24	408,000	244,800 8" PVC Force Main	2002	24	60%	30					408,000							
25	5,500,000	3,300,000 1.0 MGD WWTP	2002	24	60%	26	1.00				5,500,000							
26	360,000	216,000 18" PVC Outfall/Slur (50% Cost)	2002	24	60%	30					360,000							
27	1,783,500	1,070,100 Engineering & Contingency	2002	24	60%	30					1,783,500							
28	5,000,000	3,000,000 1.0 MGD WWTP Expansion	2007	24	60%	26	1.00									5,000,000		
29	240,000	144,000 12" PVC Force Main	2007	24	60%	30										240,000		
30	1,310,000	786,000 Engineering & Contingency	2007	24	60%	30										1,310,000		
31	250,000	250,000 Land	2000		100%				250,000									
32	\$18,581,482	\$18,581,482						\$3,343,962	\$250,000	\$0	\$8,717,500	\$0	\$0	\$0	\$0	\$4,550,500	\$0	\$0
TOTAL WATER & SEWER																		
33	\$24,512,712	\$24,512,712 TOTAL WATER AND SEWER						\$3,343,962	\$1,850,000	\$0	\$12,641,250	\$0	\$0	\$0	\$0	\$7,078,000	\$0	\$0

SOURCE: BURTON & ASSOCIATES / P&SJ
1/10/2009

05/21/2009

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Figure 13

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

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

	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	16,286	16,286	16,286	16,286	16,286	22,000	22,000
Additional Capacity in ERC's	0	5,514	0	5,714	0	0	0	0	5,714	0	0
Total Capacity	5,057	10,571	10,571	16,286	16,286	16,286	16,286	16,286	22,000	22,000	22,000
Connection / Growth											
Connections in ERC's	5,506	5,506	5,763	6,043	6,779	7,542	8,335	9,160	10,024	11,143	11,792
Annual Growth Percent	0.00%	4.87%	4.86%	12.17%	11.26%	10.51%	9.91%	9.42%	11.16%	5.82%	5.39%
Additional Units	0	257	280	738	763	793	828	863	1,119	649	635
Total Connections	5,506	5,763	6,043	6,779	7,542	8,335	9,160	10,024	11,143	11,792	12,427
Raw U & U Percent	108.87%	54.51%	57.16%	41.82%	46.31%	51.18%	56.25%	61.55%	66.65%	63.80%	58.48%
PLUS: Margin Reserve @ 36 Mos.	0	771	841	2,207	2,289	2,379	2,477	2,560	3,357	1,947	1,905
Total Connections plus Margin Reserve	5,506	6,534	6,884	8,986	9,831	10,714	11,637	12,613	14,500	13,739	14,332
U & U Percent	100.00%	61.81%	65.12%	55.17%	60.36%	65.79%	71.46%	77.45%	85.91%	82.45%	65.14%
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	4,152	4,937	5,752	6,600	7,486	8,642	9,328
Annual Growth Percent	0.00%	9.00%	9.00%	22.32%	18.91%	16.51%	14.74%	13.43%	15.44%	7.94%	7.20%
Additional Units - Eastern Service Area	0	257	280	308	333	363	398	431	470	0	0
Additional Units - Western Service Area	0	0	0	452	452	452	452	455	686	686	672
Additional Units - Total	0	257	280	760	785	815	850	886	1,156	686	672
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	8,929	8,929	8,929	8,929	8,929	12,500	12,500	12,500
Raw U & U Percent	100.00%	100.00%	100.00%	65.06%	70.12%	75.19%	80.25%	85.35%	88.45%	71.94%	77.31%
PLUS: Margin Reserve @ 36 Mos.	0	771	841	2,273	2,355	2,445	2,543	2,659	3,468	2,058	2,016
Total Connections plus Margin Reserve	5,357	6,128	6,198	11,202	11,284	11,374	11,472	11,588	15,968	14,558	14,516
U & U Percent	100.00%	100.00%	100.00%	80.51%	86.50%	100.00%	100.00%	100.00%	94.19%	88.40%	93.44%

SOURCE: BURTON & ASSOCIATES

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05/31/2000

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

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 80% Debt / 20% Equity

Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY1999					FY2000				
					Beginning Balance	Principal	Interest	Balance	Cost of Capital	Beginning Balance	Principal	Interest	Balance	Cost of Capital
1 First Union Bank				7.21%	\$1,835,248	0	\$130,284	\$1,835,248	\$278,837	\$1,835,248	\$82,284	\$122,827	\$1,743,182	\$272,128
2 Plantation Developers - WTP	983,488	01/01/88	20	7.84%	983,488	18,366	44,914	947,478	48,056	947,478	20,843	46,456	848,836	43,403
3 Plantation Developers - Unit 8	84,861	12/23/84	20	7.84%	84,861	0	7,443	84,860	7,518	84,860	2,018	7,443	82,836	7,368
4 Crossroads Land Ltd- Seaside Lt 2	108,836	12/23/84	20	7.84%	100,000	2,867	7,888	97,148	7,713	97,148	3,179	7,788	93,868	7,481
5 Crossroads Land Ltd- Seaside Lt 3	128,850	03/28/86	20	7.84%	121,143	2,257	8,331	117,888	8,000	117,888	2,483	9,005	114,383	8,782
6 TAW Nursery, Inc.	112,847	12/23/84	20	7.84%	110,861	2,460	8,638	108,301	8,581	108,301	2,836	8,541	105,465	8,382
7 BAT of Palm Valley - Tom West	40,147	08/20/86	20	7.07%	38,007	1,063	2,702	36,864	2,813	36,864	1,123	2,832	35,831	2,833
8 Odessa Mill Ltd.	328,832	08/25/88	20	7.00%	324,836	4,488	22,733	320,488	22,433	320,488	6,061	22,358	312,417	21,888
9 Marsh Dunes	86,517	04/08/88	20	8.33%	86,517	0	8,110	86,517	8,110	86,517	0	8,110	86,517	8,110
10 Arvida- Sawmill Lakes (Offsite #1)	80,000	08/12/88	20	8.81%	80,000	0	3,406	80,000	3,406	80,000	0	3,406	80,000	3,406
11 Arvida- Sawmill Lakes (Offsite #2)	80,000	02/17/87	20	8.88%	80,000	0	3,280	80,000	3,280	80,000	0	3,280	80,000	3,280
12 Arvida- Sawmill Lakes Lt 1	464,818	06/18/87	20	8.80%	460,782	11,881	31,226	438,131	30,288	438,131	12,418	30,487	426,712	28,400
13 Arvida- Sawmill Lakes Lt 2	180,830	06/08/87	20	8.77%	186,788	4,722	12,844	181,063	12,258	181,063	6,024	12,342	175,038	11,818
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														
17	1999		20	8.50%	0	0	0	0	0	0	0	0	0	0
18	2000		20	8.50%	0	0	0	0	0	0	0	0	0	0
19	2001		20	8.50%	0	0	0	0	0	1,877,780	48,384	122,064	1,828,388	118,910
20	2002	7,888,521	20	8.50%	0	0	0	0	0	0	0	0	0	0
21	2003	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
22	2004	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
23	2005	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
24	2006	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
25	2007	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
26	2008	8,528,188	20	8.50%	0	0	0	0	0	0	0	0	0	0
27	2009	0	20	8.50%	0	0	0	0	0	0	0	0	0	0
28 New Debt- Construction Work In Progress:														
29 Include CHAP In WACC?	NO		20	7.50%	0	0	0	0	0	0	0	0	0	0
30 New Equity	8,887,500			10.00%	0	0	0	0	0	0	0	0	0	0
31														
32 Weighted Average Cost of Capital					\$6,944,784	\$48,366	\$403,086	\$6,984,940	\$437,108	\$108,411	\$804,384	\$7,873,278	\$544,828	7.10%

SOURCE: BURTON & ASSOCIATES
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05/31/2000

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

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

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	\$103,562	\$220,848	\$3,836,480	\$284,801	\$3,836,480	\$114,201	\$230,188	\$3,825,428	\$254,285
2 Plantation Developers - WTP	\$863,488	01/01/86	20	7.84%	\$46,638	\$22,588	\$3,738	\$24,878	\$41,812	\$24,878	\$24,878	\$41,812	\$24,878	\$41,812
3 Plantation Developers - Unit 9	\$4,851	12/23/84	20	7.84%	\$2,638	\$2,181	\$2,277	\$9,454	\$7,182	\$9,454	\$2,381	\$7,097	\$8,084	\$6,906
4 Crossroads Land Ltd- Seaside Lt 2	\$108,538	12/23/84	20	7.84%	\$3,888	\$3,441	\$7,504	\$9,825	\$7,182	\$9,825	\$3,794	\$7,221	\$8,801	\$6,882
5 Crossroads Land Ltd- Seaside Lt 3	\$128,850	03/28/86	20	7.84%	\$114,383	\$3,778	\$8,818	\$110,822	\$8,474	\$110,822	\$3,567	\$8,518	\$106,563	\$8,162
6 TAW Nursery, Inc.	\$112,847	12/23/84	20	7.84%	\$105,886	\$2,852	\$8,425	\$102,714	\$8,188	\$102,714	\$3,567	\$8,188	\$99,827	\$7,910
7 BAT of Palm Valley - Tom West	\$40,147	08/20/86	20	7.07%	\$35,831	\$1,208	\$2,560	\$34,828	\$2,448	\$34,828	\$1,283	\$2,442	\$33,332	\$2,347
8 Odessa Mill Ltd.	\$328,832	08/25/86	20	7.00%	\$312,417	\$8,833	\$21,774	\$303,784	\$21,385	\$303,784	\$9,258	\$21,150	\$294,526	\$20,617
9 Marsh Dunes	\$6,517	04/08/86	20	8.33%	\$6,517	\$2,481	\$6,038	\$4,038	\$5,852	\$4,038	\$2,843	\$5,877	\$1,383	\$5,785
10 Arvida- Sawmill Lakes (Offsite #1)	\$0,000	08/13/86	20	8.81%	\$0,000	\$1,218	\$3,368	\$4,784	\$3,322	\$4,784	\$1,302	\$3,282	\$47,482	\$3,234
11 Arvida- Sawmill Lakes (Offsite #2)	\$0,000	02/17/87	20	8.88%	\$0,000	\$1,348	\$3,283	\$4,781	\$3,208	\$4,781	\$1,334	\$3,188	\$47,417	\$3,120
12 Arvida- Sawmill Lakes Lt 1	\$444,918	04/19/87	20	8.88%	\$438,712	\$13,302	\$28,584	\$413,418	\$28,484	\$413,418	\$14,348	\$28,838	\$388,181	\$27,502
13 Arvida- Sawmill Lakes Lt 2	\$180,030	08/08/87	20	8.77%	\$178,038	\$3,375	\$11,981	\$170,884	\$11,564	\$170,884	\$6,760	\$11,816	\$164,814	\$11,185
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	\$0		20	8.50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18 2001	\$1,777,750		20	8.50%	\$1,828,348	\$1,508	\$118,810	\$1,777,878	\$118,562	\$1,777,878	\$4,866	\$118,562	\$1,723,022	\$111,806
19 2002	\$0		20	8.50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 2003	\$7,888,821		20	8.50%	\$0	\$0	\$0	\$0	\$0	\$7,888,821	\$188,288	\$600,404	\$7,500,238	\$487,515
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	\$0		20	8.50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25 2008	\$5,528,188		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		20	8.50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28 New Debt- Construction Work In Progress:														
29 Include CWP in WACC?	NO		20	7.50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30 New Equity	\$6,887,500			10.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
31														
32 Weighted Average Cost of Capital					\$223,328	\$584,088	\$7,448,963	\$829,007	7.10%	\$440,828	\$1,075,288	\$19,764,145	\$1,504,871	7.61%

SOURCE: BURTON & ASSOCIATES
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06/21/2000

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

Scenario 1b - Interpostal Utilities Water and Sewer Rates w/ Interpostal Capital Plan - 80% Debt / 40% Equity

Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2003					FY2004				
					Beginning Balance	Principal	Interest	Balance	Cost of Capital	Beginning Balance	Principal	Interest	Balance	Cost of Capital
1 First Union Bank					\$3,525,228	\$122,774	\$301,283	\$3,402,455	\$347,373	\$3,402,455	\$138,358	\$369,840	\$3,263,718	\$321,272
2 Plantation Developers - WTP	\$863,488	01/01/86	20	7.27%										
3 Plantation Developers - Unit 8	\$4,861	12/23/84	20	7.84%	488,858	26,428	38,870	473,230	37,874	473,230	28,808	37,804	444,828	36,303
4 Crossroads Land Ltd. Seaside U 2	108,536	12/23/84	20	7.84%	88,884	2,856	6,803	86,838	6,782	86,838	2,786	6,883	82,774	6,572
5 Crossroads Land Ltd. Seaside U 3	128,850	03/28/86	20	7.88%	88,801	4,031	6,814	82,770	6,572	82,770	4,383	6,582	78,408	6,225
6 TAW Nursery, Inc.	112,847	12/23/84	20	7.84%	106,858	4,382	6,188	102,180	7,825	102,180	4,741	7,847	87,419	7,482
7 BAT of Palm Valley - Tam West	40,147	08/30/88	20	7.87%	88,827	3,341	7,838	88,287	7,845	88,287	3,818	7,880	82,871	7,388
8 Odessa Mill Ltd.	328,832	08/28/88	20	7.80%	284,528	8,827	20,480	284,800	2,288	284,800	1,488	2,288	283,312	2,183
9 North Oakes	88,517	04/08/88	20	6.33%	81,283	2,815	5,704	88,577	5,607	88,577	10,844	18,783	273,856	18,177
10 Arvida - Sawmill Lakes (Office #1)	80,000	08/12/88	20	6.81%	47,482	1,383	3,181	48,866	3,139	48,866	2,988	5,821	85,578	5,417
11 Arvida - Sawmill Lakes (Office #2)	80,000	02/17/87	20	6.58%	47,417	1,424	3,078	48,883	3,028	48,883	1,491	3,083	44,588	3,037
12 Arvida - Sawmill Lakes U 1	484,918	08/18/87	20	6.88%	388,181	15,282	27,828	383,800	28,461	383,800	18,347	28,538	367,563	28,828
13 Arvida - Sawmill Lakes U 2	180,630	08/08/87	20	6.77%	164,914	6,182	11,214	158,782	10,748	158,782	8,581	10,788	152,180	10,303
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 1988	0		20	8.50%	0	0	0	0	0	0	0	0	0	0
17 2000	1,877,750		20	8.50%	1,723,822	88,421	111,888	1,804,801	188,188	1,804,801	82,218	188,188	1,902,382	184,156
18 2001	0		20	8.50%	0	0	0	0	0	0	0	0	0	0
19 2002	7,888,521		20	8.50%	7,888,521	311,176	487,818	7,288,000	473,788	7,288,000	224,801	473,788	7,084,188	488,170
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	0		20	8.50%	0	0	0	0	0	0	0	0	0	0
25 2008	5,828,188		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 2010	0		20	8.50%	0	0	0	0	0	0	0	0	0	0
28 New Debt - Construction Work In Progress:														
29 Include CMIP in WACC?	NO		20	7.50%	0	0	0	0	0	0	0	0	0	0
30 New Equity	8,887,500			10.00%	0	0	0	8,887,500	805,850	0	0	0	8,887,500	805,850
31														
32 Weighted Average Cost of Capital														
					\$471,478	\$1,844,283	\$18,282,887	\$1,472,571	7.63%	\$511,222	\$1,808,972	\$18,781,245	\$1,237,508	7.65%

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

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2005				FY2006			
					Beginning Balance	Principal	Interest	Cost of Capital	Beginning Balance	Principal	Interest	Cost of Capital
1 First Union Bank	3603,488	01/01/88	20	7.22%	\$3,263,718	\$148,263	\$279,115	\$3,114,333	\$3,263,718	\$148,263	\$279,115	\$3,114,333
2 Plantation Developers - WTP	84,861	12/23/84	20	7.84%	444,628	30,861	36,336	413,864	444,628	30,861	36,336	413,864
3 Plantation Developers - Unit 8	106,535	12/23/84	20	7.84%	82,774	2,863	6,486	79,781	82,774	2,863	6,486	79,781
4 Crookroads Land Ltd- Seaside LI 2	128,850	03/28/88	20	7.84%	79,408	4,722	6,223	73,684	79,408	4,722	6,223	73,684
5 Crookroads Land Ltd- Seaside LI 3	112,847	12/23/84	20	7.84%	87,418	6,117	7,471	81,302	87,418	6,117	7,471	81,302
6 TAW Nursery, Inc.	40,147	06/30/86	20	7.07%	30,458	1,808	2,158	28,650	30,458	1,808	2,158	28,650
7 BAT of Palm Valley - Tom West	328,832	06/25/86	20	7.80%	273,955	11,414	18,903	262,541	273,955	11,414	18,903	262,541
8 Odessa Mill Ltd.	86,817	04/09/88	20	6.33%	86,579	3,194	5,326	83,384	86,579	3,194	5,326	83,384
9 Marsh Dunes	80,000	06/12/86	20	6.81%	44,508	1,808	2,888	43,003	44,508	1,808	2,888	43,003
10 Arvida- Sawmill Lakes (Offsite #1)	80,000	02/17/87	20	6.58%	44,472	1,834	2,876	42,644	44,472	1,834	2,876	42,644
11 Arvida- Sawmill Lakes (Offsite #2)	484,918	06/19/87	20	6.88%	367,563	17,518	26,377	350,045	367,563	17,518	26,377	350,045
12 Arvida- Sawmill Lakes LI 1	180,030	06/08/87	20	6.77%	152,180	7,041	10,326	145,139	152,180	7,041	10,326	145,139
13 Arvida- Sawmill Lakes LI 2												
14 Equity												
15 New Debt- In Service:												
16 1999			20	6.50%								
17 2000	1,877,750		20	6.50%	1,802,382	88,263	104,186	1,536,118	1,802,382	88,263	104,186	1,536,118
18 2001			20	6.50%								
19 2002	7,888,821		20	6.50%	7,064,188	238,630	458,170	6,824,648	7,064,188	238,630	458,170	6,824,648
20 2003			20	6.50%								
21 2004			20	6.50%								
22 2005			20	6.50%								
23 2006			20	6.50%								
24 2007	5,328,188		20	6.50%								
25 2008			20	6.50%								
26 2009			20	6.50%								
27												
28 New Debt- Construction Work In Progress:			20	7.50%								
29 Include CWP in WACC?	NO											
30 New Equity	8,867,500			10.00%				8,867,500				8,867,500
31												
32 Weighted Average Cost of Capital								7.68%				

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

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 80% Debt / 20% Equity

Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2007					FY2008				
					Beginning Balance	Principal	Interest	Balance	Cost of Capital	Beginning Balance	Principal	Interest	Balance	Cost of Capital
1 First Union Bank				7.27%	\$2,853,720	\$172,868	\$255,812	\$2,781,054	\$202,181	\$2,781,054	\$185,868	\$242,851	\$2,595,308	\$188,883
2 Plantation Developers - WTP	\$863,486	01/01/88	20	7.84%	\$863,486	\$6,279	\$65,828	\$857,207	\$27,304	\$857,207	\$6,287	\$27,042	\$850,920	\$24,187
3 Plantation Developers - Unit 9	84,861	12/23/84	20	7.84%	84,861	3,504	6,952	81,357	5,708	81,357	3,785	6,893	77,572	5,488
4 Greenroads Land Ltd - Seaside LA 2	108,836	12/23/84	20	7.84%	108,836	6,573	8,532	102,263	5,025	102,263	6,988	4,867	95,275	4,530
5 Greenroads Land Ltd - Seaside LA 3	128,850	03/28/86	20	7.84%	128,850	6,770	8,811	122,080	5,191	122,080	6,435	5,164	115,645	4,853
6 T&W Nursery, Inc.	112,847	12/23/84	20	7.84%	112,847	6,821	8,861	106,026	5,347	106,026	6,983	5,314	99,043	5,053
7 BAT of Palm Valley - Tom West	40,147	08/30/86	20	7.87%	40,147	2,143	1,818	38,004	1,789	38,004	1,974	1,781	36,030	1,649
8 Odessa Mill Ltd.	328,832	08/25/86	20	7.00%	328,832	250,302	13,124	17,883	16,803	328,832	250,302	13,124	17,883	16,803
9 Marsh Dunes	86,517	04/09/88	20	8.33%	86,517	78,882	3,634	7,636	4,770	86,517	78,882	3,634	7,636	4,770
10 Arvida - Sawmill Lakes (Offsite #1)	80,000	08/12/88	20	8.81%	80,000	41,285	1,828	2,754	2,888	80,000	41,285	1,828	2,754	2,888
11 Arvida - Sawmill Lakes (Offsite #2)	80,000	03/17/87	20	8.88%	80,000	41,114	1,852	2,650	2,583	80,000	41,114	1,852	2,583	2,583
12 Arvida - Sawmill Lakes LA 1	484,818	08/18/87	20	8.88%	484,818	331,288	20,088	22,796	21,442	484,818	331,288	20,088	22,796	21,442
13 Arvida - Sawmill Lakes LA 2	190,030	08/08/87	20	8.77%	190,030	137,808	8,058	8,307	8,770	190,030	137,808	8,058	8,307	8,770
14 Equity														
15 New Debt - In Service:				10.00%										
16 1988														
17 2000														
18 2001														
19 2002														
20 2003														
21 2004														
22 2005														
23 2006														
24 2007														
25 2008														
26 2009														
27														
28 New Debt - Construction Work in Progress:														
29 Include CWP in WACC?														
30 New Equity														
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 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

FY2000										
Lender		Orig Loan Amount	Orig Loan Date	Term	Interest Rate	Beginning Balance	Principal	Interest	Balance	Cost of Capital
1	First Union Bank				7.27%	\$2,588,388	\$189,828	\$228,874	\$2,398,560	\$174,170
2	Plantation Developers - WTP	9063,488	01/01/86	20	7.94%	304,828	42,488	23,808	262,340	20,814
3	Plantation Developers- Unit 8	84,861	12/23/84	20	7.94%	88,348	4,108	5,368	85,132	5,171
4	Crossroads Land Ltd- Seaside LA 2	100,836	12/23/84	20	7.94%	87,063	4,481	4,484	80,572	4,918
5	Crossroads Land Ltd- Seaside LA 3	128,860	03/28/86	20	7.99%	74,383	6,848	6,843	67,438	5,188
6	TAM Nursery, Inc.	112,847	12/23/84	20	7.94%	74,873	5,371	5,808	69,802	5,838
7	BAT of Palm Valley - Tom West	40,147	06/30/86	20	7.07%	23,328	2,118	1,837	21,311	1,500
8	Odessa Mill Ltd.	328,832	09/25/86	20	7.00%	223,108	18,080	18,317	205,017	14,581
9	Marsh Dunes	84,817	04/08/88	20	6.33%	71,487	4,112	4,408	67,386	4,285
10	Arvida- Sawmill Lakes (Offsite #1)	80,000	09/12/88	20	6.81%	37,511	2,084	2,408	35,417	2,412
11	Arvida- Sawmill Lakes (Offsite #2)	80,000	02/17/87	20	6.88%	37,286	2,111	2,380	35,174	2,314
12	Arvida- Sawmill Lakes LA 1	464,918	06/18/87	20	6.96%	289,883	23,848	18,838	266,045	18,371
13	Arvida- Sawmill Lakes LA 2	180,830	06/08/87	20	6.77%	120,828	8,224	8,142	111,701	7,842
14	Equity	0			10.00%	0	0	0	0	0
15	New Debt- In Service:									
16		1998								
17		2000		20	6.50%	0	0	0	0	0
18		2001	1,877,760	20	6.50%	1,310,360	86,348	86,173	1,224,018	79,832
19		2002	0	20	6.50%	0	0	0	0	0
20		2003	7,808,821	20	6.50%	6,006,864	308,134	380,866	5,700,420	370,827
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	0	20	6.50%	0	0	0	0	0
25		2008	5,528,186	20	6.50%	4,224,170	181,488	340,221	4,042,671	261,734
26		2009	0	20	6.50%	0	0	0	0	0
27		2008	0	20	6.50%	0	0	0	0	0
28	New Debt- Construction Work in Progress:									
29	Include CWIP in WACC?			20	7.50%				0	0
30	New Equity									
31		0,087,500			10.00%				0,087,500	886,750
32	Weighted Average Cost of Capital						5877,884	\$1,144,218	\$34,341,857	\$1,914,482
33	SOURCE: NATIONAL ASSOCIATION OF									7.86%

SOURCE: BURTON & ASSOCIATES
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05/31/2000

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**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CASH FLOW PROJECTIONS - TOTAL WATER AND SEWER SYSTEM**

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sources of Funds											
1 Beginning Year Balance	85,284	385,187	366,794	509,089	311,371	328,774	345,652	362,210	378,629	397,825	410,809
2 Net Income	471,475	208,017	344,887	166,638	365,316	788,185	952,684	866,429	1,119,800	1,118,131	1,081,239
3 Add:											
4 Depreciation	618,857	651,273	688,976	820,481	1,074,369	1,127,404	1,151,049	1,176,365	1,239,871	1,153,772	1,214,282
5 Amort of Utility Plant Acq Adj	10,935	10,935	10,935	10,935	10,935	10,935	10,935	10,935	10,935	10,935	10,935
6 Amort of Rate Case Expense	58,996	58,996	58,996	58,996	52,247	0	0	0	0	0	0
7 Less:											
8 Amort of CIAC	(405,461)	(362,353)	(361,031)	(377,895)	(407,775)	(430,527)	(442,771)	(456,173)	(441,375)	(376,791)	(395,890)
9 Net Income adjusted for non-cash items	752,903	564,868	718,763	877,138	1,125,092	1,465,997	1,671,898	1,597,556	1,928,121	1,908,048	1,910,746
10 Additional Cash											
11 CIAC Cash	0	221,053	240,948	646,037	669,674	695,438	723,521	756,476	985,139	581,045	569,010
12 Total additional Cash	0	221,053	240,948	646,037	669,674	695,438	723,521	756,476	985,139	581,045	569,010
13											
14 Total Sources of Funds	838,087	1,171,088	1,326,504	1,832,272	2,108,136	2,520,209	2,741,071	2,716,242	3,292,889	2,884,718	2,890,566
15											
16 Uses of Funds											
17 Less:											
18 Principal	(49,855)	(199,411)	(223,325)	(440,829)	(471,478)	(511,222)	(546,849)	(584,978)	(768,169)	(821,006)	(877,694)
19 Interest	(403,065)	(804,884)	(594,080)	(1,075,266)	(1,044,253)	(1,008,972)	(973,344)	(935,216)	(1,253,744)	(1,200,817)	(1,144,219)
20 Working Capital Reserve	(242,907)	(282,880)	(293,138)	(311,371)	(328,774)	(345,652)	(362,210)	(378,629)	(397,825)	(410,809)	(423,776)
21 Equity Investment	0	0	0	(5,056,500)	0	0	0	0	(3,631,000)	0	0
22 Total Uses of Funds	(695,827)	(1,087,175)	(1,110,543)	(6,883,966)	(1,844,505)	(1,865,845)	(1,882,403)	(1,898,823)	(6,050,538)	(2,432,722)	(2,445,689)
23											
24 Excess (Deficit)	142,260	83,914	215,962	(5,051,694)	261,631	654,364	858,668	817,419	(2,757,649)	451,998	444,877
25											
26 Annual subsidy required from stockholders	0	0	0	5,051,694	(261,631)	(654,364)	(858,668)	(817,419)	2,757,649	(451,998)	(444,877)
27 Net Cash Flow	142,260	83,914	215,962	0	0	0	0	0	0	0	0
28 Add Back: Working Capital Reserve	242,907	282,880	293,138	311,371	328,774	345,652	362,210	378,629	397,825	410,809	423,776
29 Ending Balance	385,187	386,794	509,089	311,371	328,774	345,652	362,210	378,629	397,825	410,809	423,776
30											
31 Cumulative subsidy required from stockholders	0	0	0	5,051,694	4,790,063	4,135,699	3,277,031	2,459,612	5,217,261	4,765,265	4,320,368

SOURCE: BURTON & ASSOCIATES

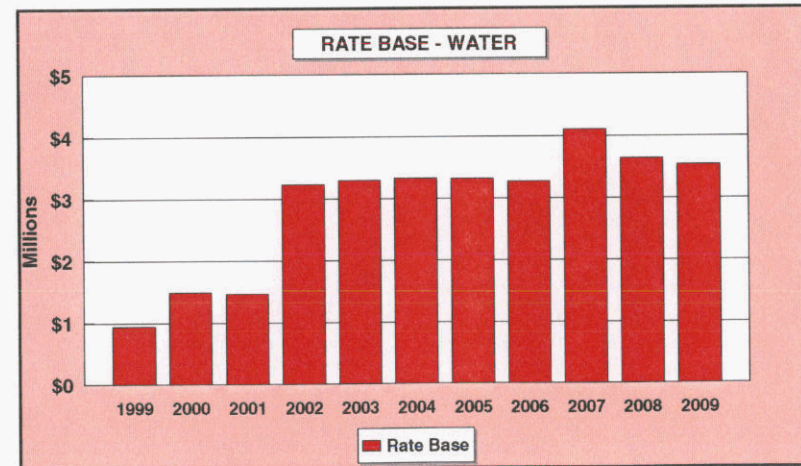
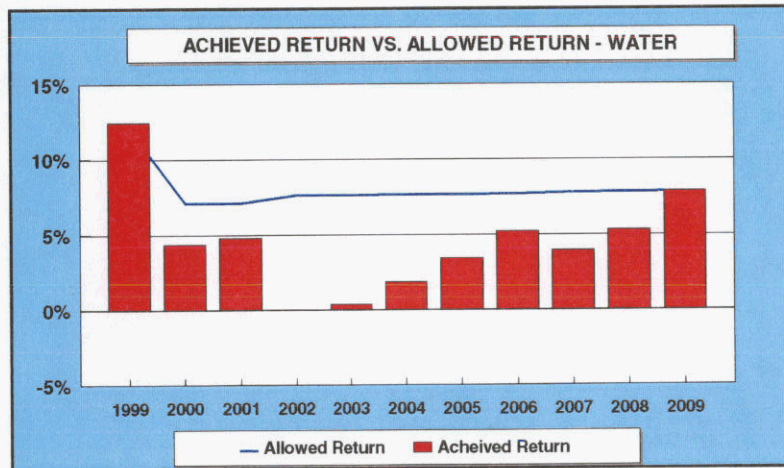
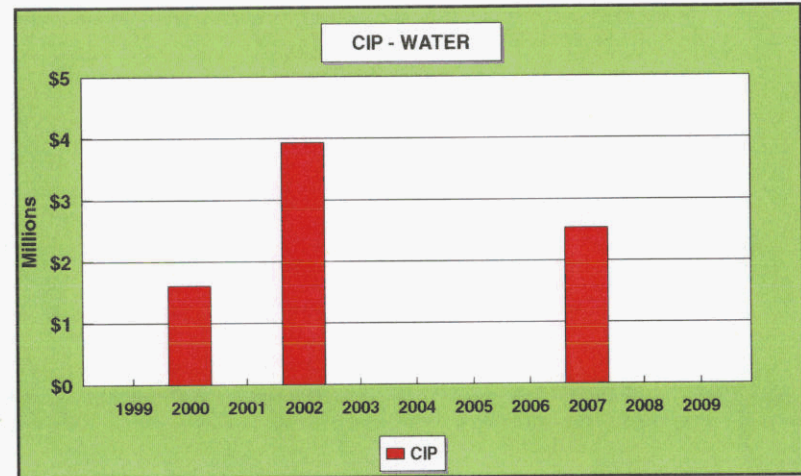
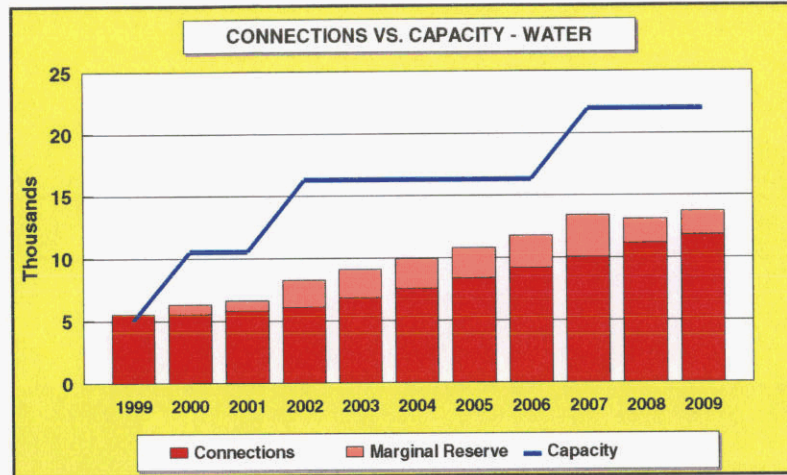
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INTERCOASTAL UTILITIES
WATER SYSTEM
GRAPHS OF KEY INDICATORS

