

CLASS "A" AND "B"  
WATER AND/OR WASTEWATER UTILITIES

CONSOLIDATED ANNUAL REPORT  
OF

027-W

Mr. Gerald S. Allen

FLORIDA CITIES WATER COMPANY

4837 Swift Road, Suite 100

Sarasota, Florida 34231

Ft. Myers Division, Lee County



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DIVISION OF  
WATER AND SEWER  
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MAY 19 1999

Florida Public Service Commission  
Division of Water and Wastewater

FOR THE  
YEAR ENDED DECEMBER 31, 1998

## General Instructions

1. Prepare this report in conformity with the 1984 National Association of Regulatory Utility Commissioners Uniform System of Accounts for Water and/or Sewer Utilities.
2. Interpret all accounting words and phrases in accordance with the USOA.
3. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
4. For any question, section, or page which is not applicable to the respondent enter the words "Not Applicable". Do not omit any pages.
5. Where dates are called for, the month and day should be stated as well as the year.
6. All schedules requiring dollar entries should be rounded to the nearest dollar unless otherwise specifically indicated.
7. Complete this report by means which result in a permanent record, such as by typewriter.
8. If there is not enough room on any schedule, an additional page or pages may be added provided the format of the added schedule matches the format of the schedule with not enough room. Such a schedule should reference the appropriate schedules, state the name of the utility, and state the year of the report.
9. If it is necessary or desirable to insert additional statements for the purpose of further explanation of schedules, such statement should be made at the bottom of the page or an additional page inserted. Any additional pages should state the name of the utility, the year of the report, and reference the appropriate schedule.
10. Water and wastewater system pages should be grouped together by system, and all pages in the water and wastewater sections should be numbered consecutively at the bottom of the page where noted. For example, if the water system pages total 50 pages, they should be grouped by system, and numbered from 1 to 50.
11. Financial information for multiple systems charging rates which are covered under the same tariff, should be reported as one system. However, the engineering data must be reported by individual system.
12. One (1) copy of workpapers showing the consolidation of systems for the operating sections, should be filed with the annual report.
13. The report should be filled out in quadruplicate and the original and two copies returned by March 31 of the year following the date of the report. This report should be returned to:  
Mr. Charles H. Hill, Director  
Division of Water and Wastewater  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0873

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\* If more than two reporting systems are included, attach additional Water Table of Contents pages.



CERTIFICATION OF ANNUAL REPORT

UTILITY NAME: FLORIDA CITIES WATER COMPANY

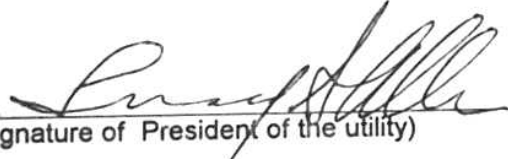
YEAR OF REPORT  
DECEMBER 31, 1998

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

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

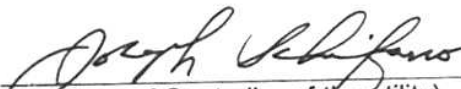
\* Items Certified

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

  
(signature of President of the utility)

\* Items Certified

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

  
(signature of Controller 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**

FLORIDA CITIES WATER COMPANY  
(Exact Name of Utility)

Lee  
(County)

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

4837 Swift Rd. Suite 100

Sarasota, FL 34231

Telephone: ( 941 ) 925-3088

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

4837 Swift Rd. Suite 100

Sarasota, FL 34231

Telephone: ( 941 ) 925-3088

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

4837 Swift Rd., Suite 100

Sarasota, FL 34231

Telephone: ( 941 ) 925-3088

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

Ernst & Young LLP, Certified Public Accountants

Date of original organization of the utility: 12 / / 64

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. FCWC Holdings, Inc.	100 %
2.	%
3.	%
4.	%
5.	%
6.	%
7.	%
8.	%
9.	%
10.	%

UTILITY NAME: FLORIDA CITIES WATER COMPANYYEAR OF REPORT  
DECEMBER 31, 1998

## 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
Gerald S. Allen	Chairman of the Board and Chief Executive Officer		Various
Michael Murphy	V.P. Chief Financial Officer & Treasurer		Financial and Rate Case
Michael Acosta	V.P. Engineering and Operations		Various
Joseph Schifano	Controller		Financial and Rate Case
Larry Coel	Manager/ Rates, Revenues, and Budgets		Rate Case
K. Gatlin (850) 681-9027	Legal Counsel	Ruden, McClosky, Smith, Schuster, & Russell, P.A.	Rate Case

(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: FLORIDA CITIES WATER COMPANYYEAR OF REPORT  
DECEMBER 31, 1998COMPANY 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.

The Company was incorporated under the laws of the State of Florida in 1965 to acquire water and wastewater utilities in Florida and since then has engaged in the business of providing water and wastewater service in the suburban areas of Fort Myers (Lee County), Sarasota (Sarasota County), and Tampa (Hillsborough County), Florida.

A 100% owned subsidiary, Avatar Utilities Inc. of Florida was merged into Florida Cities Water Company (FCWC) on January 1, 1987. The merged divisions have been providing water and wastewater service in the subdivisions of Golden Gate (Collier County) and Barefoot Bay (Brevard County), Florida, since 1970.

Total active water customers increased 700 to 33,488 during 1998 and total active wastewater customers increased 291 to 25,434 during 1998. Projected customer growth for the years 1999 through 2003 approximates 795 annually for water and 465 annually for wastewater.

There were no individual major transactions materially effecting operating income and net income in 1998. Transactions in the aggregate having a material effect on operating income and/or net income during 1998 include transactions resulting in annual metered water revenues of \$14,840,873, annual metered wastewater revenues of \$12,963,031, annual salaries and wages of \$3,395,487, annual cost of purchased water of \$2,148,721, annual cost of purchased power of \$1,404,405 and annual interest expense on long and short-term debt of \$2,478,845.

Note: Sarasota, Carrollwood and Golden Gate are regulated by the respective counties and are not included under agency jurisdiction. Golden Gate authority was transferred to Collier County at the end of February 1996.

Subsequent Event

On April 15, 1999, FCWC closed on the asset sale of substantially all of its Ft. Myers Division to Lee County Utilities and all of its other Divisions to the Florida Governmental Utility Authority. The only assets in FCWC's Ft. Myers Division not sold to Lee County are related to water operations within the Town of Ft. Myers Beach. Specific financial and statistical data for the Beach within the Ft. Myers water Division does not separately exist. Therefore, this 1998 Annual Report contains only Ft. Myers water, all other, and total company data.

