

CLASS "B"

WATER and/or SEWER UTILITIES

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

ANNUAL REPORT

OF

Forest Utilities, Inc.

300-S

Certificate Number(s)



FOR THE

YEAR ENDED DECEMBER 31, 1997

OFFICIAL COPY
DIVISION OF

WATER AND SEWER

Do Not Remove from this Office

Cronin, Jackson, Nixon & Wilson
CERTIFIED PUBLIC ACCOUNTANTS, P.A.

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JOHN H. CRONIN, JR., C.P.A.
ERIC M. DOAN, C.P.A.
ROBERT H. JACKSON, C.P.A.
BRENDA W. McBARRON, C.P.A.
ROBERT C. NIXON, C.P.A.
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February 17, 1998

Officers and Directors
Forest Utilities, Inc.

We have compiled the 1997 Annual Report of Forest Utilities, Inc. in the accompanying prescribed form, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting, in the form prescribed by the Florida Public Service Commission, information that is the representation of the management of Forest Utilities, Inc. We have not audited or reviewed the report referred to above and, accordingly, do not express an opinion or any form of assurance on it.

This report is presented in accordance with the requirements of the Florida Public Service Commission, which differ from generally accepted accounting principles. Accordingly, this report is not designed for those who are not informed about such differences.

Cronin, Jackson, Nixon & Wilson

CRONIN, JACKSON, NIXON & WILSON

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EXECUTIVE SUMMARY

CERTIFICATION OF ANNUAL REPORT

YEAR OF REPORT
December 31, 1997

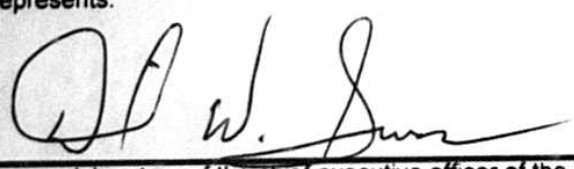
UTILITY NAME: Forest Utilities, Inc.

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

- | | | |
|------------|-----------|--|
| YES
(X) | NO
() | 1. The utility is in substantial compliance with the Uniform System of Accounts prescribed by the Florida Public Service Commission. |
| YES
(X) | NO
() | 2. The utility is in substantial compliance with all applicable rules and orders of the Florida Public Service Commission. |
| YES
(X) | NO
() | 3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statement of the utility. |
| YES
(X) | NO
() | 4. The annual report fairly represents the financial condition and results of operations of the respondent for the period presented and other information and statements presented in the report as to the business affairs of the respondent are true, correct and complete for the period for which it represents. |

Items Certified

1.	2.	3.	4.
(X)	(X)	(X)	(X)



(signature of the chief executive officer of the utility)

1.	2.	3.	4.
()	()	()	()

N/A

(signature of the chief financial officer of the utility)

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

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

ANNUAL REPORT OF

Forest Utilities, Inc.

(Exact Name of Utility)

County: Lee

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

6385 Presidential Court S.W.
Fort Myers, Florida 33919

Telephone: (941) 481-0111

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

Robert C. Nixon, CPA
Cronin, Jackson, Nixon and Wilson, CPA's
2560 Gulf-to-Bay Blvd, Suite 200
Clearwater, Florida 34625

Telephone: (813) 791-4020

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

6385 Presidential Court S.W.
Fort Myers, Florida 33919

Telephone: (941) 481-0111

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

Cronin, Jackson, Nixon and Wilson, CPA's

Date of original organization of the utility: 12 / 31 / 80

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

Individual Partnership Sub S Corporation 1120 Corporation

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

	Name	Percent Ownership	%
1.	David W. Swor	100	%
2.			%
3.			%
4.			%
5.			%
6.			%
7.			%
8.			%
9.			%
10.			%

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
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DIRECTORY OF PERSONNEL WHO CONTACT THE FLORIDA PUBLIC SERVICE COMMISSION

NAME OF COMPANY REPRESENTATIVE (1)(2)	TITLE OR POSITION	ORGANIZATIONAL UNIT TITLE (3)	USUAL PURPOSE FOR CONTACT WITH FPSC
Robert C Nixon	CPA	Cronin, Jackson, Nixon & Wilson	Accounting & rate matters
Martin S. Friedman	Attorney	Rose, Sundstrom and Bentley	Legal matters

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

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
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COMPANY PROFILE

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

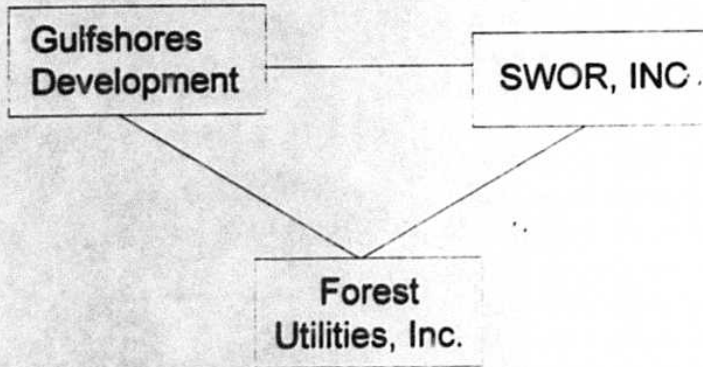
- A. Brief company history.**
- B. Public services rendered.**
- C. Major goals and objectives.**
- D. Major operating divisions and functions.**
- E. Current and projected growth patterns.**
- F. Major transactions having a material effect on operations.**

- (A) The Utility was organized December 31, 1980 to provide sewer service to the Forest Development. The Utility has experienced customer growth from other developments since its organization.
- (B) Sewer service only.
- (C) The Utility's goals are to provide quality sewer service and earn a fair return on its investment in Plant in Service.
- (D) Sewer service only.
- (E) The projected growth rate is approximately 75 additional ERC's per year.
- (F) None

UTILITY NAME: Forest Utilities, Inc.

PARENT / AFFILIATE ORGANIZATION CHART
Current as of 12/31/97

Complete below an organizational chart that shows all parents and subsidiaries of the utility. The chart must also show the relationship between the utility and the affiliates listed on E-7, E-10(a) and E-10(b).
1995



The Utility has no parents or subsidiaries. The entities shown above are affiliated only through ownership by the Utility's stockholder.

YEAR OF REPORT
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UTILITY NAME: Forest Utilities, Inc.

COMPENSATION OF OFFICERS

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

NAME (a)	TITLE (b)	% OF TIME SPENT AS OFFICER OF UTILITY (c)	OFFICERS COMPENSATION (d)
David W. Swor	President	60 %	\$ 84,000
Doris Swor	Vice President / Secretary	10 %	\$ 0
Judy Mallett	Treasurer	30 %	\$ 0
			\$
			\$
			\$
			\$
			\$
			\$
			\$

COMPENSATION OF DIRECTORS

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

NAME (a)	TITLE (b)	NUMBER OF DIRECTORS MEETINGS ATTENDED (c)	DIRECTORS COMPENSATION (d)
David W Swor	President	4	\$ None
Judy Mallett	Treasurer	4	\$ None
			\$
			\$
			\$
			\$
			\$
			\$
			\$

UTILITY NAME: Forest Utilities, Inc.