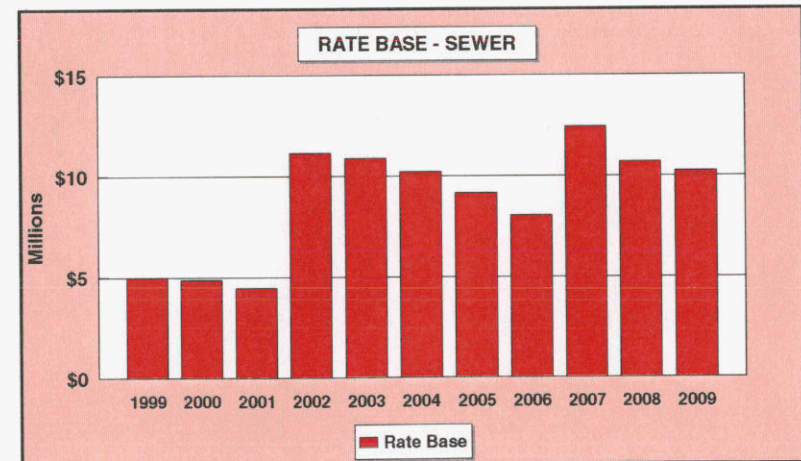
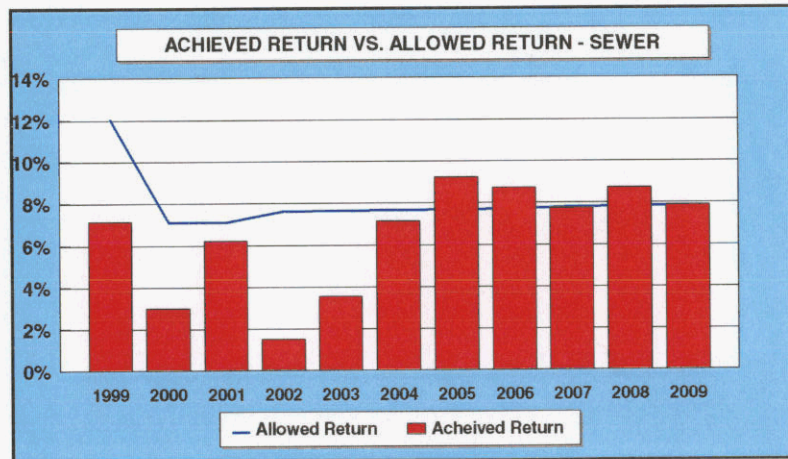
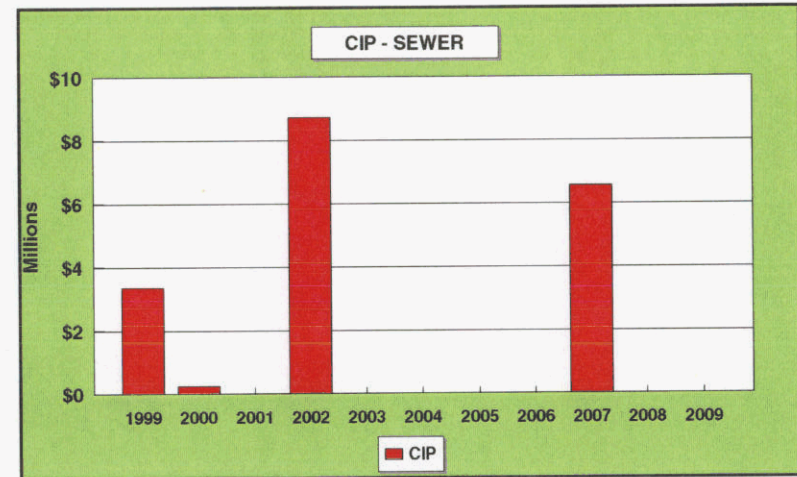
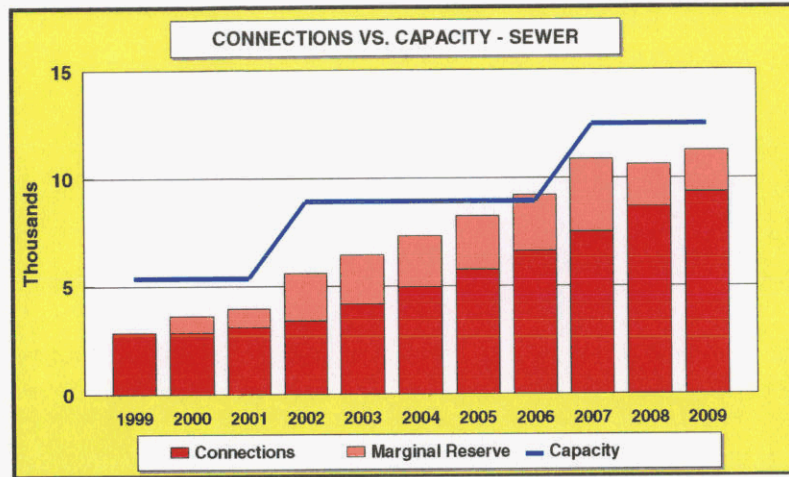
Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity



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INTERCOASTAL UTILITIES
SEWER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity



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INTERCOASTAL UTILITIES
WATER AND SEWER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

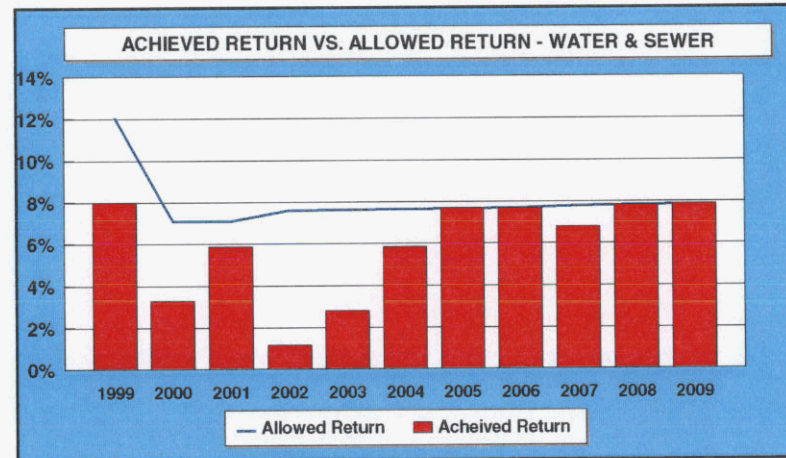


Figure 18

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CASH FLOW PROJECTIONS - TOTAL WATER AND SEWER SYSTEM**

Scenario 1b - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sources of Funds											
1 Beginning Year Balance	85,284	385,167	368,794	509,099	311,371	328,774	345,652	362,210	378,629	397,625	410,809
2 Net Income	471,475	208,017	344,887	166,638	395,316	788,185	952,684	865,429	1,119,890	1,118,131	1,081,239
3 Add:											
4 Depreciation	618,857	651,273	686,976	820,461	1,074,369	1,127,404	1,151,049	1,176,365	1,239,871	1,153,772	1,214,262
5 Amort of Utility Plant Acq Adj	10,935	10,935	10,935	10,935	10,935	10,935	10,935	10,935	10,935	10,935	10,935
6 Amort of Rate Case Expense	58,998	58,998	58,998	58,998	52,247	0	0	0	0	0	0
7 Less:											
8 Amort of CIAC	(405,461)	(362,353)	(381,031)	(377,895)	(407,775)	(430,527)	(442,771)	(456,173)	(441,375)	(376,791)	(395,690)
9 Net Income adjusted for non-cash items	752,803	564,869	718,763	677,136	1,125,092	1,495,987	1,671,898	1,597,556	1,829,121	1,908,048	1,910,746
10 Additional Cash											
11 CIAC Cash	0	221,053	240,948	646,037	669,674	695,438	723,521	756,476	985,139	581,045	569,010
12 Total additional Cash	0	221,053	240,948	646,037	669,674	695,438	723,521	756,476	985,139	581,045	569,010
13											
14 Total Sources of Funds	838,087	1,171,088	1,326,504	1,832,272	2,108,138	2,520,209	2,741,071	2,716,242	3,292,889	2,884,718	2,890,566
15											
Uses of Funds											
16 Less:											
17 Principal	(49,855)	(199,411)	(223,325)	(440,829)	(471,478)	(511,222)	(546,849)	(584,978)	(768,169)	(821,096)	(877,694)
18 Interest	(403,065)	(604,884)	(594,080)	(1,075,266)	(1,044,253)	(1,008,972)	(973,344)	(935,216)	(1,253,744)	(1,200,817)	(1,144,219)
19 Working Capital Reserve	(242,907)	(282,880)	(293,138)	(311,371)	(328,774)	(345,652)	(362,210)	(378,629)	(397,625)	(410,809)	(423,776)
20 Equity Investment	0	0	0	(5,056,500)	0	0	0	0	(3,631,000)	0	0
21											
22 Total Uses of Funds	(695,827)	(1,087,175)	(1,110,543)	(6,883,966)	(1,844,505)	(1,865,845)	(1,882,403)	(1,898,823)	(6,050,538)	(2,432,722)	(2,445,689)
23											
24 Excess (Deficit)	142,260	83,914	215,962	(5,051,694)	261,631	654,364	858,668	817,419	(2,757,649)	451,996	444,877
25											
26 Annual subsidy required from stockholders	0	0	0	5,051,694	(261,631)	(654,364)	(858,668)	(817,419)	2,757,649	(451,996)	(444,877)
27 Net Cash Flow	142,260	83,914	215,962	0	0	0	0	0	0	0	0
28 Add Back: Working Capital Reserve	242,907	282,880	293,138	311,371	328,774	345,652	362,210	378,629	397,625	410,809	423,776
29 Ending Balance	385,167	368,794	509,099	311,371	328,774	345,652	362,210	378,629	397,625	410,809	423,776
30											
31 Cumulative subsidy required from stockholders	0	0	0	5,051,694	4,790,063	4,135,699	3,277,031	2,459,612	5,217,261	4,765,265	4,320,388

SOURCE: BURTON & ASSOCIATES

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Appendix 2

Scenario 2a
Intercoastal "Standing in NUC's Shoes"
100% Debt and 0% Equity Financing

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. It assumes that capital projects will be funded with 100% debt and 0% equity financing.

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Figure 1

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
SUMMARY**

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

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

Water	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Rate Plan	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.6%				
Achieved Return	12.47%	4.64%	5.13%	-7.15%	-3.78%	0.43%	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	\$16.07				
Achieved Return (Millions)	\$0.116	\$0.066	\$0.072	(\$0.122)	(\$0.064)	\$0.007	\$0.107				
Allowed Return (Millions)	\$0.112	\$0.102	\$0.099	\$0.118	\$0.117	\$0.113	\$0.107				
Rate Base (Millions)	\$0.934	\$1.425	\$1.395	\$1.706	\$1.684	\$1.632	\$1.547				
Sewer											
Rate Plan	0.0%	0.0%	0.0%	0.0%	0.0%	-13.9%	-12.3%				
Achieved Return	7.13%	3.19%	6.65%	4.42%	10.28%	9.59%	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	\$63.89	\$55.01	\$48.25				
Achieved Return (Millions)	\$0.355	\$0.147	\$0.278	\$0.224	\$0.475	\$0.380	\$0.215				
Allowed Return (Millions)	\$0.600	\$0.328	\$0.298	\$0.350	\$0.320	\$0.274	\$0.215				
Rate Base (Millions)	\$4.979	\$4.602	\$4.184	\$5.061	\$4.618	\$3.961	\$3.116				
Water & Sewer											
Rate Effect	NA	0.0%	0.0%	0.0%	0.0%	-11.1%	-9.2%				
Achieved Return	7.97%	3.53%	6.27%	1.50%	6.52%	6.92%	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	\$79.70	\$70.82	\$64.31				
Achieved Return (Millions)	\$0.471	\$0.213	\$0.350	\$0.102	\$0.411	\$0.387	\$0.322				
Allowed Return (Millions)	\$0.712	\$0.430	\$0.398	\$0.468	\$0.436	\$0.387	\$0.322				
Rate Base (Millions)	\$5.913	\$6.027	\$5.579	\$6.768	\$6.302	\$5.593	\$4.663				

SOURCE: BURTON & ASSOCIATES
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Figure 2

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
ASSUMPTIONS**

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

Assumptions	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	10,571	10,571	16,286	16,286	16,286				
2 Additional Capacity in ERC's	0	5,514	0	5,714	0	0	0				
3 Total Capacity	5,057	10,571	10,571	16,286	16,286	16,286	16,286				
4 GPD = 1 ERC	350	350	350	350	350	350	350				
5 Connected ERC's	5,506	5,506	5,763	6,043	6,779	7,542	8,335				
6 Additional Connected ERC's											
7 Walden Chase	0	0	0	0	0	0	0				
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	257	280	736	765	783	828				
12 Total Connected ERC's	5,506	5,763	6,043	6,779	7,542	8,335	9,160				
13 Percent Growth in Connected ERC's	0.00%	4.67%	4.66%	12.17%	11.26%	10.51%	9.91%				
14 Percent of Growth Applied to Expenses	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%				
15 Effective Multiplier for Growth	0.00%	1.17%	1.22%	3.04%	2.81%	2.63%	2.48%				
16 Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%				
17 Growth and Inflationary Multiplier	1.50%	2.67%	2.72%	4.54%	4.31%	4.13%	3.68%				
Sewer											
18 Capacity in ERC's	2,857	5,357	5,357	5,357	8,929	8,929	8,929				
19 Additional Capacity in ERC's	2,500	0	0	3,571	0	0	0				
20 Total Capacity	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				
22 Connected ERC's	2,857	2,857	3,114	3,395	4,152	4,937	5,752				
23 Additional Connected ERC's											
24 Walden Chase	0	0	0	0	0	0	0				
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	257	280	758	765	815	848				
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	5,357	5,357	5,357	5,609	6,261	6,713	7,165				
31 Percent Growth in Connected ERC's	0.00%	9.00%	9.00%	22.32%	18.91%	16.51%	14.74%				
32 Percent of Growth Applied to Expenses	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%				
33 Effective Multiplier for Growth	0.00%	2.25%	2.25%	5.58%	4.73%	4.13%	3.68%				
34 Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%				
35 Growth and Inflationary Multiplier	1.50%	3.75%	3.75%	7.08%	6.23%	5.63%	5.16%				
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											
47 Current Service Availability Charge				\$234	\$625						

SOURCE: BURTON & ASSOCIATES
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Figure 3

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

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

Water	Actual 1999	Projected 2000	Projected 2001	Projected 2002	Projected 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009
Revenues:											
1 Rate Revenue:											
2 Rate Revenue	\$988,541	\$988,541	\$1,034,711	\$1,085,038	\$1,217,068	\$1,364,082	\$1,486,470				
3 Growth Percentage	NA	4.87%	4.86%	12.17%	11.38%	10.81%	8.91%				
4 Rate Revenue from Growth	0	48,170	50,325	132,080	136,907	142,378	148,343				
5 Rate Revenue Prior to Rate Adjustment	\$988,541	\$1,034,711	\$1,085,038	\$1,217,068	\$1,364,082	\$1,486,470	\$1,634,713				
6 Percentage Rate Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.81%				
7 Rate Revenue from Rate Adjustment	0	0	0	0	0	0	28,532				
8 Total Rate Revenue	\$988,541	\$1,034,711	\$1,085,038	\$1,217,068	\$1,364,082	\$1,486,470	\$1,663,245				
9											
10 Other Revenue:											
11 Misc. Revenue	\$1,238	\$1,268	\$1,358	\$1,524	\$1,698	\$1,874	\$2,080				
12 Other Revenue	0	0	0	0	0	0	0				
13 Total Other Revenue	\$1,238	\$1,268	\$1,358	\$1,524	\$1,698	\$1,874	\$2,080				
14 Total Revenues	\$989,779	\$1,035,979	\$1,086,396	\$1,218,592	\$1,365,780	\$1,488,344	\$1,675,325				
15											
16 Expenses:											
17											
18 Additional O&M - Western Svc Area	\$0	\$0	\$0	\$260,888	\$278,888	\$297,824	\$317,888				
19 Operating Expenses- Eastern Svc Area	\$748,138	\$770,538	\$794,001	\$830,071	\$865,880	\$901,629	\$937,483				
20 Rate Case Expense	NA	NA	NA	NA	NA	NA	NA				
21 Franchise Fee- PSC	0	48,382	48,827	94,768	80,834	67,341	78,208				
22 Depreciation (U & U Amt Only)	162,803	131,987	159,481	148,081	171,948	187,714	204,279				
23 Amort of CUD (U & U Amt Only)	(143,313)	(90,503)	(97,734)	(97,734)	(98,874)	(108,883)	(116,881)				
24 Amort of Acq Adj	4,883	4,883	4,883	4,883	4,883	4,883	4,883				
25 Total Expenses	\$762,110	\$863,278	\$900,238	\$1,206,238	\$1,269,298	\$1,332,308	\$1,422,878				
26 Operating Income	\$187,669	\$172,728	\$177,157	\$8,354	\$1,096,482	\$1,156,036	\$252,447				
27											
28 Non Operating Income (Expenses):											
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	(498)	(851)	(845)	(800)	(823)	(848)	(878)				
32 Other Taxes & Licenses	(75)	(88)	(88)	(121)	(124)	(128)	(132)				
33											
34 Property Taxes:	(80,864)	(105,852)	(104,812)	(130,037)	(133,834)	(137,987)	(142,465)				
35											
36 Total Non Operating Expenses	(\$81,235)	(\$106,702)	(\$105,654)	(\$130,957)	(\$134,782)	(\$138,944)	(\$143,473)				
37 Net Income	\$116,434	\$66,027	\$71,502	(\$122,036)	(\$63,888)	\$7,092	\$108,974				
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	\$66,027	\$71,502	(\$122,036)	(\$63,888)	\$7,092	\$108,974				
44											
45 Rate Base	\$833,943	\$1,424,518	\$1,395,098	\$1,706,058	\$1,884,177	\$1,832,154	\$1,546,767				
46											
47 Rate of Return Achieved	12.47%	4.64%	5.13%	-7.15%	-3.78%	0.43%	6.91%				
48 Allowed Return	12.04%	7.13%	7.13%	8.92%	8.92%	8.92%	8.91%				
49 Allowed Return Amount	\$112,447	\$101,568	\$99,480	\$118,106	\$116,558	\$112,911	\$106,956				
50											
51 Worksheet for Taxable Income:											
52 Interest Expense - Total	\$403,065	\$681,782	\$671,583	\$776,147	\$752,850	\$728,893	\$698,230				
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	\$181,379	\$267,807	\$257,212	\$348,266	\$338,828	\$328,607	\$314,653				
55											
56 Reconciliation of Net Income Before Income Tax	\$116,434	\$66,027	\$71,502	(\$122,036)	(\$63,888)	\$7,092	\$108,974				
57 LESS: Interest Expense - Water	(181,379)	(267,807)	(257,212)	(348,266)	(338,828)	(328,607)	(314,653)				
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.

Figure 3a

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

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1 ERCs	5,506	5,763	6,043	6,779	7,542	8,335	9,180				
2 Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%				
3 Salaries and Wages - Employees	NA	NA	NA	0	0	0	0				
4 Salaries and Wages - Officers	NA	NA	NA	0	0	0	0				
5 Emp Pensions & Benefits	NA	NA	NA	0	0	0	0				
6 Purchased Water	NA	NA	NA	111,643	126,101	141,482	157,866				
7 Purchased Power	NA	NA	NA	849	959	1,075	1,200				
8 Fuel for Power Production	NA	NA	NA	0	0	0	0				
9 Chemicals	NA	NA	NA	4,243	4,793	5,377	6,000				
10 Materials & Supplies	NA	NA	NA	3,536	3,994	4,481	5,000				
11 Contr Svcs- Engineering	NA	NA	NA	7,168	7,277	7,388	7,500				
12 Contr Svcs- Acct	NA	NA	NA	4,301	4,368	4,433	4,500				
13 Contr Svcs- Legal	NA	NA	NA	2,867	2,911	2,955	3,000				
14 Contr Svcs- Mgt Fees	NA	NA	NA	52,582	53,362	54,175	55,000				
15 Contr Svcs- Other	NA	NA	NA	60,637	61,561	62,486	63,450				
16 Rental of Bldg / Real Prop	NA	NA	NA	11,468	11,643	11,820	12,000				
17 Rental of Equip	NA	NA	NA	0	0	0	0				
18 Trans Exp	NA	NA	NA	0	0	0	0				
19 Insurance - Vehicle	NA	NA	NA	0	0	0	0				
20 Ins Gen Liab	NA	NA	NA	390	440	494	551				
21 Insurance - Work Comp	NA	NA	NA	143	146	148	150				
22 Insurance - Other	NA	NA	NA	475	536	601	671				
23 Advertising Exp	NA	NA	NA	0	0	0	0				
24 Reg Comm Exp - Rate Case	NA	NA	NA	0	0	0	0				
25 Reg Comm Exp - Other	NA	NA	NA	0	0	0	0				
26 Bad Debt Exp	NA	NA	NA	0	0	0	0				
27 Misc Exp	NA	NA	NA	707	799	896	1,000				
28 Total O&M - Nocatee Svc Area	0	0	0	280,968	276,866	297,824	317,888				

SOURCE: BURTON & ASSOCIATES
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05/31/2000

Figure 4

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

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

Sewer	Actual 1999	Projected 2000	Projected 2001	Projected 2002	Projected 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009
Revenues:											
1 Rate Revenue:											
2 Rate Revenue	\$1,997,770	\$1,997,770	\$2,177,570	\$2,373,551	\$2,903,218	\$3,482,110	\$3,462,907				
3 Growth Percentage	NA	0.00%	9.00%	22.32%	18.91%	16.51%	14.74%				
4 Rate Revenue from Growth	0	179,799	195,981	629,687	548,693	569,649	510,307				
5 Rate Revenue Prior to Rate Adjustment	\$1,997,770	\$2,177,570	\$2,373,551	\$2,903,218	\$3,482,110	\$4,021,999	\$3,973,214				
6 Percentage Rate Increase	0.00%	0.00%	0.00%	0.00%	0.00%	-13.90%	-12.29%				
7 Rate Revenue from Rate Adjustment	0	0	0	0	0	(569,052)	(488,241)				
8 Total Rate Revenue	\$1,997,770	\$2,177,570	\$2,373,551	\$2,903,218	\$3,482,110	\$3,462,907	\$3,484,972				
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	\$1,997,770	\$2,177,570	\$2,373,551	\$2,903,218	\$3,482,110	\$3,462,907	\$3,484,972				
Expenses:											
14 Additional O&M - Western Svc Area	\$0	\$0	\$0	\$406,540	\$474,933	\$547,808	\$624,922				
15 Operating Expenses- Eastern Svc Area	\$1,195,116	\$1,492,431	\$1,550,953	\$1,660,742	\$1,784,150	\$1,863,418	\$1,900,017				
16 Rate Case Expense	\$6,996	\$6,996	\$6,996	\$6,996	\$2,247	NA	NA				
17 Franchise Fee- PSC	0	97,991	105,810	130,845	155,345	155,831	156,834				
18 Depreciation (J & U Amt Only)	436,254	\$19,276	\$27,514	\$41,179	\$21,180	\$45,234	\$47,019				
19 Amort of CIAC (J & U Amt Only)	(262,148)	(271,850)	(283,298)	(289,021)	(310,138)	(323,644)	(328,109)				
20 Amort of Acq Adj	6,253	6,253	6,253	6,253	6,253	6,253	6,253				
21 Total Expenses	\$1,432,471	\$1,901,007	\$1,965,229	\$2,513,334	\$2,785,970	\$2,894,897	\$3,088,924				
22 Operating Income	\$565,299	\$276,473	\$408,322	\$389,884	\$696,140	\$568,010	\$416,048				
23 Non Operating Income (Expenses):											
24 Non Oper Rev	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
25 Taxes Other Than Income:											
26 Intangible Tax	0	0	0	0	0	0	0				
27 Other Taxes & Licenses	(75)	(75)	(75)	(96)	(102)	(109)	(118)				
28 Property Taxes:	(129,725)	(129,862)	(130,042)	(165,923)	(176,738)	(186,236)	(200,476)				
29 Total Non Operating Expenses	(\$129,800)	(\$129,736)	(\$130,117)	(\$166,018)	(\$176,840)	(\$186,345)	(\$200,592)				
30 Net Income	\$435,499	\$146,736	\$278,205	\$223,866	\$519,300	\$379,665	\$215,456				
31 Taxable Income (See worksheet for taxable income below)	\$213,813	\$0	\$0	\$0	\$97,177	\$0	\$0				
32 Income Taxes:											
33 5.50%	11,780	0	0	0	5,345	0	0				
34 34.00%	66,898	0	0	0	31,223	0	0				
35 Total Income Taxes	\$80,458	\$0	\$0	\$0	\$36,568	\$0	\$0				
36 Net After Tax Income	\$355,041	\$146,736	\$278,205	\$223,866	\$482,732	\$379,665	\$215,456				
37 Rate Base	\$4,879,232	\$4,802,108	\$4,183,875	\$5,061,463	\$4,818,173	\$3,980,816	\$3,115,937				
38 Rate of Return Achieved	7.13%	3.10%	6.65%	4.42%	10.28%	9.50%	6.91%				
39 Allowed Return	12.04%	7.13%	7.13%	6.92%	6.92%	6.92%	6.91%				
40 Allowed Return Amount	\$589,500	\$328,133	\$298,276	\$350,361	\$339,807	\$274,006	\$215,456				
Worksheet for Taxable Income:											
41 Interest Expense - Total	\$403,066	\$581,792	\$671,583	\$776,147	\$752,960	\$725,993	\$699,230				
42 Allocation Percentage to Sewer (1)	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%				
43 Allocated Interest Expense - Sewer	\$221,686	\$319,986	\$374,371	\$426,881	\$414,123	\$399,298	\$384,576				
44 Restatement of Net Income Before Income Tax	\$435,499	\$146,736	\$278,205	\$223,866	\$519,300	\$379,665	\$215,456				
45 LESS: Interest Expense - Sewer	\$221,686	\$319,986	\$374,371	\$426,881	\$414,123	\$399,298	\$384,576				
46 Taxable Income - Sewer (2)	\$213,813	\$0	\$0	\$0	\$97,177	\$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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Figure 4a

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

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1 ERCs	2,857	2,857	3,114	3,365	4,152	4,937	5,752				
2 Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%				
3 Salaries and Wages - Employees	NA	NA	NA	0	0	0	0				
4 Salaries and Wages - Officers	NA	NA	NA	0	0	0	0				
5 Emp Pensions & Benefits	NA	NA	NA	0	0	0	0				
6 Purchased Sewage Treatment	NA	NA	NA	245,564	304,973	368,155	435,459				
7 Sludge Removal Expense	NA	NA	NA	19,176	23,812	28,745	34,000				
8 Purchased Power	NA	NA	NA	282	350	423	500				
9 Fuel for Power Production	NA	NA	NA	0	0	0	0				
10 Chemicals	NA	NA	NA	2,820	3,502	4,227	5,000				
11 Materials & Supplies	NA	NA	NA	4,230	5,253	6,341	7,500				
12 Contr Svcs- Engineering	NA	NA	NA	4,301	4,366	4,433	4,500				
13 Contr Svcs- Acct	NA	NA	NA	2,867	2,911	2,955	3,000				
14 Contr Svcs- Legal	NA	NA	NA	82,562	53,362	54,175	55,000				
15 Contr Svcs- Mgt Fees	NA	NA	NA	60,637	61,561	62,496	63,450				
16 Contr Svcs- Other	NA	NA	NA	11,468	11,643	11,820	12,000				
17 Rental of Bldg / Real Prop	NA	NA	NA	0	0	0	0				
18 Rental of Equip	NA	NA	NA	0	0	0	0				
19 Trans Exp	NA	NA	NA	0	0	0	0				
20 Insurance - Vehicle	NA	NA	NA	0	0	0	0				
21 Ins Gen Liab	NA	NA	NA	405	503	607	718				
22 Insurance - Work Comp	NA	NA	NA	143	146	148	150				
23 Insurance - Other	NA	NA	NA	1,402	1,852	2,236	2,645				
24 Advertising Exp	NA	NA	NA	0	0	0	0				
25 Reg Comm Exp - Rate Case	NA	NA	NA	0	0	0	0				
26 Reg Comm Exp - Other	NA	NA	NA	0	0	0	0				
27 Bad Debt Exp	NA	NA	NA	0	0	0	0				
28 Misc Exp	NA	NA	NA	564	700	845	1,000				
29 Total O&M - Nocatee Svc Area		0	0	408,540	474,933	547,808	624,822				

SOURCE: BURTON & ASSOCIATES
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05/31/2000

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

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

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	536	25										
7	Structures & Improvements	1993	35,424	33										
8	Treatment	1986	992,838	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		\$6,491,778											
22	Adjustment to 1998 Annual Report Utility Plant in Service		(29,167)											
23	Total Utility Plant in Service		\$6,462,600											
Depreciation Schedule - Existing Assets														
24	Franchises	1999		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
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													
43	Acquisition		246	246	246	246	246	246	246					
44	Total Existing Depreciation		\$182,803	\$182,803	\$182,803	\$182,803	\$182,803	\$182,803	\$182,803					
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					

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

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

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 Water Plant- East Svc Area	2000	1,500,000	28

Depreciation Schedule - New Assets	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
8 Pumping Equipment	-	-	-	-	\$2,500	\$5,000	\$5,000	\$5,000	-	-	-	-
9 Trans and Dist Mains (Plant)	-	-	-	-	12,759	25,517	25,517	25,517	-	-	-	-
10 Office Furniture and Equipment	-	-	-	-	333	667	667	667	-	-	-	-
11 Stores Equipment	-	-	-	-	139	278	278	278	-	-	-	-
12 Communication Equipment	-	-	-	-	125	250	250	250	-	-	-	-
13 Organizations	-	-	-	-	188	375	375	375	-	-	-	-
14 Water Plant- East Svc Area	-	-	28,846	57,692	57,692	57,692	57,692	57,692	-	-	-	-
47 CIAC Plant	-	-	2,102	4,582	12,023	12,473	12,963	13,497	-	-	-	-
48 Total New Depreciation	-	-	\$30,948	\$62,274	\$85,759	\$102,252	\$102,742	\$103,278	-	-	-	-

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	85,759	102,252	102,742	103,278	-
51 Total Depreciation	\$182,603	\$213,551	\$244,877	\$268,362	\$284,855	\$285,344	\$285,878	-
52 Accumulated Depreciation	\$1,835,149	\$1,817,752	\$2,031,302	\$2,276,179	\$2,544,541	\$2,829,395	\$3,114,740	\$3,400,618

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

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

SEWER:

Existing Asset Depreciation

Existing Assets	Year	Estimated Original Cost	Life (Years)
1 Franchises	1980	\$34,630	NA
2 Sewers-Force	1991	1,209,416	30
3 Sewers-Gravity	1989	4,843,762	45
4 Other	1985	75,209	40
5 Services	1991	737,204	38
6 Receiving Well	1991	459,021	30
7 Pumping Equip	1992	996,960	18
8 Structures	1986	78,871	32
9 Treat Equip	1990	1,840,640	18
10 Outfall Sewer	1987	4,941	30
11 Other Treatment	1991	13,265	18
12 Structures	1994	90,237	32
13 General	1981	6,241	32
14 Furniture	1986	711	15
15 Laboratory	1995	7,747	15
16 Power Equip	1983	732	12
17 Misc Equip	1989	1,589	15
18 Acquisition	1983	243,654	39
19 Total Estimated Original Cost		\$10,645,330	
20 Adjustment to 1998 Annual Report Utility Plant in Service		308,909	
21 Total Utility Plant in Service		\$10,954,239	