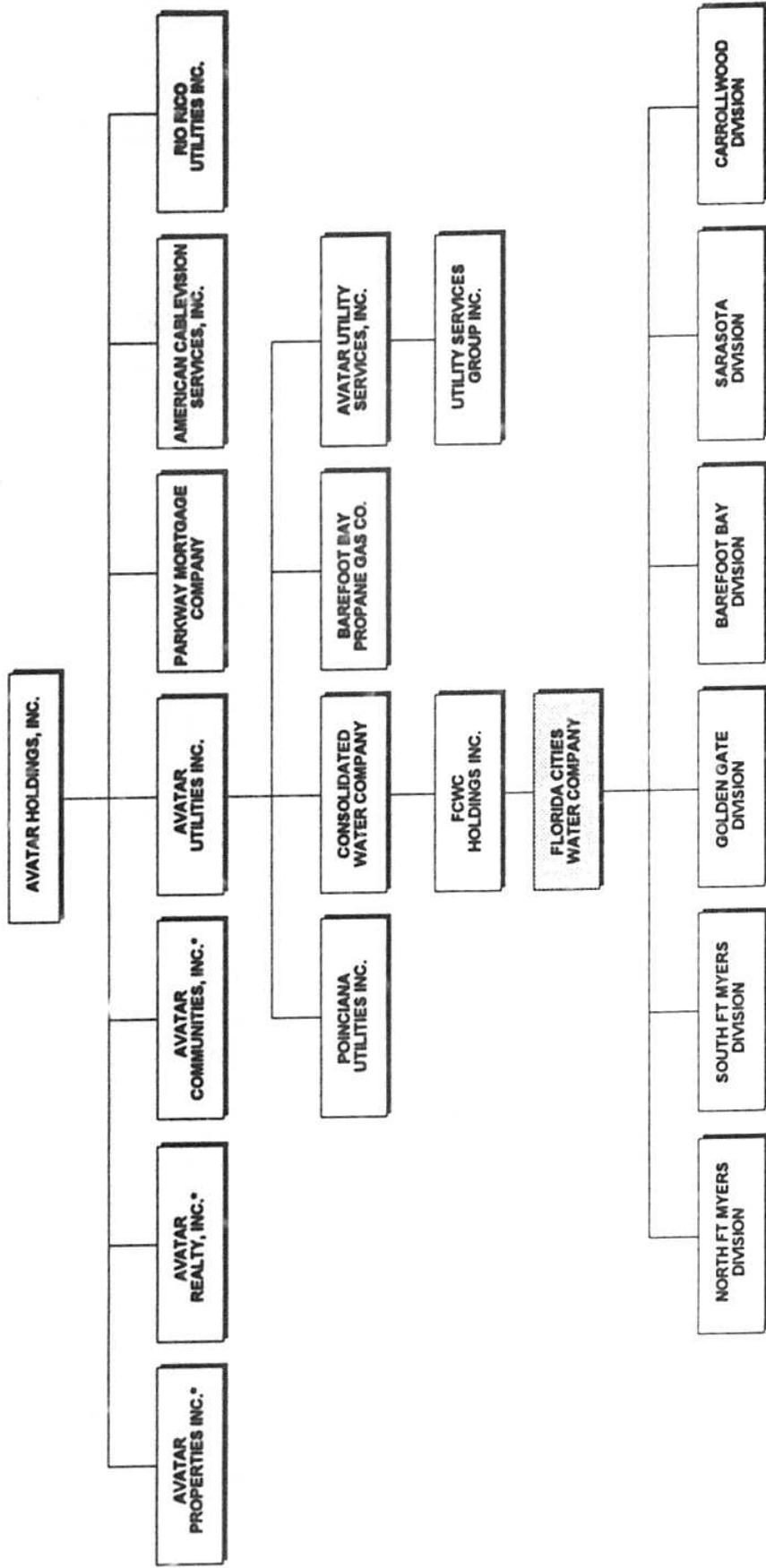
UTILITY NAME: FLORIDA CITIES WATER COMPANY

YEAR OF REPORT  
DECEMBER 31, 1998

PARENT / AFFILIATE ORGANIZATION CHART  
Current as of 12/31/98

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).

See Attached



\* Parent company of other related corporations

UTILITY NAME: FLORIDA CITIES WATER COMPANYYEAR OF REPORT  
DECEMBER 31, 1998**COMPENSATION OF OFFICERS**

For each officer, list the time spent on respondent as an officer compared to time spent on total business activities and the compensation received as an officer from the respondent.			
NAME (a)	TITLE (b)	% OF TIME SPENT AS OFFICER OF UTILITY (c)	OFFICERS COMPENSATION (d)
G.S. Allen	Chairman of the Board, Chief Exec. Officer and President	59.0%	\$94,325
M. E. Murphy	Vice President, Treasurer and Chief Financial Officer	67.0%	\$49,639
M. Acosta	Vice President, Engineering and Operations	38.9%	\$26,831
J. Schifano	Controller, Asst. Secretary and Asst. Treasurer	61.2%	\$35,460
A. J. Chubbuck	Secretary	71.5%	\$19,353

**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)
G. S. Allen	Chairman	11	\$ -0-
D. J. Getman	Director	11	\$ -0-
C. L. McNairy	Director	11	\$ -0-
M. Acosta	Director	11	\$ -0-



UTILITY NAME: FLORIDA CITIES WATER COMPANYYEAR OF REPORT  
DECEMBER 31, 1998**BUSINESS CONTRACTS WITH OFFICERS, DIRECTORS AND AFFILIATES**

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

NAME OF OFFICER, DIRECTOR OR AFFILIATE (a)	IDENTIFICATION OF SERVICE OR PRODUCT (b)	AMOUNT (c)	NAME AND ADDRESS OF AFFILIATED ENTITY (d)
None		\$	

\*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: FLORIDA CITIES WATER COMPANYYEAR OF REPORT  
DECEMBER 31, 1998

## AFFILIATION OF OFFICERS AND DIRECTORS

For each of the officials listed on page E-6, list the principle occupation or business 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)
G. S. Allen	Chairman of the Board, President and Chief Executive Officer " " " " " " " " " "	Parent Affiliate " " " " "	Avatar Utilities Inc. Consolidated Water Company FCWC Holdings Inc. Poinciana Utilities Inc. Barefoot Bay Propane Gas Co. Avatar Utility Services, Inc. Utility Services Group Inc.
M. E. Murphy	V.P. & Treasurer V.P., C.F.O. & Treasurer V.P. & Treasurer V.P. & Treasurer V.P. & Treasurer Treasurer Treasurer	Parent Affiliate " " " " "	Avatar Utilities Inc. Poinciana Utilities Inc. Consolidated Water Company FCWC Holdings Inc. Barefoot Bay Propane Gas Co. Avatar Utility Services, Inc. Utility Services Group Inc.
M. Acosta	V.P., Engineering and Operations " "	Affiliate "	Poinciana Utilities Inc. Barefoot Bay Propane Gas Co.
J. Schifano	Controller " " "	Affiliate " " "	Poinciana Utilities Inc. Barefoot Bay Propane Gas Co. Avatar Utility Services, Inc. Utility Services Group Inc.
A. J. Chubbuck	Secretary " " " " "	Parent Affiliate " " " " "	Avatar Utilities Inc. Consolidated Water Company FCWC Holdings Inc. Poinciana Utilities Inc. Barefoot Bay Propane Gas Co. Avatar Utility Services, Inc. Utility Services Group Inc.