BUSINESS CONTRACTS WITH OFFICERS, DIRECTORS AND AFFILIATES

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

NAME OF OFFICER, DIRECTOR OR AFFILIATE (a)	IDENTIFICATION OF SERVICE OR PRODUCT (b)	AMOUNT (c)	NAME AND ADDRESS OF AFFILIATED ENTITY (d)
David W. Swor	Management & Accounting	\$ 60,000	Gulfshores Development
David W. Swor	Health Insurance	6,105	Swor, Inc.

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

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
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AFFILIATION OF OFFICERS AND DIRECTORS

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

NAME (a)	PRINCIPLE OCCUPATION OR BUSINESS AFFILIATION (b)	AFFILIATION OR CONNECTION (c)	NAME AND ADDRESS OF AFFILIATION OR CONNECTION (d)
David W. Swor	Development Real Estate	Shareholder Shareholder	Gulfshores Development, Swor, Inc.
Judy Mallett	Treasurer	Employee	Gulfshores Development
Doris Swor	V.P./Secretary	Officer	Forest Utilities, Inc.

UTILITY NAME: Forest Utilities, Inc.

BUSINESSES WHICH ARE A BYPRODUCT, COPRODUCT OR JOINT PRODUCT RESULT OF PROVIDING WATER OR SEWER SERVICE

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

BUSINESS OR SERVICE CONDUCTED (a)	ASSETS		REVENUES		EXPENSES	
	BOOK COST OF ASSETS (b)	ACCT. NO. (c)	REVENUES GENERATED (d)	ACCT. NO. (e)	EXPENSES INCURRED (f)	ACCT. NO. (g)
None	\$		\$		\$	

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT December 31, 1997
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BUSINESS TRANSACTIONS WITH RELATED PARTIES

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

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

1. Enter in this part all transactions involving services and products received or provided.
2. Below are some types of transactions to include:
 - management, legal and accounting services
 - computer services
 - engineering & construction services
 - repairing and servicing of equipment
 - material and supplies furnished
 - leasing of structures, land and equipment
 - rental transactions
 - sale, purchase or transfer of various products

NAME OF COMPANY OR RELATED PARTY (a)	DESCRIPTION SERVICE AND/OR NAME OF PRODUCT (b)	CONTRACT OR AGREEMENT EFFECTIVE DATES (c)	ANNUAL CHARGES	
			(P)urchased or (S)old (d)	AMOUNT (e)
Gulfshores Development	Management & Accounting	1/1/84	P	60,000
Swor, Inc.	Health Insurance	1985	P	6,105

BUSINESS TRANSACTIONS WITH RELATED PARTIES (Cont'd)

Part II. Specific Instructions: Sale, Purchase and Transfer of Assets

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

NAME OF COMPANY OR RELATED PARTY (a)	DESCRIPTION OF ITEMS (b)	SALE OR PURCHASE PRICE (c)	NET BOOK VALUE (d)	GAIN OR LOSS (e)	FAIR MARKET VALUE (f)
None		\$	\$	\$	\$

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
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**COMPOSITE STATISTICS FOR ALL
PRIVATELY OWNED WATER AND SEWER UTILITIES UNDER AGENCY JURISDICTION**

DESCRIPTION (a)	WATER (b)	SEWER (c)
PLANT (Intrastate Only)(000's Omitted):		
Plant in Service _____	\$ N/A	\$ 3,008
Construction Work In Progress _____		
Plant Acquisition Adjustment _____		
Plant Held For Future Use _____		
Materials and Supplies _____		
Less:		
Accumulated Depreciation and Accumulated Amortization _____		1,134
Contributions In Aid Of Construction (Net) _____		1,497
Net Book Cost _____	\$	\$ 377
REVENUES AND EXPENSES (Intrastate Only)(000's Omitted):		
Operating Revenues _____	\$	\$ 608
Depreciation and Amortization Expense _____	\$	\$ 18
Income Tax Expense _____		8
Taxes Other Than Income _____		56
Other Operating Expenses _____		486
Total Operating Expenses _____	\$	\$ 568
Net Operating Income _____	\$	\$ 40
Other Income _____	\$	\$ 45
Other Income Deductions _____		(34)
Net Income _____	\$	\$ 51
CUSTOMERS (Intrastate Only):		
Residential - Yearly Average _____		486
Commercial - Yearly Average _____		25
Industrial - Yearly Average _____		1,427
Others - Yearly Average _____		1,938
Total _____		1,938
OTHER STATISTICS (Intrastate Only):		
Average Annual Residential Use Per 1,000 Gallons _____		46
Average Annual Residential Cost Per 1,000 Gallons _____	\$	\$ 6.36
Average Residential Monthly Bill _____	\$	\$ 24.27
Gross Plant Investment Per Customer _____	\$	\$ 1,552

FINANCIAL

SECTION

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
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COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
UTILITY PLANT				
101-105	Utility Plant _____	F-5	\$ 3,007,927	\$ 2,980,289
108-110	Less: Accumulated Depreciation and Amortization _____	F-6	(1,134,201)	(1,034,122)
	Net Plant _____		1,873,726	1,946,167
114-115	Utility Plant Acquisition Adjustments (Net) _____	F-5		
	Other Plant Adjustments (specify) _____			
	Total Net Utility Plant _____		1,873,726	1,946,167
OTHER PROPERTY AND INVESTMENTS				
121	Nonutility Property _____	F-7		
122	Less: Accumulated Depreciation and Amortization _____			
	Net Nonutility Property _____			
123	Investment in Associated Companies _____	F-8		
124	Utility Investments _____	F-8		
125	Other Investments (Note 1) _____	F-8	160,066	121,757
127	Special Funds _____	F-8		
	Total Other Property and Investments _____		160,066	121,757
CURRENT AND ACCRUED ASSETS				
131	Cash _____		237,381	244,940
132	Special Deposits _____	F-7	15,944	15,627
134	Working Funds _____			
135	Temporary Cash Investments _____			
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectable Accounts _____	F-9	19,564	3,730
145	Accounts Receivable from Associated Companies _____	F-10		
146	Notes Receivable from Associated Companies _____	F-10		
151	Materials and Supplies _____			
162	Prepayments _____	F-11		
171	Accrued Interest and Dividends Receivable _____			
174	Misc. Current and Accrued Assets _____			
	Total Current and Accrued Assets _____		272,889	264,297

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
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COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense _____	F-12	\$ _____	\$ _____
182	Extraordinary Property Losses _____	F-12	_____	_____
186	Misc. Deferred Debits _____	F-11	_____	_____
190	Accumulated Deferred Income Taxes _____		98,407	98,023
	Total Deferred Debits _____		98,407	98,023
	TOTAL ASSETS AND OTHER DEBITS _____		\$ 2,405,088	\$ 2,430,244

NOTES TO THE BALANCE SHEET

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

Note (1): The Company invests cash in long and short term marketable securities. Per FASB 115, such accounts are to be reported at fair market value, with unrealized short term gains and losses charged against current year income and unrealized long term gains and losses shown as a separate line item of stockholders equity.