Depreciation Schedule - Existing Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
22 Franchises	-	-	-	-	-	-	-	-	-	-	-
23 Sewers-Force	\$40,314	\$40,314	\$40,314	\$40,314	\$40,314	\$40,314	\$40,314	\$40,314	\$40,314	\$40,314	\$40,314
24 Sewers-Gravity	107,639	107,639	107,639	107,639	107,639	107,639	107,639	107,639	107,639	107,639	107,639
25 Other	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880
26 Services	19,400	19,400	19,400	19,400	19,400	19,400	19,400	19,400	19,400	19,400	19,400
27 Receiving Well	15,301	15,301	15,301	15,301	15,301	15,301	15,301	15,301	15,301	15,301	15,301
28 Pumping Equip	55,387	55,387	55,387	55,387	55,387	55,387	55,387	55,387	55,387	55,387	55,387
29 Structures	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465
30 Treat Equip	102,274	102,274	102,274	102,274	102,274	102,274	102,274	102,274	102,274	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	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	47	47	47	47	47	47	47	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	\$355,452	\$355,348	\$355,348	\$355,348	\$355,348	\$355,348
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	\$360,208	\$360,102	\$360,102	\$360,102	\$360,102	\$360,102

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

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

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	WWTP Improvement East Svc Area	1999	3,343,962	22

Depreciation Schedule - New Assets		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
10	Organizations	-	-	-	-	\$188	\$375	\$375	\$375				
11	Structures and Improvements	-	-	-	-	4,025	8,050	8,050	8,050				
12	Collection Sewers - Force	-	-	-	-	23,768	47,536	47,536	47,536				
13	Flow Measuring Devices	-	-	-	-	5,000	10,000	10,000	10,000				
14	Pumping Equipment	-	-	-	-	10,733	21,467	21,467	21,467				
15	Office Furniture and Equipment	-	-	-	-	333	667	667	667				
16	Stores Equipment	-	-	-	-	139	278	278	278				
17	Communication Equipment	-	-	-	-	125	250	250	250				
18	WWTP Improvement East Svc Area	75,999	151,998	151,998	151,998	151,998	151,998	151,998	151,998				
19	CIAC Plant	-	7,022	15,309	15,309	41,374	42,875	44,512	46,297				
20	Total New Depreciation	\$75,999	\$159,021	\$167,307	\$167,307	\$237,683	\$283,496	\$285,133	\$286,917				
Total Depreciation - Sewer													
21	Total Existing Depreciation	\$360,255	\$360,255	\$360,208	\$360,208	\$360,208	\$360,208	\$360,102	\$360,102				
22	Total New Depreciation	75,999	159,021	167,307	167,307	237,683	283,496	285,133	286,917				
23	Total Depreciation	\$436,254	\$519,276	\$527,514	\$527,514	\$597,891	\$643,703	\$645,234	\$647,019				

24	Accumulated Depreciation	\$2,768,561	\$3,204,815	\$3,724,061	\$4,251,605	\$4,849,496	\$5,493,199	\$6,138,433	\$6,785,452				
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SOURCE: BURTON & ASSOCIATES
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**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) - WATER**

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

Water - Existing CIAC

Existing CIAC

Existing CIAC - Plant		Year	Estimated Original Cost	Life (Years)
1	Other	1988	\$29,538	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	\$1,318,550	30
9	Total Existing CIAC - Cash		\$1,318,550	
10	Total Existing CIAC		\$5,006,427	
11	Adjustment to 1998 Annual Report		130,062	
12	Total Existing CIAC		\$5,136,489	

Amortization of Existing CIAC

Amortization Schedule - Existing Plant CIAC		1998	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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		1998	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				
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 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

New CIAC

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
		CIAC PER ERC											
1	New CIAC - Plant:												
2	Transmission & Dist Mains	Life 43 \$488.83	-	\$120,781	\$131,830	\$346,418	\$358,328	\$372,403	\$387,745				
3	Services	40 \$101.55	-	\$26,113	\$28,463	\$74,690	\$77,483	\$80,526	\$83,844				
4	Meters & Meter Installs	20 \$32.91	-	\$8,463	\$9,224	\$24,206	\$25,110	\$26,097	\$27,172				
5	Hydrants	45 \$56.86	-	\$14,361	\$15,854	\$41,077	\$42,613	\$44,287	\$46,111				
6	Total New CIAC - Plant		-	\$169,697	\$184,970	\$485,389	\$503,535	\$523,313	\$544,872				
7	New CIAC - Cash:												
8	New CIAC - Cash		-	\$60,287	\$65,713	\$172,441	\$178,887	\$185,914	\$193,573				
9	Life	30	-	\$60,287	\$65,713	\$172,441	\$178,887	\$185,914	\$193,573				
10	Total New CIAC - Cash		-	\$60,287	\$65,713	\$172,441	\$178,887	\$185,914	\$193,573				
11	Total New CIAC		-	\$229,984	\$250,683	\$657,830	\$682,422	\$709,227	\$738,445				

Amortization of New CIAC

			1999	2000	2001	2002	2003	2004	2005
12	New CIAC - Plant Amortization		-	\$1,404	\$3,061	\$8,033	\$8,333	\$8,661	\$9,017
13	Transmission & Dist Mains		-	\$326	\$712	\$1,867	\$1,937	\$2,013	\$2,096
14	Services		-	\$212	\$461	\$1,210	\$1,256	\$1,305	\$1,359
15	Meters & Meter Installs		-	\$160	\$348	\$913	\$947	\$984	\$1,025
16	Hydrants		-	\$2,102	\$4,582	\$12,023	\$12,475	\$12,963	\$13,497
17	Total New CIAC - Plant Amortization		-	\$2,102	\$4,582	\$12,023	\$12,475	\$12,963	\$13,497
18	New CIAC - Cash Amortization		-	\$1,006	\$2,190	\$5,748	\$5,963	\$6,197	\$6,452
19	Total New CIAC - Cash Amortization		-	\$1,006	\$2,190	\$5,748	\$5,963	\$6,197	\$6,452
20	Total New CIAC Amortization		-	\$3,107	\$6,772	\$17,771	\$18,438	\$19,160	\$19,949

Summary of CIAC & CIAC Amortization - Water

		Existing 1998	1999	2000	2001	2002	2003	2004	2005
21	CIAC								
22	Total Existing CIAC	\$5,136,489							
23	Total New CIAC		-	\$229,984	\$250,683	\$657,830	\$682,422	\$709,227	\$738,445
24	Total Accumulated CIAC - Water	\$5,136,489	\$5,136,489	\$5,366,473	\$5,617,157	\$6,274,986	\$6,957,408	\$7,666,635	\$8,405,080
25	CIAC Amortization								
26	Total Existing CIAC Annual Amortization		\$143,313	\$143,313	\$143,313	\$143,313	\$143,313	\$143,313	\$143,313
27	Total New CIAC Annual Amortization		-	3,107	6,772	17,771	18,438	19,160	19,949
28	Total CIAC Annual Amortization - Water		\$143,313	\$146,419	\$150,085	\$161,084	\$161,748	\$162,473	\$163,262
29	Accumulated CIAC Amortization	\$1,076,706	\$1,222,018	\$1,368,437	\$1,518,522	\$1,679,606	\$1,841,355	\$2,003,827	\$2,167,089

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

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

Sewer - Existing CIAC

Existing CIAC

Existing CIAC - Plant		Year	Estimated Original Cost	Life (Years)
1	Other	1992	\$73,594	30
2	Sewers - Force	1989	860,765	30
3	Sewers - Gravity	1988	3,717,765	45
4	Other - Collecting	1985	62,148	40
5	Services	1990	561,347	38
6	Structures	1997	5,500	32
7	Receiving Well	1991	247,738	30
8	Pumping Equipment	1990	501,274	15
9	Total Existing CIAC - Plant		\$8,030,111	

Existing CIAC - Cash		Year	Estimated Original Cost	Life (Years)
10	Cash	1992	\$2,385,734	30
	Total Existing CIAC - Cash		\$2,385,734	

11	Total Existing CIAC		\$8,416,845	
12	Adjustment to 1998 Annual Report		165,922	
13	Total Existing CIAC		\$8,602,767	

Amortization of Existing CIAC

Amortization Schedule - Existing Plant CIAC		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
14	Other	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453				
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	1,554	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				
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	2006	2007	2008	2009
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 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

New CIAC

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
New CIAC - Plant:													
	Life	CIAC per ERC											
1	Structures & Improvements	32	\$23.88	-	\$6,089	\$6,837	\$17,836	\$18,587	\$19,287	\$20,071			
2	Sewers - Force	30	\$301.28	-	\$77,472	\$84,444	\$228,222	\$236,508	\$245,538	\$255,378			
3	Sewers - Gravity	45	\$1,301.28	-	\$334,815	\$364,730	\$985,734	\$1,021,514	\$1,060,514	\$1,103,024			
4	Services	38	\$196.48	-	\$50,524	\$55,071	\$148,837	\$154,239	\$160,128	\$166,547			
5	Pumping Equip	18	\$175.45	-	\$45,117	\$49,177	\$132,909	\$137,733	\$142,982	\$148,723			
6	Life	30											
7	Total New CIAC - Plant			-	\$513,818	\$580,059	\$1,513,838	\$1,586,580	\$1,628,488	\$1,683,743			
New CIAC - Cash:													
8	New CIAC- Cash			-	\$180,786	\$175,235	\$473,586	\$490,787	\$509,524	\$529,948			
9	Life	30											
10	Total New CIAC - Cash			-	\$180,786	\$175,235	\$473,586	\$490,787	\$509,524	\$529,948			
11	Total New CIAC			-	\$694,604	\$755,294	\$1,987,424	\$2,077,367	\$2,138,012	\$2,213,691			

Amortization of New CIAC

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Amortization Schedule - New CIAC Assets													
12	New CIAC - Plant Amortization												
13	Structures & Improvements		-	\$95	\$207	\$561	\$581	\$603	\$627				
14	Sewers - Force		-	\$1,291	\$2,815	\$7,607	\$7,864	\$8,185	\$8,513				
15	Sewers - Gravity		-	\$3,718	\$8,105	\$21,905	\$22,700	\$23,567	\$24,512				
16	Services		-	\$665	\$1,449	\$3,917	\$4,059	\$4,214	\$4,383				
17	Pumping Equip		-	\$1,253	\$2,732	\$7,384	\$7,652	\$7,944	\$8,262				
18	Total New CIAC - Plant Amortization		-	\$7,022	\$15,308	\$41,374	\$42,875	\$44,512	\$46,297				
19	New CIAC- Cash Amortization		-	\$2,879	\$5,841	\$15,787	\$16,360	\$16,984	\$17,665				
20	Total New CIAC Amortization		-	\$9,901	\$21,150	\$57,160	\$59,235	\$61,497	\$63,962				

Summary of CIAC & CIAC Amortization - Sewer

	Existing 1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
21	Total Existing CIAC	\$8,802,767										
22	Total New CIAC		-	\$74,581	\$735,294	\$1,987,424	\$2,077,367	\$2,138,012	\$2,213,691			
23	Total Accumulated CIAC - Sewer	\$8,802,767	\$8,802,767	\$8,877,348	\$9,612,642	\$11,600,066	\$13,677,433	\$15,815,445	\$18,029,136			
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	\$57,160	\$59,235	\$61,497	\$63,962			
26	Total CIAC Annual Amortization - Sewer		\$262,148	\$271,850	\$283,298	\$319,308	\$321,383	\$323,645	\$326,110			
27	Accumulated CIAC Amortization	\$1,836,237	\$2,108,385	\$2,480,235	\$2,763,532	\$3,072,840	\$3,394,223	\$3,717,867	\$4,043,977			
Total Water & Sewer												
28	Total Existing CIAC Annual Amortization - Water & Sewer		\$405,481	\$405,481	\$405,481	\$405,481	\$405,481	\$405,481	\$405,481			
29	Total New CIAC Annual Amortization - Water & Sewer		-	\$12,808	\$27,922	\$74,932	\$77,671	\$80,656	\$83,911			
30	Total CIAC Annual Amortization - Water & Sewer		\$405,481	\$418,289	\$433,403	\$480,413	\$483,151	\$486,137	\$489,392			

SOURCE: BURTON & ASSOCIATES
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Figure 9

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

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Water											
Percent Contributed	84%	68%	68%	61%	66%	71%	76%				
Utility Plant in Service	\$8,462,609	\$8,132,306	\$8,317,276	\$10,032,412	\$10,535,947	\$11,069,280	\$11,604,132				
Include Construction Work in Progress? <input type="checkbox"/> NO	0	0	0	0	0	0	0				
Less: Accumulated Depreciation	(1,617,762)	(2,031,302)	(2,276,179)	(2,844,541)	(2,829,396)	(3,114,740)	(3,400,618)				
Utility Plant in Service less Accum Depr.	\$6,844,847	\$6,101,004	\$6,041,097	\$7,187,871	\$7,706,551	\$7,954,540	\$8,203,514				
Less: Accumulated CIAC	(5,136,489)	(5,366,473)	(5,617,167)	(6,274,966)	(6,957,408)	(7,666,636)	(8,405,080)				
Plus: Accumulated Amortization of CIAC	1,222,018	1,366,437	1,518,522	1,678,606	1,841,355	2,003,627	2,167,069				
Net Utility Plant in Service	\$2,930,376	\$2,100,968	\$1,942,452	\$2,591,511	\$2,590,498	\$2,291,531	\$1,965,503				
Plus or Minus:											
Acquisition Adjustments	\$187,303	\$187,303	\$187,303	\$187,303	\$187,303	\$187,303	\$187,303				
Accumulated Amort of Acq Adjustments	(77,263)	(81,946)	(86,629)	(91,312)	(96,995)	(100,678)	(105,361)				
Working Capital Allowance <input type="checkbox"/> 12.50% of O&M	\$3,517	\$6,317	\$9,250	\$13,758	\$18,235	\$22,704	\$27,185				
Other	0	0	0	0	0	0	0				
Net Utility Plant in Service	\$333,943	\$2,304,642	\$2,142,387	\$2,692,242	\$2,780,043	\$2,481,043	\$2,164,861				
U&U Percentage	100.00%	61.81%	65.12%	65.17%	60.36%	65.79%	71.48%				
Rate Base	\$333,943	\$1,424,518	\$1,395,069	\$1,706,058	\$1,684,177	\$1,632,156	\$1,546,787				
Sewer											
Percent Contributed	58%	61%	65%	63%	71%	76%	84%				
Utility Plant in Service	\$14,298,201	\$14,512,017	\$15,372,076	\$19,038,288	\$20,806,867	\$22,235,334	\$23,929,077				
Include Construction Work in Progress? <input type="checkbox"/> NO	0	0	0	0	0	0	0				
Less: Accumulated Depreciation	(3,204,816)	(3,724,091)	(4,251,606)	(4,849,496)	(5,493,199)	(6,138,433)	(6,785,452)				
Utility Plant in Service less Accum Depr.	\$11,093,385	\$10,787,926	\$11,120,470	\$14,188,792	\$15,313,668	\$16,096,901	\$17,143,625				
Less: Accumulated CIAC	(8,602,767)	(9,277,348)	(10,012,642)	(11,998,676)	(14,059,243)	(16,197,233)	(18,420,824)				
Plus: Amortization of CIAC	2,198,385	2,470,234	2,763,532	3,072,840	3,394,223	3,717,867	4,043,977				
Net Utility Plant in Service	\$4,689,003	\$4,280,812	\$3,871,360	\$5,262,956	\$4,748,648	\$3,617,535	\$2,766,877				
Plus or Minus:											
Acquisition Adjustments	\$243,854	\$243,854	\$243,854	\$243,854	\$243,854	\$243,854	\$243,854				
Accumulated Amort of Acq Adjustments	(103,015)	(109,112)	(115,209)	(121,306)	(127,403)	(133,499)	(139,596)				
Working Capital Allowance <input type="checkbox"/> 12.50% of O&M	149,389	186,554	193,869	207,593	220,519	232,627	245,002				
Other	0	0	0	0	0	0	0				
Net Utility Plant in Service	\$4,979,232	\$4,602,108	\$4,183,875	\$5,591,897	\$4,785,618	\$3,860,816	\$3,118,837				
U&U Percentage	100.00%	100.00%	100.00%	90.51%	96.50%	100.00%	100.00%				
Rate Base	\$4,979,232	\$4,602,108	\$4,183,875	\$5,061,493	\$4,618,173	\$3,960,816	\$3,115,937				

SOURCE: BURTON & ASSOCIATES
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Figure 10

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

Water

		Estimated Original Cost	In Svc Date	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
New Assets per CIP:															
1	Pumping Equipment	\$100,000	2002					\$100,000							
2	Trans and Dist Mains (Plant)	1,067,247	2002					\$1,067,247							
3	Office Furniture and Equipment	10,000	2002					10,000							
4	Stores Equipment	8,000	2002					8,000							
5	Communication Equipment	2,500	2002					2,500							
6	Organizations	15,000	2002					15,000							
7	Water Plant- East Svc Area	1,500,000	2000			1,500,000									
8	Total Utility Plant In Service (not including CIAC)			\$6,462,808	\$6,462,808	\$7,962,808	\$7,962,808	\$8,182,368	\$8,182,368	\$8,182,368	\$8,182,368	\$8,182,368			
New Plant Assets per CIAC:															
9	New Plant Assets (CIAC)				\$0	\$180,887	\$184,970	\$455,348	\$503,535	\$623,313	\$544,872				
10	Total New Plant Assets (CIAC)			\$0	\$0	\$180,887	\$364,867	\$840,696	\$1,343,591	\$1,866,604	\$2,411,776				
11	Total Water Utility Plant In Service			\$6,462,808	\$6,462,808	\$8,132,308	\$8,317,276	\$10,032,412	\$10,836,947	\$11,046,280	\$11,604,132				

Sewer

		Estimated Original Cost	In Svc Date	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
New Assets per CIP:															
12	Organizations	\$15,000	2002					\$15,000							
13	Structures and Improvements	257,800	2002					\$257,800							
14	Collection Sewers - Force	1,426,074	2002					1,426,074							
15	Flow Measuring Devices	50,000	2002					50,000							
16	Pumping Equipment	366,400	2002					366,400							
17	Office Furniture and Equipment	10,000	2002					10,000							
18	Stores Equipment	8,000	2002					8,000							
19	Communication Equipment	2,500	2002					2,500							
20	WWTTP Improvement East Svc Area	3,343,962	1999		3,343,962										
21	Total Utility Plant In Service (not including CIAC)			\$10,964,238	\$14,298,201	\$14,298,201	\$14,298,201	\$18,450,775	\$18,450,775	\$18,450,775	\$18,450,775				
New Plant Assets per CIAC:															
22	New Plant Assets (CIAC)				\$0	\$513,818	\$560,058	\$1,513,538	\$1,558,580	\$1,828,498	\$1,093,743				
23	Total New Plant Assets (CIAC)			\$0	\$0	\$513,818	\$1,073,378	\$2,587,513	\$4,156,062	\$5,784,556	\$7,478,302				
24	Total Sewer Utility Plant In Service			\$10,964,238	\$14,298,201	\$14,812,017	\$15,372,076	\$19,038,288	\$20,806,867	\$22,236,334	\$23,929,077				

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

Scenario 2a - ICU Water and Sewer Rates with Nocates's JEA Wholesale Plan - 100% Debt / 0% Equity

PROJECT TOTAL	AMOUNT DEBT FUNDED	PROJECT NAME	INCREASE IN				1998	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
			IN SER- VICE DATE	MONTHS TO COM- PLET	% DEBT FUNDED	ASSET LIFE												CAPACITY (1000)
Water																	
1	\$100,000	\$100,000 Pumping Equipment	2002	12	100%	20	2.00				100,000						
2	1,087,247	1,087,247 Trans and Dist Mains (Plant)	2002	12	100%	43	0.00				1,087,247						
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%	15	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%	25	1.93		1,500,000								
8	\$2,728,747	\$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	257,500	257,500 Structures and Improvements	2002	12	100%	32	0.00				257,500						
11	1,426,074	1,426,074 Collection Sewers - Force	2002	12	100%	30	0.00				1,426,074						
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%	15	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%	15	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 Area	1999	12	100%	22	0.70	3,343,962									
18	\$5,488,535	\$5,488,535						\$3,343,962	\$0	\$0	\$2,182,574	\$0	\$0	\$0			
TOTAL WATER & SEWER																	
19	\$8,228,283	\$8,228,283 TOTAL WATER AND SEWER						\$3,343,962	\$1,500,000	\$0	\$3,382,321	\$0	\$0	\$0			

SOURCE: BURTON & ASSOCIATES / P066/
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Figure 13

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

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

	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	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	6,779	7,542	8,335				
Annual Growth Percent	0.00%	4.67%	4.86%	12.17%	11.26%	10.51%	9.91%				
Additional Units	0	257	280	738	763	793	828				
Total Connections	5,506	5,763	6,043	6,779	7,542	8,335	9,160				
Raw U & U Percent	108.87%	54.51%	57.16%	41.82%	46.31%	51.18%	56.25%				
PLUS: Margin Reserve 35 Mos.	0	771	841	2,207	2,289	2,379	2,477				
Total Connections plus Margin Reserve	5,506	6,534	6,884	8,985	9,831	10,714	11,637				
U & U Percent	100.00%	61.81%	65.12%	65.17%	60.36%	65.79%	71.46%				
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	3,395	4,152	4,937	5,752				
Annual Growth Percent	0.00%	9.00%	9.00%	22.32%	18.91%	16.51%	14.74%				
Additional Units - Eastern Service Area	0	257	280	306	333	363	396				
Additional Units - Western Service Area	0	0	0	452	452	452	452				
Additional Units - Total	0	257	280	758	785	815	848				
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	8,809	8,261	6,713	7,165				
Raw U & U Percent	100.00%	100.00%	100.00%	65.06%	70.12%	75.19%	80.25%				
PLUS: Margin Reserve 35 Mos.	0	771	841	2,273	2,355	2,445	2,543				
Total Connections plus Margin Reserve	5,357	6,128	6,198	11,082	10,616	9,158	9,708				
U & U Percent	100.00%	100.00%	100.00%	90.51%	86.50%	100.00%	100.00%				

SOURCE: BURTON & ASSOCIATES

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

Scenario 2a - ICU Water and Sewer Rates with Nocates's JEA Wholesale Plan - 100% Debt / 0% Equity

Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY1999					FY2000				
					Beginning Balance	Principal	Interest	Balance	Cost of Capital	Beginning Balance	Principal	Interest	Balance	Cost of Capital
1 First Union Bank				7.27%	\$1,335,448	0	\$20,854	\$1,335,448	\$219,837	\$1,335,448	0	\$20,854	\$1,335,448	\$219,837
2 Plantation Developers - WTP	9883,488	01/01/98	20	7.84%	988,884	18,388	48,814	967,478	48,089	967,478	20,843	48,814	946,635	48,814
3 Plantation Developers - Unit 8	84,861	12/23/94	20	7.84%	84,880	0	7,443	84,880	7,516	84,880	2,018	7,443	82,862	7,356
4 Crossroads Land Ltd- Seaside Ut 2	108,636	12/23/94	20	7.84%	100,002	2,867	7,889	97,145	7,713	97,145	3,179	7,788	93,966	7,481
5 Crossroads Land Ltd- Seaside Ut 3	128,860	03/28/96	20	7.88%	121,143	3,287	8,331	117,866	9,030	117,866	3,483	8,096	114,383	8,782
6 T&W Nursery, Inc.	112,847	12/23/94	20	7.84%	110,861	2,450	8,828	108,201	8,581	108,201	2,836	8,841	105,365	8,382
7 BAT of Palm Valley - Tom West	40,147	08/00/98	20	7.07%	38,007	1,053	2,702	36,954	2,613	36,954	1,123	2,832	35,831	2,533
8 Odessa Mill Ltd.	328,632	08/25/98	20	7.50%	324,838	4,480	22,730	320,488	22,433	320,488	8,061	22,356	312,417	21,860
9 Marsh Dunes	86,517	04/08/98	20	6.33%	86,517	0	6,110	86,517	6,110	86,517	0	6,110	86,517	6,110
10 Arvida- Sawmill Lakes (Offsite #1)	80,000	09/12/98	20	6.81%	80,000	0	3,405	80,000	3,405	80,000	0	3,405	80,000	3,405
11 Arvida- Sawmill Lakes (Offsite #2)	80,000	02/17/97	20	6.58%	80,000	0	3,288	80,000	3,288	80,000	0	3,288	80,000	3,288
12 Arvida- Sawmill Lakes Ut 1	464,818	06/18/97	20	6.88%	460,782	11,861	31,228	438,131	30,256	438,131	12,418	30,467	426,712	28,400
13 Arvida- Sawmill Lakes Ut 2	180,030	08/08/97	20	6.77%	186,786	4,722	12,644	181,063	12,288	181,063	8,034	12,342	173,029	11,818
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														
17	1999		20	6.50%	0	0	0	0	0	0	0	0	0	0
18	2000		20	6.50%	0	0	0	0	0	1,522,500	38,214	98,863	1,483,286	98,414
19	2001		20	6.50%	0	0	0	0	0	0	0	0	0	0
20	2002	3,433,058	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	0	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 CMP in WACC?	NO		20	7.50%	0	0	0	0	0	0	0	0	0	0
30 New Equity					0	0	0	0	0	0	0	0	0	0
31				10.00%	0	0	0	0	0	0	0	0	0	0
32 Weighted Average Cost of Capital					\$6,044,784	\$48,866	\$403,086	\$6,094,640	\$437,108	\$180,281	\$581,782	\$7,327,178	\$522,432	7.13%

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

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2001					FY2002				
					Beginning Balance	Principal	Interest	Balance	Cost of Capital	Beginning Balance	Principal	Interest	Balance	Cost of Capital
1 First Union Bank				7.27%	\$3,743,182	\$100,802	\$100,802	\$3,642,380	6.24%	\$3,642,380	\$100,802	\$100,802	\$3,541,578	6.24%
2 Plantation Developers - WTP	\$663,488	01/01/06	20	7.27%	\$663,488	\$22,800	\$43,738	\$640,688	41.812	\$640,688	\$24,418	\$41,801	\$616,269	38.673
3 Plantation Developers - Unit 8	\$4,861	12/23/04	20	7.84%	\$4,861	\$2,181	\$7,277	\$2,680	7.182	\$2,680	\$2,381	\$7,007	\$3,299	6.896
4 Crossroads Land Ltd - Seaside Lt 2	\$8,526	12/23/04	20	7.84%	\$8,526	\$3,441	\$7,504	\$5,085	7.182	\$5,085	\$3,734	\$7,221	\$6,351	6.862
5 Crossroads Land Ltd - Seaside Lt 3	\$28,866	03/28/06	20	7.84%	\$28,866	\$3,778	\$8,818	\$25,088	8.474	\$25,088	\$4,070	\$8,519	\$20,569	6.162
6 TAW Nursery, Inc.	\$12,847	12/23/04	20	7.84%	\$12,847	\$2,862	\$8,428	\$9,985	8.166	\$9,985	\$3,087	\$8,180	\$17,165	7.810
7 BAT of Palm Valley - Tam West	\$40,147	06/25/06	20	7.07%	\$40,147	\$1,206	\$2,550	\$38,941	2.448	\$38,941	\$1,283	\$2,482	\$37,658	2.367
8 Odessa M&E Ltd.	\$28,833	06/25/06	20	7.07%	\$28,833	\$8,833	\$21,774	\$20,940	21.266	\$20,940	\$8,258	\$21,150	\$12,682	20.817
9 Marsh Dunes	\$6,517	04/09/06	20	6.33%	\$6,517	\$2,481	\$5,038	\$4,038	6.852	\$4,038	\$2,643	\$5,677	\$1,393	5.785
10 Arvida - Sawmill Lakes (Offsite #1)	\$0,000	08/12/08	20	6.81%	\$0,000	\$1,218	\$3,388	\$48,784	3.322	\$48,784	\$1,302	\$3,382	\$47,482	3.234
11 Arvida - Sawmill Lakes (Offsite #2)	\$0,000	02/17/07	20	6.58%	\$0,000	\$1,349	\$3,253	\$48,781	3.258	\$48,781	\$1,334	\$3,198	\$47,417	3.120
12 Arvida - Sawmill Lakes Lt 1	\$44,818	04/19/07	20	6.80%	\$44,818	\$13,302	\$28,584	\$31,510	26.484	\$31,510	\$14,348	\$28,838	\$38,358	27.802
13 Arvida - Sawmill Lakes Lt 2	\$100,030	08/08/07	20	6.77%	\$100,030	\$3,378	\$11,981	\$96,652	11.664	\$96,652	\$5,780	\$11,816	\$90,866	11.185
14 Equity														
15 New Debt - In Service:				10.00%										
16														
17	1998		20	6.50%										
18	2000		20	6.50%										
19	2001	1,322,800	20	6.50%	1,483,286	41,783	\$8,414	1,441,823	82.888	1,441,823	44,478	\$3,888	1,397,345	80.888
20	2002		20	6.50%										
21	2003	3,433,066	20	6.50%						3,433,066	88,423	223,149	3,344,633	217.401
22	2004		20	6.50%										
23	2005		20	6.50%										
24	2006		20	6.50%										
25	2007		20	6.50%										
26	2008		20	6.50%										
27														
28 New Debt - Construction Work In Progress:														
29 Include CHWP in WACC?	NO		20	7.50%										
30 New Equity				10.00%										
31														
32 Weighted Average Cost of Capital					\$213,581	\$571,583	\$7,113,588	\$507,144	7.13%	\$320,588	\$776,147	\$10,228,085	\$707,919	6.92%

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

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2003				FY2004			
					Beginning Balance	Principal	Interest	Cost of Capital	Beginning Balance	Principal	Interest	Cost of Capital
1 First Union Bank					\$1,325,428	\$122,774	\$301,283	\$1,407,865	\$1,407,865	\$130,838	\$288,540	\$1,538,718
2 Plantation Developers - WTP	9843,488	01/01/98	20	7.27%	468,858	38,428	38,870	473,230	473,230	28,808	37,884	444,828
3 Plantation Developers- Unit 8	84,881	12/23/94	20	7.84%	88,084	2,848	8,903	88,538	88,538	2,788	8,883	82,774
4 Crossroads Land Ltd- Seaside U2	109,538	12/23/94	20	7.84%	88,801	4,031	8,914	82,770	82,770	4,383	8,582	78,408
5 Crossroads Land Ltd- Seaside U2	128,660	03/28/98	20	7.84%	108,563	4,382	8,188	102,180	102,180	4,741	7,847	87,410
6 TAW Nursery, Inc.	112,847	12/23/94	20	7.84%	88,827	3,341	7,535	88,287	88,287	3,818	7,880	82,871
7 BAT of Palm Valley - Tom West	40,147	06/30/98	20	7.84%	33,232	1,388	2,388	31,844	31,844	1,488	2,388	30,456
8 Odessa MB Ltd.	328,832	08/25/98	20	7.84%	284,538	9,827	20,480	284,800	284,800	10,844	19,783	273,956
9 Marsh Dunes	88,817	04/09/98	20	8.33%	81,383	2,816	8,704	86,877	86,877	2,988	8,521	85,878
10 Arvida- Sawmill Lakes (Offsite #1)	80,000	08/12/98	20	8.81%	47,482	1,383	3,181	48,088	48,088	1,481	3,083	44,588
11 Arvida- Sawmill Lakes (Offsite #2)	80,000	02/17/97	20	8.84%	47,417	1,424	3,078	48,983	48,983	1,521	2,981	44,472
12 Arvida- Sawmill Lakes U2	484,818	06/18/97	20	8.84%	388,181	15,282	27,828	383,800	383,800	18,347	28,538	365,453
13 Arvida- Sawmill Lakes U2	180,830	08/08/97	20	8.77%	184,814	8,182	11,214	186,782	186,782	8,581	10,788	182,180
14 Equity	0				0	0	0	0	0	0	0	0
15 New Debt- In Service:				10.00%	0	0	0	0	0	0	0	0
16					0	0	0	0	0	0	0	0
17	1998		20	6.50%	0	0	0	0	0	0	0	0
18	2000		20	6.50%	1,822,800	47,388	80,808	1,348,877	1,348,877	50,448	87,728	1,298,228
19	2001		20	6.50%	0	0	0	0	0	0	0	0
20	2002		20	6.50%	3,433,084	84,171	217,401	3,250,482	3,250,482	100,282	211,280	3,150,170
21	2003		20	6.50%	0	0	0	0	0	0	0	0
22	2004		20	6.50%	0	0	0	0	0	0	0	0
23	2005		20	6.50%	0	0	0	0	0	0	0	0
24	2006		20	6.50%	0	0	0	0	0	0	0	0
25	2007		20	6.50%	0	0	0	0	0	0	0	0
26	2008		20	6.50%	0	0	0	0	0	0	0	0
27	2009		20	6.50%	0	0	0	0	0	0	0	0
28 New Debt- Construction Work In Progress:					0	0	0	0	0	0	0	0
29 Include CWP in WACC?	NO		20	7.50%	0	0	0	0	0	0	0	0
30 New Equity					0	0	0	0	0	0	0	0
31				10.00%	0	0	0	0	0	0	0	0
32 Weighted Average Cost of Capital					\$343,421	\$782,950	\$8,882,844	\$883,842	\$374,841	\$725,383	\$8,507,803	\$887,742