UTILITY NAME: FLORIDA CITIES WATER COMPANYYEAR OF REPORT  
DECEMBER 31, 1998BUSINESSES WHICH ARE A BYPRODUCT, COPRODUCT OR JOINT PRODUCT RESULT  
OF PROVIDING WATER OR WASTEWATER SERVICE

Complete the following for any business which is conducted as a byproduct, coproduct or joint product as a result of providing water and/or wastewater service. This would include any business which requires the use of utility land and facilities. Examples of these types of businesses would be orange groves, nurseries, tree farms, fertilizer manufacturing, etc. This would not include any business for which the assets are properly included in Account 121 - Nonutility Property along with the associated 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: FLORIDA CITIES WATER COMPANYYEAR OF REPORT  
DECEMBER 31, 1998**BUSINESS TRANSACTIONS WITH RELATED PARTIES**

List each contract, agreement, or other business transaction exceeding a cumulative amount of \$500 in any 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**

- Enter in this part all transactions involving services and products received or provided.
- 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 & 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)
Avatar Utilities Inc.	Management	Jan-Dec 1998	P	\$ 79,920
Avatar Utilities Inc.	Water Royalties	Jan-Dec 1998	P	\$ 66,784
Avatar Utility Services, Inc.	Data Processing and Meter Reading Services	Jan-Dec 1998	P	\$ 748,683
Avatar Utilities Inc.	Management and Accounting	Jan-Dec 1998	S	\$ 36,670
Poinciana Utilities Inc.	Management, Accounting, Regulatory and Engineering	Jan-Dec 1998	S	\$ 386,621
Barefoot Bay Propane Gas Co.	Management, Accounting and Engineering	Jan-Dec 1998	S	\$ 59,835
Avatar Utility Services, Inc.	Management and Accounting	Jan-Dec 1998	S	\$ 86,114
Rio Rico Utilities Inc.	Management, Accounting, Regulatory and Engineering	Jan-Dec 1998	S	\$ 57,356

**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					

**FLORIDA CITIES WATER COMPANY  
COMPOSITE STATISTICS FOR ALL  
PRIVATELY OWNED WATER UTILITIES  
UNDER AGENCY JURISDICTION  
Year of Report - December 31, 1998**

DESCRIPTION (a)	Ft. Myers Water (b)
<b>PLANT (Intrastate Only)(000's Omitted):</b>	
Plant in Service	\$70,362
Construction Work In Progress	1,356
Plant Acquisition Adjustment	0
Plant Held For Future Use	0
Materials & Supplies	73
<b>Less:</b>	
Accumulated Depreciation & Accumulated Amortization	19,627
Contributions In Aid of Construction (Net)	27,379
<b>Net Book Cost</b>	<b>\$24,785</b>
<b>REVENUES &amp; EXPENSES (Intrastate Only)(000's Omitted):</b>	
Operating Revenues	\$9,159
Depreciation & Amortization Expense	992
Income Tax Expense	755
Taxes Other Than Income	1,114
Other Operating Expenses	3,736
<b>Total Operating Expenses</b>	<b>6,597</b>
<b>Net Operating Income</b>	<b>2,562</b>
Other Income (Not allocated per books)	0
Other Income Deductions	0
<b>Net Income</b>	<b>\$2,562</b>
<b>CUSTOMERS (Intrastate Only):</b>	
Residential - Yearly Average	15,924
Commercial - Yearly Average	1,897
Industrial - Yearly Average	0
Others - Yearly Average	1,257
<b>Total</b>	<b>19,079</b>
<b>OTHER STATISTICS (Intrastate Only):</b>	
Average Annual Residential Use Per 1,000 Gallons	57.29
Average Annual Residential Cost Per 1,000 Gallons	\$7.23
Average Residential Monthly Bill	\$19.83
Gross Plant Investment Per Customer	\$3,759

**FINANCIAL**  
**SECTION**



**FLORIDA CITIES WATER COMPANY**  
**COMPARATIVE BALANCE SHEET - ASSETS & OTHER DEBITS**  
 Year of Report - December 31, 1998

Acct. No. (a)	Account Name (b)	Ref. Page (c)	Current Year (d)	Previous Year (e)
<b>UTILITY PLANT</b>				
101-106	Utility Plant	F-4	\$182,865,019	\$177,385,220
108-110	Less: Accumulated Depreciation & Amortization	F-6	60,534,618	55,012,252
	Net Plant		122,330,401	122,372,968
114-115	Utility Plant Acquisition Adj (Net)	F-5	0	0
116	Other Utility Plant Adj.		0	0
.....			0	0
	Total Net Utility Plant		122,330,401	122,372,968
<b>OTHER PROPERTY &amp; INVESTMENTS</b>				
121	Non-Utility Property	F-4	0	0
122	Less: Accumulated Depreciation & Amortization		0	0
	Net Non-Utility Property		0	0
123	Investment In Associated Companies	F-7	0	0
124	Utility Investments	F-7	0	0
125	Other Investments	F-7	0	0
126-127	Special Funds	F-7	0	0
	Total Other Property & Investments		0	0
<b>CURRENT &amp; ACCRUED ASSETS</b>				
131	Cash		(274,504)	(414,472)
132	Special Deposits		0	0
133	Other Special Deposits		0	0
134	Working Funds		0	2,825
135	Temporary Cash Investments		0	0
141-144	Accounts & Notes Receivable, Less Accumulated Provision for Uncollectable Accts	F-8	1,798,903	1,826,537
145	Accounts Receivable from Associated Co.'s	F-9	54,899	64,641
146	Notes Receivable from Associated Co.'s	F-9	0	0
151-153	Material & Supplies		211,468	236,978
161	Stores Expense		0	0
162	Prepayments	F-10	241,754	237,455
171	Accrued Interest & Dividends Receivable		0	0
172	Rents Receivable		0	0
173	Accrued Utility Revenues		1,399,456	1,216,732
174	Misc. Current & Accrued Assets		0	0
	Total Current & Accrued Assets		3,431,976	3,170,696

FLORIDA CITIES WATER COMPANY  
 COMPARATIVE BALANCE SHEET - ASSETS & OTHER DEBITS  
 Year of Report - December 31, 1998

Acct. No. (a)	Account Name (b)	Ref. Page (c)	Current Year (d)	Previous Year (e)
DEFERRED DEBITS				
181	Unamortized Debt Discount & Expense	F-11	\$437,922	\$518,892
182	Extraordinary Property Losses	F-11	0	0
183	Preliminary Survey & Investigation Charges		727,814	430,202
184	Clearing Accounts		76,650	13,335
185	Temporary Facilities		0	0
186	Misc. Deferred Debits	F-10	7,611,855	8,818,834
187	Research and Development Expenditures		0	0
190	Accumulated Deferred Income Taxes			
	Total Deferred Debits		8,854,241	9,781,263
	TOTAL ASSETS AND OTHER DEBITS		<u>\$134,616,618</u>	<u>\$135,324,927</u>

NOTES TO THE BALANCE SHEET

**FLORIDA CITIES WATER COMPANY**  
**COMPARATIVE BALANCE SHEET - ASSETS & OTHER DEBITS**  
 Year of Report - December 31, 1998