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT December 31, 1997
--

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
EQUITY CAPITAL				
201	Common Stock Issued -----	F-14	\$ 1,950	\$ 1,950
204	Preferred Stock Issued -----	F-14		
211	Other Paid-in Capital -----		57,249	57,249
212	Discount on Capital Stock -----			
213	Capital Stock Expense -----			
214-215	Retained Earnings -----	F-15	163,816	112,400
216	Reacquired Capital Stock -----		(80,000)	(80,000)
218	Proprietary Capital (Proprietorship and Partnership Only) Unrealized Equity Losses -----		6,530 (1)	2,071 (1)
	Total Equity Capital -----		149,545	93,670
LONG TERM DEBT				
221	Bonds -----	F-16		
223	Advances from Associated Companies -----	F-16		
224	Other Long Term Debt -----	F-14	369,728	384,141
	Total Long Term Debt -----		369,728	384,141
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable -----		82,565	63,657
232	Notes Payable -----	F-13		
233	Accounts Payable to Associated Co. -----	F-13	61,265	61,265
234	Notes Payable to Associated Co. -----	F-13		
235	Customer Deposits -----		3,545	5,105
236	Accrued Taxes -----	F-17	26,993	25,159
237	Accrued Interest -----	F-18		
238	Accrued Dividends -----			
239	Matured Long Term Debt -----			
240	Matured Interest -----			
241	Miscellaneous Current and Accrued Liabilities -----	F-19		
	Total Current and Accrued Liabilities -----		174,368	155,186

Note (1): See Note (1) on Page F-1b

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
DEFERRED CREDITS				
251	Unamortized Premium on Debt _____	F-12	\$ _____	\$ _____
252	Advances for Construction _____	F-19	_____	_____
253	Other Deferred Credits (Contributed Taxes) _____		130,439	153,210
255	Accumulated Deferred Investment Tax Credits _____		_____	_____
	Total Deferred Credits _____		130,439	153,210
OPERATING RESERVES				
261	Property Insurance Reserve _____		_____	_____
262	Injuries and Damages Reserve _____		_____	_____
263	Pensions and Benefits Reserve _____		_____	_____
265	Miscellaneous Operating Reserves _____		_____	_____
	Total Operating Reserves _____		_____	_____
CONTRIBUTIONS IN AID OF CONSTRUCTION				
271	Contributions in Aid of Construction _____	F-20	2,472,446	2,468,071
272	Accumulated Amortization of Contributions in Aid of Construction _____	F-21	(975,458)	(893,198)
	Total Net C.I.A.C. _____		1,496,988	1,574,873
ACCUMULATED DEFERRED INCOME TAXES				
281	Accumulated Deferred Income Taxes - Accelerated Depreciation _____		73,349	62,367
282	Accumulated Deferred Income Taxes - Liberalized Depreciation _____		_____	_____
283	Accumulated Deferred Income Taxes - Other _____		10,671	6,797
	Total Accum. Deferred Income Taxes _____		84,020	69,164
	TOTAL EQUITY CAPITAL AND LIABILITIES _____		\$ 2,405,088	\$ 2,430,244

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
December 31, 1997

COMPARATIVE OPERATING INCOME

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	REF. PAGE (d)	CURRENT YEAR (e)
UTILITY OPERATING INCOME				
400	Operating Revenues _____	\$ 559,096	F-3(b)	\$ 607,850
401	Operating Expenses _____	400,047	F-3(b)	484,719
403	Depreciation Expense _____	21,695	F-6	17,819
406	Amortization of Utility Plant Acquisition Adjustment _____			
407	Amortization Expense _____			
408.1	Taxes Other Than Income _____	56,886	F-17	56,008
409.1	Income Taxes _____	4,854	F-17	740
410.10	Deferred Federal Income Taxes _____	38,752		10,598
411.10	Provision for Deferred Income Taxes - Credit _____	(1,661)		(3,207)
412.10	Investment Tax Credits Deferred to Future Periods _____			
412.11	Investment Tax Credits Restored to Operating Income _____			
	Utility Operating Expenses _____	520,573		566,677
	Utility Operating Income _____	38,523		41,173
413	Income From Utility Plant Leased To Others _____			
414	Gains (Losses) From Disposition of Utility Property _____			
	Total Utility Operating Income [Enter here and on Page F-3(c)] _____	38,523		41,173

COMPARATIVE OPERATING INCOME

REF. PAGE (f)	WATER (g)	REF. PAGE (h)	SEWER (c)	OTHER (e)
W-3	\$ N/A	S-3	\$ 607,850	\$ N/A
W-2 F-6		S-2 F-6	484,719 17,819	
F-6 F-17 F-17		F-6 F-17 F-17	56,008 740 10,598	
			(3,207)	
			566,677	
	N/A		41,173	
	\$ N/A		\$ 41,173	\$ N/A

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
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COMPARATIVE OPERATING INCOME (Cont'd)

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	REF. PAGE (d)	CURRENT YEAR (e)
	Total Utility Operating Income [From Page F-3(a)]	38,523		41,173
	OTHER INCOME AND DEDUCTIONS			
415	Revenues From Merchandising, Jobbing and Contract Deductions			
416	Costs and Expenses of Merchandising, Jobbing and Contract Work			
419	Interest and Dividend Income	16,131		23,769
420	Allowance for Funds Used During Construction			
421	Nonutility Income	2,347		21,294
426	Miscellaneous Nonutility Expenses	(2,481)		(590)
	Total Other Income and Deductions	15,997		44,473
	TAXES APPLICABLE TO OTHER INCOME			
408.20	Taxes Other Than Income		F-17	
409.20	Income Taxes		F-17	
410.20	Provision for Deferred Income Taxes	(10,045)		3,874
411.20	Provision for Deferred Income Taxes - Credit			
412.20	Investment Tax Credits - Net			
412.30	Investment Tax Credits Restored to Operating Income			
	Total Taxes Applicable to Other Income	(10,045)		3,874
	INTEREST EXPENSE			
427	Interest Expense	32,200	F-18	30,356
428	Amortization of Debt Discount & Expense		F-12	
429	Amortization of Premium on Debt		F-12	
	Total Interest Expense	32,200		30,356
	EXTRAORDINARY ITEMS			
433	Extraordinary Income			
434	Extraordinary Deductions			
409.30	Income Taxes, Extraordinary Items			
	Total Extraordinary Items			
	NET INCOME	\$ 32,365		\$ 51,416

UTILITY NAME: Forest Utilities, Inc.