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

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2005				Cost of Capital
					Beginning Balance	Principal	Interest	Balance	
1 First Union Bank				7.57%	\$1,362,718	\$148,363	\$278,115	\$1,114,353	\$26,412
2 Plantation Developers - WTP	8883,488	01/01/98	20	7.84%	444,828	30,861	36,338	415,684	32,848
3 Plantation Developers - Unit 8	84,881	12/23/84	20	7.84%	82,774	2,883	6,486	78,781	6,336
4 Crossroads Land Ltd- Seaside Ut 2	108,838	12/23/84	20	7.84%	78,408	4,722	6,223	73,684	8,861
5 Crossroads Land Ltd- Seaside Ut 3	128,858	03/28/86	20	7.88%	87,419	5,117	7,471	82,302	7,070
6 TAW Nursery, Inc.	112,847	12/23/84	20	7.84%	82,871	3,814	7,363	88,767	7,047
7 BAT of Palm Valley - Tom West	40,147	08/30/86	20	7.84%	30,488	1,898	2,188	28,867	2,040
8 Odessa Mill Ltd.	328,832	08/25/86	20	7.87%	273,858	11,414	18,883	282,841	18,378
9 Marsh Dunes	88,817	04/08/86	20	8.33%	86,878	3,184	5,328	82,384	6,215
10 Arvida- Sawmill Lakes (Offsite #1)	80,000	09/12/86	20	8.81%	44,888	1,888	2,988	43,003	2,828
11 Arvida- Sawmill Lakes (Offsite #2)	80,000	02/17/87	20	8.58%	44,472	1,824	2,878	42,848	2,819
12 Arvida- Sawmill Lakes Ut 1	484,818	08/18/87	20	8.88%	367,863	17,810	28,377	360,843	24,118
13 Arvida- Sawmill Lakes Ut 2	180,830	08/08/87	20	8.77%	182,180	7,041	10,328	148,138	8,828
14 Equity	0				0	0	0	0	0
15 New Debt- In Service:				10.00%	0	0	0	0	0
16					0	0	0	0	0
17 1988	0		20	8.50%	0	0	0	0	0
18 2000	1,822,800		20	8.50%	1,288,228	83,727	84,480	1,248,502	88,868
19 2001	0		20	8.50%	0	0	0	0	0
20 2002	3,433,088		20	8.50%	3,188,170	108,811	204,781	3,043,380	187,818
21 2003	0		20	8.50%	0	0	0	0	0
22 2004	0		20	8.50%	0	0	0	0	0
23 2005	0		20	8.50%	0	0	0	0	0
24 2006	0		20	8.50%	0	0	0	0	0
25 2007	0		20	8.50%	0	0	0	0	0
26 2008	0		20	8.50%	0	0	0	0	0
27 2009	0		20	8.50%	0	0	0	0	0
28 New Debt- Construction Work In Progress:									
29 Include CWP in WACC?	NO		20	7.50%			0	0	0
30 New Equity	0			10.00%				0	0
31									
32 Weighted Average Cost of Capital					\$401,804	\$888,230	\$8,108,188	\$428,880	8.91%

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

Scenario 2a - ICU Water and Sewer Rates with Nocata's JEA Wholesale Plan - 100% Debt / 0% Equity

	Lender	Orig Loan			
		Amount	Orig Loan Date	Term	Interest Rate
1	First Union Bank				
2	Plantation Developers - WTP	\$843,486	01/01/96	20	7.27%
3	Plantation Developers- Unit 9	84,861	12/23/94	20	7.84%
4	Crescoeds Land Ltd- Seaside Ut 2	108,836	12/23/94	20	7.84%
5	Crescoeds Land Ltd- Seaside Ut 3	128,860	03/28/96	20	7.84%
6	TAW Nursery, Inc.	112,847	12/23/94	20	7.84%
7	BAT of Palm Valley - Ten West	40,147	08/30/96	20	7.87%
8	Odons MS Ltd.	326,832	09/25/96	20	7.80%
9	Marsh Dunes	86,617	04/08/98	20	8.33%
10	Arvida- Sewell Lanes (Offsite #1)	80,000	09/12/98	20	6.81%
11	Arvida- Sewell Lanes (Offsite #2)	80,000	02/17/97	20	6.88%
12	Arvida- Sewell Lanes Ut 1	444,918	06/18/97	20	6.88%
13	Arvida- Sewell Lanes Ut 2	180,030	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	2006	0		20	6.50%
24	2007	0		20	6.50%
25	2008	0		20	6.50%
26	2009	0		20	6.50%
27		0		20	6.50%
28	New Debt- Construction Work In Progress:				
29	Include CHWP in WACC?	NO		20	7.50%
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 2a - ICU Water and Sewer Rates with Nocates's JEA Wholesale Plan - 100% Debt / 0% Equity

Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate
1 First Union Bank	8663,486	01/01/86	20	7.27%
2 Plantation Developers - WTP	84,861	12/23/84	20	7.84%
3 Plantation Developers - Unit 8	108,536	12/23/84	20	7.84%
4 Crossroads Land Ltd- Seaside L2 2	128,650	03/28/85	20	7.88%
5 Crossroads Land Ltd- Seaside L2 3	112,847	12/23/84	20	7.84%
6 TAW Nursery, Inc.	40,147	06/30/86	20	7.87%
7 BAT of Palm Valley - Tom West	328,832	09/25/86	20	7.80%
8 Odessa MB Ltd.	86,517	04/06/88	20	6.33%
9 Marsh Dunes	80,000	09/12/88	20	6.81%
10 Arvida- Sewer Mill Lakes (Offsite #1)	80,000	02/17/87	20	6.58%
11 Arvida- Sewer Mill Lakes (Offsite #2)	464,918	06/18/87	20	6.88%
12 Arvida- Sewer Mill Lakes L2 1	190,030	09/08/87	20	6.77%
13 Arvida- Sewer Mill Lakes L2 2	0			
14 Equity	0			10.00%
15 New Debt- In Service:				
16 1999	0		20	6.50%
17 2000	1,822,800		20	6.50%
18 2001	0		20	6.50%
19 2002	2,433,056		20	6.50%
20 2003	0		20	6.50%
21 2004	0		20	6.50%
22 2005	0		20	6.50%
23 2006	0		20	6.50%
24 2007	0		20	6.50%
25 2008	0		20	6.50%
26 2009	0		20	6.50%
27 New Debt- Construction Work In Progress:				
28 Include CWP in WACC? <input type="text" value="NO"/>			20	7.50%
29 New Equity	0			10.00%
30				
31				
32 Weighted Average Cost of Capital				

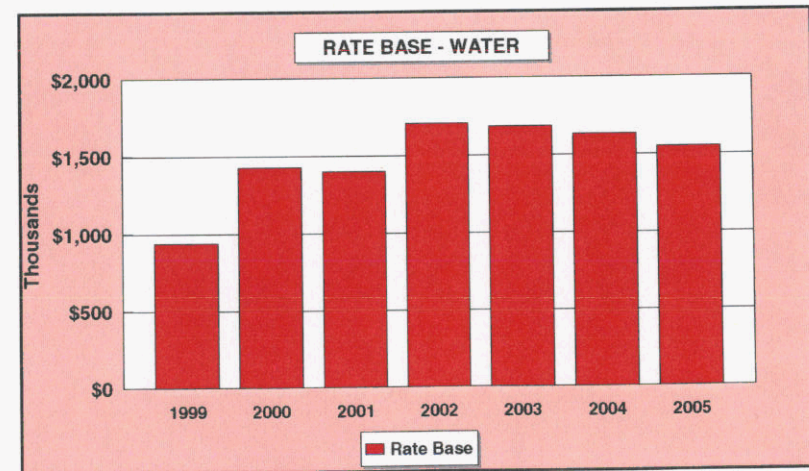
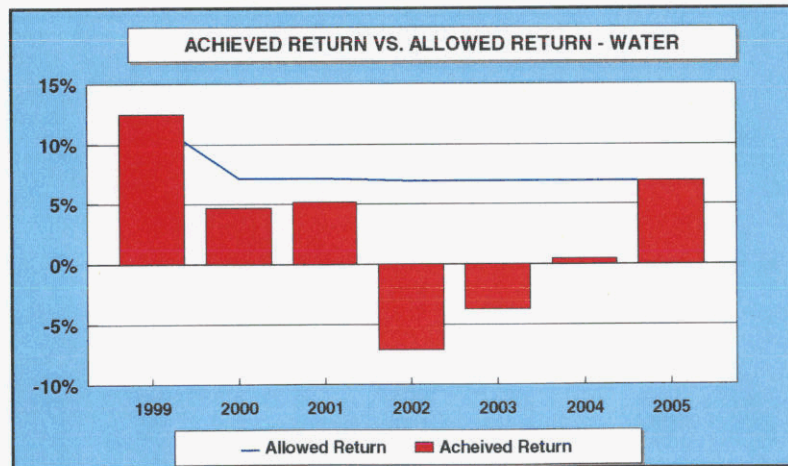
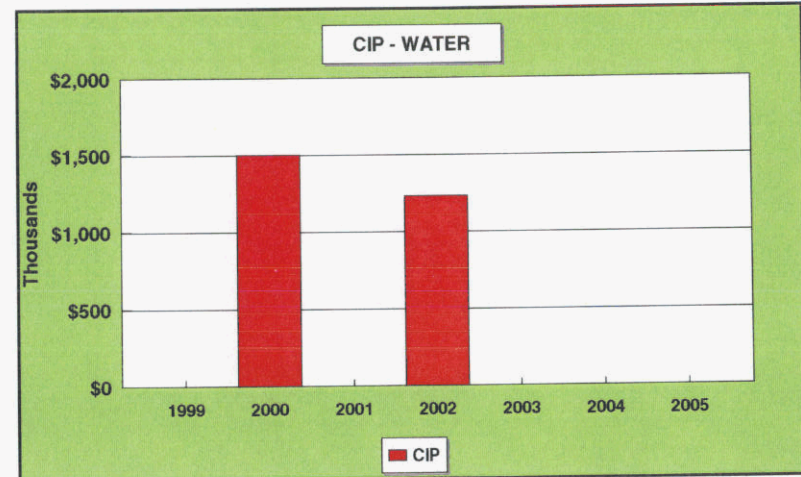
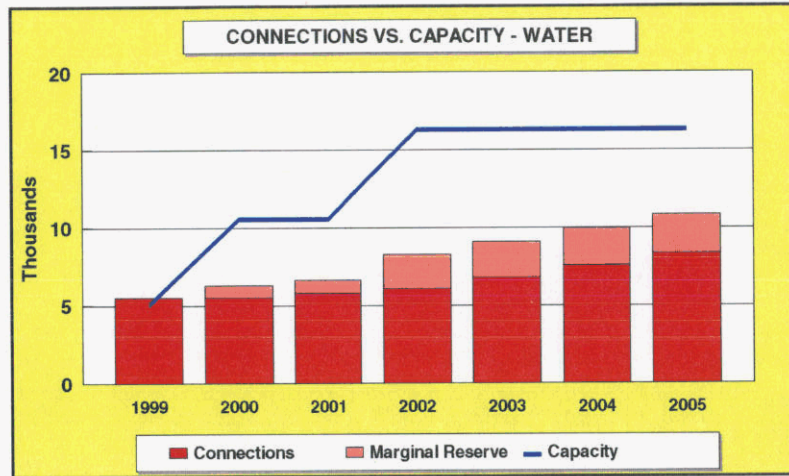
SOURCE: BURTON & ASSOCIATES
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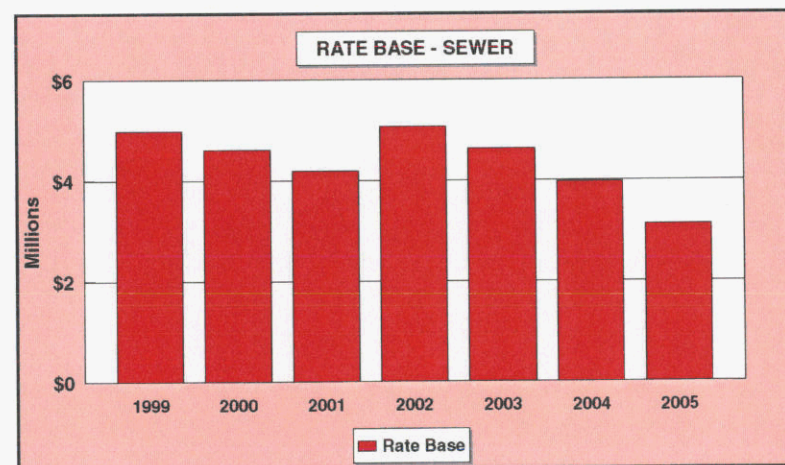
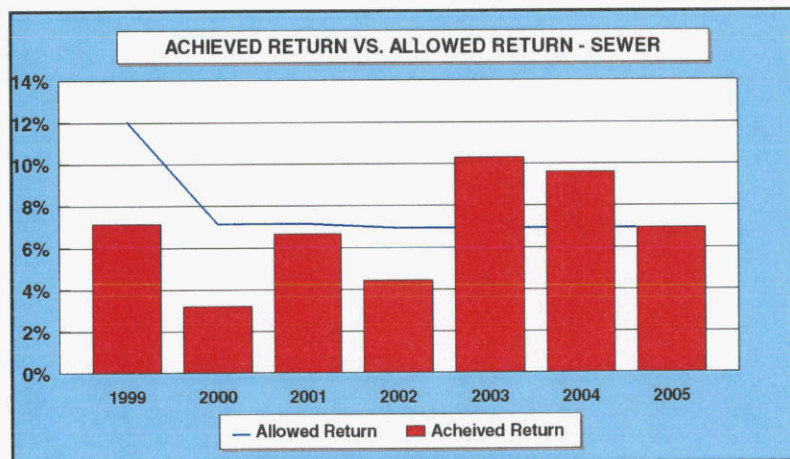
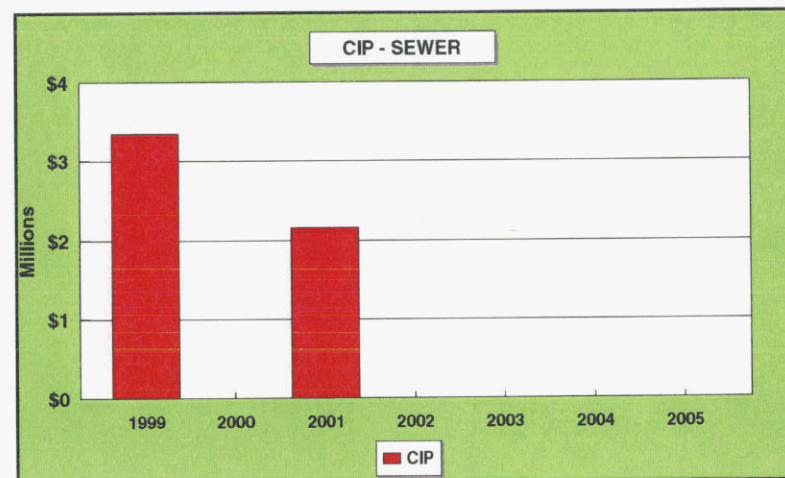
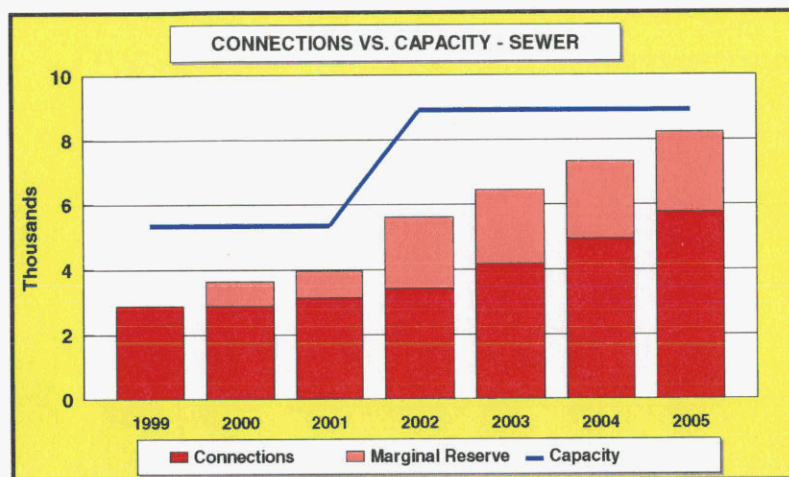
INTERCOASTAL UTILITIES
WATER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity



**INTERCOASTAL UTILITIES
SEWER SYSTEM
GRAPHS OF KEY INDICATORS**

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

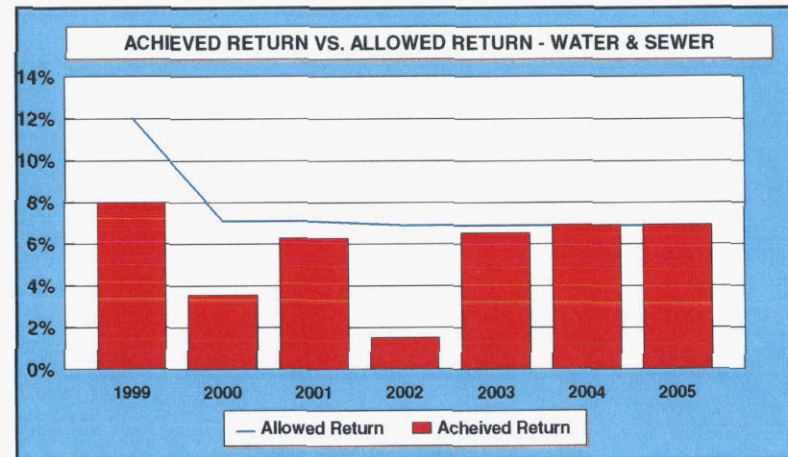


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Figure 17

INTERCOASTAL UTILITIES
WATER AND SEWER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity



**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CASH FLOW PROJECTIONS - TOTAL WATER AND SEWER SYSTEM**

Scenario 2a - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 100% Debt / 0% Equity

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<u>Sources of Funds</u>											
1 Beginning Year Balance	85,284	385,167	403,781	583,148	613,555	1,046,437	1,441,355				
2 Net Income	471,475	212,763	349,707	101,829	411,044	386,957	322,411				
3 Add:											
4 Depreciation	618,857	651,273	686,976	689,240	793,130	832,948	851,298				
5 Amort of Utility Plant Acq Adj	10,935	10,935	10,935	10,935	10,935	10,935	10,935				
6 Amort of Rate Case Expense	56,996	56,996	56,996	56,996	52,247	0	0				
7 Less:											
8 Amort of CIAC	(405,461)	(362,353)	(381,031)	(377,895)	(407,775)	(430,527)	(442,771)				
9 Net Income adjusted for non-cash items	752,803	569,615	723,583	481,106	859,580	800,314	741,873				
10 Additional Cash											
11 CIAC Cash	0	221,053	240,948	646,037	669,674	695,438	723,521				
12 Total additional Cash	0	221,053	240,948	646,037	669,674	695,438	723,521				
13											
14 Total Sources of Funds	838,087	1,175,834	1,368,311	1,710,291	2,142,809	2,542,189	2,906,749				
15											
16 <u>Uses of Funds</u>											
17 Less:											
18 Principal	(49,855)	(190,261)	(213,581)	(320,588)	(343,421)	(374,841)	(401,604)				
19 Interest	(403,065)	(581,792)	(571,583)	(776,147)	(752,950)	(725,993)	(699,230)				
20 Working Capital Reserve	(242,907)	(282,871)	(293,119)	(311,352)	(328,754)	(345,631)	(362,187)				
21 Equity Investment	0	0	0	0	0	0	0				
22 Total Uses of Funds	(695,827)	(1,054,925)	(1,078,283)	(1,408,087)	(1,425,125)	(1,446,465)	(1,463,022)				
23											
24 Excess (Deficit)	142,260	120,910	290,028	302,203	717,683	1,095,724	1,443,727				
25											
26 Annual subsidy required from stockholders	0	0	0	0	0	0	0				
27 Net Cash Flow	142,260	120,910	290,028	302,203	717,683	1,095,724	1,443,727				
28 Add Back: Working Capital Reserve	242,907	282,871	293,119	311,352	328,754	345,631	362,187				
29 Ending Balance	385,167	403,781	583,148	613,555	1,046,437	1,441,355	1,805,915				
30											
31 Cumulative subsidy required from stockholders	0	0	0	0	0	0	0				

SOURCE: BURTON & ASSOCIATES

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Scenario 2b

Intercoastal "Standing in NUC's Shoes"

60% Debt and 40% Equity Financing

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. It assumes that capital projects will be funded with 60% debt and 40% equity financing.

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Figure 1

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
SUMMARY**

Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

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%	2.1%				
Achieved Return	12.47%	4.64%	5.13%	-7.15%	-3.78%	0.43%	7.42%				
Allowed Return	12.04%	7.13%	7.13%	7.38%	7.40%	7.41%	7.42%				
Avg Mo.Cost / ERC	\$15.81	\$15.81	\$15.81	\$15.81	\$15.81	\$15.81	\$16.14				
Achieved Return (Millions)	\$0.116	\$0.066	\$0.072	(\$0.122)	(\$0.064)	\$0.007	\$0.115				
Allowed Return (Millions)	\$0.112	\$0.102	\$0.099	\$0.126	\$0.125	\$0.121	\$0.115				
Rate Base (Millions)	\$0.934	\$1.425	\$1.395	\$1.706	\$1.684	\$1.632	\$1.547				
Sewer											
Rate Plan	0.0%	0.0%	0.0%	0.0%	0.0%	-12.4%	-13.4%				
Achieved Return	7.13%	3.19%	6.65%	4.42%	9.89%	10.24%	7.42%				
Allowed Return	12.04%	7.13%	7.13%	7.38%	7.40%	7.41%	7.42%				
Avg Mo.Cost / ERC	\$63.89	\$63.89	\$63.89	\$63.89	\$63.89	\$55.97	\$48.48				
Achieved Return (Millions)	\$0.355	\$0.147	\$0.278	\$0.224	\$0.457	\$0.406	\$0.231				
Allowed Return (Millions)	\$0.600	\$0.328	\$0.298	\$0.374	\$0.342	\$0.293	\$0.231				
Rate Base (Millions)	\$4.979	\$4.602	\$4.184	\$5.061	\$4.618	\$3.961	\$3.116				
Water & Sewer											
Rate Effect	NA	0.0%	0.0%	0.0%	0.0%	-9.9%	-10.0%				
Achieved Return	7.97%	3.53%	6.27%	1.50%	6.24%	7.38%	7.42%				
Allowed Return	12.04%	7.13%	7.13%	7.38%	7.40%	7.41%	7.42%				
Avg Mo.Cost / ERC	\$79.70	\$79.70	\$79.70	\$79.70	\$79.70	\$71.78	\$64.62				
Achieved Return (Millions)	\$0.471	\$0.213	\$0.350	\$0.102	\$0.393	\$0.413	\$0.346				
Allowed Return (Millions)	\$0.712	\$0.430	\$0.398	\$0.500	\$0.466	\$0.414	\$0.346				
Rate Base (Millions)	\$5.913	\$6.027	\$5.579	\$6.768	\$6.302	\$5.593	\$4.663				

SOURCE: BURTON & ASSOCIATES
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Figure 2

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
ASSUMPTIONS**

Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

Assumptions	Actual 1999	Projected 2002	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	10,571	10,571	16,286	16,286	16,286				
2 Additional Capacity in ERC's	0	5,514	0	5,714	0	0	0				
3 Total Capacity	5,057	10,571	10,571	16,286	16,286	16,286	16,286				
4 GPD = 1 ERC	350	350	350	350	350	350	350				
5 Connected ERC's	5,508	5,508	6,763	6,043	6,779	7,542	8,335				
6 Additional Connected ERC's											
7 Walden Chase	0	0	0	0	0	0	0				
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	366				
11 Total Additional Connected ERC's	0	257	280	306	333	363	366				
12 Total Connected ERC's	5,508	5,765	6,043	6,779	7,542	8,335	9,160				
13 Percent Growth in Connected ERC's	0.00%	4.87%	4.86%	12.17%	11.29%	10.51%	9.91%				
14 Percent of Growth Applied to Expenses	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%				
15 Effective Multiplier for Growth	0.00%	1.17%	1.22%	3.04%	2.81%	2.63%	2.48%				
16 Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%				
17 Growth and Inflationary Multiplier	1.50%	2.67%	2.72%	4.54%	4.31%	4.13%	3.98%				
Sewer											
18 Capacity in ERC's	2,857	5,357	5,357	5,357	8,929	8,929	8,929				
19 Additional Capacity in ERC's	2,500	0	0	3,571	0	0	0				
20 Total Capacity	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				
22 Connected ERC's	2,857	2,857	3,114	3,395	4,152	4,937	5,752				
23 Additional Connected ERC's											
24 Walden Chase	0	0	0	0	0	0	0				
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	366				
28 Total Additional Connected ERC's	0	257	280	306	333	363	366				
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	5,357	5,357	5,357	5,508	6,281	6,713	7,165				
31 Percent Growth in Connected ERC's	0.00%	9.00%	9.00%	22.32%	18.91%	16.51%	14.74%				
32 Percent of Growth Applied to Expenses	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%				
33 Effective Multiplier for Growth	0.00%	2.25%	2.25%	5.58%	4.73%	4.13%	3.68%				
34 Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%				
35 Growth and Inflationary Multiplier	1.50%	3.75%	3.75%	7.08%	6.23%	5.63%	5.18%				
New Debt Assumptions											
36											
37 Term	20										
38 Issuance Costs	1.50%										
39 Interest Rate	6.50%										
O&M Reserves											
40											
41											
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SOURCE: BURTON & ASSOCIATES
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05/30/2000

Figure 3

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

Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

Water	Actual 1999	Projected 2000	Projected 2001	Projected 2002	Projected 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009
Revenues:											
Rate Revenue:											
Rate Revenue	\$688,541	\$688,541	\$1,034,711	\$1,086,036	\$1,217,068	\$1,364,082	\$1,486,470				
Growth Percentage	NA	4.87%	4.89%	12.17%	11.28%	10.81%	8.81%				
Rate Revenue from Growth	0	48,170	80,328	132,080	136,807	142,378	148,243				
Rate Revenue Prior to RAS Adjustment	\$688,541	\$1,034,711	\$1,086,036	\$1,217,068	\$1,364,082	\$1,486,470	\$1,644,713				
Percentage Rate Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.11%				
Rate Revenue from Rate Adjustment	0	0	0	0	0	0	34,733				
Total Rate Revenue	\$688,541	\$1,034,711	\$1,086,036	\$1,217,068	\$1,364,082	\$1,486,470	\$1,679,446				
Other Revenues:											
Misc. Revenue	\$1,238	\$1,266	\$1,368	\$1,524	\$1,666	\$1,874	\$2,080				
Other Revenue	0	0	0	0	0	0	0				
Total Other Revenue	\$1,238	\$1,266	\$1,368	\$1,524	\$1,666	\$1,874	\$2,080				
Total Revenues	\$689,779	\$1,035,977	\$1,087,404	\$1,218,592	\$1,365,748	\$1,488,344	\$1,681,526				
Expenses:											
Additional O&M - Western Bv Area	\$0	\$0	\$0	\$260,888	\$278,888	\$287,824	\$317,888				
Operating Expenses- Eastern Bv Area	\$748,138	\$770,538	\$784,001	\$836,071	\$886,880	\$901,628	\$937,483				
Rate Case Expense	NA	NA	NA	NA	NA	NA	NA				
Franchise Fee- PSC	0	48,582	48,827	84,788	80,834	87,341	75,576				
Depreciation (J & U Amt Only)	162,803	131,887	159,481	149,081	171,848	187,714	204,278				
Amort of CIAC (J & U Amt Only)	(143,213)	(88,503)	(87,734)	(88,874)	(87,838)	(108,883)	(118,861)				
Amort of Acq Adj	4,883	4,883	4,883	4,883	4,883	4,883	4,883				
Total Expenses	\$792,110	\$883,278	\$899,238	\$1,209,338	\$1,284,086	\$1,382,308	\$1,423,347				
Operating Income	\$107,669	\$172,728	\$177,167	\$8,254	\$81,662	\$106,036	\$258,179				
Non Operating Income (Expenses):											
Non Oper Rev	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Taxes Other Than Income:	0	0	0	0	0	0	0				
Intangible Tax	(498)	(801)	(845)	(800)	(823)	(848)	(878)				
Other Taxes & Licenses	(78)	(88)	(88)	(121)	(124)	(128)	(132)				
Property Taxes:	(80,884)	(106,882)	(104,812)	(130,037)	(133,834)	(137,867)	(142,488)				
Total Non Operating Expenses	(\$81,230)	(\$108,702)	(\$105,854)	(\$130,857)	(\$134,782)	(\$138,844)	(\$143,473)				
Net Income	\$116,434	\$64,027	\$71,302	(\$122,603)	(\$53,120)	\$67,192	\$114,706				
Taxable Income (See worksheet for taxable income below)	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Income Taxes:											
State 5.50%	0	0	0	0	0	0	0				
Federal 34.00%	0	0	0	0	0	0	0				
Total Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Net After Tax Income	\$116,434	\$64,027	\$71,302	(\$122,603)	(\$53,120)	\$67,192	\$114,706				
Rate Base	\$833,843	\$1,424,518	\$1,386,888	\$1,708,058	\$1,884,177	\$1,832,166	\$1,848,787				
Rate of Return Achieved	12.47%	4.84%	5.13%	-7.16%	-3.78%	6.43%	7.42%				
Allowed Return	12.84%	7.13%	7.13%	7.38%	7.40%	7.41%	7.42%				
Allowed Return Amount	\$112,447	\$101,568	\$98,488	\$128,983	\$134,548	\$135,886	\$114,788				
Worksheet for Taxable Income:											
Interest Expense - Total	\$403,888	\$661,782	\$671,883	\$886,888	\$886,888	\$841,481	\$817,328				
Allocation Percentage to Water (1)	48.00%	48.00%	48.00%	48.00%	48.00%	48.00%	48.00%				
Allocated Interest Expense - Water	\$193,778	\$317,807	\$321,212	\$424,100	\$424,100	\$403,886	\$392,798				
Restatement of Net Income Before Income Tax	\$116,434	\$64,027	\$71,302	(\$122,603)	(\$53,120)	\$67,192	\$114,706				
LESS: Interest Expense - Water	\$193,778	\$317,807	\$321,212	\$424,100	\$424,100	\$403,886	\$392,798				
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.