Acct. No. (a)	Account Name (b)	Ref. Page (c)	Current Year (d)	Previous Year (e)
<b>EQUITY CAPITAL</b>				
201	Common Stock Issued	F-13	\$2,103,300	\$2,103,300
204	Preferred Stock Issued	F-13	5,400,000	7,200,000
202,205	Capital Stock Subscribed		0	0
203,206	Capital Stock Liability for Conversion		0	0
207	Premium on Capital Stock		0	0
209	Reduction in Par or Stated Value of Capital Stock		0	0
210	Gain on Resale or Cancellation of Reacquired Capital Stock		0	0
211	Other Paid-In Capital		4,088,192	4,088,192
212	Discount on Capital Stock		0	0
213	Capital Stock Expense		0	0
214-215	Retained Earnings	F-14	20,590,134	19,050,483
216	Reacquired Capital Stock		0	0
218	Proprietary Capital (Proprietorship & Partnership Only)		0	0
	<b>Total Equity Capital</b>		<b>32,181,626</b>	<b>32,441,975</b>
<b>LONG TERM DEBT</b>				
221	Bonds	F-15	28,609,833	30,276,000
222	Reacquired Bonds	F-15	0	0
223	Advances from Associated Companies	F-15	0	0
224	Other Long Term Debt	F-13	0	0
	<b>Total Long Term Debt</b>		<b>28,609,833</b>	<b>30,276,000</b>
<b>CURRENT &amp; ACCRUED LIABILITIES</b>				
231	Accounts Payable		644,771	594,559
232	Notes Payable	F-12	1,843,827	1,007,261
233	Accounts Payable to Associated Companies	F-12	61,450	(63,847)
234	Notes Payable to Associated Companies	F-12	0	0
235	Customer Deposits		1,200,078	1,090,796
236	Accrued Taxes	F-16	900,430	893,375
237	Accrued Interest	F-17	250,647	254,834
238	Accrued Dividends		0	0
239	Matured Long Term Debt		1,666,167	1,666,167
240	Matured Interest		0	0
241	Miscellaneous Current & Accrued Liabilities	F-20	1,067,426	1,085,016
	<b>Total Current &amp; Accrued Liabilities</b>		<b>7,634,796</b>	<b>6,528,161</b>

**FLORIDA CITIES WATER COMPANY**  
**COMPARATIVE BALANCE SHEET - ASSETS & OTHER DEBITS**  
 Year of Report - December 31, 1998

Acct. No. (a)	Account Name (b)	Ref. Page (c)	Current Year (d)	Previous Year (e)
<b>DEFERRED CREDITS</b>				
251	Unamortized Premium on Debt	F-11	\$0	\$0
252	Advances for Construction	F-18	200,655	207,900
253	Other Deferred Credits		3,282,380	2,659,381
255	Accumulated Deferred Investment Tax Credits		1,435,881	1,516,881
	<b>Total Deferred Credits</b>		<b>4,918,916</b>	<b>4,384,162</b>
<b>OPERATING RESERVES</b>				
261	Property Insurance Reserve		0	0
262	Injuries & Damages Reserve		0	0
263	Pensions & Benefits Reserve		0	0
265	Miscellaneous Operating Reserves		(448,434)	(389,750)
	<b>Total Operating Reserves</b>		<b>(448,434)</b>	<b>(389,750)</b>
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>				
271	Contributions In Aid of Construction	F-19	91,797,172	89,416,541
272	Accumulated Amortization of C.I.A.C	F-20	33,300,926	30,148,564
	<b>Total Net C.I.A.C.</b>		<b>58,496,246</b>	<b>59,267,977</b>
<b>ACCUMULATED DEFERRED INCOME TAXES</b>				
281	Accum. Defer. Income Taxes-Accelerated Deprec.		7,083,918	6,650,218
282	Accum. Defer. Income Taxes-Liberalized Deprec.		0	0
283	Accum. Defer. Income Taxes-Other		(3,860,283)	(3,833,816)
	<b>Total Accum. Deferred Income Taxes</b>		<b>3,223,635</b>	<b>2,816,402</b>
	<b>TOTAL LIABILITIES &amp; STOCKHOLDERS EQUITY</b>		<b>\$134,616,618</b>	<b>\$135,324,927</b>

FLORIDA CITIES WATER COMPANY  
COMPARATIVE OPERATING STATEMENT  
Year of Report - December 31, 1998

Acct. No. (a)	Account Name (b)	Ref. Page (c)	Previous Year (d)	Current Year (e)
<b>UTILITY OPERATING INCOME</b>				
400	Operating Revenues	F-3(b)	\$27,924,812	\$28,008,060
401	Operating Expenses	F-3(b)	14,220,529	14,239,857
403	Depreciation Expense	F-6	3,517,233	3,625,335
406	Amortization of Utility Plant Acquisition Adjustment		0	0
407	Amortization Expense		0	0
408.1	Taxes Other Than Income	F-16	2,532,707	2,559,344
409.1	Income Taxes	F-16	1,668,781	1,808,999
410.10	Deferred Federal Income Taxes		28,728	(129,057)
410.11	Deferred State Income Taxes		8,490	(18,942)
411.10	Provision for Deferred Income Taxes - Credit		0	0
412.10	Invest. Tax Credits Deferred to Future Periods		(81,000)	(81,000)
412.11	Invest. Tax Credits Restored to Oper. Income		0	0
	Utility Operating Expenses		21,895,468	22,004,536
	Utility Operating Income		6,029,344	6,003,524
413	Income from Utility Plant Leased to Others		0	0
414	Gains (Losses) from Disposal of Util. Property		0	0
	Total Utility Operating Income [Enter here and on Page F-3(c)]		\$6,029,344	\$6,003,524

## Comparative Operating Statement (Cont'd)

Page Ref. (f)	Ft. Myers Water (g)	(h)	Other (i)
W,S-2	\$9,159,514	\$0	\$18,848,546
W,S-2	3,735,999	0	10,503,858
F-6	991,590	0	2,633,745
F-6	0	0	0
	0	0	0
F-16	1,114,346	0	1,444,998
F-16	791,724	0	1,017,275
	(2,809)	0	(126,248)
	1,593	0	(20,535)
	0	0	0
	(35,105)	0	(45,895)
			0
	6,597,338	0	15,407,198
	2,562,176	0	3,441,348
	0	0	0
	0	0	0
	\$2,562,176	\$0	\$3,441,348

**FLORIDA CITIES WATER COMPANY**  
**COMPARATIVE OPERATING STATEMENT (Cont'd)**  
Year of Report - December 31, 1998

Acct. No. (a)	Account Name (b)	REF. Page (c)	Previous Year (d)	Current Year (e)
<b>UTILITY OPERATING INCOME (Cont'd)</b>				
	Total Utility Operating Income [From Page F-3(a)]		\$6,029,344	\$6,003,524
<b>OTHER INCOME &amp; DEDUCTIONS</b>				
415	Revenues from Merchandising, Jobbing & Contract Deductions		2,323	5,747
416	Costs & Expenses of Merchandising, Jobbing & Contract Work		0	0
419	Interest & Dividend Income		55,621	21,564
420	Allowance for Funds Used During Construction		30,059	82,403
421	Non-Utility Income		8,801	37,930
426	Miscellaneous Non-Utility Expenses		(130,931)	(17,942)
	Total Other Income & Deductions		(34,127)	129,702
<b>TAXES APPLICABLE TO OTHER INCOME</b>				
408.20	Taxes Other Than Income	F-16	0	0
409.20	Income Taxes	F-16	(379,781)	28,811
410.20	Provision for Deferred Income Taxes		330,781	0
411.20	Provision for Deferred Income Taxes - Credit		0	(28,811)
412.20	Investment Tax Credits - Net		0	0
412.30	Investment Tax Credits Restored to Oper. Inc.		0	0
	Total Taxes Applicable To Other Income		(49,000)	0
<b>INTEREST EXPENSE</b>				
427	Interest Expense	F-17	2,696,700	2,549,604
428	Amortization of Debt Discount & Expense	F-11	90,266	80,971
429	Amortization of Premium on Debt	F-11	0	0
	Total Interest Expense		2,786,966	2,630,575
<b>EXTRAORDINARY ITEMS</b>				
433	Extraordinary Income		0	0
434	Extraordinary Deductions		0	0
409.30	Income Taxes, Extraordinary Items		0	0
	Total Extraordinary Items		0	0
	<b>NET INCOME</b>		<u>\$3,257,251</u>	<u>\$3,502,651</u>