SCHEDULE OF YEAR END RATE BASE

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WATER UTILITY (d)	SEWER UTILITY (e)
101	Utility Plant In Service _____	F-5	\$ N/A	\$ 3,007,927
	Less:			
	Nonused and Useful Plant (1) _____			106,798
108.1	Accumulated Depreciation _____	F-6		1,134,201
110.1	Accumulated Amortization _____	F-6		
271	Contributions in Aid of Construction _____	F-20		2,472,446
252	Advances for Construction _____	F-19		
	Subtotal _____			(705,518)
	Additions:			
272	Accumulated Amortization of Contributions in Aid of Construction _____	F-21		975,458
	Subtotal _____			269,940
	Plus or Minus:			
114	Acquisition Adjustments (2) _____	F-5		
115	Accumulated Amortization of Acquisition Adjustments (2) _____	F-5		
	Working Capital Allowance (3) _____			60,590
	Other (Specify):			
	Prepaid capacity charges - net of amortization _____			127,500
	RATE BASE _____		\$	\$ 458,030
	UTILITY OPERATING INCOME _____		\$	\$ 41,173
	ACHIEVED RATE OF RETURN _____		— %	8.99 %

NOTES:

- (1) Estimated if not known.
- (2) Include only those Acquisition Adjustments that have been approved by the Commission.
- (3) Calculated using the 1/8th of O & M method.

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
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UTILITY PLANT (ACCTS. 101 - 106)

ACCT. NO. (a)	DESCRIPTION (b)	WATER (c)	SEWER (d)	OTHER THAN REPORTING SYSTEMS (e)	TOTAL (f)
	Plant Accounts				
101	Utility Plant In Service	\$ N/A	\$ 3,007,927	\$ N/A	\$ 3,007,927
102	Utility Plant Leased to Others				
103	Property Held for Future Use				
104	Utility Plant Purchased or Sold				
105	Construction Work in Progress				
	Total Utility Plant	\$	\$ 3,007,927	\$	\$ 3,007,927

UTILITY PLANT ACQUISITION ADJUSTMENTS (ACCTS. 114 - 115)

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

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

UTILITY NAME: Forest Utilities, Inc.

ACCUMULATED DEPRECIATION (ACCT. 108)

DESCRIPTION (a)	WATER (b)	SEWER (c)	OTHER THAN REPORTING SYSTEMS (d)	TOTAL (e)
Balance first of year -----	\$ N/A	\$ 1,034,122	\$ N/A	\$ 1,034,122
Credits during year:				
Accruals charged:				
to Account 108 -----		100,079		100,079
Accruals charged other accounts (specify) -----				
Salvage -----				
Other Credits (specify) -----				
Total credits -----		100,079		100,079
Debits during year:				
Book cost of plant retired -----				
Cost of removal -----				
Other debits (specify) -----				
Total debits -----				
Balance end of year -----	\$	\$ 1,134,201	\$ N/A	\$ 1,134,201

ACCUMULATED AMORTIZATION (ACCT. 110)

DESCRIPTION (a)	WATER (b)	SEWER (c)	OTHER THAN REPORTING SYSTEMS (d)	TOTAL (e)
Balance first of year -----	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Credits during year:				
Accruals charged:				
to Account 110 -----				
Accruals charged other accounts (specify) -----				
Total credits -----				
Debits during year:				
Book cost of plant retired -----				
Other debits (specify) -----				
Total debits -----				
Balance end of year -----	\$ N/A	\$ N/A	\$ N/A	\$ N/A

UTILITY NAME: Forest Utilities, Inc.

NONUTILITY PROPERTY (ACCT 121)

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

DESCRIPTION (a)	BEGINNING YEAR BALANCE (b)	ADDITIONS (c)	REDUCTIONS (d)	ENDING YEAR BALANCE (e)
	\$ _____	\$ _____	\$ _____	\$ _____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total Nonutility Property _____	\$ _____	\$ _____	\$ _____	\$ N/A

SPECIAL DEPOSITS (ACCTS. 132 - 133)

Report hereunder all special deposits carried in Accounts 132 and 133.

DESCRIPTION OF SPECIAL DEPOSITS (a)	YEAR END BOOK COST (b)
SPECIAL DEPOSITS (ACCT. 132):	
Contributed Tax Escrow	\$ 15,944
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total Special Deposits _____	\$ 15,944

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
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INVESTMENTS AND SPECIAL FUNDS (ACCTS. 123 - 127)

Report hereunder all investments and special funds carried in Accounts 123 thru 127.

DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
INVESTMENT IN ASSOCIATED COMPANIES (ACCT. 123): N/A _____ _____ _____ _____ _____ _____ Total Investment In Associated Companies _____	\$ _____ _____ _____ _____ _____ _____ _____	\$ _____ _____ _____ _____ _____ _____ \$ _____
UTILITY INVESTMENTS (ACCT. 124): N/A _____ _____ _____ _____ _____ _____ Total Utility Investments _____	\$ _____ _____ _____ _____ _____ _____ _____	\$ _____ _____ _____ _____ _____ _____ \$ _____
OTHER INVESTMENTS (ACCT. 125): Shearson, Lehman, Hutton Suntrust Bank Mutual _____ _____ _____ _____ _____ Total Other Investments _____	\$ 54,445 47,036 _____ _____ _____ _____ _____	\$ 106,500 53,566 _____ _____ _____ _____ \$ 160,066
SPECIAL FUNDS (ACCTS. 126 & 127) N/A _____ _____ _____ _____ _____ _____ Total Special Funds _____	_____ _____ _____ _____ _____ _____ _____	\$ _____ _____ _____ _____ _____ _____ \$ _____

UTILITY NAME: Forest Utilities, Inc.

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

Report hereunder all accounts and notes receivable included in Accounts 141, 142 and 144. Amounts included in Accounts 142 and 144 should be listed individually.

DESCRIPTION (a)	TOTAL (b)
ACCOUNTS RECEIVABLE:	
Customer Accounts Receivable (Acct. 141):	
Water _____	\$ _____
Sewer _____	1,953
Other _____	_____
Total Customer Accounts Receivable _____	1,953
OTHER ACCOUNTS RECEIVABLE (Acct. 142):	
Misc account receivable _____	\$ 360
Income tax refund receivable _____	17,251
_____	_____
Total Other Accounts Receivable _____	17,611
NOTES RECEIVABLE (Acct. 144):	
_____	\$ _____
_____	_____
Total Notes Receivable _____	_____
Total Accounts and Notes Receivable _____	19,564
ACCUMULATED PROVISION FOR UNCOLLECTABLE ACCOUNTS (Acct. 143):	
Balance First of Year _____ N/A _____	\$ _____
Add: Provision for uncollectables for current year _____	_____
Collections of accounts previously written off _____	_____
Utility accounts _____	_____
Others _____	_____
_____	_____
Total Additions _____	_____
Deduct accounts written off during year:	
Utility accounts _____	_____
Others _____	_____
_____	_____
Total accounts written off _____	_____
Balance end of year _____	_____
Total Accounts and Notes Receivable - Net _____	\$ 19,564

UTILITY NAME: Forest Utilities, Inc.

ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES (ACCT. 145)

Report each account receivable from associated companies separately.

DESCRIPTION (a)	TOTAL (b)
N/A	\$
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total _____	\$ _____

NOTES RECEIVABLE FROM ASSOCIATED COMPANIES (ACCT. 146)

Report each note receivable from associated companies separately.