SOURCE: BURTON & ASSOCIATES
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05/30/2000

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Figure 3a

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

Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1 ERCs	5,508	5,783	6,043	6,779	7,542	8,335	9,180				
2 Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%				
3 Salaries and Wages - Employees	NA	NA	NA	0	0	0	0				
4 Salaries and Wages - Officers	NA	NA	NA	0	0	0	0				
5 Emp Pensions & Benefits	NA	NA	NA	0	0	0	0				
6 Purchased Water	NA	NA	NA	111,643	126,101	141,482	157,866				
7 Purchased Power	NA	NA	NA	849	959	1,075	1,200				
8 Fuel for Power Production	NA	NA	NA	0	0	0	0				
9 Chemicals	NA	NA	NA	4,243	4,793	5,377	6,000				
10 Materials & Supplies	NA	NA	NA	3,536	3,994	4,481	5,000				
11 Contr Svcs- Engineering	NA	NA	NA	7,168	7,277	7,368	7,500				
12 Contr Svcs- Acct	NA	NA	NA	4,301	4,368	4,433	4,500				
13 Contr Svcs- Legal	NA	NA	NA	2,867	2,911	2,955	3,000				
14 Contr Svcs- Mgt Fees	NA	NA	NA	52,562	53,362	54,175	55,000				
15 Contr Svcs- Other	NA	NA	NA	60,637	61,561	62,498	63,450				
16 Rental of Bldg / Real Prop	NA	NA	NA	11,468	11,643	11,820	12,000				
17 Rental of Equip	NA	NA	NA	0	0	0	0				
18 Trans Exp	NA	NA	NA	0	0	0	0				
19 Insurance - Vehicle	NA	NA	NA	0	0	0	0				
20 Ins Gen Liab	NA	NA	NA	390	440	494	551				
21 Insurance - Work Comp	NA	NA	NA	143	148	148	150				
22 Insurance - Other	NA	NA	NA	475	536	601	671				
23 Advertising Exp	NA	NA	NA	0	0	0	0				
24 Reg Comm Exp - Rate Case	NA	NA	NA	0	0	0	0				
25 Reg Comm Exp - Other	NA	NA	NA	0	0	0	0				
26 Bad Debt Exp	NA	NA	NA	0	0	0	0				
27 Misc Exp	NA	NA	NA	707	799	896	1,000				
28 Total O&M - Nocatee Svc Area	0	0	0	280,988	276,886	297,824	317,888				

SOURCE: BURTON & ASSOCIATES
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05/31/2000

Figure 4

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

Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

	Actual 1999	Projected 2000	Projected 2001	Projected 2002	Projected 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009
Sewer											
Revenue											
Rate Revenue											
Rate Revenue	\$1,997,770	\$1,997,770	\$2,177,870	\$2,373,581	\$2,603,218	\$3,462,110	\$3,623,238				
Growth Percentage	NA	0.00%	9.00%	22.32%	16.91%	18.91%	14.74%				
Rate Revenue from Growth	0	179,799	166,981	\$29,897	\$48,803	\$60,849	\$19,197				
Rate Revenue Prior to Rate Adjustment	\$1,997,770	\$2,177,870	\$2,373,581	\$2,603,218	\$3,462,110	\$4,021,958	\$4,042,435				
Percentage Rate Increase	0.00%	0.00%	0.00%	0.00%	0.00%	-12.40%	-13.38%				
Rate Revenue from Rate Adjustment	0	0	0	0	0	(468,723)	(\$40,942)				
Total Rate Revenue	\$1,997,770	\$2,177,870	\$2,373,581	\$2,603,218	\$3,462,110	\$3,553,235	\$3,601,493				
Other Revenue											
Misc. Revenue	0	0	0	0	0	0	0				
Other Revenue	0	0	0	0	0	0	0				
Total Other Revenue	0	0	0	0	0	0	0				
Total Revenue	\$1,997,770	\$2,177,870	\$2,373,581	\$2,603,218	\$3,462,110	\$3,553,235	\$3,601,493				
Expenses											
Additional O&M - Western Svc Area	0	0	0	\$406,540	\$474,933	\$547,808	\$624,822				
Operating Expenses- Eastern Svc Area	\$1,106,116	\$1,462,431	\$1,560,953	\$1,680,742	\$1,784,150	\$1,883,416	\$1,980,017				
Rate Case Expenses	\$6,906	\$6,906	\$6,906	\$6,906	\$2,247	NA	NA				
Franchise Fee- PSC	0	\$7,991	106,810	130,846	155,346	188,546	167,587				
Depreciation (U & U Amt Only)	436,254	\$19,278	\$27,514	\$41,179	\$21,180	\$46,234	\$47,019				
Amort of CIAC (U & U Amt Only)	(262,144)	(271,650)	(263,298)	(289,021)	(310,138)	(323,644)	(326,109)				
Amort of Acq Adj	6,253	6,253	6,253	6,253	6,253	6,253	6,253				
Total Expenses	\$1,432,471	\$1,901,097	\$1,966,229	\$2,613,334	\$2,765,970	\$2,897,411	\$3,086,868				
Operating Income	\$565,299	\$276,773	\$407,352	\$989,884	\$696,140	\$655,823	\$514,625				
Non Operating Income (Expense):											
Non Oper Rev	0	0	0	0	0	0	0				
Taxes Other Than Income:											
Intangible Tax	0	0	0	0	0	0	0				
Other Taxes & Licenses	(75)	(75)	(75)	(98)	(102)	(108)	(116)				
Property Taxes:	(129,726)	(129,862)	(130,042)	(166,823)	(178,736)	(188,236)	(200,478)				
Total Non Operating Expenses	(\$129,801)	(\$129,937)	(\$130,092)	(\$166,921)	(\$178,938)	(\$188,344)	(\$200,594)				
Net Income	\$435,498	\$146,836	\$277,260	\$222,963	\$517,202	\$467,479	\$314,031				
Taxable Income (See worksheet for taxable income below)	\$213,813	0	0	0	\$146,008	\$84,886	0				
Income Taxes:											
8.50%	11,780	0	0	0	7,875	4,667	0				
34.00%	\$8,606	0	0	0	48,600	27,203	0				
Total Income Taxes	\$20,386	0	0	0	\$56,475	\$31,870	0				
Net After Tax Income	\$415,112	\$146,836	\$277,260	\$222,963	\$460,727	\$435,609	\$314,031				
Rate Base	\$4,879,232	\$4,802,106	\$4,183,875	\$4,061,463	\$4,616,173	\$3,980,816	\$3,118,937				
Rate of Return Achieved	7.13%	3.10%	6.68%	4.42%	9.80%	10.34%	7.42%				
Allowed Return	12.04%	7.13%	7.13%	7.38%	7.40%	7.41%	7.42%				
Allowed Return Amount	\$589,500	\$328,133	\$298,278	\$273,783	\$341,814	\$283,381	\$231,231				
Worksheet for Taxable Income:											
Interest Expense - Total	\$403,065	\$581,792	\$671,563	\$686,888	\$665,990	\$641,481	\$617,326				
Allocation Percentage to Sewer (1)	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%				
Allocated Interest Expense - Sewer	\$261,992	\$378,175	\$436,516	\$446,587	\$432,604	\$416,973	\$401,672				
Restatement of Net Income Before Income Tax	\$435,498	\$146,836	\$277,260	\$222,963	\$517,202	\$467,479	\$314,031				
LESS: Interest Expense - Sewer	\$261,992	\$378,175	\$436,516	\$446,587	\$432,604	\$416,973	\$401,672				
Taxable Income - Sewer (2)	\$213,813	0	0	0	\$146,008	\$84,886	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.

Figure 4a

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

Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1 ERCs	2,857	2,857	3,114	3,395	4,152	4,637	5,752				
2 Inflationary Multiplier	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%				
3 Salaries and Wages - Employees	NA	NA	NA	0	0	0	0				
4 Salaries and Wages - Officers	NA	NA	NA	0	0	0	0				
5 Emp Pensions & Benefits	NA	NA	NA	0	0	0	0				
6 Purchased Sewage Treatment	NA	NA	NA	245,594	304,073	368,155	435,459				
7 Sludge Removal Expense	NA	NA	NA	19,178	23,812	28,745	34,000				
8 Purchased Power	NA	NA	NA	282	350	423	500				
9 Fuel for Power Production	NA	NA	NA	0	0	0	0				
10 Chemicals	NA	NA	NA	2,820	3,502	4,227	5,000				
11 Materials & Supplies	NA	NA	NA	4,230	5,253	6,341	7,500				
12 Contr Svcs- Engineering	NA	NA	NA	4,301	4,366	4,433	4,500				
13 Contr Svcs- Acct	NA	NA	NA	2,657	2,911	2,955	3,000				
14 Contr Svcs- Legal	NA	NA	NA	52,562	53,362	54,175	55,000				
15 Contr Svcs- Mgt Fees	NA	NA	NA	60,637	61,561	62,498	63,450				
16 Contr Svcs- Other	NA	NA	NA	11,458	11,643	11,820	12,000				
17 Rental of Bldg / Real Prop	NA	NA	NA	0	0	0	0				
18 Rental of Equip	NA	NA	NA	0	0	0	0				
19 Trans Exp	NA	NA	NA	0	0	0	0				
20 Insurance - Vehicle	NA	NA	NA	0	0	0	0				
21 Ins Gen Liab	NA	NA	NA	405	503	607	718				
22 Insurance - Work Comp	NA	NA	NA	143	146	148	150				
23 Insurance - Other	NA	NA	NA	1,492	1,652	2,236	2,645				
24 Advertising Exp	NA	NA	NA	0	0	0	0				
25 Reg Comm Exp - Rate Case	NA	NA	NA	0	0	0	0				
26 Reg Comm Exp - Other	NA	NA	NA	0	0	0	0				
27 Bad Debt Exp	NA	NA	NA	0	0	0	0				
28 Misc Exp	NA	NA	NA	564	700	845	1,000				
29 Total O&M - Nocatee Svc Area		0	0	406,540	474,933	547,808	624,922				

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

Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

Water

Existing Asset Depreciation

Existing Assets	Year	Estimated Original Cost	Life (Years)										
1 Franchises	1980	\$34,630	NA										
2 Structures	1982	12,746	33										
3 Wells & Springs	1985	50,533	30										
4 Other Pumping	1987	4,005	20										
5 Pumping Equip	1990	13,636	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	33,636	25										
15 Supply Mains	1991	1,392	35										
16 General	1990	2,190	33										
17 Furniture	1994	3,668	15										
18 Power Equip	1987	732	10										
19 Misc Equip	1992	3,720	15										
20 Acquisition	1983	167,303	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											
Depreciation Schedule - Existing Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		
24 Franchises	-	-	-	-	-	-	-	-	-	-	-		
25 Structures	\$366	\$366	\$366	\$366	\$366	\$366	\$366	\$366					
26 Wells & Springs	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					
29 Other Water Source Plant	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					
31 Treatment	45,120	45,120	45,120	45,120	45,120	45,120	45,120	45,120					
32 Dist Reservoirs	8,367	8,367	8,367	8,367	8,367	8,367	8,367	8,367					
33 Mains	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					
35 Meters	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					
37 Other T&D	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					
39 General	66	66	66	66	66	66	66	66					
40 Furniture	246	246	246	246	246	246	246	246					
41 Power Equip	-	-	-	-	-	-	-	-					
42 Misc Equip	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					
44 Total Existing Depreciation	\$182,603	\$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	3,831					
46 Total Existing Depreciation	\$186,434	\$186,434	\$186,434	\$186,434	\$186,434	\$186,434	\$186,434	\$186,434					

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

Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

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	1,067,247	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 Water Plant- East Svc Area	2000	1,500,000	26

Depreciation Schedule - New Assets		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
8	Pumping Equipment	-	-	-	-	\$2,500	\$5,000	\$5,000	\$5,000	-	-	-	-
9	Trans and Dist Mains (Plant)	-	-	-	-	12,759	25,517	25,517	25,517	-	-	-	-
10	Office Furniture and Equipment	-	-	-	-	333	667	667	667	-	-	-	-
11	Stores Equipment	-	-	-	-	139	278	278	278	-	-	-	-
12	Communication Equipment	-	-	-	-	125	250	250	250	-	-	-	-
13	Organizations	-	-	-	-	188	375	375	375	-	-	-	-
14	Water Plant- East Svc Area	-	-	28,846	57,692	57,692	57,692	57,692	57,692	-	-	-	-
47	CIAC Plant	-	-	2,102	4,582	12,023	12,473	12,963	13,497	-	-	-	-
48	Total New Depreciation	-	-	\$30,948	\$62,274	\$85,759	\$102,252	\$102,742	\$103,276	-	-	-	-

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	85,759	102,252	102,742	103,276	-	-	-	-
51	Total Depreciation	\$182,603	\$182,603	\$213,551	\$244,877	\$268,362	\$284,855	\$285,344	\$285,876	-	-	-	-
52	Accumulated Depreciation	\$1,635,149	\$1,817,752	\$2,031,302	\$2,276,179	\$2,544,541	\$2,829,395	\$3,114,740	\$3,400,618	-	-	-	-

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

Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

SEWER:

Existing Asset Depreciation

	Existing Assets	Year	Estimated Original Cost	Life (Years)
1	Franchises	1980	\$34,830	NA
2	Sewers-Force	1991	1,208,418	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	968,980	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	13,265	18
12	Structures	1984	90,237	32
13	General	1981	6,241	32
14	Furniture	1986	711	15
15	Laboratory	1995	7,747	15
16	Power Equip	1983	732	12
17	Misc Equip	1989	1,589	15
18	Acquisition	1983	243,854	39
19	Total Estimated Original Cost		\$10,645,330	
20	Adjustment to 1998 Annual Report Utility Plant In Service		308,909	
21	Total Utility Plant In Service		\$10,954,239	

	Depreciation Schedule - Existing Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
22	Franchises	-	-	-	-	-	-	-	-	-	-	-
23	Sewers-Force	\$40,314	\$40,314	\$40,314	\$40,314	\$40,314	\$40,314	\$40,314	\$40,314			
24	Sewers-Gravity	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			
26	Services	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			
28	Pumping Equip	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			
30	Treat Equip	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			
32	Other Treatment	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			
34	General	195	195	195	195	195	195	195	195			
35	Furniture	47	47	-	-	-	-	-	-			
36	Laboratory	516	516	516	516	516	516	516	516			
37	Power Equip	-	-	-	-	-	-	-	-			
38	Misc Equip	108	108	108	108	108	-	-	-			
39	Acquisition	6,253	6,253	6,253	6,253	6,253	6,253	6,253	6,253			
40	Total Existing Depreciation	\$355,499	\$355,499	\$355,452	\$355,452	\$355,452	\$355,346	\$355,346	\$355,346			
41	Adjustment to Reconcile to Accounting Records	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			

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

Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

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	WWTP Improvement East Svc Area	1999	3,343,962	22

Depreciation Schedule - New Assets		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
10	Organizations	-	-	-	-	\$188	\$375	\$375	\$375	-	-	-	-
11	Structures and Improvements	-	-	-	-	4,025	8,050	8,050	8,050	-	-	-	-
12	Collection Sewers - Force	-	-	-	-	23,768	47,536	47,536	47,536	-	-	-	-
13	Flow Measuring Devices	-	-	-	-	5,000	10,000	10,000	10,000	-	-	-	-
14	Pumping Equipment	-	-	-	-	10,733	21,467	21,467	21,467	-	-	-	-
15	Office Furniture and Equipment	-	-	-	-	333	667	667	667	-	-	-	-
16	Stores Equipment	-	-	-	-	139	278	278	278	-	-	-	-
17	Communication Equipment	-	-	-	-	125	250	250	250	-	-	-	-
18	WWTP Improvement East Svc Area	-	75,999	151,998	151,998	151,998	151,998	151,998	151,998	-	-	-	-
19	CIAC Plant	-	-	7,022	15,309	41,374	42,875	44,512	46,297	-	-	-	-
20	Total New Depreciation	-	\$75,999	\$159,021	\$167,307	\$237,683	\$283,496	\$285,133	\$286,917	-	-	-	-
Total Depreciation - Sewer													
21	Total Existing Depreciation	\$360,255	\$360,255	\$360,208	\$360,208	\$360,208	\$360,208	\$360,102	\$360,102	-	-	-	-
22	Total New Depreciation	-	75,999	159,021	167,307	237,683	283,496	285,133	286,917	-	-	-	-
23	Total Depreciation	\$360,255	\$436,254	\$519,229	\$527,515	\$597,891	\$643,703	\$645,234	\$647,019	-	-	-	-
24 Accumulated Depreciation													
		\$2,768,561	\$3,204,815	\$3,724,091	\$4,251,605	\$4,849,496	\$5,493,199	\$6,138,433	\$6,785,452	-	-	-	-

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

Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

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	2,585,784	45
4	Services	1990	858,129	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		\$5,006,627	
11	Adjustment to 1998 Annual Report		130,062	
12	Total Existing CIAC		\$5,136,689	

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				
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	2006	2007	2008	2009
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 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

New CIAC

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	New CIAC - Plant:	Life											
1	Transmission & Dist Mains	43	\$488.83	-	\$120,761	\$131,830	\$346,416	\$358,326	\$372,403	\$387,746			
2	Services	40	\$101.66	-	\$25,113	\$28,463	\$74,690	\$77,463	\$80,526	\$83,844			
3	Meters & Meter Installs	20	\$32.91	-	\$8,463	\$9,224	\$24,205	\$25,110	\$26,097	\$27,172			
4	Hydrants	45	\$55.85	-	\$14,361	\$16,654	\$41,077	\$42,613	\$44,267	\$46,111			
5	Total New CIAC - Plant			-	\$168,697	\$184,970	\$486,389	\$503,536	\$523,313	\$544,872			
6	New CIAC - Cash:												
7	New CIAC - Cash			-	\$60,267	\$65,713	\$172,441	\$176,857	\$185,914	\$193,573			
8	Life	30											
9	Total New CIAC - Cash			-	\$60,267	\$65,713	\$172,441	\$176,857	\$185,914	\$193,573			
10	Total New CIAC			-	\$228,964	\$250,683	\$657,830	\$682,422	\$709,227	\$738,445			

Amortization of New CIAC

Amortization Schedule - New CIAC Assets

		1999	2000	2001	2002	2003	2004	2005
11	New CIAC - Plant Amortization	-	\$1,404	\$3,061	\$6,033	\$6,333	\$8,661	\$9,017
12	Transmission & Dist Mains	-	\$326	\$712	\$1,867	\$1,937	\$2,013	\$2,096
13	Services	-	\$212	\$461	\$1,210	\$1,256	\$1,305	\$1,359
14	Meters & Meter Installs	-	\$160	\$348	\$913	\$947	\$984	\$1,025
15	Hydrants	-	\$2,102	\$4,582	\$12,023	\$12,473	\$12,963	\$13,497
16	Total New CIAC - Plant Amortization	-	\$2,102	\$4,582	\$12,023	\$12,473	\$12,963	\$13,497
	New CIAC - Cash Amortization	-	\$1,005	\$2,190	\$5,748	\$5,963	\$6,167	\$6,462
17	Total New CIAC - Cash Amortization	-	\$1,005	\$2,190	\$5,748	\$5,963	\$6,167	\$6,462
18	Total New CIAC Amortization	-	\$3,107	\$6,772	\$17,771	\$18,436	\$19,130	\$19,949

Summary of CIAC & CIAC Amortization - Water

	Existing 1998	1998	2000	2001	2002	2003	2004	2005
19	CIAC							
20	Total Existing CIAC	\$5,136,489						
21	Total New CIAC	-	\$229,964	\$250,683	\$657,830	\$682,422	\$709,227	\$738,445
22	Total Accumulated CIAC - Water	\$5,136,489	\$5,366,453	\$5,617,137	\$6,274,966	\$6,957,408	\$7,666,635	\$8,405,080
	CIAC Amortization							
23	Total Existing CIAC Annual Amortization	\$143,313	\$143,313	\$143,313	\$143,313	\$143,313	\$143,313	\$143,313
24	Total New CIAC Annual Amortization	-	3,107	6,772	17,771	18,436	19,160	19,949
25	Total CIAC Annual Amortization - Water	\$143,313	\$146,419	\$150,085	\$161,084	\$161,748	\$162,473	\$163,262
26	Accumulated CIAC Amortization	\$1,078,706	\$1,222,018	\$1,368,437	\$1,518,522	\$1,678,806	\$1,841,366	\$2,003,827

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

Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

Sewer - Existing CIAC

Existing CIAC

Existing CIAC - Plant		Year	Estimated Original Cost	Life (Years)
1	Other	1982	\$73,594	30
2	Sewers - Force	1989	860,766	30
3	Sewers - Gravity	1988	3,717,766	46
4	Other - Collecting	1985	82,148	40
5	Services	1990	661,347	38
6	Structures	1997	6,500	32
7	Receiving Well	1991	247,738	30
8	Pumping Equipment	1990	501,274	18
9	Total Existing CIAC - Plant		\$8,030,111	

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		186,922	
13	Total Existing CIAC		\$8,602,767	

Amortization of Existing CIAC

Amortization Schedule - Existing Plant CIAC		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
14	Other	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453	\$2,453				
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	1,554	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				
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	\$166,368	\$166,368	\$166,368	\$166,368	\$166,368	\$166,368	\$166,368				

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				
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 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

New CIAC

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
New CIAC - Plant:													
	Life	CIAC per ERC											
1	Structures & Improvements	32	\$23.86	\$6,068	\$6,837	\$17,936	\$18,567	\$19,287	\$20,071				
2	Sewers - Force	30	\$301.28	\$77,472	\$84,444	\$228,222	\$236,508	\$245,536	\$255,378				
3	Sewers - Gravity	45	\$1,301.28	\$334,815	\$364,730	\$985,734	\$1,021,514	\$1,060,514	\$1,103,034				
4	Services	38	\$186.48	\$50,524	\$55,071	\$148,837	\$154,239	\$160,128	\$166,547				
5	Pumping Equip	18	\$175.45	\$45,117	\$49,177	\$132,908	\$137,733	\$142,862	\$148,723				
6	Life	30											
7	Total New CIAC - Plant			\$513,818	\$580,059	\$1,513,836	\$1,588,580	\$1,628,486	\$1,683,743				
New CIAC - Cash:													
8	New CIAC- Cash			\$180,786	\$175,235	\$473,596	\$480,787	\$508,824	\$528,948				
9	Life	30											
10	Total New CIAC - Cash			\$180,786	\$175,235	\$473,596	\$480,787	\$508,824	\$528,948				
11	Total New CIAC			\$694,604	\$755,294	\$1,987,434	\$2,069,368	\$2,137,310	\$2,212,691				

Amortization of New CIAC

Amortization Schedule - New CIAC Assets			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
New CIAC - Plant Amortization													
12	Structures & Improvements		-	\$95	\$207	\$561	\$561	\$603	\$627				
13	Sewers - Force		-	\$1,291	\$2,815	\$7,607	\$7,664	\$8,185	\$8,513				
14	Sewers - Gravity		-	\$3,718	\$4,105	\$21,805	\$22,700	\$23,567	\$24,512				
15	Services		-	\$665	\$1,449	\$3,817	\$4,059	\$4,214	\$4,383				
16	Pumping Equip		-	\$1,253	\$2,732	\$7,384	\$7,652	\$7,944	\$8,282				
17	Total New CIAC - Plant Amortization		-	\$7,022	\$15,309	\$41,374	\$42,875	\$44,512	\$46,287				
New CIAC- Cash Amortization													
18	New CIAC- Cash Amortization		-	\$2,679	\$5,841	\$15,787	\$16,360	\$16,964	\$17,605				
19	Total Cash Amortization		-	\$2,679	\$5,841	\$15,787	\$16,360	\$16,964	\$17,605				
20	Total New CIAC Amortization		-	\$9,691	\$21,150	\$57,160	\$59,235	\$61,476	\$63,892				

Summary of CIAC & CIAC Amortization - Sewer

	Existing 1999	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
CIAC												
21	Total Existing CIAC	\$6,802,767										
22	Total New CIAC		\$74,581	\$75,294	\$1,987,234	\$2,059,368	\$2,137,991	\$2,223,691				
23	Total Accumulated CIAC - Sewer	\$6,802,767	\$6,802,767	\$6,877,348	\$8,864,582	\$10,851,816	\$12,989,807	\$15,213,498	\$17,437,189			
CIAC Amortization												
24	Total Existing CIAC Annual Amortization	\$282,148	\$282,148	\$282,148	\$282,148	\$282,148	\$282,148	\$282,148	\$282,148			
25	Total New CIAC Annual Amortization		\$7,022	\$15,309	\$41,374	\$42,875	\$44,512	\$46,287	\$48,105			
26	Total CIAC Annual Amortization - Sewer	\$282,148	\$289,170	\$297,457	\$323,522	\$327,023	\$326,660	\$328,435	\$330,253			
27	Accumulated CIAC Amortization	\$1,936,237	\$2,196,386	\$2,478,234	\$2,763,532	\$3,072,846	\$3,384,223	\$3,717,967	\$4,043,977			
Total Water & Sewer												
28	Total Existing CIAC Annual Amortization - Water & Sewer	\$405,481	\$405,481	\$405,481	\$405,481	\$405,481	\$405,481	\$405,481	\$405,481			
29	Total New CIAC Annual Amortization - Water & Sewer		\$12,808	\$27,922	\$74,632	\$77,671	\$80,658	\$83,911	\$87,371			
30	Total CIAC Annual Amortization - Water & Sewer	\$405,481	\$418,289	\$433,403	\$480,113	\$483,152	\$486,139	\$489,392	\$492,852			

SOURCE: BURTON & ASSOCIATES
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Figure 9

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

Scenario 2b - ICU Water and Sewer Rates with Nocates's JEA Wholesale Plan - 60% Debt / 40% Equity

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1	Water											
	Percent Contributed	84%	86%	88%	81%	88%	71%	78%				
2	Utility Plant In Service	\$8,462,809	\$8,132,306	\$8,317,276	\$10,032,412	\$10,636,947	\$11,059,280	\$11,804,132				
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)	(2,544,541)	(2,829,365)	(3,114,740)	(3,400,618)				
5	Utility Plant In Service less Accum Depr.	\$6,645,057	\$6,101,004	\$6,041,096	\$7,487,872	\$7,807,582	\$7,944,540	\$8,403,514				
6	Less: Accumulated CIAC	(5,136,489)	(5,368,473)	(5,617,167)	(6,274,986)	(6,967,408)	(7,866,635)	(8,405,080)				
7	Plus: Accumulated Amortization of CIAC	1,222,018	1,368,437	1,518,522	1,679,806	1,841,355	2,003,827	2,167,089				
8	Net Utility Plant In Service	\$2,730,586	\$2,102,968	\$1,942,451	\$2,892,692	\$2,681,529	\$2,281,733	\$1,965,524				
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	\$3,517	\$6,317	\$9,250	\$13,759	\$18,235	\$22,704	\$27,185				
13	Other	0	0	0	0	0	0	0				
14	Net Utility Plant In Service	\$2,833,843	\$2,304,642	\$2,144,125	\$3,082,643	\$2,796,043	\$2,481,043	\$2,164,851				
15	U&U Percentage	100.00%	61.81%	55.12%	55.17%	60.36%	65.79%	71.48%				
16	Rate Base	\$933,943	\$1,424,518	\$1,395,099	\$1,706,058	\$1,684,177	\$1,632,158	\$1,546,787				
17	Sewer											
	Percent Contributed	58%	61%	65%	63%	71%	78%	84%				
18	Utility Plant In Service	\$14,298,201	\$14,812,017	\$15,372,076	\$19,038,288	\$20,606,867	\$22,235,334	\$23,929,077				
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)	(4,849,496)	(5,493,199)	(6,138,433)	(6,785,452)				
21	Utility Plant In Service less Accum Depr.	\$11,093,386	\$11,087,926	\$11,120,470	\$14,188,792	\$15,113,668	\$16,096,901	\$17,143,625				
22	Less: Accumulated CIAC	(8,602,767)	(9,277,348)	(10,012,642)	(11,999,876)	(14,059,243)	(16,197,233)	(18,420,924)				
23	Plus: Amortization of CIAC	2,198,365	2,470,234	2,753,532	3,072,840	3,394,223	3,717,867	4,043,977				
24	Net Utility Plant In Service	\$4,688,984	\$4,280,812	\$3,861,360	\$5,261,756	\$4,448,649	\$3,617,534	\$2,766,677				
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	166,554	193,869	207,593	220,519	232,927	245,002				
29	Other	0	0	0	0	0	0	0				
30	Net Utility Plant In Service	\$4,978,232	\$4,602,108	\$4,181,875	\$5,391,897	\$4,788,619	\$3,880,816	\$3,115,937				
31												
32	U&U Percentage	100.00%	100.00%	100.00%	90.51%	96.50%	100.00%	100.00%				
33	Rate Base	\$4,979,232	\$4,602,108	\$4,183,875	\$5,061,493	\$4,618,173	\$3,960,816	\$3,115,937				

SOURCE: BURTON & ASSOCIATES
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Figure 10

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

Water

		Estimated Original Cost	In Svc Date	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
New Assets per CIP:															
1	Pumping Equipment	\$100,000	2002					\$100,000							
2	Trans and Dist Mains (Plant)	1,097,247	2002					\$1,097,247							
3	Office Furniture and Equipment	10,000	2002					10,000							
4	Stores Equipment	8,000	2002					8,000							
5	Communication Equipment	2,500	2002					2,500							
6	Organizations	15,000	2002					15,000							
7	Water Plant- East Svc Area	1,500,000	2000			1,500,000									
8	Total Utility Plant In Service (not including CIAC)			\$6,462,808	\$6,462,808	\$7,962,808	\$7,962,808	\$8,182,358	\$8,182,358	\$8,182,358	\$8,182,358				
New Plant Assets per CIAC:															
9	New Plant Assets (CIAC)				\$0	\$168,887	\$184,970	\$488,340	\$503,636	\$523,313	\$544,872				
10	Total New Plant Assets (CIAC)			\$0	\$0	\$168,887	\$364,967	\$840,086	\$1,343,591	\$1,868,804	\$2,411,778				
11	Total Water Utility Plant In Service			\$6,462,808	\$6,462,808	\$8,132,308	\$8,317,278	\$10,032,412	\$10,536,947	\$11,060,260	\$11,604,132				

Sewer

		Estimated Original Cost	In Svc Date	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
New Assets per CIP:															
12	Organizations	\$15,000	2002					\$15,000							
13	Structures and Improvements	257,800	2002					\$257,800							
14	Collection Sewers - Force	1,426,074	2002					1,426,074							
15	Flow Measuring Devices	80,000	2002					80,000							
16	Pumping Equipment	388,400	2002					388,400							
17	Office Furniture and Equipment	10,000	2002					10,000							
18	Stores Equipment	8,000	2002					8,000							
19	Communication Equipment	2,500	2002					2,500							
20	WWTP Improvement East Svc Area	3,343,982	1999		3,343,982										
21	Total Utility Plant In Service (not including CIAC)			\$10,864,238	\$14,288,201	\$14,288,201	\$14,288,201	\$16,480,778	\$16,480,778	\$16,480,778	\$16,480,778				
New Plant Assets per CIAC:															
22	New Plant Assets (CIAC)				\$0	\$513,818	\$560,059	\$1,513,638	\$1,668,540	\$1,828,406	\$1,993,743				
23	Total New Plant Assets (CIAC)			\$0	\$0	\$513,818	\$1,073,878	\$2,587,513	\$4,188,082	\$5,784,569	\$7,478,302				
24	Total Sewer Utility Plant In Service			\$10,864,238	\$14,288,201	\$14,812,017	\$15,372,078	\$19,038,288	\$20,808,867	\$22,236,334	\$23,929,077				

SOURCE: BURTON & ASSOCIATES
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Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

SOURCE: BURTON & ASSOCIATES / PHELPS
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Figure 13

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

Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1	Water											
2	Capacity											
3	Capacity in ERC's	5,057	5,057	10,571	10,571	16,286	16,286	16,286				
4	Additional Capacity in ERC's	0	5,514	0	5,714	0	0	0				
5	Total Capacity	5,057	10,571	10,571	16,286	16,286	16,286	16,286				
6	Connection / Growth											
7	Connections in ERC's	5,506	5,506	5,763	6,043	6,779	7,542	8,335				
8	Annual Growth Percent	0.00%	4.67%	4.86%	12.17%	11.26%	10.51%	9.91%				
9	Additional Units	0	257	280	736	763	793	826				
10	Total Connections	5,506	5,763	6,043	6,779	7,542	8,335	9,160				
11	Raw U & U Percent	108.87%	64.51%	57.16%	41.62%	46.31%	51.18%	56.25%				
12	PLUS: Margin Reserve 36 Mos.	0	771	841	2,207	2,289	2,379	2,477				
13	Total Connections plus Margin Reserve	5,506	6,534	6,884	8,986	9,831	10,714	11,637				
14	U & U Percent	100.00%	61.81%	65.12%	55.17%	60.36%	66.79%	71.46%				
15	SEWER:											
16	Capacity											
17	Capacity in ERC's	2,857	5,357	5,357	5,357	8,929	8,929	8,929				
18	Additional Capacity in ERC's	2,500	0	0	3,571	0	0	0				
19	Total Capacity	5,357	5,357	5,357	8,929	8,929	8,929	8,929				
20												
21	Connection / Growth											
22	Connections in ERC's	2,857	2,857	3,114	3,395	4,152	4,937	5,762				
23	Annual Growth Percent	0.00%	9.00%	9.00%	22.32%	18.91%	16.51%	14.74%				
24	Additional Units - Eastern Service Area	0	257	280	306	333	363	396				
25	Additional Units - Western Service Area	0	0	0	452	452	452	452				
26	Additional Units - Total	0	257	280	758	785	815	848				
27	Imputed ERC's from 1998 Rate Case											
28	Eastern Service Area Only	5,357	5,357	5,357	5,357	5,357	5,357	5,357				
29	Total Connections	5,357	5,357	5,357	6,809	6,261	6,713	7,165				
30												
31	Raw U & U Percent	100.00%	100.00%	100.00%	65.06%	70.12%	75.19%	80.25%				
32	PLUS: Margin Reserve 36 Mos.	0	771	841	2,273	2,355	2,445	2,543				
33	Total Connections plus Margin Reserve	5,357	6,128	6,198	9,082	8,616	9,158	9,708				
34	U & U Percent	100.00%	100.00%	100.00%	90.51%	96.50%	100.00%	100.00%				