**FLORIDA CITIES WATER COMPANY  
UTILITY PLANT ACCOUNTS  
Year of Report - December 31, 1998**

UTILITY PLANT (ACCTS. 101-106)

Acct. No. (a)	Description (b)	Ft. Myers Water (c)	(d)	Other* (e)	Total (f)
Plant Accounts:					
101	Utility Plant In Service	\$70,361,599		\$0 110,368,481	\$180,730,080
102	Utility Plant Leased to Others	0		0	0
103	Property Held for Future Use	0		0	0
104	Utility Plant Purchased or Sold	0		0	0
105	Construction Work In Progress	1,355,713		779,226	2,134,939
106	Completed Construction Not Classified	0		0	0
Total Utility Plant		<u>\$71,717,312</u>		<u>\$0 111,147,707</u>	<u>\$182,865,019</u>

\* All other water and wastewater operations not regulated by the Commission and other regulated industries should be reported here.

NON-UTILITY 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)
.....	\$0	\$0	\$0	\$0
.....	0	0	0	0
.....	0	0	0	0
.....	0	0	0	0
.....	0	0	0	0
.....	0	0	0	0
.....	0	0	0	0
.....	0	0	0	0
.....	0	0	0	0
Total Non-Utility Property	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**FLORIDA CITIES WATER COMPANY  
UTILITY PLANT ACQUISITION ADJUSTMENTS  
Year of Report - December 31, 1998**

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

Description (b)	Water (c)	(d)	Other* (e)	Total (f)
<b>Acquisition Adjustments (114):</b>				
Lee County Beach 16768	\$116,470		\$0	\$116,470
Lee County N. Ft. Myers 16768	26,036		0	26,036
.....	0		0	0
Other Systems	0		108,085	108,085
<b>Total Plant Acquisition Adjustments</b>	<b>142,506</b>		<b>108,085</b>	<b>250,591</b>
<b>Accumulated Amortization (115):</b>				
Lee County Beach 16768	116,470		0	116,470
Lee County N. Ft. Myers 16768	26,036		0	26,036
.....	0		0	0
Other Systems	0		108,085	108,085
<b>Total Accumulated Amortization</b>	<b>142,506</b>		<b>108,085</b>	<b>250,591</b>
<b>Net Acquisition Adjustments</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>

\* All other water and wastewater operations not regulated by the Commission and other regulated industries should be reported here.

FLORIDA CITIES WATER COMPANY  
ACCUMULATED DEPRECIATION AND AMORTIZATION  
Year of Report - December 31, 1998

ACCUMULATED DEPRECIATION (ACCT. 108)	Ft. Myers Water	(c)	Other*	Total
Description (a)	(b)		(d)	(e)
Balance first of year	\$19,569,365		\$0 \$35,098,283 0	\$54,667,648 \$0
Credit during year:				
Accruals charged to Account 108.1	2,001,616	0	4,467,837	6,469,453
Accruals charged to Account 108.2	0	0	0	0
Accruals charged to Account 108.3	0	0	0	0
Accrual charged other accounts	0	0	0	0
Power Operating Equipment	0	0	0	0
(Account 108.05)	0	0	0	0
Salvage	0	0	0	0
	0	0	0	0
Total Credits	2,001,616	0	4,467,837	6,469,453
Debits during the year:				
Book cost of plant retired	277,715	0	670,760	948,475
Cost of removal	0	0	0	0
Depreciation Expense on General Office Equipment alloc. to Operating Systems	0	0	0	0
Total Debits	277,715	0	670,760	948,475
Balance end of year	<u>\$21,293,266</u>	<u>\$0</u>	<u>\$38,895,360</u>	<u>\$60,188,626</u>

ACCUMULATED AMORTIZATION (ACCT. 110)	Ft. Myers Water	(c)	Other*	Total
Description (a)	(b)		(d)	(e)
Balance first of year	\$3,829	\$0	\$340,775	\$344,604
Credit during year:				
Accruals charged to Account 110.1				
Ft. Myers Water	0	0	0	0
N. Ft. Myers Wastewater	0	0	0	0
S. Ft. Myers Wastewater	0	0	0	0
Barefoot Bay Water	0	0	0	0
Barefoot Bay Wastewater	0	0	0	0
Other Water & Wastewater	0	0	1,388	1,388
Total Credits	0	0	1,388	1,388
Debits during the year:				
Book cost of plant retired	0	0	0	0
Amortization Expense on General Office Leasehold Improvements allocated to Operating Systems	0	0	0	0
Total Debits	0	0	0	0
Balance end of year	<u>\$3,829</u>	<u>\$0</u>	<u>\$342,163</u>	<u>\$345,992</u>

\* All other water and wastewater operations not regulated by the Commission and other regulated industries should be reported here.

**FLORIDA CITIES WATER COMPANY  
INVESTMENTS & SPECIAL FUNDS  
Year of Report - December 31, 1998**

Description (a)	Face or Par Value (b)	Year-End Book Cost (c)
<b>INVESTMENTS &amp; SPECIAL FUNDS (ACCTS. 123-127)</b>		
Report hereunder all investments & special funds carried in Accounts 123 thru 127.		
<b>INVESTMENT IN ASSOCIATED COMPANIES (ACCT. 123):</b>		
.....	\$0	\$0
.....	0	0
.....	0	0
.....	0	0
.....	0	0
.....	0	0
<b>Total Investments in Associated Companies</b>		<u>\$0</u>
<b>UTILITY INVESTMENTS (ACCT. 124):</b>		
.....	\$0	\$0
.....	0	0
.....	0	0
.....	0	0
.....	0	0
.....	0	0
<b>Total Utility Investments</b>		<u>\$0</u>
<b>OTHER INVESTMENTS (ACCT. 125):</b>		
.....	\$0	\$0
.....	0	0
.....	0	0
.....	0	0
.....	0	0
.....	0	0
<b>Total Other Investments</b>		<u>\$0</u>
<b>SPECIAL FUNDS (ACCTS. 126 &amp; 127):</b>		
.....		\$0
.....		0
.....		0
.....		0
.....		0
.....		0
<b>Total Special Funds</b>		<u>\$0</u>