DESCRIPTION (a)	INTEREST RATE (b)	TOTAL (c)
N/A		\$
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total _____		\$ _____

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
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PREPAYMENTS (ACCT. 162)

DESCRIPTION (a)	TOTAL (b)
Prepaid Insurance _____	\$ _____
Prepaid Rents _____	_____
Prepaid Interest _____	_____
Prepaid Taxes _____	_____
Other Prepayments (Specify): _____	_____
Total Prepayments _____	\$ NONE

MISCELLANEOUS DEFERRED DEBITS (ACCT. 186):

DESCRIPTION (a)	TOTAL (b)
MISCELLANEOUS DEFERRED DEBITS (Acct. 186):	
Deferred Rate Case Expense (Acct. 186.1) _____	\$ _____
Other Deferred Debits (Acct 186.2) _____	_____
Total Miscellaneous Deferred Debits _____	\$ NONE

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
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UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM ON DEBT (ACCTS. 181 AND 251)

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

EXTRAORDINARY PROPERTY LOSSES (ACCT. 182)

Report each item separately.	
DESCRIPTION (a)	TOTAL (b)
EXTRAORDINARY PROPERTY LOSSES (Acct. 182):	
N/A	\$ _____
_____	_____
_____	_____
_____	_____
Total Extraordinary Property Losses _____	\$ _____

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
December 31, 1997

NOTES PAYABLE (ACCTS. 232 AND 234)

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

ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (ACCT. 233)

Report each account payable separately.	
DESCRIPTION (a)	TOTAL (b)
SWOR, Inc.	\$ 61,265
Total	\$ 61,265

UTILITY NAME: Forest Utilities, Inc.

CAPITAL STOCK (ACCTS. 201 and 204)

DESCRIPTION (a)	COMMON STOCK (b)	PREFERRED STOCK (c)
Par or stated value per share _____	\$ 75.00	\$ N/A
Shares authorized _____	26	
Shares issued and outstanding _____	26	
Total par value of stock issued _____	\$ 1,950	
Dividends declared per share for year _____	\$ None	

LONG TERM DEBT (ACCT. 224)

DESCRIPTION OF OBLIGATION (INCLUDING NOMINAL DATE OF ISSUE AND DATE OF MATURITY) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (f)
	RATE (d)	FREQUENCY OF PAYMENT (e)	
Mortgage - NCBN - Fort Myers Date of issue: 6-91 Balloon payment due: 6-2001	10.75 %	Monthly	\$ 369,728
Total _____			\$ 369,728

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
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STATEMENT OF RETAINED EARNINGS

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

ACCT. NO. (a)	DESCRIPTION (b)	AMOUNTS (c)
215	Unappropriated Retained Earnings: Balance beginning of year _____	\$ 112,400
439	Changes to account: Adjustments to Retained Earnings (requires Commission approval prior to use): Credits: _____ Total Credits _____ Debits: _____ Total Debits _____	
435	Balance transferred from Income _____	51,416
436	Appropriations of Retained Earnings: _____ _____ Total appropriations of Retained Earnings _____	
437	Dividends declared: Preferred stock dividends declared _____	
438	Common stock dividends declared _____	
	Total Dividends Declared _____	
214	Balance end of year _____ Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end): _____ _____	163,816
	Total Appropriated Retained Earnings _____	
	Total Retained Earnings _____	\$ 163,816

Notes to Statement of Retained Earnings:

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
December 31, 1997

BONDS (ACCT. 221)

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

ADVANCES FROM ASSOCIATED COMPANIES (ACCT. 223)

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

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
December 31, 1997

ACCRUED TAXES (ACCT. 236)

ACCT. NO. (a)	DESCRIPTION (b)	WATER (c)	SEWER (d)	OTHER (e)	TOTAL (f)
	Balance First of Year _____	\$ _____	\$ 25,159	\$ N/A	\$ 25,159
	Accruals Charged:				
408.10	Utility Regulatory Assessment Fees _____		26,993		26,993
408.11	Property Taxes _____		14,592		14,592
408.12	Payroll Taxes _____		13,029		13,029
408.13	Other Taxes & Licenses _____		1,394		1,394
409.10	Federal Income Taxes _____		740		740
409.11	State Income Taxes _____				
	Taxes Applicable to Other Income (Accts. 408.2, 409.2, 409.3, 410.2) _____				
	Total Taxes Accrued _____		56,748		56,748
	Taxes Paid During Year:				
408.10	Utility Regulatory Assessment Fees _____		25,159		25,159
408.11	Property Taxes _____		14,592		14,592
408.12	Payroll Taxes _____		13,029		13,029
408.13	Other Taxes & Licenses _____		1,394		1,394
409.10	Federal Income Taxes _____		740		740
409.11	State Income Taxes _____				
	Taxes Applicable to Other Income (Accts. 408.2, 409.2, 409.3, 410.2) _____				
	Total Taxes Paid _____		54,914		54,914
	Balance End of Year _____	\$ N/A	\$ 26,993	\$ N/A	\$ 26,993

UTILITY NAME: Forest Utilities, Inc.

ACCRUED INTEREST (ACCT. 237)

DESCRIPTION OF DEBT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR		INTEREST PAID DURING YEAR (e)	BALANCE END OF YEAR (f)
		ACCT. DEBIT (c)	AMOUNT (d)		
ACCOUNT NO. 237.1 - ACCRUED INTEREST ON LONG TERM DEBT: NCNB Mortgage Note	\$ _____	427	\$ 30,356	\$ 30,356	\$ _____
Total Account No. 237.1			30,356	30,356	
ACCOUNT NO. 237.2 - ACCRUED INTEREST ON OTHER LIABILITIES:					
Total Account 237.2					
Total Account 237	\$ NONE		\$ 30,356	\$ 30,356	\$ NONE

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

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

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
December 31, 1997

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (ACCT. 241)

DESCRIPTION (a)	BALANCE END OF YEAR (b)
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
Total Miscellaneous Current and Accrued Liabilities _____	\$ NONE

ADVANCES FOR CONSTRUCTION (ACCT. 252)

NAME OF PAYOR (a)	BALANCE BEGINNING OF YEAR (b)	DEBITS ACCT.		CREDITS (e)	BALANCE END OF YEAR (f)
		DEBIT (c)	AMOUNT (d)		
N/A	\$ _____		\$ _____	\$ _____	\$ _____
Total _____	\$ _____		\$ _____	\$ _____	\$ _____

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT December 31, 1997

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCT. 271)

DESCRIPTION (a)	WATER (b)	SEWER (c)	W & S OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance first of year -----	\$ N/A	\$ 2,468,071	\$ N/A	\$ 2,468,071
Add credits during year:				
Contributions received from Capacity, Main Extension and Customer Connection Charges (Schedule "A") -----		4,375		4,375
Contributions received from Developer or Contractor Agreements in cash or property (Schedule "B") -----				
Total Credits -----		4,375		4,375
Less debits charged during the year (All debits charged during year must be explained below) -----				
Total Contributions In Aid of Construction -----	\$ N/A	\$ 2,472,446	\$ N/A	\$ 2,472,446