SOURCE: BURTON & ASSOCIATES

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Figure 14
Page 1 of 6

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

Scenario 1b - ICI Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY1999					FY2000				
						Beginning Balance	Principal	Interest	Balance	Cost of Capital	Beginning Balance	Principal	Interest	Balance	Cost of Capital
1	First Union Bank					\$1,835,448	0	\$30,434	\$1,835,448	6.77%	\$1,835,448	0	\$30,434	\$1,835,448	6.77%
2	Plantation Developers - WTP	9883,486	01/01/86	20	7.84%	588,884	18,365	46,814	567,479	46,058	567,479	20,843	46,456	546,636	43,403
3	Plantation Developers - Unit 8	94,861	12/23/84	20	7.84%	84,860	0	7,443	84,860	7,515	84,860	2,016	7,443	82,843	7,365
4	Crescent Lake Ltd - Seaside Lt 2	108,535	12/23/84	20	7.84%	100,002	2,857	7,889	97,145	7,713	97,145	3,179	7,788	93,966	7,461
5	Crescent Lake Ltd - Seaside Lt 3	128,850	03/28/86	20	7.88%	121,143	3,257	8,331	117,886	8,030	117,886	3,483	8,005	114,383	8,762
6	TAM Nursery, Inc.	112,847	12/23/84	20	7.84%	110,881	2,450	8,828	108,201	8,581	108,201	2,836	8,641	105,564	8,382
7	BAT of Palm Valley - Tom West	40,147	04/30/86	20	7.07%	38,007	1,063	2,702	36,864	2,613	36,864	1,123	2,632	35,741	2,533
8	Odessa Mill Ltd.	338,832	09/25/86	20	7.00%	324,836	4,488	22,733	320,348	22,433	320,348	8,061	22,368	312,287	21,868
9	Murphy Dams	86,517	04/08/86	20	6.33%	86,517	0	6,110	86,517	6,110	86,517	0	6,110	86,517	6,110
10	Arvida - Sawmill Lakes (Offsite #1)	80,000	06/12/86	20	6.61%	80,000	0	3,406	80,000	3,406	80,000	0	3,406	80,000	3,406
11	Arvida - Sawmill Lakes (Offsite #2)	80,000	02/17/87	20	6.68%	80,000	0	3,289	80,000	3,289	80,000	0	3,289	80,000	3,289
12	Arvida - Sawmill Lakes Lt 1	444,518	06/19/87	20	8.86%	450,782	11,881	31,225	438,131	30,254	438,131	12,418	30,487	425,713	28,400
13	Arvida - Sawmill Lakes Lt 2	180,030	06/08/87	20	8.77%	186,786	4,722	12,644	181,063	12,258	181,063	6,024	12,342	175,039	11,818
14	Equity	0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt - In Service:														
16	1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
17	2000	1,522,500		20	6.50%	0	0	0	0	0	1,522,500	38,214	86,963	1,483,286	86,414
18	2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19	2002	2,058,833		20	6.50%	0	0	0	0	0	0	0	0	0	0
20	2003	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
21	2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
22	2005	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
23	2006	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
24	2007	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
25	2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
26	2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27															
28	New Debt - Construction Work In Progress:			20	7.50%			0	0	0	0		0	0	0
29	Include CHMP in WACC?														
30	New Equity	1,352,928			10.00%					0					0
31															
32	Weighted Average Cost of Capital					\$6,044,784	\$40,855	\$403,056	\$6,084,840	\$437,106	\$180,281	\$581,792	\$7,327,178	\$622,432	7.13%

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

Scenario 2b - ICI Water and Sewer Rates with Nocatee's NEA Wholesale Plan - 60% Debt / 40% Equity

Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2001					FY2002				
					Beginning Balance	Principal	Interest	Balance	Cost of Capital	Beginning Balance	Principal	Interest	Balance	Cost of Capital
1 First Union Bank														
2 Plantation Developers - WTP	\$643,488	01/01/86	20	7.21%	\$3,743,182	\$103,362	\$330,848	\$3,838,830	\$284,801	\$3,838,830	\$114,201	\$110,188	\$3,928,428	\$298,285
3 Plantation Developers - Unit 8	84,861	12/23/84	20	7.34%	84,836	22,840	43,739	824,876	41,812	824,876	34,418	41,881	488,858	36,873
4 Crossroads Land Ltd- Seaside U2	108,536	12/23/84	20	7.34%	82,636	2,181	7,277	80,454	7,182	80,454	2,381	7,087	88,084	8,905
5 Crossroads Land Ltd- Seaside U3	128,860	03/28/86	20	7.34%	83,968	3,441	7,504	80,525	7,188	80,525	3,724	7,221	86,801	8,882
6 TAW Nursery, Inc.	112,847	12/23/84	20	7.34%	114,383	3,770	8,818	110,622	8,474	110,622	4,070	8,519	106,563	8,182
7 SAT of Palm Valley - Tom West	40,147	06/30/86	20	7.34%	105,568	2,852	8,425	102,714	8,185	102,714	3,087	8,180	98,627	7,810
8 Odessa Mill Ltd.	328,832	06/25/86	20	7.00%	312,417	8,633	21,774	303,784	21,285	303,784	1,253	2,482	33,332	2,357
9 Marsh Dunes	88,517	04/09/86	20	8.33%	88,517	2,481	6,038	84,038	5,852	84,038	2,843	5,877	81,193	6,785
10 Arvida - Sewer/Lakes (Offsite #1)	80,000	08/12/86	20	8.81%	80,000	1,218	3,348	48,784	3,322	48,784	1,302	3,262	47,482	3,234
11 Arvida - Sewer/Lakes (Offsite #2)	80,000	02/17/87	20	8.58%	80,000	1,248	3,283	48,751	3,208	48,751	1,334	3,188	47,417	3,120
12 Arvida - Sewer/Lakes U1	484,818	08/19/87	20	8.88%	428,712	13,302	28,584	413,410	28,484	413,410	14,348	28,638	388,181	27,502
13 Arvida - Sewer/Lakes U2	180,038	08/06/87	20	8.77%	178,038	8,375	11,881	170,664	11,854	170,664	8,750	11,818	164,914	11,185
14 Equity														
15 New Debt- In Service:				10.00%										
16 1998			20	8.50%										
17 2000			20	8.50%										
18 2001	1,522,500		20	8.50%	1,483,388	41,763	88,414	1,441,823	83,888	1,441,823	44,478	83,888	1,387,045	80,808
19 2002			20	8.50%										
20 2003	2,058,833		20	8.50%						2,058,833	83,064	133,888	2,006,780	130,441
21 2004			20	8.50%										
22 2005			20	8.50%										
23 2006			20	8.50%										
24 2007			20	8.50%										
25 2008			20	8.50%										
26 2009			20	8.50%										
27 2008			20	8.50%										
28 New Debt- Construction Work In Progress:														
29 Include CWP in WACCT			20	7.50%										
30 New Equity	1,352,828													
31				10.00%										
32 Weighted Average Cost of Capital					\$213,361	\$671,583	\$7,113,588	\$807,144	7.13%	\$285,218	\$888,888	\$10,241,141	\$756,251	7.38%

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

Scenario 2b - ICU Water and Sewer Rates with Nocates's JEA Wholesale Plan - 80% Debt / 20% Equity

Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2003					FY2004				
					Beginning Balance	Principal	Interest	Balance	Cost of Capital	Beginning Balance	Principal	Interest	Balance	Cost of Capital
1 First Union Bank	9843,486	01/01/98	20	7.27%	\$1,328,428	\$122,774	\$301,383	\$4,027,865	\$317,373	\$1,328,428	\$122,774	\$301,383	\$4,027,865	\$317,373
2 Plantation Developers - WTP	84,651	12/23/94	20	7.54%	468,858	36,428	36,970	473,230	37,574	473,230	36,428	37,574	444,628	36,303
3 Plantation Developers - Unit 8	108,536	12/23/94	20	7.54%	86,084	2,856	6,903	86,536	6,782	86,536	2,746	6,803	82,774	6,572
4 Crossroads Land Ltd. - Seaside Lt 2	128,850	03/28/96	20	7.89%	106,553	4,031	6,914	102,770	8,572	102,770	4,363	8,582	79,408	6,225
5 Crossroads Land Ltd. - Seaside Lt 3	112,847	12/23/94	20	7.54%	86,827	3,361	6,186	102,180	7,825	102,180	4,741	7,847	87,418	7,462
6 TAYW Nursery, Inc.	40,147	04/30/96	20	7.07%	33,332	1,388	7,536	86,287	7,846	86,287	3,816	7,880	82,671	7,368
7 BAT of Palm Valley - Tom West	328,832	09/25/96	20	7.00%	284,526	8,827	2,388	31,844	2,258	31,844	1,488	2,288	30,456	2,153
8 Odessa Mill Ltd.	86,517	04/08/98	20	6.33%	81,383	2,816	5,704	84,800	18,822	84,800	10,844	18,763	273,956	18,177
9 Marsh Dunes	80,000	09/12/98	20	6.81%	47,482	1,363	3,181	48,566	8,577	48,566	2,989	8,521	85,578	8,417
10 Arvida - Sawmill Lakes (Offsite #1)	80,000	02/17/97	20	6.58%	47,417	1,424	3,078	48,563	3,828	48,563	1,821	3,883	44,598	3,837
11 Arvida - Sawmill Lakes (Offsite #2)	464,818	06/18/97	20	6.88%	368,181	15,382	27,626	383,900	28,451	383,900	16,347	28,538	347,563	25,324
12 Arvida - Sawmill Lakes Lt 1	190,030	09/08/97	20	6.77%	164,914	6,182	11,214	168,762	10,748	168,762	6,881	10,785	162,180	10,303
13 Arvida - Sawmill Lakes Lt 2	0				0	0	0	0	0	0	0	0	0	0
14 Equity	0				0	0	0	0	0	0	0	0	0	0
15 New Debt - In Service:				10.00%										
16 1999	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
17 2000	0		20	6.50%	1,387,046	47,388	80,308	1,348,877	87,728	1,348,877	80,448	87,728	1,298,228	84,450
18 2001	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
19 2002	2,058,833		20	6.50%	2,006,788	86,802	130,441	1,950,277	128,788	1,950,277	80,175	128,788	1,800,102	122,857
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	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
25 2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
26 2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
28 New Debt - Construction Work in Progress:														
29 Include CWP in WACC?	NO		20	7.50%			0	0	0			0	0	0
30 New Equity	1,352,828							1,352,828	135,283				1,352,828	135,283
31														
32 Weighted Average Cost of Capital				10.00%		\$306,763	\$885,850	\$9,335,388	\$734,723		\$334,728	\$847,481	\$9,805,663	\$711,130
									7.40%					7.41%

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

Scenario 2b - ICU Water and Sewer Rates with Nocatee's NEA Wholesale Plan - 80% Debt / 20% Equity

FY2005									
Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	Beginning Balance	Principal	Interest	Balance	Cost of Capital
1 First Union Bank									
2 Plantation Developers - WTP	9463,488	01/01/86	20	7.27%	8,263,718	8,148,363	8,278,118	81,114,333	8,228,412
3 Plantation Developers- Unit 9	84,861	12/23/84	20	7.84%	444,628	20,981	38,338	413,864	32,846
4 Crossroads Land Ltd- Seaside US 2	108,836	12/23/84	20	7.84%	82,774	2,883	8,488	78,781	8,336
5 Crossroads Land Ltd- Seaside US 3	128,880	03/28/86	20	7.88%	78,406	4,723	8,223	73,684	8,861
6 TAW Nursery, Inc.	112,847	12/23/84	20	7.84%	87,419	5,117	7,471	82,302	7,070
7 BAT of Palm Valley - Tom West	40,147	06/30/86	20	7.84%	82,871	3,814	7,363	88,787	7,047
8 Odums Mill Ltd.	328,832	06/25/86	20	7.07%	30,456	1,508	2,158	28,887	2,040
9 Marsh Dunes	96,517	04/06/86	20	7.00%	273,856	11,414	18,883	262,541	18,379
10 Arvida- Seawall Lakes (Offsite #1)	80,000	08/12/86	20	8.33%	86,578	3,184	5,328	82,364	5,216
11 Arvida- Seawall Lakes (Offsite #2)	80,000	08/12/86	20	8.31%	44,588	1,508	2,888	43,083	2,828
12 Arvida- Seawall Lakes US 1	484,818	02/17/87	20	8.58%	44,472	1,624	2,878	42,848	2,810
13 Arvida- Seawall Lakes US 2	180,039	08/18/87	20	8.89%	387,863	17,518	25,377	360,343	34,118
14 Equity		08/08/87	20	8.77%	152,180	7,841	10,328	144,138	8,828
15 New Debt- In Service:				10.00%					
16									
17 1998			20	8.50%					
18 2000	1,522,800		20	8.50%	1,288,228	83,727	84,480	1,246,502	80,868
19 2001			20	8.50%					
20 2002	2,088,833		20	8.50%	1,880,102	84,088	122,857	1,828,016	118,881
21 2003			20	8.50%					
22 2004			20	8.50%					
23 2005			20	8.50%					
24 2006			20	8.50%					
25 2007			20	8.50%					
26 2008			20	8.50%					
27 2009			20	8.50%					
28 New Debt- Construction Work in Progress:									
29 Include CWIP in WACC?	NO		20	7.50%					
30 New Equity	1,352,828								
31				10.00%					
32 Weighted Average Cost of Capital					8368,880	5817,328		1,352,828	136,283
								88,241,783	8885,828
									7.42%

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

Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 90% Debt / 10% Equity

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate
1	First Union Bank				7.25%
2	Plantation Developers - WTP	\$643,488	01/01/88	20	7.94%
3	Plantation Developers- Unit 9	84,861	12/23/84	20	7.94%
4	Crossroads Land Ltd- Seaside LI 2	108,536	12/23/84	20	7.94%
5	Crossroads Land Ltd- Seaside LI 3	128,850	03/28/86	20	7.94%
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	Odome Mill Ltd.	328,532	06/25/86	20	7.00%
9	Marsh Dunes	96,517	04/08/86	20	6.33%
10	Arvida- Sawmill Lakes (Offsite #1)	50,500	09/13/87	20	6.91%
11	Arvida- Sawmill Lakes (Offsite #2)	50,500	02/17/87	20	6.99%
12	Arvida- Sawmill Lakes LI 1	464,518	04/18/87	20	6.77%
13	Arvida- Sawmill Lakes LI 2	180,538	04/08/87	20	6.77%
14	Equity	0			10.00%
15	New Debt- In Service:				
16	1990	0		20	6.50%
17	2000	1,322,500		20	6.50%
18	2001	0		20	6.50%
19	2002	2,066,833		20	6.50%
20	2003	0		20	6.50%
21	2004	0		20	6.50%
22	2005	0		20	6.50%
23	2006	0		20	6.50%
24	2007	0		20	6.50%
25	2008	0		20	6.50%
26	2009	0		20	6.50%
27		0		20	6.50%
28	New Debt- Construction Work in Progress:				
29	Include CWIP in WACC?			20	7.50%
30	New Equity	1,352,828			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 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

	Lender	Orig Loan		Term	Interest Rate
		Amount	Orig Loan Date		
1	First Union Bank				
2	Plantation Developers - WTP	9683,488	01/01/86	20	7.27%
3	Plantation Developers- Unit 8	84,881	12/23/84	20	7.84%
4	Croseroede Land Ltd- Seaside Lt 2	108,836	12/23/84	20	7.84%
5	Croseroede Land Ltd- Seaside Lt 3	128,850	03/28/86	20	7.88%
6	TAH Nursery, Inc.	112,847	12/23/84	20	7.84%
7	BAT of Palm Valley - Tom West	48,147	06/20/86	20	7.87%
8	Odome Mill Ltd.	326,833	08/25/86	20	7.00%
9	Marsh Dunes	96,517	04/08/86	20	6.33%
10	Arvida- Sewmill Lakes (Offsite #1)	50,000	08/12/86	20	6.81%
11	Arvida- Sewmill Lakes (Offsite #2)	50,000	02/17/87	20	6.88%
12	Arvida- Sewmill Lakes Lt 1	464,918	08/18/87	20	6.88%
13	Arvida- Sewmill Lakes Lt 2	180,030	08/08/87	20	6.77%
14	Equity	0			10.00%
15	New Debt- In Sandoz:				
16		1998	0	20	6.50%
17		2000	1,822,800	20	6.50%
18		2001	0	20	6.50%
19		2002	2,068,833	20	6.50%
20		2003	0	20	6.50%
21		2004	0	20	6.50%
22		2005	0	20	6.50%
23		2006	0	20	6.50%
24		2007	0	20	6.50%
25		2008	0	20	6.50%
26		2009	0	20	6.50%
27					
28	New Debt- Construction Work in Progress:				
29	Include CWIP in WACC?	NO		20	7.50%
30	New Equity		1,352,828		10.00%
31					
32	Weighted Average Cost of Capital				

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

Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

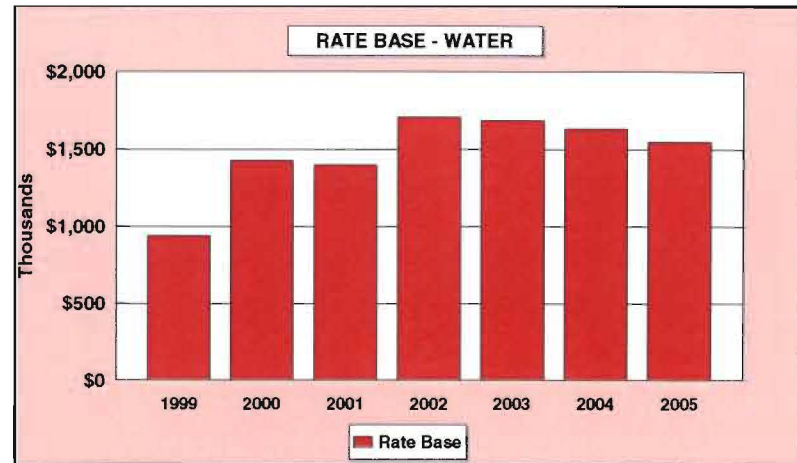
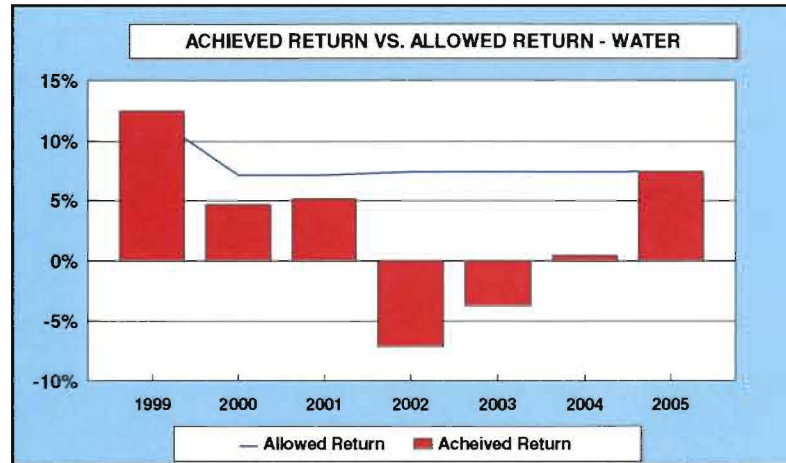
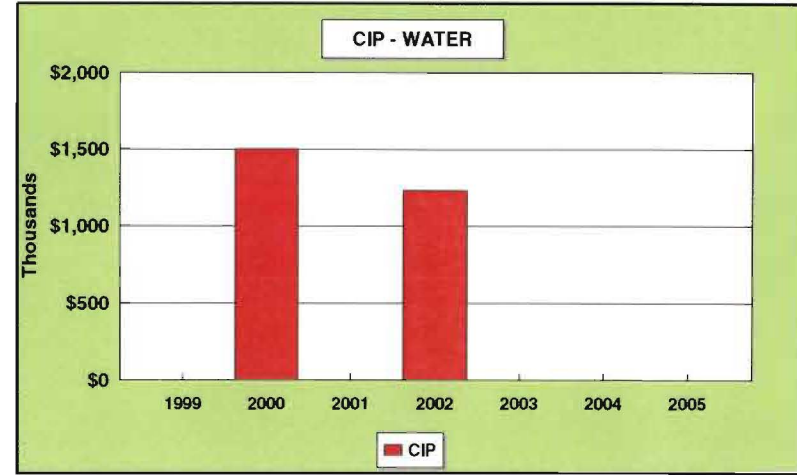
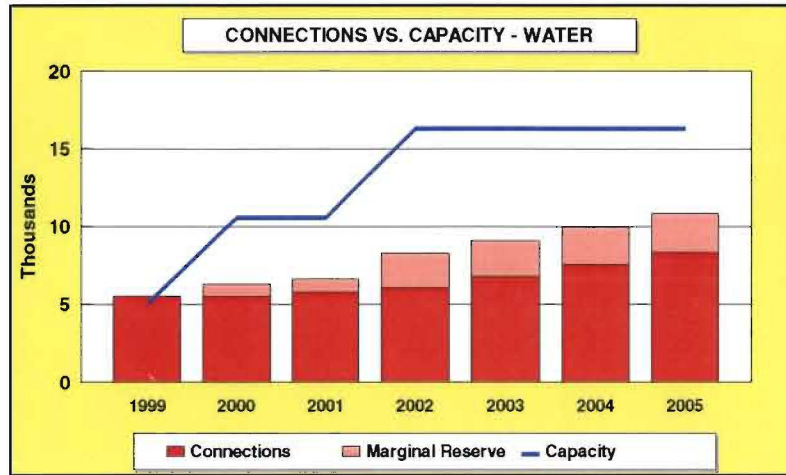
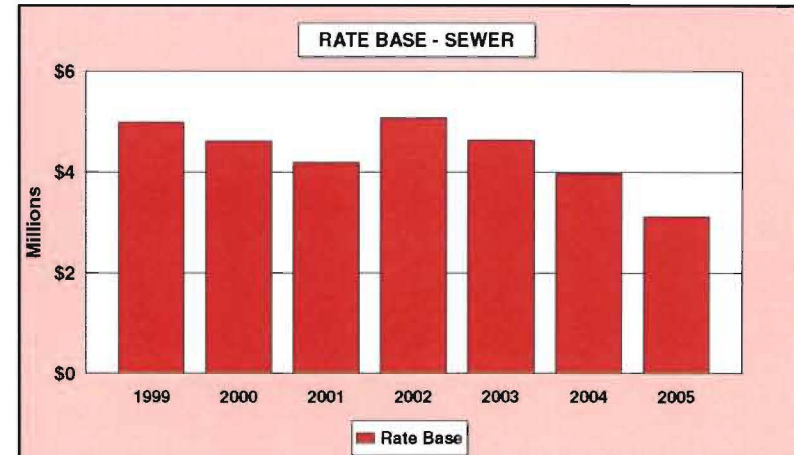
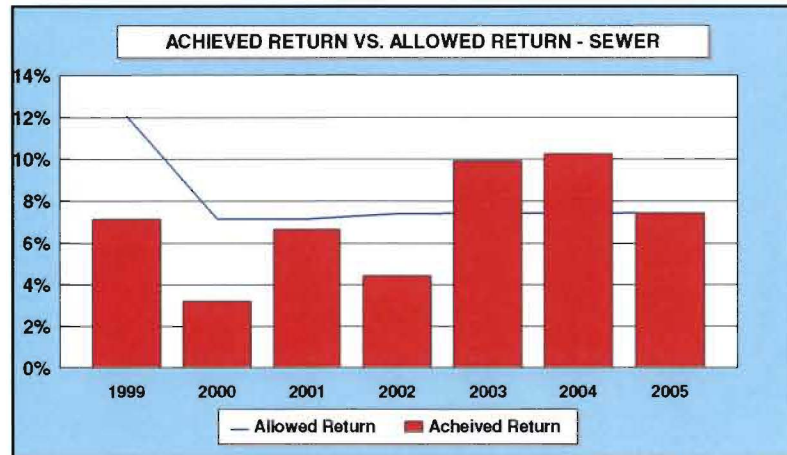
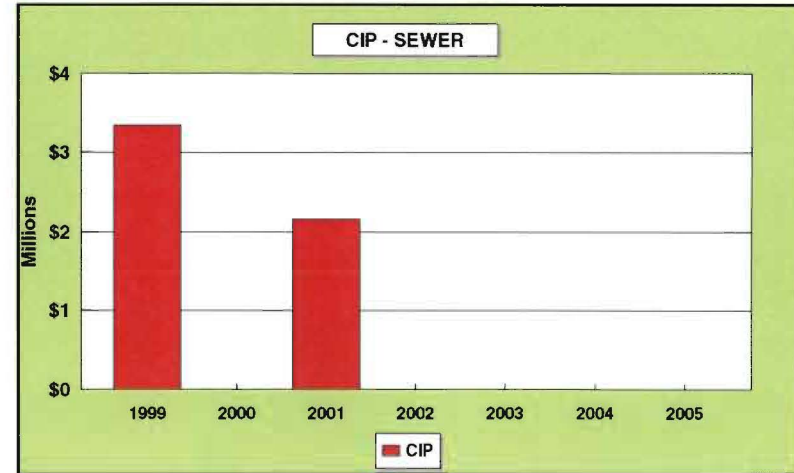
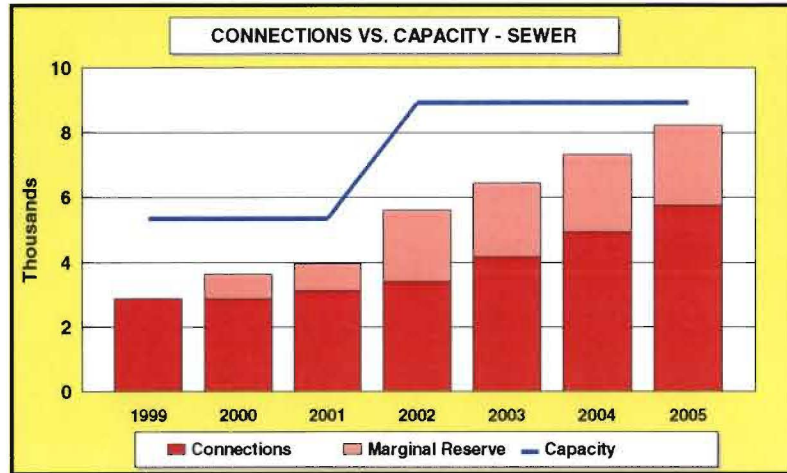


Figure 16

INTERCOASTAL UTILITIES
SEWER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity



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INTERCOASTAL UTILITIES
WATER AND SEWER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

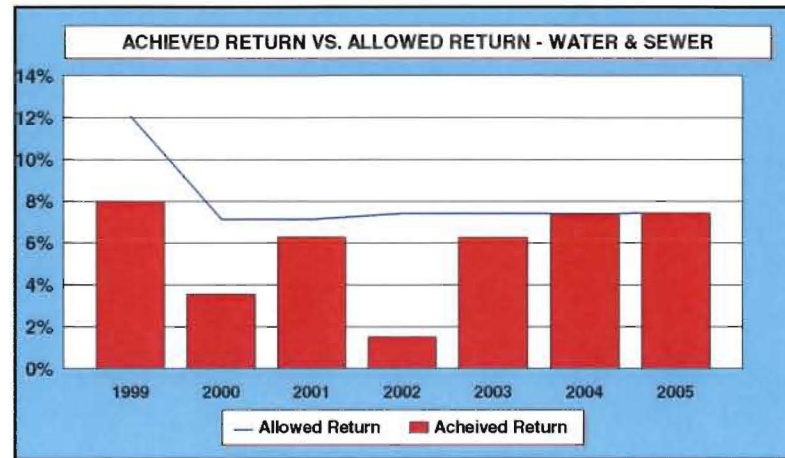


Figure 18

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CASH FLOW PROJECTIONS - TOTAL WATER AND SEWER SYSTEM**

Scenario 2b - ICU Water and Sewer Rates with Nocatee's JEA Wholesale Plan - 60% Debt / 40% Equity

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sources of Funds											
1 Beginning Year Balance	85,284	385,167	403,781	583,148	311,352	328,754	470,069				
2 Net Income	471,475	212,763	349,707	101,829	383,046	412,712	346,017				
3 Add:											
4 Depreciation	618,857	651,273	686,976	689,240	793,130	832,948	851,298				
5 Amort of Utility Plant Acq Adj	10,935	10,935	10,935	10,935	10,935	10,935	10,935				
6 Amort of Rate Case Expense	56,996	56,996	56,996	56,996	52,247	0	0				
7 Less:											
8 Amort of CIAC	(405,461)	(362,353)	(381,031)	(377,895)	(407,775)	(430,527)	(442,771)				
9 Net Income adjusted for non-cash items	752,803	569,615	723,583	481,106	841,582	828,069	765,479				
10 Additional Cash											
11 CIAC Cash	0	221,053	240,948	646,037	669,674	695,438	723,521				
12 Total additional Cash	0	221,053	240,948	646,037	669,674	695,438	723,521				
13											
14 Total Sources of Funds	838,087	1,175,834	1,368,311	1,710,291	1,822,607	1,850,260	1,959,069				
15											
Uses of Funds											
16 Less:											
17 Principal	(49,855)	(190,261)	(213,581)	(285,219)	(305,753)	(334,725)	(358,880)				
18 Interest	(403,065)	(581,792)	(571,583)	(686,888)	(665,990)	(641,481)	(617,325)				
19 Working Capital Reserve	(242,907)	(282,871)	(293,119)	(311,352)	(328,754)	(345,631)	(362,187)				
20 Equity Investment	0	0	0	(1,352,928)	0	0	0				
21											
22 Total Uses of Funds	(695,827)	(1,054,925)	(1,078,283)	(2,636,387)	(1,300,497)	(1,321,836)	(1,338,393)				
23											
24 Excess (Deficit)	142,260	120,910	290,028	(926,096)	522,111	528,424	620,677				
25											
26 Annual subsidy required from stockholders	0	0	0	926,096	(522,111)	(403,986)	0				
27 Net Cash Flow	142,260	120,910	290,028	0	0	124,439	620,677				
28 Add Back: Working Capital Reserve	242,907	282,871	293,119	311,352	328,754	345,631	362,187				
29 Ending Balance	385,167	403,781	583,148	311,352	328,754	470,069	982,864				
30											
31 Cumulative subsidy required from stockholders	0	0	0	926,096	403,986	0	0				

SOURCE: BURTON & ASSOCIATES

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Appendix 3

Scenario 3a
Reclaimed Water Rates
100% Debt and 0% Equity Financing

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. It assumes that capital projects will be funded with 100% debt and 0% equity financing.