FLORIDA CITIES WATER COMPANY  
ACCOUNTS AND NOTES RECEIVABLE  
Year of Report - December 31, 1998

Description (a)	Total (b)
<b>ACCOUNTS &amp; NOTES RECEIVABLE (ACCTS. 141-144)</b>	
Report hereunder all accounts & notes receivable included in Accounts 141, 142, and 144. Amounts included in Accounts 142 and 144 should be listed individually.	
<b>ACCOUNTS RECEIVABLE (ACCT. 141):</b>	
Water.....	\$0
Sewer.....	0
Other.....	0
<b>Total Customer Accounts Receivable</b>	<b>\$1,676,728</b>
<b>OTHER ACCOUNTS RECEIVABLE (ACCT. 142):</b>	
.....	\$0
.....	0
<b>Total Other Accounts Receivable</b>	<b>\$173,281</b>
<b>NOTES RECEIVABLE (ACCT. 144):</b>	
.....	\$0
.....	0
<b>Total Notes Receivable</b>	<b>\$0</b>
<b>Total Accounts &amp; Notes Receivable</b>	<b><u>\$1,850,009</u></b>
<b>ACCUMULATED PROVISION FOR UNCOLLECTABLE ACCOUNTS (ACCT. 143)</b>	
Balance first of year	\$50,150
Add: Provision for Uncollectables for current year	44,923
Collections of accounts previously written off	—
Utility accounts	11,342
Others	0
<b>Total Additions</b>	<b>\$56,265</b>
Deduct accounts written off during year:	
Utility accounts	55,309
Other	0
<b>Total Accounts Written Off</b>	<b>\$55,309</b>
Balance end of year	<u>\$51,106</u>
<b>Total Accounts &amp; Notes Receivable - Net</b>	<b><u>\$1,798,903</u></b>

**FLORIDA CITIES WATER COMPANY  
ACCOUNTS AND NOTES RECEIVABLE FROM ASSOCIATED COMPANIES  
Year of Report - December 31, 1998**

Description (a)	Total (b)
Report each account & note receivable from associated companies separately.	
ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES (ACCT. 145):	
Barefoot Bay Propane Gas Co. ....	\$6,398
Poinciana Utilities, Inc. ....	95,548
Barefoot Bay Facilities ....	0
Rio Rico Utilities ....	5,612
Avatar Utility Services, Inc. ....	(8,131)
Avatar Utilities Inc. ....	(4,028)
FCWC Holdings, Inc. ....	(40,500)
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
<b>Total Accounts Receivable From Associated Companies</b>	<u><u>\$54,899</u></u>

DESCRIPTION (a)	INTEREST RATE (b)	TOTAL (c)
Report each account & note receivable from associated companies separately.		
NOTES RECEIVABLE FROM ASSOCIATED COMPANIES (ACCT. 146):		
.....	0.00%	0
.....	0.00%	0
.....	0.00%	0
.....	0.00%	0
.....	0.00%	0
.....	0.00%	0
.....	0.00%	0
.....	0.00%	0
.....	0.00%	0
.....	0.00%	0
.....	0.00%	0
.....	0.00%	0
.....	0.00%	0
.....	0.00%	0
<b>Total Notes Receivable From Associated Companies</b>		<u><u>\$0</u></u>

**FLORIDA CITIES WATER COMPANY**  
**PREPAYMENTS AND MISCELLANEOUS DEFERRED DEBITS**  
 Year of Report - December 31, 1998

Description (a)	Total (b)
<b>PREPAYMENTS (ACCT. 162)</b>	
Prepaid Insurance	\$56,921
Prepaid Rents	7,154
Prepaid Interest	3,600
Other Prepayments (Specify)	0
Computer	100,029
Dues	9,923
Administration Fees	0
AWWA Research	3,961
Prepaid Permit Fees	52,353
Prepaid Engineering Fees	7,488
Prepaid Phone Lease	325
<b>Total Prepayments</b>	<b><u>\$241,754</u></b>
<b>MISCELLANEOUS DEFERRED DEBITS (ACCT. 186)</b>	
Deferred Rate Case Expense (ACCT. 186.1)	\$582,584
Other Deferred Debits (ACCT. 186.2)	0
Excess Capacity Fee Accrued Net of Cash Received Thereon	5,065,518
Other Special Deposits (Power Companies, Etc.) (ACCT. 110.18640.105)	98,293
Non-Capitalized PS&I Charges (ACCT. 110031.18650)	861,266
Regulatory Assets (ACCT. 110.19200)	1,004,194
<b>Total Miscellaneous Deferred Debits</b>	<b><u>\$7,611,855</u></b>



**FLORIDA CITIES WATER COMPANY**  
**ACCOUNT DETAILS**  
 Year of Report - December 31, 1998

Description (a)	Amount Written Off During Year (b)	Year End Balance (c)
Report the net discount & expense or premium separately for each security issue.		
<b>UNAMORTIZED DEBT DISCOUNT AND EXPENSE</b>		
Series I .....	\$4,485	\$7,003
Series J .....	19,763	70,439
Series K .....	12,701	55,998
Senior Notes .....	44,021	304,484
Bank Line of Credit .....	4,286	0
.....	0	0
.....	0	0
.....	0	0
<b>Total Unamortized Debt Discount &amp; Expense</b>	<b>\$85,258</b>	<b>\$437,922</b>
<b>UNAMORTIZED PREMIUM ON DEBT (ACCT. 251):</b>		
.....	\$0	\$0
.....	0	0
.....	0	0
.....	0	0
<b>Total Unamortized Premium on Debt</b>	<b>\$0</b>	<b>\$0</b>

Description (a)	Total (b)
<b>EXTRAORDINARY PROPERTY LOSSES (ACCT. 182):</b>	
Report each item separately.	
.....	\$0
.....	0
.....	0
.....	0
.....	0
.....	0
<b>Total Extraordinary Property Losses</b>	<b>\$0</b>

**FLORIDA CITIES WATER COMPANY  
ACCOUNT DETAILS  
Year of Report - December 31, 1998**

Description (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Rate (d)	Interest Frequency of Payment (e)	Principal Amount Per Bal. Sheet (f)
<b>NOTES PAYABLE (ACCTS. 232 &amp; 234)</b>					
<b>NOTES PAYABLE (ACCT. 232):</b>					
NationsBank-Open Line of Credit	05/01/87	06/30/2000	Various	Various	\$1,843,827
.....	00/00/00	00/00/00	0.00%	0	0
.....	00/00/00	00/00/00	0.00%	0	0
.....	00/00/00	00/00/00	0.00%	0	0
.....	00/00/00	00/00/00	0.00%	0	0
.....	00/00/00	00/00/00	0.00%	0	0
.....	00/00/00	00/00/00	0.00%	0	0
<b>Total Notes Payable</b>					<u><u>\$1,843,827</u></u>

<b>NOTES PAYABLE TO ASSOCIATED COMPANIES (ACCT. 234):</b>					
.....	00/00/00	00/00/00	0.00%	0	\$0
.....	00/00/00	00/00/00	0.00%	0	0
.....	00/00/00	00/00/00	0.00%	0	0
.....	00/00/00	00/00/00	0.00%	0	0
.....	00/00/00	00/00/00	0.00%	0	0
.....	00/00/00	00/00/00	0.00%	0	0
.....	00/00/00	00/00/00	0.00%	0	0
<b>Total Notes Payable To Associated Companies</b>					<u><u>\$0</u></u>