Explain all debits charged to Account 271 below:

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
December 31, 1997

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

DESCRIPTION OF CHARGE (a)	NUMBER OF CONNECTIONS (b)	CHARGE PER CONNECTION (c)	WATER (d)	SEWER (e)
Capacity charges:				
3/4"	4	\$ 625.00		\$ 2,500
1"	1	1,875.00		1,875
Total Credits			\$ N/A	\$ 4,375

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

DESCRIPTION (a)	WATER (b)	SEWER (c)	W & S OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance first of year		\$ 893,198	\$ N/A	\$ 893,198
Debits during year:				
Accruals charged to Account				
272		82,260		82,260
Other debits (specify):				
Total debits		82,260		82,260
Credits during year (specify):				
Total Credits				
Balance end of year		\$ 975,458	\$ N/A	\$ 975,458

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT December 31, 1997
--

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

1. The reconciliation should include the same detail as furnished on schedule M-1 of the federal income tax return for the year. The reconciliation shall be submitted even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount and show the computation of all tax accruals.

2. If the utility is a member of a group which files a consolidated federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating intercompany amounts to be eliminated in such consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among group members.

DESCRIPTION (a)	REFERENCE (b)	AMOUNT (c)
Net income for the year _____		\$ 51,416
Reconciling items for the year:		
Taxable income not reported on the books:		

Deductions recorded on books not deducted for return:		
Deferred federal income taxes (FASB 109)		11,265
Federal income taxes		740
Federal income tax penalties		9

Income recorded on books not deducted for return:		
Unrealized gain on securities (FASB 115)		18,769

Deduction on return not charged against book income:		
Tax basis depreciation & amortization		40,488

Federal tax net income _____		\$ 4,173
Computation of tax:	\$ 4,173	
Tax on first \$50,000 @ .15	\$ 626	
Alternative minimum tax	114	
Net income taxes	\$ 740	

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
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SCHEDULE "A"

SCHEDULE OF COST OF CAPITAL USED FOR AFUDC CALCULATION (2)

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

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

APPROVED AFUDC RATE

Current Commission approved AFUDC rate: _____ %

Commission order approving AFUDC rate: _____

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

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT December 31, 1997
--

SCHEDULE "B"

SCHEDULE OF CAPITAL STRUCTURE ADJUSTMENTS

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

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

WATER OPERATION SECTION

Note: Forest Utilities, Inc. provides sewer service only; therefore, pages W-1 through W-10 have been omitted

**SEWER
OPERATION
SECTION**

UTILITY NAME: Forest Utilities, Inc.

SEWER UTILITY PLANT ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)
351	Organization	\$	\$	\$
352	Franchises	17,331		
353	Land and Land Rights	26,690		
354	Structure and Improvements	280,395	1,478	
360	Collection Sewers - Force	54,226		
361	Collection Sewers - Gravity	1,479,187	2,108	
362	Special Collecting Structures	94,358		
363	Services to Customers	12,628		
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells			
371	Pumping Equipment			
380	Treatment and Disposal Equipment	962,410	12,666	
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Miscellaneous Equipment			
390	Office Furniture and Equipment	17,482	2,798	
391	Transportation Equipment	12,804	8,588	
392	Stores Equipment			
393	Tools, Shop and Garage Equipment			
394	Laboratory Equipment	22,778		
395	Power Operated Equipment			
396	Communication Equipment			
397	Miscellaneous Equipment			
398	Other Tangible Plant			
	Total Sewer Plant	\$ 2,980,289	\$ 27,638	\$

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

SEWER UTILITY PLANT MATRIX

	.1	.2	.3	.4	.5
CURRENT YEAR (f)	INTANGIBLE PLANT (g)	COLLECTION PLANT (h)	SYSTEM PUMPING PLANT (i)	TREATMENT AND DISPOSAL PLANT (j)	GENERAL PLANT (k)
\$	\$				
17,331	17,331				
26,690		\$	\$	\$ 26,690	\$
281,873			281,873		
54,226		54,226			
1,481,295		1,481,295			
94,358		94,358			
12,628		12,628			
975,076				975,076	
20,280					20,280
21,392					21,392
22,778					22,778
\$ 3,007,927	\$ 17,331	\$ 1,642,507	\$ 281,873	\$ 1,001,766	\$ 64,450

UTILITY NAME: Forest Utilities, Inc.

SEWER UTILITY EXPENSE ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	.1	.2
			COLLECTION EXPENSES - OPERATIONS (d)	COLLECTION EXPENSES - MAINTENANCE (e)
701	Salaries and Wages - Employees -----	\$ 93,787	\$	\$
703	Salaries and Wages - Officers, Directors and Majority Stockholders -----	84,000		
704	Employee Pensions and Benefits -----	10,373		
710	Purchased Sewage Treatment -----			
711	Sludge Removal Expense -----	1,300		
715	Purchased Power -----	39,381		
716	Fuel for Power Purchased -----			
718	Chemicals -----	6,024		
720	Materials and Supplies -----	80,167		
731	Contractual Services - Engineering -----	1,247		
732	Contractual Services - Accounting -----	35,091		
733	Contractual Services - Legal -----	7,116		
734	Contractual Services - Management Fees -----	32,500		
735	Contractual Services - Other -----	7,136		
741	Rental of Building/Real Property -----			
742	Rental of Equipment -----			
750	Transportation Expense -----	6,341		
756	Insurance - Vehicle -----	4,026		
757	Insurance - General Liability -----	11,610		
758	Insurance - Workmens Compensation -----	3,682		
759	Insurance - Other -----			
760	Advertising Expense -----			
766	Regulatory Commission Expenses - Amortization of Rate Case Expense -----			
767	Regulatory Commission Expenses Other -----			
770	Bad Debt Expense -----			
775	Miscellaneous Expenses -----	60,938		
	Total Sewer Utility Expenses -----	\$ 484,719	\$	\$

SEWER EXPENSE ACCOUNT MATRIX

.3 PUMPING EXPENSES - OPERATIONS (f)	.4 PUMPING EXPENSES - MAINTENANCE (g)	.5 TREATMENT & DISPOSAL EXPENSES - OPERATIONS (h)	.6 TREATMENT & DISPOSAL EXPENSES - MAINTENANCE (i)	.7 CUSTOMER ACCOUNTS EXPENSE (j)	.8 ADMINISTRATIVE & GENERAL EXPENSES (k)
\$	\$	\$ 93,787	\$	\$	\$
					84,000
					10,373
		1,300			
		39,381			
		6,024			
			73,271		6,896
					1,247
					35,091
					7,116
			1,698		32,500
					5,438
					6,341
					4,026
					11,610
					3,682
	7,675	11,933	33,649		7,681
\$	\$ 7,675	\$ 152,425	\$ 108,618	\$	\$ 216,001

UTILITY NAME: Forest Utilities, Inc.