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Figure 15	Graphs of Key Indicators - Reclaimed Water System
Figure 16	Not Used
Figure 17	Not Used
Figure 18	Cash Flow Projections - Total Reclaimed Water System

Figure 1

**INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
SUMMARY**

Scenario 1Ra- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

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

Reclaimed Water	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Rate Plan				0.0%	0.0%	-7.6%	-10.1%	-8.8%	0.0%	0.0%	-0.9%
Achieved Return				5.57%	5.73%	6.50%	6.50%	6.50%	4.09%	5.02%	6.50%
Allowed Return				6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Avg Mo.Cost / ERC				\$15.48	\$15.48	\$14.30	\$12.85	\$11.72	\$11.72	\$11.72	\$11.61
Achieved Return (Millions)				\$0.214	\$0.206	\$0.218	\$0.203	\$0.187	\$0.182	\$0.208	\$0.248
Allowed Return (Millions)				\$0.249	\$0.234	\$0.218	\$0.203	\$0.187	\$0.290	\$0.269	\$0.248
Rate Base (Millions)				\$3.837	\$3.598	\$3.359	\$3.119	\$2.880	\$4.464	\$4.141	\$3.822

SOURCE: BURTON & ASSOCIATES
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Figure 2

**INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
ASSUMPTIONS**

Scenario 1Ra- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

	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				5,748	5,748	5,748	5,748	5,748	9,580	9,580
2	Additional Capacity in ERC's			5,747	0	0	0	0	3,831	0	0
3	Total Capacity			5,748	5,748	5,748	5,748	5,748	9,580	9,580	9,580
4	GPD = 1 ERC			261	261	261	261	261	261	261	261
5	Connected ERC's				2,728	3,240	3,752	4,264	4,776	5,433	6,090
6	Additional Connected ERC's										
7	Walden Chase			0	0	0	0	0	0	0	0
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			2,727	512	512	512	512	657	657	643
12	Total Connected ERC's			2,728	3,240	3,752	4,264	4,776	5,433	6,090	6,733
13	Percent Growth in Connected ERC's				18.77%	15.80%	13.65%	12.01%	13.76%	12.09%	10.56%
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				4.69%	3.95%	3.41%	3.00%	3.44%	3.02%	2.64%
16	Inflationary Multiplier			1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
17	Growth and Inflationary Multiplier				6.19%	5.45%	4.91%	4.50%	4.94%	4.52%	4.14%
New Debt Assumptions											
18											
19											
20	Term	20									
21	Issuance Costs	1.50%									
22	Interest Rate	6.50%									

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

Figure 3

Scenario 1R(a): Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

Reclaimed Water		Actual 1999	Projected 2000	Projected 2001	Projected 2002	Projected 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009
Revenues:												
1	Rate Revenue:											
2	Rate Revenue											
3	Growth Percentage				\$186	\$608,500	\$601,008	\$643,780	\$667,308	\$671,527	\$763,804	\$668,281
4	Rate Revenue from Growth				18.77%	16.80%	13.86%	12.01%	12.01%	12.01%	12.01%	10.58%
5	Rate Revenue Prior to Rate Adjustment				\$608,404	\$6,078	\$6,078	\$7,848	\$78,037	\$2,377	\$2,377	\$0,408
6	Percentage Rate Increase				8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
7	Rate Revenue from Rate Adjustment				0	0	(52,908)	(74,210)	(64,808)	0	0	(18,848)
8	Total Rate Revenue				\$608,404	\$6,078	\$43,170	\$3,138	\$13,229	\$2,377	\$2,377	\$837,742
9	Other Revenue:											
10	Misc. Revenue				0	0	0	0	0	0	0	0
11	Other Revenue				0	0	0	0	0	0	0	0
12	Total Other Revenue				0	0	0	0	0	0	0	0
13	Total Revenues				\$608,404	\$6,078	\$43,170	\$3,138	\$13,229	\$2,377	\$2,377	\$837,742
Expenses:												
14	Additional O&M - Western Svc Area				\$23,064	\$24,481	\$25,818	\$27,064	\$28,303	\$28,701	\$31,044	\$32,328
15	Operating Expenses- Eastern Svc Area				\$81,340	\$114,146	\$137,518	\$161,420	\$186,836	\$217,821	\$248,843	\$280,881
16	Rate Case Expense				NA	NA	NA	NA	NA	NA	NA	NA
17	Franchise Fee- PSC				22,787	27,075	28,900	28,583	30,218	34,376	38,533	42,198
18	Depreciation (U & U Ant Only)				85,362	134,518	134,518	134,518	134,518	162,448	188,004	187,778
19	Amort of CIAC (U & U Ant Only)				(32,848)	(12,371)	(12,371)	(12,371)	(12,371)	(18,874)	(18,874)	(18,874)
20	Amort of Acq Adj				0	0	0	0	0	0	0	0
21	Total Expenses				\$118,808	\$267,844	\$314,444	\$340,231	\$366,502	\$422,806	\$480,540	\$527,244
22	Operating Income				\$518,592	\$3,234	\$28,726	\$3,138	\$13,229	\$2,377	\$2,377	\$310,500
Non Operating Income (Expense):												
23	Non Oper Rev				0	0	0	0	0	0	0	0
24	Taxes Other Than Income:				0	0	0	0	0	0	0	0
25	Intangible Tax				0	(725)	(748)	(770)	(783)	(1,038)	(1,063)	(1,060)
26	Other Taxes & Licenses				0	(100)	(104)	(107)	(110)	(144)	(147)	(151)
27	Property Taxes:				(103,407)	(106,782)	(110,157)	(113,531)	(116,908)	(120,281)	(123,654)	(127,028)
28	Total Non Operating Expenses				(103,407)	(106,782)	(110,157)	(113,531)	(116,908)	(120,281)	(123,654)	(127,028)
29	Net Income				\$415,185	\$2,452	\$18,569	\$2,607	\$13,321	\$2,377	\$2,377	\$183,472
30	Taxable Income (See worksheet for taxable income below)				\$415,185	\$2,452	\$18,569	\$2,607	\$13,321	\$2,377	\$2,377	\$183,472
31	Income Taxes:				0	0	0	0	0	0	0	0
32	State 5.50%				0	0	0	0	0	0	0	0
33	Federal 34.00%				0	0	0	0	0	0	0	0
34	Total Income Taxes				0	0	0	0	0	0	0	0
35	Net After Tax Income				\$415,185	\$2,452	\$18,569	\$2,607	\$13,321	\$2,377	\$2,377	\$183,472
36	Rate Base				\$213,578	\$204,514	\$218,308	\$202,758	\$187,218	\$182,458	\$207,848	\$248,452
37	Rate of Return Achieved				5.57%	5.73%	5.50%	5.50%	5.50%	4.00%	5.02%	5.50%
38	Allowed Return				5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
39	Allowed Return Amount				\$248,415	\$223,858	\$218,308	\$202,758	\$187,218	\$200,128	\$280,187	\$348,452
Worksheet for Taxable Income:												
40	Interest Expense - Total				\$208,042	\$200,308	\$282,180	\$273,483	\$284,210	\$378,388	\$384,868	\$360,052
41	Allocation Percentage to Water (1)				100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
42	Allocated Interest Expense - Water				\$208,042	\$200,308	\$282,180	\$273,483	\$284,210	\$378,388	\$384,868	\$360,052
43	Restatement of Net Income Before Income Tax				\$213,578	\$204,514	\$218,308	\$202,758	\$187,218	\$182,458	\$207,848	\$248,452
44	LESS: Interest Expense - Water				(208,042)	(200,308)	(282,180)	(273,483)	(284,210)	(378,388)	(384,868)	(360,052)
45	Taxable Income - Water (2)				\$5,536	\$4,206	\$36,128	\$29,275	\$3,008	\$4,070	\$23,000	\$88,400

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

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

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

Scenario 1R(a)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

Reclaimed Water

Existing Asset Depreciation

Existing Assets		Year	Estimated	
			Original Cost	Life (Years)
1	Franchisee	.	.	.
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

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

Scenario 1R(a)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

Reclaimed Water

New Asset Depreciation

New Assets	Year	Estimated Original Cost	Life (Years)
1 16" PVC Outfall / Xlr (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	458,000	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

Depreciation Schedule - New Assets		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
14	16" PVC Outfall / Xlr (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
27	CIAC Plant	-	-	-	-	-	-	-	-	-	10,740	10,740	10,511
48	Total New Depreciation	-	-	-	-	22,289	8,370	8,370	8,370	8,370	10,740	10,740	10,511
Total Depreciation - Reclaimed Water		-	-	-	-	\$85,362	\$134,516	\$134,516	\$134,516	\$134,516	\$162,445	\$188,004	\$187,775
49	Total Existing Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
50	Total New Depreciation	-	-	-	-	85,362	134,516	134,516	134,516	134,516	162,445	188,004	187,775
51	Total Depreciation	-	-	-	-	\$85,362	\$134,516	\$134,516	\$134,516	\$134,516	\$162,445	\$188,004	\$187,775
52	Accumulated Depreciation	-	-	-	-	\$85,362	\$219,877	\$354,393	\$488,908	\$623,424	\$785,869	\$973,873	\$1,161,648

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

Scenario 1R(a)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

Reclaimed Water - Existing CIAC

Existing CIAC

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

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

Amortization of Existing CIAC

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

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

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

Scenario 1R(a)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

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	\$468.83	-	-	\$1,280,671	\$240,449	\$240,449	\$240,449	\$240,449	\$308,545	\$308,545	\$301,970
2	Services	40	\$101.55	-	-	\$276,924	\$51,993	\$51,993	\$51,993	\$51,993	\$66,718	\$66,718	\$65,296
3	Meters & Meter Installs	20	\$32.91	-	-	\$89,748	\$16,850	\$16,850	\$16,850	\$16,850	\$21,622	\$21,622	\$21,161
4	Hydrants	45	\$55.55	-	-	\$152,300	\$28,595	\$28,595	\$28,595	\$28,595	\$36,693	\$36,693	\$35,911
5	Total New CIAC - Plant			-	-	\$1,799,643	\$337,988	\$337,988	\$337,988	\$337,988	\$433,577	\$433,577	\$424,336
6	New CIAC - Cash:												
7	New CIAC - Cash			-	-	\$638,345	\$120,038	\$120,038	\$120,038	\$120,038	\$154,034	\$154,034	\$150,751
8	Life	30											
9	Total New CIAC - Cash			-	-	\$638,345	\$120,038	\$120,038	\$120,038	\$120,038	\$154,034	\$154,034	\$150,751
10	Total New CIAC			-	-	\$2,438,988	\$457,926	\$457,926	\$457,926	\$457,926	\$587,610	\$587,610	\$575,086

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		-	-	-	\$14,892	\$5,592	\$5,592	\$5,592	\$5,592	\$7,175	\$7,175	\$7,023
13	Services		-	-	-	\$3,462	\$1,300	\$1,300	\$1,300	\$1,300	\$1,668	\$1,668	\$1,632
14	Meters & Meter Installs		-	-	-	\$2,244	\$842	\$842	\$842	\$842	\$1,081	\$1,081	\$1,058
15	Hydrants		-	-	-	\$1,692	\$635	\$635	\$635	\$635	\$815	\$815	\$798
16	Total New CIAC - Plant Amortization		-	-	-	\$22,288	\$8,370	\$8,370	\$8,370	\$8,370	\$10,740	\$10,740	\$10,511
17	New CIAC - Cash Amortization		-	-	-	\$10,656	\$4,001	\$4,001	\$4,001	\$4,001	\$5,134	\$5,134	\$5,025
18	Total New CIAC - Cash Amortization		-	-	-	\$10,656	\$4,001	\$4,001	\$4,001	\$4,001	\$5,134	\$5,134	\$5,025
19	Total New CIAC Amortization		-	-	-	\$32,944	\$12,371	\$12,371	\$12,371	\$12,371	\$15,874	\$15,874	\$15,536

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	-	-	-	-	\$2,438,988	\$457,926	\$457,926	\$457,926	\$457,926	\$587,610	\$587,610	\$575,086
21	Total Accumulated CIAC - Water	-	-	-	-	\$2,438,988	\$2,896,910	\$3,354,835	\$3,812,760	\$4,270,684	\$4,858,294	\$5,445,905	\$6,020,994
22	CIAC Amortization												
23	Total Existing CIAC Annual Amortization	-	-	-	-	-	-	-	-	-	-	-	-
24	Total New CIAC Annual Amortization	-	-	-	-	\$32,944	\$12,371	\$12,371	\$12,371	\$12,371	\$15,874	\$15,874	\$15,536
25	Total CIAC Annual Amortization - Water	-	-	-	-	\$32,944	\$12,371	\$12,371	\$12,371	\$12,371	\$15,874	\$15,874	\$15,536
26	Accumulated CIAC Amortization	-	-	-	-	\$32,944	\$45,316	\$57,686	\$70,057	\$82,428	\$94,802	\$114,177	\$128,713

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

Figure 9

Scenario 1R(a)-Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1 Reclaimed Water											
2 Utility Plant In Service			30%	44%	50%	55%	59%	52%	56%	61%	
3 Include Construction Work In Progress? <input type="checkbox"/> NO				\$6,317,140	\$6,955,026	\$6,902,913	\$7,330,799	\$7,668,685	\$9,982,262	\$10,415,839	\$10,840,176
4 Less: Accumulated Depreciation				0	0	0	0	0	0	0	0
5 Utility Plant In Service less Accum Depr.				(85,362)	(219,877)	(354,363)	(488,906)	(623,424)	(785,866)	(973,873)	(1,181,648)
6 Less: Accumulated CIAC				\$6,231,778	\$6,435,149	\$6,538,820	\$6,841,891	\$7,045,281	\$6,198,393	\$6,441,966	\$6,878,528
7 Plus: Accumulated Amortization of CIAC				(2,438,965)	(2,896,910)	(3,354,835)	(3,812,756)	(4,270,684)	(4,858,294)	(5,445,905)	(6,020,994)
8 Net Utility Plant In Service				\$2,945	45,816	57,686	70,057	82,426	98,302	114,177	129,713
9 Plus or Minus:				\$3,826,738	\$3,863,556	\$3,341,372	\$3,096,158	\$2,867,005	\$4,438,401	\$4,110,238	\$3,787,248
10 Acquisition Adjustments											
11 Accumulated Amort of Acq Adjustments											
12 Working Capital Allowance <input type="checkbox"/> 12.50% of O&M				11,418	14,268	17,190	20,177	23,229	27,128	31,105	35,065
13 Other				0	0	0	0	0	0	0	0
14 Net Utility Plant In Service				\$3,837,156	\$3,877,823	\$3,358,561	\$3,116,358	\$2,890,234	\$4,465,529	\$4,141,343	\$3,822,333
15 U&U Percentage				100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
16 Rate Base				\$3,837,155	\$3,597,823	\$3,358,561	\$3,116,366	\$2,880,235	\$4,463,529	\$4,141,343	\$3,822,333

SOURCE: BURTON & ASSOCIATES
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Figure 10

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

Reclaimed Water

	Estimated Original Cost	In Svc Date	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
New Assets per CIP:													
1 16" PVC Outfall / Xlar (50% Cost)	\$340,000	2002				\$340,000							
2 12" ICWW Crossing	300,000	2002				\$300,000							
3 ICU - East Reclaim P.S.	260,000	2002				\$260,000							
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	360,000	2002				\$360,000							
7 18" PVC Reclaimed Water Main	466,000	2002				\$466,000							
8 8" PVC Reclaimed Water Main	288,000	2002				\$288,000							
9 Engineering & Contingency	\$03,500	2002				\$03,500							
10 16" 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)						\$4,517,500	\$4,517,500	\$4,517,500	\$4,517,500	\$4,517,500	\$4,517,500	\$8,387,500	\$8,387,500
New Plant Assets per CIAC:													
16 New Plant Assets (CIAC)						\$1,799,840	\$337,888	\$337,888	\$337,888	\$337,888	\$433,577	\$433,577	\$424,336
18 Total New Plant Assets (CIAC)						\$1,799,840	\$2,137,528	\$2,475,413	\$2,813,298	\$3,151,183	\$3,584,762	\$4,018,338	\$4,442,676
17 Total Reclaimed Water Utility Plant in Service						\$6,317,340	\$6,655,028	\$6,992,813	\$7,330,798	\$7,668,688	\$8,082,262	\$10,415,838	\$10,840,176

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

Figure 11

Scenario 1B(a)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

PROJECT TOTAL		AMOUNT DEBT FUNDED	PROJECT NAME	IN DES- MONTHS			INCREASE IN CAPACITY (MGD)			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
				AGE DATE	TO 2005 STRUCT	% DEBT FUNDED	ASSET LIFE													
Reclaimed Water																				
1	\$360,000	\$360,000	18" PVC Outfall / Xfer (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 Reservoir	2002	24	100%	41	1.50					1,100,000							
5	500,000	500,000	Reclaimed Water P.S.	2002	24	100%	25						500,000							
6	360,000	360,000	24" PVC Reclaimed Water Main	2002	24	100%	45						360,000							
7	458,000	458,000	18" PVC Reclaimed Water Main	2002	24	100%	45						458,000							
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													
11	100,000	100,000	Expand Reclaimed Wtr P.S.	2007	24	100%	20												304,000	
12	1,100,000	1,100,000	3.0 MG Reservoir	2007	24	100%	41	1.00											100,000	
13	376,000	376,000	Engineering & Contingency	2007	24	100%	30												1,100,000	
14																			376,000	
15	\$4,387,358	\$4,387,358																		
								\$4	\$6	\$8	\$4,317,358	\$8	\$8	\$8	\$8	\$8	\$8	\$1,385,000	\$8	\$8

SOURCE: BURTON & ASSOCIATES / PWS&J
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Figure 13

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

Scenario 1Ra- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1 Reclaimed Water											
2 Capacity											
3 Capacity in ERC's					5,748	5,748	5,748	5,748	5,748	9,580	9,580
4 Additional Capacity in ERC's				5,747	0	0	0	0	3,831	0	0
5 Total Capacity				5,748	5,748	5,748	5,748	5,748	9,580	9,580	9,580
6 Connection / Growth											
7 Connections in ERC's					2,728	3,240	3,752	4,264	4,776	5,433	6,090
8 Annual Growth Percent					18.77%	15.80%	13.65%	12.01%	13.76%	12.09%	10.56%
9 Additional Units				2,727	512	512	512	512	657	657	643
10 Total Connections				2,728	3,240	3,752	4,264	4,776	5,433	6,090	6,733
11 Raw U & U Percent				47.46%	56.37%	65.27%	74.18%	83.09%	86.71%	83.57%	70.29%
12 PLUS: Margin Reserve @ 36 Mos.				8,181	1,536	1,536	1,536	1,536	1,971	1,971	1,929
13 Total Connections plus Margin Reserve				10,909	4,776	5,288	5,800	6,312	7,404	8,061	8,662
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(a)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equit

	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														
15	New Debt- In Service:														
16		1999													
17		2000													
18		2001													
19		2002													
20		2003													
21		2004													
22		2005													
23		2006													
24		2007													
25		2008													
26		2009													
27															
28	New Debt- Construction Work In Progress:														
29	Include CWP in WACC?														
30	New Equity														
31															
32	Weighted Average Cost of Capital														

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

Scenario 1B(a)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

	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															
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	1998	0		20	8.50%						0	0	0	0	0
17	2000	0		20	8.50%						0	0	0	0	0
18	2001	0		20	8.50%						0	0	0	0	0
19	2002	4,586,363		20	8.50%						4,586,363	118,100	288,042	4,467,183	288,368
20	2003	0		20	8.50%						0	0	0	0	0
21	2004	0		20	8.50%						0	0	0	0	0
22	2005	0		20	8.50%						0	0	0	0	0
23	2006	0		20	8.50%						0	0	0	0	0
24	2007	1,908,200		20	8.50%						0	0	0	0	0
25	2008	0		20	8.50%						0	0	0	0	0
26	2009	0		20	8.50%						0	0	0	0	0
27															
28	New Debt- Construction Work In Progress:														
29	Include CMP in WACC?			20	7.50%								0	0	0
30	New Equity	0			10.00%										
31															
32	Weighted Average Cost of Capital											\$118,100	\$288,042	\$4,467,183	\$288,368 8.50%

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

Scenario 1R(a)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

	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
14	Equity	0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:														
16		0													
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	4,585,363		20	6.50%	4,467,163	126,776	290,368	4,341,386	282,180	4,341,386	133,952	282,180	4,207,435	273,483
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 CWP in WACC?	NO		20	7.50%			0	0	0			0	0	0
30	New Equity	0			10.00%				0	0				0	0
31															
32	Weighted Average Cost of Capital						\$126,776	\$290,368	\$4,341,386	6.60%		\$133,952	\$282,180	\$4,207,435	6.50%

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

Scenario 1R(a)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

	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															
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	4,585,263		20	6.50%	4,207,436	142,668	273,463	4,064,776	264,210	4,064,776	151,831	264,210	3,912,844	254,335
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
30	New Equity	0			10.00%				0	0				0	0
31															
32	Weighted Average Cost of Capital						\$142,668	\$273,463	\$4,064,776	\$264,210		\$151,831	\$264,210	\$3,912,844	\$254,335
										6.50%					6.50%

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

Scenario 1B(a)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

	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
14	Equity	0			10.00%	0	0	0	0	0	0	0	0	0	0
15	New Debt- In Service:														
16		1998		20	6.50%	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
18		2001		20	6.50%	0	0	0	0	0	0	0	0	0	0
19		2002		20	6.50%	4,585,283	0	0	0	0	0	0	0	0	0
20		2003		20	6.50%	3,812,844	161,807	254,336	3,751,037	243,817	3,751,037	172,324	243,817	3,578,713	232,816
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		2006		20	6.50%	0	0	0	0	0	0	0	0	0	0
24		2007		20	6.50%	1,908,200	48,148	124,033	1,859,062	120,838	1,859,062	52,343	120,838	1,806,708	117,438
25		2008		20	6.50%	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
27	New Debt- Construction Work In Progress:			20	7.50%										
28	Include CWIP in WACC?														
29	New Equity	0			10.00%										
30															
31															
32	Weighted Average Cost of Capital						\$210,956	\$378,368	\$5,810,088	6.50%		\$224,067	\$384,858	\$5,385,422	6.50%

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

Scenario 1R(a)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2000				Cost of Capital Calc
						Beginning Balance	Principal	Interest	Balance	
14	Equity									
15	New Debt- In Service:									
16					10.00%	0	0	0	0	0
17	1999									
18	2000	0		20	8.50%	0	0	0	0	0
19	2001	0		20	8.50%	0	0	0	0	0
20	2002	0		20	8.50%	0	0	0	0	0
21	2003	4,585,263		20	8.50%	3,578,713	163,326	232,816	3,305,197	220,887
22	2004	0		20	8.50%	0	0	0	0	0
23	2005	0		20	8.50%	0	0	0	0	0
24	2006	0		20	8.50%	0	0	0	0	0
25	2007	0		20	8.50%	0	0	0	0	0
26	2008	1,908,200		20	8.50%	1,808,708	56,745	117,438	1,750,963	113,813
27	2009	0		20	8.50%	0	0	0	0	0
28	New Debt- Construction Work In Progress:									
29	Include CMP in WACC?									
30	New Equity			20	7.50%					
31		0			10.00%					
32	Weighted Average Cost of Capital						\$238,271	\$360,062	\$5,148,181	\$334,500
										8.50%

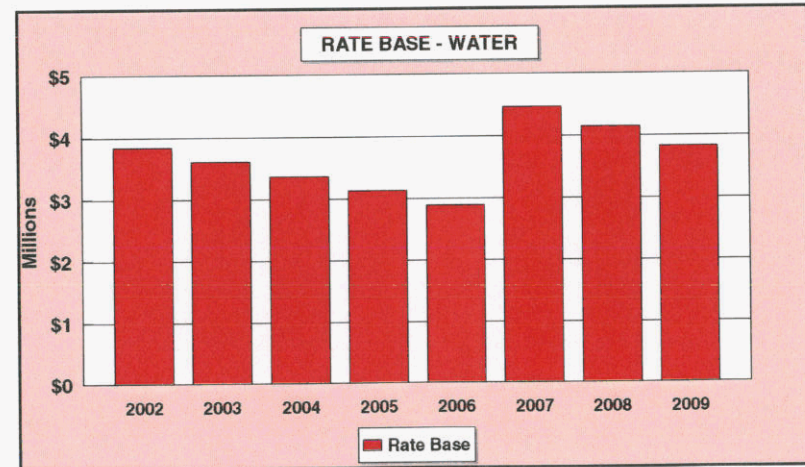
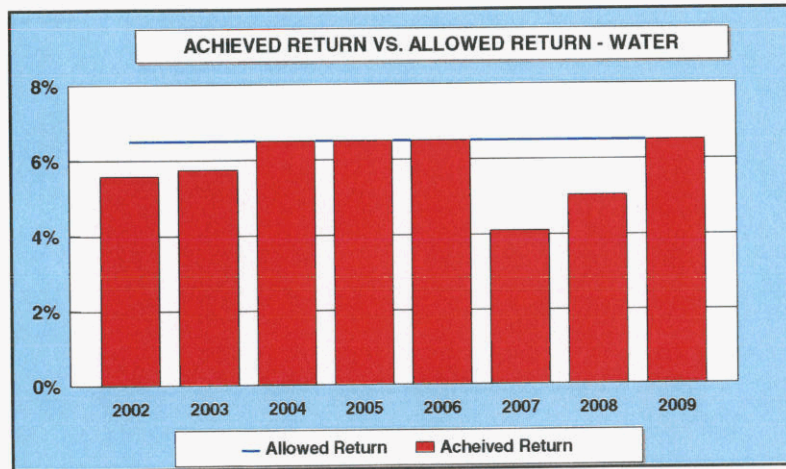
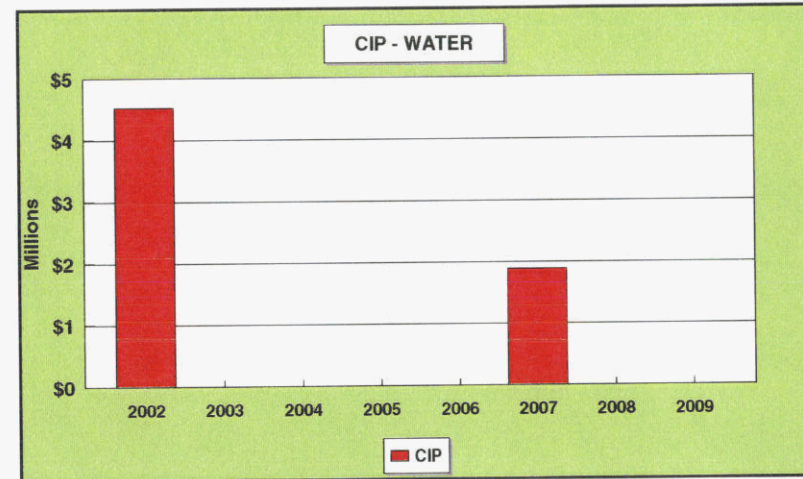
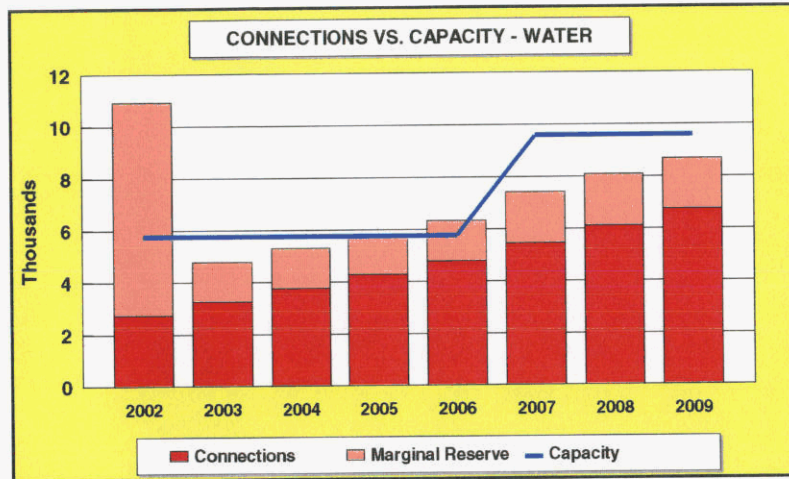
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INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 1Ra- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity



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**INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
CASH FLOW PROJECTIONS - TOTAL RECLAIMED WATER SYSTEM**

Scenario 1Re- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sources of Funds											
1 Beginning Year Balance				0	489,195	521,451	565,798	594,598	607,854	501,591	446,276
2 Net Income				213,575	206,214	218,306	202,759	187,215	182,456	207,845	248,452
3 Add:											
4 Depreciation				85,362	134,516	134,516	134,516	134,516	162,445	188,004	187,775
5 Amort of Utility Plant Acq Adj				0	0	0	0	0	0	0	0
6 Amort of Rate Case Expense				0	0	0	0	0	0	0	0
7 Less:											
8 Amort of CIAC				(32,945)	(12,371)	(12,371)	(12,371)	(12,371)	(15,874)	(15,874)	(15,536)
9 Net Income adjusted for non-cash items				265,992	328,359	340,451	324,904	309,360	329,027	379,975	420,691
10 Additional Cash											
11 CIAC Cash				639,345	120,038	120,038	120,038	120,038	154,034	154,034	150,751
12 Total additional Cash				639,345	120,038	120,038	120,038	120,038	154,034	154,034	150,751
13											
14 Total Sources of Funds				905,337	937,593	981,940	1,010,740	1,023,996	1,090,914	1,035,599	1,017,718
15											
16 Uses of Funds											
17 Less:											
18 Principal				(118,100)	(125,776)	(133,952)	(142,659)	(151,931)	(210,955)	(224,667)	(239,271)
19 Interest				(298,042)	(290,366)	(282,180)	(273,483)	(264,210)	(378,368)	(364,656)	(350,052)
20 Working Capital Reserve				(11,460)	(14,311)	(17,232)	(20,220)	(23,272)	(27,170)	(31,148)	(35,128)
21 Equity Investment				0	0	0	0	0	0	0	0
22 Total Uses of Funds				(427,602)	(430,453)	(433,374)	(436,362)	(439,414)	(616,493)	(620,471)	(624,451)
23											
24 Excess (Deficit)				477,735	507,140	548,566	574,378	584,582	474,421	415,128	393,268
25											
26 Annual subsidy required from stockholders				0	0	0	0	0	0	0	0
27 Net Cash Flow				477,735	507,140	548,566	574,378	584,582	474,421	415,128	393,268
28 Add Back: Working Capital Reserve				11,460	14,311	17,232	20,220	23,272	27,170	31,148	35,128
29 Ending Balance				489,195	521,451	565,798	594,598	607,854	501,591	446,276	428,395
30											
31 Cumulative subsidy required from stockholders				0	0	0	0	0	0	0	0

SOURCE: BURTON & ASSOCIATES
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Scenario 3b
Reclaimed Water Rates
60% Debt and 40% Equity Financing

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. It assumes that capital projects will be funded with 60% debt and 40% equity financing.