Description (a)	Total (b)
<b>ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (ACCT. 233):</b>	
Report each account payable separately.	
Avatar Utilities Inc. ....	\$0
Consolidated Water Co. ....	0
Avatar Utility Services, Inc. ....	0
FCWC Holdings, Inc. ....	61,450
.....	0
.....	0
.....	0
<b>Total Accounts Payable To Associated Companies</b>	<u><u>\$61,450</u></u>



FLORIDA CITIES WATER COMPANY  
STATEMENT OF RETAINED EARNINGS  
Year of Report - December 31, 1998

Acct. No. (a)	Description (b)	Amounts (c)
<b>STATEMENT OF RETAINED EARNINGS</b>		
Dividends should be shown for each class and series of capital stock. Show amounts of dividends per share. Show separately the state and federal income tax effect of items shown in Acct. 439.		
215	<b>UNAPPROPRIATED RETAINED EARNINGS:</b>	
	Balance first of year	19,050,483
	Changes to account:	
439	Adjustments to Retained Earnings (Requires Commission approval prior to use):	
	Credits:	
	.....	0
	.....	0
	<b>Total Credits</b>	<b>0</b>
	Debits:	
	.....	0
	.....	0
	<b>Total Debits</b>	<b>0</b>
435	Balance Transferred from Income	3,502,651
436	Appropriations of Retained Earnings:	
	.....	0
	.....	0
	<b>Total Appropriations of Retained Earnings</b>	<b>0</b>
	Dividends Declared:	
437	Preferred Stock Dividends Declared	513,000
	.....	
438	Common Stock Dividends Declared	1,450,000
	.....	
	<b>Total Dividends Declared</b>	<b>1,963,000</b>
	<b>Balance end of year</b>	<b>\$20,590,134</b>
214	<b>APPROPRIATED RETAINED EARNINGS:</b>	
	(State balance & purpose of each appropriated amount at year end):	
	.....	0
	.....	0
214	<b>Total Appropriated Retained Earnings</b>	<b>0</b>
214-215	<b>Total Retained Earnings</b>	<b>\$20,590,134</b>

Notes to Statement of Retained Earnings

**FLORIDA CITIES WATER COMPANY  
BONDS AND ADVANCES FROM ASSOCIATED COMPANIES  
Year of Report - December 31, 1998**

**BONDS (ACCT. 221):**

Description (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Interest		Principal Amount Per Bal. Sheet (f)
			Rate (d)	Frequency of Payment (e)	
<b>First Mortgage Bonds:</b>					
Series I	05/15/87	05/15/02	8.500%	Semi-Annual	1,640,000
Series J	07/01/91	06/30/06	9.190%	Semi-Annual	4,333,333
Series K	10/15/92	10/15/07	7.790%	Semi-Annual	4,636,500
Senior Notes	12/08/95	12/01/10	7.27%	Semi-Annual	\$18,000,000
.....	00/00/00	00/00/00	0.000%		0
.....	00/00/00	00/00/00	0.000%		0
.....	00/00/00	00/00/00	0.000%		0
.....	00/00/00	00/00/00	0.000%		0
.....	00/00/00	00/00/00	0.000%		0
.....	00/00/00	00/00/00	0.000%		0
<b>Total Bonds</b>					<u>\$28,609,833</u>

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

Report each advance separately.

Description (a)	Total (b)
.....	\$0
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
<b>223 Total Advances from Associated Companies</b>	<u>\$0</u>

FLORIDA CITIES WATER COMPANY  
ACCRUED TAXES  
Year of Report - December 31, 1998

ACCRUED TAXES (ACCT. 236)					
Acct. No. (a)	Description (b)	Ft. Myers Water (c)	(d)	Other (e)	Total (f)
	Balance first of year	404,375	0	489,000	893,375
	Accruals Charged:				
23608	Utility Regulatory Assessment fees	422,357	0	667,414	1,089,771
80811	Property Taxes	628,219	0	760,340	1,388,559
60608.01	Payroll Taxes	90,133	0	204,957	295,090
110.2360	Other Taxes (Sales Tax Adj - Credits)	5,027	0	7,541	12,568
80910	Federal Income Taxes - Current	676,206	0	868,851	1,545,057
80911	State Income Taxes - Current	115,517	0	148,425	263,942
	Taxes Other Than Income	0	0	0	0
	inc. taxes, Other Inc. & Deductions	0	0	0	0
	Income Taxes, Extraordinary Items	0	0	0	0
	Provision for Deferred Income Taxes	0	0	0	0
	.....	0	0	0	0
	<b>Total Taxes Accrued</b>	<b>1,937,459</b>	<b>0</b>	<b>2,657,528</b>	<b>4,594,987</b>
	Taxes Paid During Year:				
80810	Utility Regulatory Assessment fees	404,375	0	677,935	1,082,310
80811	Property Taxes	628,219	0	760,340	1,388,559
60608.01	Payroll Taxes	90,133	0	204,957	295,090
110.2360	Other Taxes (Sales Tax Adj - Debits)	5,190	0	7,784	12,974
80910	Federal Income Taxes - Current	676,206	0	868,851	1,545,057
80911	State Income Taxes - Current	115,517	0	148,425	263,942
	Taxes Other Than Income	0	0	0	0
	inc. taxes, Other Inc. & Deductions	0	0	0	0
	Income Taxes, Extraordinary Items	0	0	0	0
	Provision for Deferred Income Taxes	0	0	0	0
	.....	0	0	0	0
	<b>Total Taxes Paid</b>	<b>1,919,640</b>	<b>0</b>	<b>2,668,292</b>	<b>4,587,932</b>
	Balance end of year	422,194	0	478,236	900,430
	Balance Check	422,194		478,236	900,430
	* Reconciliation of total taxes accrued and taxes reported as an expense on page F-3(b).				
	Total Taxes Accrued:	1,937,459	0	2,657,528	4,594,987
	Less: Payroll taxes capitalized & not expensed	(13,305)	0	(21,010)	(34,315)
	Less: Sarasota Div regulatory assessment fees collected directly from cust. & not exp. 50,51.23608 Credit	0	0	(131,093)	(131,093)
	Less: Regulatory assessment fees collected directly from customers on cash received for excess capacity fees (10,12.26000.120)	(13,057)	0	(35,611)	(48,668)
	Add: State sales tax adjustment not expensed (110.23609)	(5,027)	0	(7,541)	(12,568)
	<b>Total taxes accrued and expensed (see F-3b)</b>	<b>1,906,070</b>	<b>0</b>	<b>2,462,273</b>	<b>4,368,343</b>
	Balance Check	1,906,070		2,462,273	4,368,343

**FLORIDA CITIES WATER COMPANY**  
**ACCRUED INTEREST AND REGULATORY COMMISSION EXPENSE**  
 Year of Report - December 31, 1998