SEWER OPERATING REVENUE

ACCT. NO. (a)	DESCRIPTION (b)	BEGINNING YEAR NO. CUSTOMERS (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNTS (e)
	Operating Revenues:			
	Flat Rate Revenues:			
521.1	Residential Revenues	473	498	\$ 141,565
521.2	Commercial Revenues			
521.3	Industrial Revenues			
521.4	Revenues From Public Authorities			
521.5	Multiple Family Dwelling Revenues	1,067	1,067	309,305
521.6	Other Revenues			
	Total Flat Rate Revenues	1,540	1,565	450,870
	Measured Revenues:			
522.1	Residential Revenues			
522.2	Commercial Revenues	22	27	83,236
522.3	Industrial Revenues			
522.4	Revenues From Public Authorities			
522.5	Multiple Family Dwelling Revenues (36 Meters)	360	360	65,744
	Total Measured Revenues	382	387	148,980
523	Revenues From Public Authorities			
524	Revenues From Other Systems			
525	Interdepartmental Revenues			
	Totals	1,922	1,952	599,850
	Other Sewer Revenues:			
530	Guarenteed Revenues			
531	Sale of Sludge			
532	Forfeited Discounts			
534	Rents From Sewer Property			
535	Interdepartmental Rents			
536	Other Sewer Revenues			8,000
	Total Other Sewer Revenues			8,000
	Total Sewer Operating Revenues			\$ 607,850

UTILITY NAME: Forest Utilities, Inc.

BASIS FOR SEWER DEPRECIATION CHARGES

ACCT. NO. (a)	ACCOUNT NAME (b)	AVERAGE SERVICE LIFE IN YEARS (c)	AVERAGE NET SALVAGE IN PERCENT (d)	DEPRECIATION RATE APPLIED IN PERCENT (100% - d) / c (f)
351	Organization		%	%
352	Franchises	40	%	2.50 %
354	Structure and Improvements	35	%	2.86 %
360	Collection Sewers - Force	30	%	3.33 %
361	Collection Sewers - Gravity	35	%	2.86 %
362	Special Collecting Structures	25	%	4.00 %
363	Services to Customers	38	%	2.63 %
364	Flow Measuring Devices		%	%
365	Flow Measuring Installations		%	%
370	Receiving Wells	25	%	4.00 %
371	Pumping Equipment		%	%
380	Treatment and Disposal Equipment	27	%	3.70 %
381	Plant Sewers		%	%
382	Outfall Sewer Lines		%	%
389	Other Plant and Miscellaneous Equipment		%	%
390	Office Furniture and Equipment	6	%	16.67 %
391	Transportation Equipment	6	%	16.67 %
392	Stores Equipment		%	%
393	Tools, Shop and Garage Equipment		%	%
394	Laboratory Equipment	15	%	6.67 %
395	Power Operated Equipment		%	%
396	Communication Equipment		%	%
397	Miscellaneous Equipment		%	%
398	Other Tangible Plant		%	%
	Sewer Plant Composite Depreciation Rate		%	%

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

UTILITY NAME: Forest Utilities, Inc.

ANALYSIS OF ENTRIES IN SEWER ACCUMULATED DEPRECIATION

ACCT. NO. (a)	ACCOUNT NAME (b)	BALANCE AT BEGINNING OF YEAR (c)	ACCRUALS (d)	OTHER CREDITS * (e)	TOTAL CREDITS (d + e) (f)
351	Organization	\$	\$	\$	\$
352	Franchises	650	433		433
354	Structure and Improvements	51,713	8,040		8,040
360	Collection Sewers - Force	3,757	1,806		1,806
361	Collection Sewers - Gravity	548,810	42,335		42,335
362	Special Collecting Structures	8,661	3,774		3,774
363	Services to Customers	1,026	332		332
364	Flow Measuring Devices				
365	Flow Measuring Installations				
370	Receiving Wells				
371	Pumping Equipment				
380	Treatment and Disposal Equipment	373,761	35,843		35,843
381	Plant Sewers				
382	Outfall Sewer Lines				
389	Other Plant and Miscellaneous Equipment				
390	Office Furniture and Equipment	18,775	3,147		3,147
391	Transportation Equipment	15,009	2,850		2,850
392	Stores Equipment				
393	Tools, Shop and Garage Equipment				
394	Laboratory Equipment	11,960	1,519		1,519
395	Power Operated Equipment				
396	Communication Equipment				
397	Miscellaneous Equipment				
398	Other Tangible Plant				
	Total Depreciable Sewer Plant In Service	\$ 1,034,122	\$ 100,079	\$	\$ 100,079

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

ANALYSIS OF ENTRIES IN SEWER ACCUMULATED DEPRECIATION (Cont'd)

PLANT RETIRED (g)	ASSOCIATED SALVAGE AND INSURANCE (h)	ASSOCIATED COST OF REMOVAL (i)	OTHER CHARGES (j)	TOTAL CHARGES (g-h+i+j) (k)	BALANCE AT END OF YEAR (c+f-k) (l)
\$	\$	\$	\$	\$	\$
					1,083
					59,753
					5,563
					591,145
					12,435
					1,358
					409,604
					21,922
					17,859
					13,479
\$	\$	\$	\$	\$	\$ 1,134,201

UTILITY NAME: Forest Utilities, Inc.
 SYSTEM NAME: Same

YEAR OF REPORT
 December 31, 1997

PUMPING EQUIPMENT

	1	2	3	4	5	6
Lift station number						
Make or type and nameplate data of pump 2 pumps each	Flygt CP3101	Flygt CP3101	Flygt 4316800S	Flygt CP3101	Flygt CP3085	Flygt CP3102
lift station which are the same	433	433	433/437	433	436	436
Impeller type	1979	1979	1979	1979	1979	1981
Year installed	150 GPM	150 GPM	100 GPM	100 GPM	50 GPM	160 GPM
Rated capacity	4"	4"	4"	4"	4"	4"
Size						
Power:						
Electric	230V/30A	230V/30A	230V/30A	230V/30A	230V/30A	230V/30A
Mechanical						
Nameplate data of motor	5 HP	4 HP	5 HP	4 HP	2.3 HP	5 HP
Serial No. (1)			180-981010		120-0223359W	180-8750190
(2)			180-980172			

	7	8	9	10	11	12
Lift station number						
Make or type and nameplate data of pump 2 pumps each	Flygt CP3085	Flygt CP3085	Flygt CP 3085	Flygt CP 3085	Flygt CP3102	Flygt C-3101
lift station which are the same	436	436	436	436	432	436
Impeller type	1982	1982	1982	1982	1983	1983
Year installed	125 GPM	100 GPM	100 GPM	272 GPM	100 GPM	75 GPM
Rated capacity	4"	4"	4"	4"	4"	4"
Size						
Power:						
Electric	230V/30A	230V/10A	230V/30A	230V/30A	230V/30A	230V/30A
Mechanical						
Nameplate data of motor	2.3 HP	2.3 HP	4 HP	2.3 HP	5 HP	4 HP
Serial No. (1)	120-022332	120-080503		120-220016	180-9320050	
(2)		120-080501		120-220012	180-9320055	