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Figure 1

**INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
SUMMARY**

Scenario 1Rb- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

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

	Reclaimed Water	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1	Rate Plan				0.0%	0.0%	0.0%	-4.0%	-10.3%	0.0%	0.0%	-1.1%
2	Achieved Return				5.23%	5.40%	6.89%	7.99%	8.02%	5.86%	6.80%	8.09%
3	Allowed Return				7.91%	7.93%	7.96%	7.99%	8.02%	8.01%	8.05%	8.09%
4	Avg Mo.Cost / ERC				\$15.48	\$15.48	\$15.48	\$14.85	\$13.32	\$13.32	\$13.32	\$13.17
5	Achieved Return (Millions)				\$0.200	\$0.194	\$0.231	\$0.249	\$0.231	\$0.261	\$0.282	\$0.309
6	Allowed Return (Millions)				\$0.303	\$0.285	\$0.267	\$0.249	\$0.231	\$0.358	\$0.333	\$0.309
7	Rate Base (Millions)				\$3.837	\$3.598	\$3.359	\$3.119	\$2.880	\$4.464	\$4.141	\$3.822
8												

SOURCE: BURTON & ASSOCIATES
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06/01/2000

Figure 2

**INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
ASSUMPTIONS**

Scenario 1Rb- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

		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					5,748	5,748	5,748	5,748	5,748	9,580	9,580
2	Additional Capacity in ERC's				5,747	0	0	0	0	3,831	0	0
3	Total Capacity				5,748	5,748	5,748	5,748	5,748	9,580	9,580	9,580
4	GPD = 1 ERC				261	261	261	261	261	261	261	261
5	Connected ERC's					2,728	3,240	3,752	4,264	4,776	5,433	6,090
6	Additional Connected ERC's											
7	Walden Chase				0	0	0	0	0	0	0	0
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				2,727	512	512	512	512	657	657	643
12	Total Connected ERC's				2,728	3,240	3,752	4,264	4,776	5,433	6,090	6,733
13	Percent Growth in Connected ERC's					18.77%	15.80%	13.65%	12.01%	13.76%	12.09%	10.56%
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					4.69%	3.95%	3.41%	3.00%	3.44%	3.02%	2.64%
16	Inflationary Multiplier				1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
17	Growth and Inflationary Multiplier					6.19%	5.45%	4.91%	4.50%	4.94%	4.52%	4.14%
18	<u>New Debt Assumptions</u>											
19												
20	Term	20										
21	Issuance Costs	1.50%										
22	Interest Rate	6.50%										
			Percent of									
23	<u>O&M Reserves</u>	Months	Annual	O&M								
24	<u>Water</u>											
25	Minimum Reserves Level	1.5	12.50%									
26	<u>Rates & Charges</u>											
27	Current Service Availability Charge	\$234	\$625									

SOURCE: BURTON & ASSOCIATES
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06/01/2000

Figure 3

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

Scenario 1R(b)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 80% Debt / 40% Equity

Reclaimed Water		Actual 1999	Projected 2000	Projected 2001	Projected 2002	Projected 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009
Revenues:												
1	Rate Revenues:											
2	Rate Revenue				\$188	\$608,500	\$601,000	\$604,748	\$768,837	\$783,261	\$808,257	\$873,254
3	Growth Percentage					18.77%	12.01%	13.06%	12.01%	13.76%	12.06%	10.54%
4	Rate Revenue from Growth				\$68,404	\$5,078	\$5,078	\$5,078	\$1,238	\$1,238	\$1,238	\$1,238
5	Rate Revenue Prior to Rate Adjustment				\$608,500	\$601,000	\$608,748	\$768,837	\$768,837	\$783,261	\$808,257	\$873,254
6	Percentage Rate Increase				0.00%	0.00%	0.00%	-4.54%	-10.22%	0.00%	0.00%	-1.13%
7	Rate Revenue from Rate Adjustment				0	0	0	(31,887)	(87,814)	0	0	(12,211)
8	Total Rate Revenue				\$608,500	\$601,000	\$608,748	\$768,837	\$768,837	\$783,261	\$808,257	\$873,254
9	Other Revenues:											
10	Misc. Revenue				0	0	0	0	0	0	0	0
11	Other Revenue				0	0	0	0	0	0	0	0
12	Total Other Revenue				0	0	0	0	0	0	0	0
13	Total Revenues				\$608,500	\$601,000	\$608,748	\$768,837	\$768,837	\$783,261	\$808,257	\$873,254
14	Expenses:											
15	Additional O&M - Western Svc Area				\$23,054	\$24,481	\$25,816	\$27,064	\$28,303	\$28,701	\$31,044	\$32,328
16	Operating Expenses- Eastern Svc Area				\$61,340	\$114,145	\$137,810	\$161,420	\$186,838	\$217,021	\$248,843	\$280,881
17	Rate Case Expense				NA	NA	NA	NA	NA	NA	NA	NA
18	Franchise Fee- PSC				22,787	27,075	31,364	34,183	34,347	36,072	43,798	47,871
19	Depreciation (J & U Ant Only)				85,242	134,518	134,518	134,518	134,518	162,446	168,004	187,778
20	Amort of CIAC (J & U Ant Only)				(12,846)	(12,371)	(12,371)	(12,371)	(12,371)	(15,874)	(15,874)	(15,874)
21	Amort of Acq Adj				0	0	0	0	0	0	0	0
22	Total Expenses				\$188,808	\$299,848	\$318,830	\$344,841	\$370,830	\$423,355	\$486,913	\$533,120
23	Operating Income				\$318,842	\$301,152	\$289,918	\$424,007	\$398,007	\$360,006	\$321,344	\$340,134
24	Non Operating Income (Expenses):											
25	Non Oper Rev				0	0	0	0	0	0	0	0
26	Taxes Other Than Income:				0	0	0	0	0	0	0	0
27	Intangible Tax				0	(728)	(748)	(770)	(783)	(1,036)	(1,063)	(1,000)
28	Other Taxes & Licensee				0	(100)	(104)	(107)	(110)	(144)	(147)	(151)
29	Property Taxes:				(103,407)	(106,782)	(110,187)	(113,831)	(118,808)	(152,801)	(158,878)	(180,801)
30	Total Non Operating Expenses				(\$103,407)	(\$107,562)	(\$111,039)	(\$114,208)	(\$117,808)	(\$163,881)	(\$169,888)	(\$191,801)
31	Net Income				\$215,435	\$193,590	\$178,879	\$309,807	\$280,207	\$196,125	\$151,456	\$148,333
32	Taxable Income (See worksheet for taxable income below)				\$215,435	\$208,214	\$208,908	\$300,588	\$274,822	\$282,114	\$318,354	\$368,838
33	Income Taxes:				\$34,748	\$31,896	\$36,584	\$136,488	\$118,286	\$55,063	\$100,761	\$158,807
34	State 5.50%				1,911	1,760	\$,478	7,807	6,368	3,030	5,542	8,734
35	Federal 34.00%				11,165	10,286	32,000	43,857	37,368	17,701	32,374	51,025
36	Total Income Taxes				\$13,078	\$12,046	\$37,477	\$57,364	\$43,736	\$20,732	\$37,916	\$59,759
37	Net After Tax Income				\$202,357	\$176,318	\$171,431	\$243,224	\$231,071	\$261,382	\$280,438	\$309,079
38	Rate Base				\$3,837,166	\$3,867,823	\$3,368,541	\$3,118,388	\$2,880,236	\$4,463,528	\$4,141,343	\$3,822,333
39	Rate of Return Achieved				8.23%	5.40%	8.80%	7.80%	8.02%	8.80%	8.80%	8.09%
40	Allowed Return				7.81%	7.83%	7.80%	7.80%	8.02%	8.01%	8.05%	8.09%
41	Allowed Return Amount				\$303,487	\$286,434	\$267,348	\$248,234	\$231,080	\$367,801	\$333,247	\$308,080
42	Worksheet for Taxable Income:											
43	Interest Expense - Total				\$178,826	\$174,218	\$168,314	\$164,080	\$168,528	\$227,021	\$218,793	\$210,031
44	Allocation Percentage to Water (1)				100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
45	Allocated Interest Expense - Water				\$178,826	\$174,218	\$168,314	\$164,080	\$168,528	\$227,021	\$218,793	\$210,031
46	Restatement of Net Income Before Income Tax				\$215,435	\$208,214	\$208,908	\$300,588	\$274,822	\$282,114	\$318,354	\$368,838
47	LESS: Interest Expense - Water				\$178,826	\$174,218	\$168,314	\$164,080	\$168,528	\$227,021	\$218,793	\$210,031
48	Taxable Income - Water (2)				\$34,748	\$31,296	\$36,584	\$138,488	\$118,286	\$55,083	\$100,761	\$158,807

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

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

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

Scenario 1R(b)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

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	

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

Scenario 1R(b)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

Reclaimed Water

New Asset Depreciation

New Assets	Year	Estimated Original Cost	Life (Years)
1 16" PVC Outfall / Xier (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	360,000	45
7 16" PVC Reclaimed Water Main	2002	458,000	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

Depreciation Schedule - New Assets	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
14 16" PVC Outfall / Xier (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	-	-	-	-	5,087	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	-	-	-	-	-	-	-	-	-	-	-	-
24 Expand Reclaimed Wtr P.S.	-	-	-	-	-	-	-	-	-	3,378	6,756	6,756
25 3.0 MG Reservoir	-	-	-	-	-	-	-	-	-	2,500	5,000	5,000
26 Engineering & Contingency	-	-	-	-	-	-	-	-	-	13,415	26,829	26,829
27 CIAC Plant	-	-	-	-	-	-	-	-	-	6,267	12,533	12,533
28 Total New Depreciation	-	-	-	-	22,289	8,370	8,370	8,370	8,370	10,740	10,740	10,511
29 Total New Depreciation	-	-	-	-	\$85,362	\$134,516	\$134,516	\$134,516	\$134,516	\$162,445	\$188,004	\$187,775
30 Total Existing Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
31 Total New Depreciation	-	-	-	-	85,362	134,516	134,516	134,516	134,516	162,445	188,004	187,775
32 Total Depreciation	-	-	-	-	\$85,362	\$134,516	\$134,516	\$134,516	\$134,516	\$162,445	\$188,004	\$187,775
33 Accumulated Depreciation	-	-	-	-	\$85,362	\$219,877	\$354,393	\$488,908	\$623,424	\$785,869	\$973,873	\$1,161,648

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

Scenario 1R(b)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

Reclaimed Water - Existing CIAC

Existing CIAC

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

Existing CIAC - Cash	Year	Estimated Original Cost	Life (Years)
8 Cash	-	-	-
9 Total Existing CIAC - Cash	-	-	-
10 Total Existing CIAC	-	-	-
11 Adjustment to 1996 Annual Report	-	-	-
12 Total Existing CIAC	-	-	-

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	-	-	-	-	-	-	-	-	-	-	-

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

Scenario 1R(b)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

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	\$488.83	-	-	\$1,280,671	\$240,448	\$240,448	\$240,448	\$240,448	\$308,545	\$308,545	\$301,970
2	Services	40	\$101.55	-	-	\$276,824	\$51,993	\$51,993	\$51,993	\$51,993	\$66,718	\$66,718	\$65,296
3	Meters & Meter Installs	20	\$32.91	-	-	\$89,745	\$18,850	\$18,850	\$18,850	\$18,850	\$21,822	\$21,822	\$21,161
4	Hydrants	45	\$55.85	-	-	\$152,300	\$28,595	\$28,595	\$28,595	\$28,595	\$36,893	\$36,893	\$35,911
5	Total New CIAC - Plant			-	-	\$1,799,540	\$337,886	\$337,886	\$337,886	\$337,886	\$433,977	\$433,977	\$424,338
New CIAC - Cash													
6	New CIAC - Cash			-	-	\$639,345	\$120,038	\$120,038	\$120,038	\$120,038	\$154,034	\$154,034	\$150,751
7	Life	30											
8	Total New CIAC - Cash			-	-	\$639,345	\$120,038	\$120,038	\$120,038	\$120,038	\$154,034	\$154,034	\$150,751
9	Total New CIAC			-	-	\$2,438,885	\$457,925	\$457,925	\$457,925	\$457,925	\$587,910	\$587,910	\$575,089

Amortization of New CIAC

Amortization Schedule - New CIAC Assets			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
New CIAC - Plant Amortization													
11	Transmission & Dist Mains		-	-	-	\$14,892	\$5,592	\$5,592	\$5,592	\$5,592	\$7,175	\$7,175	\$7,023
12	Services		-	-	-	\$3,462	\$1,300	\$1,300	\$1,300	\$1,300	\$1,668	\$1,668	\$1,632
13	Meters & Meter Installs		-	-	-	\$2,244	\$842	\$842	\$842	\$842	\$1,081	\$1,081	\$1,058
14	Hydrants		-	-	-	\$1,892	\$635	\$635	\$635	\$635	\$815	\$815	\$798
15	Total New CIAC - Plant Amortization		-	-	-	\$22,289	\$8,370	\$8,370	\$8,370	\$8,370	\$10,740	\$10,740	\$10,511
New CIAC - Cash Amortization													
16	New CIAC - Cash Amortization		-	-	-	\$10,656	\$4,001	\$4,001	\$4,001	\$4,001	\$5,134	\$5,134	\$5,025
17	Total New CIAC - Cash Amortization		-	-	-	\$10,656	\$4,001	\$4,001	\$4,001	\$4,001	\$5,134	\$5,134	\$5,025
18	Total New CIAC Amortization		-	-	-	\$32,945	\$12,371	\$12,371	\$12,371	\$12,371	\$15,874	\$15,874	\$15,536

Summary of CIAC & CIAC Amortization - Water

CIAC		Existing 1999	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
19	Total Existing CIAC	-	-	-	-	-	-	-	-	-	-	-	-
20	Total New CIAC	-	-	-	-	\$2,438,885	\$457,925	\$457,925	\$457,925	\$457,925	\$587,910	\$587,910	\$575,089
21	Total Accumulated CIAC - Water	-	-	-	-	\$2,438,885	\$2,896,910	\$3,354,835	\$3,812,759	\$4,270,684	\$4,858,594	\$5,446,503	\$6,020,594
CIAC Amortization													
22	Total Existing CIAC Annual Amortization	-	-	-	-	-	-	-	-	-	-	-	-
23	Total New CIAC Annual Amortization	-	-	-	-	\$32,945	\$12,371	\$12,371	\$12,371	\$12,371	\$15,874	\$15,874	\$15,536
24	Total CIAC Annual Amortization - Water	-	-	-	-	\$32,945	\$12,371	\$12,371	\$12,371	\$12,371	\$15,874	\$15,874	\$15,536
25	Accumulated CIAC Amortization	-	-	-	-	\$32,945	\$45,316	\$57,686	\$70,057	\$82,428	\$98,302	\$114,177	\$128,713

SOURCE: BURTON & ASSOCIATES
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Figure 9

**INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
RATE BASE**

Scenario 1R(b)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1 Reclaimed Water											
2 Utility Plant In Service				30%	44%	50%	55%	59%	62%	66%	61%
3 Include Construction Work in Progress?				\$6,317,140	\$6,655,026	\$6,962,913	\$7,330,799	\$7,668,686	\$8,082,262	\$10,415,839	\$10,840,176
4 Less: Accumulated Depreciation				0	0	0	0	0	0	0	0
5 Utility Plant In Service less Accum Depr.				(65,362)	(219,677)	(354,383)	(488,908)	(623,424)	(786,869)	(973,873)	(1,161,848)
6 Less: Accumulated CIAC				\$6,231,776	\$6,435,149	\$6,638,520	\$6,841,891	\$7,045,261	\$8,198,393	\$8,441,968	\$8,678,528
7 Plus: Accumulated Amortization of CIAC				(2,438,985)	(2,896,910)	(3,354,835)	(3,812,759)	(4,270,684)	(4,858,294)	(5,445,905)	(6,020,994)
8 Net Utility Plant In Service				32,945	46,316	57,686	70,057	82,428	96,302	114,177	129,713
9 Plus or Minus:				\$3,826,736	\$3,663,556	\$3,341,372	\$3,099,188	\$2,857,005	\$4,136,401	\$4,110,238	\$3,767,248
10 Acquisition Adjustments											
11 Accumulated Amort of Acq Adjustments											
12 Working Capital Allowance											
13 Other				11,418	14,268	17,180	20,177	23,229	27,128	31,105	35,085
14 Net Utility Plant In Service				0	0	0	0	0	0	0	0
15 U&U Percentage				\$3,837,155	\$3,697,823	\$3,360,861	\$3,119,366	\$2,880,235	\$4,163,529	\$4,141,343	\$3,822,333
16 Rate Base				100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

SOURCE: BURTON & ASSOCIATES
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Figure 10

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

Reclaimed Water

		Estimated Original Cost	In Svc Date	1999	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
New Assets per CIP:																
1	16" PVC Outfall / User (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.	600,000	2002					600,000								
6	24" PVC Reclaimed Water Main	380,000	2002					\$380,000								
7	16" PVC Reclaimed Water Main	456,000	2002					\$456,000								
8	8" PVC Reclaimed Water Main	288,000	2002					\$288,000								
9	Engineering & Contingency	903,500	2002					\$903,500								
10	16" 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)								\$4,817,500	\$4,817,500	\$4,817,500	\$4,817,500	\$4,817,500	\$6,387,500	\$6,387,500	
New Plant Assets per CIAC:																
15	New Plant Assets (CIAC)								\$1,799,840	\$337,886	\$337,886	\$337,886	\$337,886	\$433,577	\$433,577	\$424,338
16	Total New Plant Assets (CIAC)								\$1,799,840	\$2,137,826	\$2,476,413	\$2,813,299	\$3,151,185	\$3,584,782	\$4,018,336	\$4,442,876
17 Total Reclaimed Water Utility Plant in Service								\$6,317,140	\$6,955,326	\$7,392,913	\$7,330,798	\$7,968,885	\$8,982,282	\$10,416,836	\$10,840,176	

SOURCE: BURTON & ASSOCIATES
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Figure 11

**INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
CAPITAL IMPROVEMENTS PROGRAM**

Scenario 1Rb- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

PROJECT TOTAL	AMOUNT DEBT FUNDED	PROJECT NAME	IN SER- MONTHS			INCREASE IN		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
			VICE DATE	TO COM- STRUCT	% DEBT FUNDED	ASSET LIFE	CAPACITY (MGD)											
Reclaimed Water																		
1	\$360,000	\$216,000 16" PVC Outfall / Xlar (50% Cost)	2002	24	60%	45					360,000							
2	300,000	180,000 12" ICWW Crossing	2002	24	60%	45					300,000							
3	250,000	150,000 ICU - East Reclaim P.S.	2002	24	60%	25					250,000							
4	1,100,000	660,000 3.0 MG Reclaimed Storage Reserv	2002	24	60%	41	1.50				1,100,000							
5	900,000	540,000 Reclaimed Water P.S.	2002	24	60%	25					900,000							
6	360,000	216,000 24" PVC Reclaimed Water Main	2002	24	60%	45					360,000							
7	456,000	273,600 16" PVC Reclaimed Water Main	2002	24	60%	45					456,000							
8	288,000	172,800 8" PVC Reclaimed Water Main	2002	24	60%	45					288,000							
9	903,500	542,100 Engineering & Contingency	2002	24	60%	30					903,500							
10	304,000	182,400 16" PVC Reclaimed Wtr Main	2007	24	60%	45										304,000		
11	100,000	60,000 Expand Reclaimed Wtr P.S.	2007	24	60%	20										100,000		
12	1,100,000	660,000 3.0 MG Reservoir	2007	24	60%	41	1.00									1,100,000		
13	376,000	226,600 Engineering & Contingency	2007	24	60%	30										376,000		
14																		
15	\$4,387,500	\$4,387,500						\$0	\$0	\$0	\$4,317,500	\$0	\$0	\$0	\$0	\$1,880,000	\$0	\$0
SEWER																		
16	\$0	\$0						\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL WATER & SEWER																		
17	\$4,387,500	\$4,387,500 TOTAL WATER AND SEWER						\$0	\$0	\$0	\$4,317,500	\$0	\$0	\$0	\$0	\$1,880,000	\$0	\$0

SOURCE: BURTON & ASSOCIATES / PWS&J
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Figure 13

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

Scenario 1Rb- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1 Reclaimed Water											
2 Capacity											
3 Capacity in ERC's					5,748	5,748	5,748	5,748	5,748	9,580	9,580
4 Additional Capacity in ERC's				5,747	0	0	0	0	3,831	0	0
5 Total Capacity				5,748	5,748	5,748	5,748	5,748	9,580	9,580	9,580
6 Connection / Growth											
7 Connections in ERC's					2,728	3,240	3,752	4,264	4,776	5,433	6,090
8 Annual Growth Percent					18.77%	15.80%	13.65%	12.01%	13.76%	12.09%	10.56%
9 Additional Units				2,727	512	512	512	512	657	657	643
10 Total Connections				2,728	3,240	3,752	4,264	4,776	5,433	6,090	6,733
11 Raw U & U Percent				47.46%	56.37%	65.27%	74.18%	83.09%	86.71%	83.57%	70.29%
12 PLUS: Margin Reserve @ 36 Mos.				8,181	1,536	1,536	1,536	1,536	1,971	1,971	1,929
13 Total Connections plus Margin Reserve				10,909	4,776	5,288	5,800	6,312	7,404	8,061	8,662
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(b)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equit

	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														
15	New Debt- In Service:														
16						0				10.00%					
17		1999													
18		2000				0		20		6.50%					
19		2001				0		20		6.50%					
20		2002				0		20		6.50%					
21		2003				2,761,168		20		6.50%					
22		2004				0		20		6.50%					
23		2005				0		20		6.50%					
24		2006				0		20		6.50%					
25		2007				1,144,820		20		6.50%					
26		2008				0		20		6.50%					
27		2009				0		20		6.50%					
28	New Debt- Construction Work in Progress:														
29	Include CWIP in WACC?														
30	New Equity							20		7.50%					
31						2,556,000				10.00%					
32	Weighted Average Cost of Capital														

SOURCE: BURTON & ASSOCIATES
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		FY2001					FY2002							
Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc	Beginning Balance	Principal	Interest	Balance	Cost of Capital Calc
Equity	0			10.00%						0	0	0	0	0
New Debt- In Service:														
1999	0		20	6.50%						0	0	0	0	0
2000	0		20	6.50%						0	0	0	0	0
2001	0		20	6.50%						0	0	0	0	0
2002	2,761,198		20	6.50%						0	0	0	0	0
2003	0		20	6.50%	2,761,166	70,860	178,825	2,660,296	174,218	0	0	0	0	0
2004	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
2005	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
2006	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
2007	1,144,820		20	6.50%	0	0	0	0	0	0	0	0	0	0
2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
New Debt- Construction Work In Progress:			20	7.50%						0	0	0	0	0
Include CHMP in WACC?	NO									0	0	0	0	0
New Equity	2,556,000			10.00%										
Weighted Average Cost of Capital										870,980	878,825	84,487,296	8354,918	7.81%

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

Scenario 1R(b)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2002					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	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	2,761,198		20	6.50%	2,680,298	75,468	174,218	2,804,832	180,314	2,804,832	80,371	180,314	2,834,481	184,090
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	1,144,820		20	6.50%	0	0	0	0	0	0	0	0	0	0
25	2008	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
26	2009	0		20	6.50%	0	0	0	0	0	0	0	0	0	0
27															
28	New Debt- Construction Work in Progress:			20	7.50%			0	0	0			0	0	0
29	Include CWIP in WACC?	NO													
30	New Equity	2,856,000			10.00%				1,807,000	180,700				1,807,000	180,700
31															
32	Weighted Average Cost of Capital						\$75,468	\$174,218	\$4,211,832	7.93%		\$80,371	\$180,314	\$4,331,741	7.96%

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

Scenario 1R(h)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 80% Debt / 20% Equity

	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															
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	8.50%	0	0	0	0	0	0	0	0	0	0
17	2000	0		20	8.50%	0	0	0	0	0	0	0	0	0	0
18	2001	0		20	8.50%	0	0	0	0	0	0	0	0	0	0
19	2002	2,751,158		20	8.50%	2,524,481	85,585	184,000	2,438,866	158,828	2,438,866	81,159	158,828	2,347,707	152,801
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	1,144,820		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?														
30	New Equity	2,896,000			10.00%				1,807,000	180,700				1,807,000	180,700
31							185,305	\$184,080	\$4,245,586	\$338,228		881,159	\$158,828	\$4,154,707	\$333,301
32	Weighted Average Cost of Capital									7.89%					8.02%

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

Scenario 1B(a)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2007					FY2008				
						Beginning Balance	Principal	Interest	Balance	Cost of Capital Cost	Beginning Balance	Principal	Interest	Balance	Cost of Capital Cost
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															
11															
12															
13															
14	Equity														
15	New Debt- In Service:	0			10.00%	0	0	0	0	0	0	0	0	0	0
16															
17	1998	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	2,751,166		20	6.50%	2,347,707	97,084	162,801	2,250,622	146,280	2,250,622	103,366	146,280	2,147,228	138,570
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	1,144,820		20	6.50%	1,144,820	28,488	74,420	1,116,431	72,803	1,116,431	31,406	72,803	1,084,025	70,462
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 CMP in WACC?			20	7.50%			0	0	0			0	0	0
30	New Equity	2,558,000			10.00%				2,558,000	255,800				2,558,000	255,800
31															
32	Weighted Average Cost of Capital						\$128,373	\$227,821	\$5,828,063	8.01%		\$134,800	\$218,793	\$5,780,253	8.06%

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

Scenario 1R(b)- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equit

	Lender	Orig Loan Amount	Orig Loan Date	Term	Interest Rate	FY2000				Cost of Capital Calc
						Beginning Balance	Principal	Interest	Balance	
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		0	1998	20	8.50%	0	0	0	0	0
17		0	2000	20	8.50%	0	0	0	0	0
18		0	2001	20	8.50%	0	0	0	0	0
19		2,781,158	2002	20	8.50%	2,147,228	110,115	138,570	2,037,112	132,412
20		0	2003	20	8.50%	0	0	0	0	0
21		0	2004	20	8.50%	0	0	0	0	0
22		0	2005	20	8.50%	0	0	0	0	0
23		0	2006	20	8.50%	0	0	0	0	0
24		1,144,820	2007	20	8.50%	1,084,025	33,447	70,462	1,050,578	88,288
25		0	2008	20	8.50%	0	0	0	0	0
26		0	2009	20	8.50%	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	2,558,000			10.00%				2,558,000	255,800
31							\$141,363	\$210,031	\$5,848,860	\$458,700
32	Weighted Average Cost of Capital									8.06%

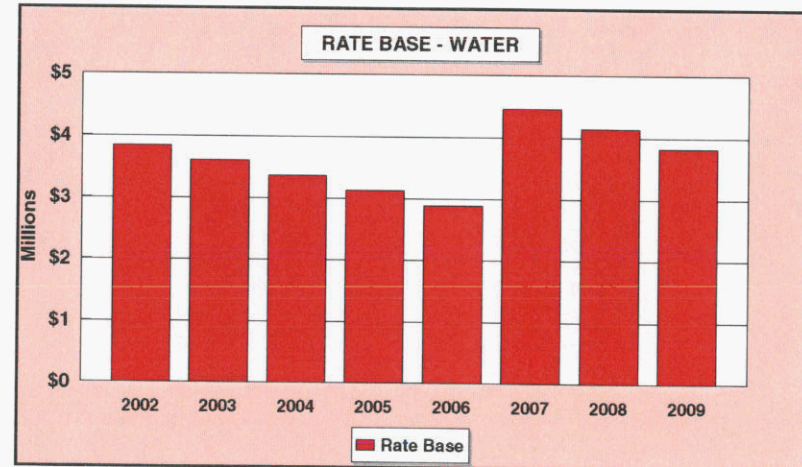
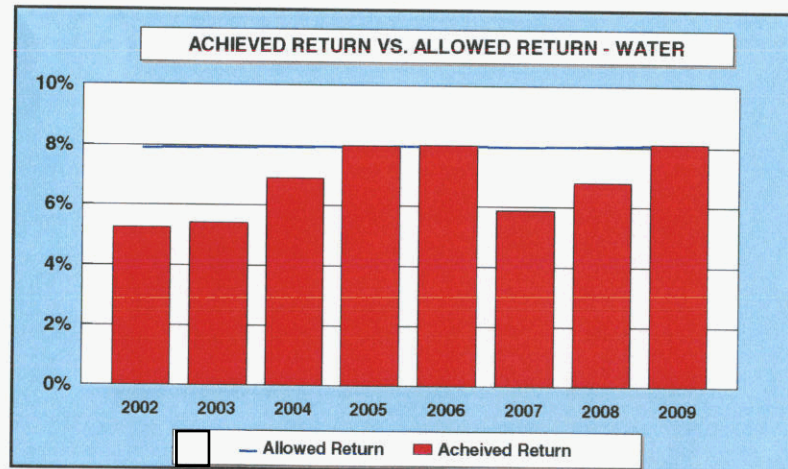
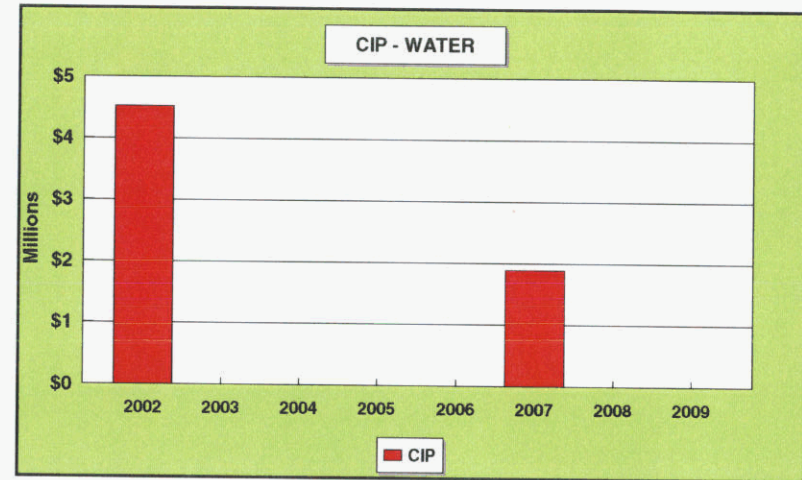
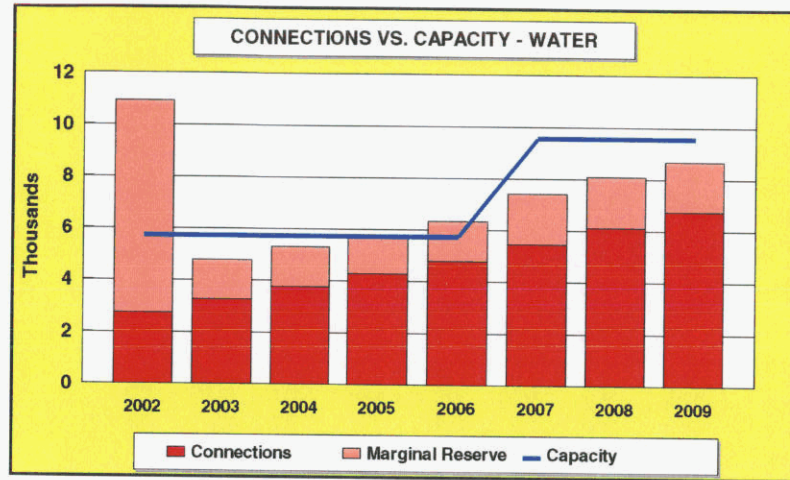
SOURCE: BURTON & ASSOCIATES
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INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
GRAPHS OF KEY INDICATORS

Scenario 1Rb- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 60% Debt / 40% Equity



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**INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
CASH FLOW PROJECTIONS - TOTAL RECLAIMED WATER SYSTEM**

Figure 18

Scenario 1Rb- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 80% Debt / 40% Equity

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sources of Funds											
Beginning Year Balance											
Net Income				0	11,460	14,311	17,232	20,220	23,272	27,170	31,148
Add:				200,498	194,175	231,431	249,224	231,060	261,382	281,638	309,080
Depreciation											
Amort of Utility Plant Acq Adj				85,362	134,516	134,516	134,516	134,516	162,445	188,004	187,775
Amort of Rate Case Expense				0	0	0	0	0	0	0	0
Less:				0	0	0	0	0	0	0	0
Amort of CIAC				0	0	0	0	0	0	0	0
Net Income adjusted for non-cash items				(32,945)	(12,371)	(12,371)	(12,371)	(12,371)	(15,874)	(15,874)	(15,536)
Additional Cash				252,915	316,320	353,576	371,369	353,265	407,953	453,768	481,319
CIAC Cash											
Total additional Cash				639,345	120,038	120,038	120,038	120,038	154,034	154,034	150,751
Total Sources of Funds				639,345	120,038	120,038	120,038	120,038	154,034	154,034	150,751
Uses of Funds				892,260	447,818	487,925	508,639	493,463	585,258	634,971	663,218
Less:											
Principal				(70,860)	(75,466)	(80,371)	(85,595)	(91,159)	(126,573)	(134,800)	(143,563)
Interest				(178,825)	(174,219)	(169,314)	(164,090)	(158,526)	(227,021)	(218,793)	(210,031)
Working Capital Reserve				(11,460)	(14,311)	(17,232)	(20,220)	(23,272)	(27,170)	(31,148)	(35,128)
Equity Investment				(1,807,000)	0	0	0	0	(752,000)	0	0
Total Uses of Funds				(2,068,145)	(263,996)	(266,917)	(268,905)	(272,957)	(1,132,764)	(384,742)	(388,722)
Excess (Deficit)				(1,175,885)	183,822	221,008	238,734	220,506	(547,506)	250,230	274,497
Annual subsidy required from stockholders				1,175,885	(183,822)	(221,008)	(238,734)	(220,506)	547,506	(250,230)	(274,497)
Net Cash Flow				0	0	0	0	0	0	0	0
Add Back: Working Capital Reserve				11,460	14,311	17,232	20,220	23,272	27,170	31,148	35,128
Ending Balance				11,460	14,311	17,232	20,220	23,272	27,170	31,148	35,128
Cumulative subsidy required from stockholders				1,175,885	992,063	771,056	532,321	311,815	859,321	609,091	334,595

SOURCE: BURTON & ASSOCIATES
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