SERVICE CONNECTIONS

	6"	8"				
Size (inches)	PVC	PVC				
Type (PVC, VCP, etc)	35'	35'				
Average length						
Number of active service connections	1,586	42				
Beginning of year	1,556	42				
Added during year	30					
Retired during year						
End of year	1,586	42				
Give full particulars concerning inactive connections	None	None				

UTILITY NAME: Forest Utilities, Inc.
 SYSTEM NAME: Same

YEAR OF REPORT
 December 31, 1997

PUMPING EQUIPMENT

Lift station number	13	14	15	16	17	
Make or type and nameplate data of pump 2 pumps each	Flygt	Flygt	Flygt	Flygt	Flygt	Flygt
lift station which are the same	CP3101	CP3101	CP3102/180	CP3085/181	CP3085	CP3085/181
Impeller type	432	434	433	436	436	Unknown
Year installed	1984	1984	1984	1984	1985	1985
Rated capacity	150 GPM	80 GPM	100 GPM	50 GPM	144 GPM	Unknown
Size	4"	4"	4"	4"	4"	4"
Power:						
Electric	230V/10A	230V/10A	230V/10A	230V/10A	230V/30A	230V/30A
Mechanical						
Nameplate data of motor	4 HP	4 HP	5 HP	2.3 HP	3 HP	3.2 HP
Serial No. (1)	180-8230313		181-8410066	181-8415599	181-8448539	180-8575107
(2)	180-8230315		181-8410065	181-8415592	181-5485057	

Lift station number	19	20	21	23	24	25
Make or type and nameplate data of pump 2 pumps each	Flygt	Flygt	Flygt	Flygt	Flygt	Flygt
lift station which are the same	CP3102/180	CP3102	CP 3085	CP3085/181	CP3102	CP 3085/182
Impeller type	433	433	438	436	436	438
Year installed	1986	1986	1986	1988	1988	1993
Rated capacity	150 GPM	150 GPM	50 GPM	100 GPM	250 GPM	Unknown
Size	4"	4"	4"	4"	4"	4"
Power:						
Electric	230V/10A	230V/10A	230V/10A	230V/10A	230V/30A	230V/10A
Mechanical						
Nameplate data of motor	4 HP	4 HP	2.3 HP	3.2 HP	4 HP	3 HP
Serial No. (1)	180-4520253	180-4520245	181-8660524	181-8711462	180-5241	181-9551657
(2)	180-4520252	180-4520246	181-86600834	181-8722002	180-6241	181-9551659

Lift station number						
Make or type and nameplate data of pump						
Year installed						
Rated capacity						
Size						
Power:						
Electric						
Mechanical						
Nameplate data of motor						

UTILITY NAME: Forest Utilities, Inc.
SYSTEM NAME: Same

COLLECTING MAINS

COLLECTING MAINS:						
Size (inches) _____	8"	8"	10"	8"		
Type of main _____	VCP	PVC	DIP	DIP		
Length of main (nearest foot):						
Beginning of year _____	23,572	46,160	40	38		
Added during year _____						
Retired during year _____						
End of year _____	23,572	46,160	40	38		
MANHOLES:						
Size (inches) _____	4'					
(Brick Concrete) _____	Concrete					
Number:						
Beginning of year _____	352					
Added during year _____						
Retired during year _____						
End of year _____	352					

FORCE MAINS

FORCE MAINS:						
Size (inches) _____	4"	6"	4"	6"	10"	8"
Type of main _____	PVC	PVC	DIP	DIP	PVC	PVC
Length of main (nearest foot):						
Beginning of year _____	8,835	13,392	610	205	5,650	6,100
Added during year _____						
Retired during year _____						
End of year _____	8,835	13,392	610	205	5,650	6,100

UTILITY NAME: Forest Utilities, Inc.
SYSTEM NAME: Same

TREATMENT PLANT

Manufacturer _____	Custom Built	_____	_____
Type _____	Extended Air	_____	_____
"Steel" or "Concrete" _____	Concrete	_____	_____
Total Capacity _____	500,000	_____	_____
Average Daily Flow _____	244,293	_____	_____
Effluent Disposal _____	Golf Course Irrigation	_____	_____
Total Gallons of Sewage Treated _____	89,167,000	_____	_____

MASTER LIFT STATION PUMPS

Manufacturer _____	See Pump No. 1, Page S-6	_____	_____	_____	_____
Capacity _____ (GPM)	_____	_____	_____	_____	_____
Motor Mfr. _____	_____	_____	_____	_____	_____
Horsepower _____	_____	_____	_____	_____	_____
Power (Electric or Mechanical) _____	_____	_____	_____	_____	_____

OTHER SEWER SYSTEM INFORMATION

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

- Maximum number of ERC's * which can be served. 888
- Estimated annual increase in ERC's * Approximately 75
- List permit numbers required by Chapter 14-17, Rules of the Department of Environmental Regulation (DER) for systems in operation. DO36-173533
- State any plans and estimated completion dates for any enlargements of this system. None
- If the present systems do not meet the requirements of Chapter 17-4, Rules of the DER, submit the following:
 - Evaluation of the present plant or plants in regard to meeting the DER's rules.
 - Plans for funding and construction of the required upgrading.
 - Have these plans been coordinated with the DER? N/A
 - Do they concur? _____
 - When will construction begin? _____
- In what percent of your certificated area have service connections been installed? 80 %

* ERC = (Total Gallons Treated / 365 Days) / 275 Gallons Per Day

Note: Total Gallons Treated includes both sewage treated and purchased sewage treatment.

UTILITY NAME: Forest Utilities, Inc.
SYSTEM NAME: Same

CALCULATION OF THE SEWER SYSTEMS EQUIVALENT RESIDENTIAL UNITS

METER SIZE (a)	TYPE OF METER (b)	EQUIVALENT FACTOR (c)	NUMBER OF METERS (d)	TOTAL NUMBER OF METER EQUIVALENTS (c x d) (e)
5/8"	Displacement	1.0	1,534	1,534
3/4"	Displacement	1.5		
1"	Displacement	2.5	75	188
1 1/2"	Displacement or Turbine	5.0	15	75
2"	Displacement, Compound or Turbine	8.0	6	48
3"	Displacement	15.0		
3"	Compound	16.0		
3"	Turbine	17.5		
4"	Displacement or Compound	25.0		
4"	Turbine	30.0		
6"	Displacement or Compound	50.0		
6"	Turbine	62.5		
8"	Compound	80.0		
8"	Turbine	90.0		
10"	Compound	115.0		
10"	Turbine	145.0		
12"	Turbine	215.0		
Total SEWER System Meter Equivalents -----				1,845

CALCULATION OF THE SEWER SYSTEMS EQUIVALENT RESIDENTIAL CONNECTIONS

$$\left(\frac{89,167,000}{365 \text{ days}} \right) / 275 \text{ gpd} = \underline{\underline{888}}$$

(total gallons treated)