Description (a)	Balance Beginning of Year (b)	Interest Accrued During Year Acct. Debit (c)	Interest Accrued Amount (d)	Interest Paid During Yr. (e)	Balance End of Year (f)
Accrued Interest on Long Term Debt (ACCT. 237.1):				(ACCT. 427)	
First Mortgage Bonds	\$119,005	427.01	\$1,276,163	\$1,289,331	\$105,838
Senior Notes	109,050	427.01	\$1,308,600	1,308,600	109,050
.....	0	0.00	0	0	0
.....	0	0.00	0	0	0
.....	0	0.00	0	0	0
.....	0	0.00	0	0	0
<b>Total Accr. Inter. on Long Term Debt</b>	<b>228,055</b>		<b>2,584,763</b>	<b>2,597,931</b>	<b>214,888</b>
Accrued Interest on Other Liabilities (ACCT. 237.2):					
NationsBank Credit Line	1,704	427.02	37,079	35,187	3,596
Customer Deposits	25,075	427.05	70,760	63,672	32,163
Interest Related to Refunds	0	427.03	0	0	0
Interest Assoc Companies	0	427.04	0	0	0
<b>Total Accr. Inter. on Other Liabilities</b>	<b>26,779</b>		<b>107,839</b>	<b>98,859</b>	<b>35,759</b>
<b>Total Accrued Interest</b>	<b>\$254,834</b>		<b>\$2,692,602</b>	<b>\$2,696,790</b>	<b>\$250,647</b>

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

(a)	Expense Incurred During Year (b)	Amount Trans. to Acct. 186.1 (c)	Charged off during year	
Description of Case (Docket No.)			Account (d)	Amount (e)
Ft. Myers (W)	\$0	\$0	666	\$0
N. Ft. Myers (WW Appeal)	39,852	0	766	0
110011.18600.011				
DOJ Cost Recovery Rate Case	145,746	0	666/766	0
110001.18600.010				
Other	0	0	666/766	188,211
<b>Total Regulatory Commission Expense</b>	<b>\$185,598</b>	<b>0</b>		<b>\$188,211</b>

FLORIDA CITIES WATER COMPANY  
 ADVANCES FOR CONSTRUCTION  
 Year of Report - December 31, 1998

ADVANCES FOR CONSTRUCTION (ACCT. 252)

Name of Payor*	Begin-Year Balance (b)	Debits		Credits (e)	End-year Balance (f)
		Acct. Debit (c)	Amount (d)		
Begin-Year Balance	\$207,900				
Payments Received		131.00	\$0	\$0	—
Barefoot Bay W Paybacks		252.00	2,645	0	—
Barefoot Bay WW Paybacks		252.00	4,600	0	—
		0.00	0	0	—
		0.00	0	0	—
		0.00	0	0	—
		0.00	0	0	—
		0.00	0	0	—
		0.00	0	0	—
		0.00	0	0	—
		0.00	0	0	—
		0.00	0	0	—
		0.00	0	0	—
		0.00	0	0	—
<b>Total Advances for Construction</b>	<u>\$207,900</u>		<u>\$7,245</u>	<u>\$0</u>	<u>\$200,655</u>

- Report advances separately by reporting group, designating water or wastewater in column (a).



**FLORIDA CITIES WATER COMPANY**  
**CONTRIBUTIONS IN AID OF CONSTRUCTION**  
 Year of Report - December 31, 1998

Description (a)	Ft. Myers Water (b)	(c)	Other* (d)	Total (e)
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCT. 271)</b>				
Balance first of year	\$41,617,274		\$0 \$47,799,267	\$89,416,541
Includes Accum Deferred Inc Taxes on CIAC				
Add credits during year:				
Contributions received from Capacity, Main Extension & Customer Connection Charges (Schedule "A")	1,002,489	0	811,276	1,813,765
Contributions received from Developer or Contractor Agreements in cash or property (Schedule "B")	315,418	0	193,193	508,611
Other Credits:				
Transfer from AIAC	0	0	0	0
Transfer from Deferred AIAC	0	0	0	0
Process Fee	31,892	0	26,563	58,255
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
Fed Inc Txs on CIAC	0	0	0	0
St Inc Txs on CIAC	0	0	0	0
Rounding	0	0	0	0
<b>Total Credits</b>	<b>1,349,599</b>	<b>0</b>	<b>1,031,032</b>	<b>2,380,631</b>
Less: Debits charged during the year:				
Refund of CIAC	0	0	0	0
	0	0	0	0
	0	0	0	0
<b>Total Debits</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance reported on (W-4 and S-4)</b>	<b>\$42,966,873</b>		<b>\$0 \$48,830,299</b>	<b>\$91,797,172</b>
	0			
Reconciliation of CIAC per books to CIAC reported on (W-1 and S-1):				
Balance end of year (as above)	\$42,966,873		\$0 48,830,299	\$91,797,172
Taxes paid on contributions for the years (1987-1996) charged to Accumulated Deferred Income Taxes on CIAC at December 31, 1998:				
Federal (25605.150)	3,842,396	0	3,187,214	7,029,610
State (25610.150)	643,906	0	536,836	1,180,742
<b>Balance reported on (W-1 and S-1)</b>	<b>\$38,480,571</b>		<b>\$0 45,106,249</b>	<b>\$83,586,820</b>

- \* All other water and wastewater operations not regulated by the Commission and other regulated industries should be reported here.

FLORIDA CITIES WATER COMPANY  
ACCOUNT DETAILS  
Year of Report - December 31, 1998

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

Description (a)	Ft. Myers Water (b)	(c)	Other* (d)	Total (e)
Balance first of year	\$11,595,278		\$0 \$18,553,286	\$30,148,564
Includes Accum Deferred Inc Taxes on Amort. CIAC				
Debits during year:				
Accruals charged to Acct. 272	1,060,223	0	1,806,412	2,866,635
Other debits (specify)				
Accruals charged to Deferred Income Taxes:				
Federal (25605.155)	132,958	0	156,589	289,547
State (25810.155)	22,119	0	26,436	48,555
	0	0	0	0
<b>Total Debits</b>	<b>1,215,300</b>	<b>0</b>	<b>1,989,437</b>	<b>3,204,737</b>
Credits during year (specify):				
	0	0	0	0
	0	0	0	0
<b>Total Credits</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>272 Balance end of year</b>	<b>\$12,810,578</b>		<b>\$0 \$20,542,723</b>	<b>\$33,353,301</b>

- \* All other water and wastewater operations not regulated by the Commission and other regulated industries should be reported here.

MISCELLANEOUS CURRENT & ACCRUED LIABILITIES (ACCT. 241)

Description (a)	End of Year (b)
FICA Withheld (ACCT. 110.24100.105)	(\$8)
Federal Income Tax Withheld (ACCT. 110.24100.110)	0
Accrued Payroll (ACCT. 110.24100.130)	220,131
Accrued Legal (ACCT. 110.24200.105)	13,324
Accrued Audit (ACCT. 110.24200.110)	25,000
Unclaimed Checks (ACCT. 110.24200.115)	13,869
Lee County Sewer Charges Payable (ACCT. 110.24200.140)	469,145
Interest on CIAC Tax Escrow Account (ACCT. 110.24200.135)	0
Accrued Pension (ACCT. 110.24200.120)	0
Advance Rental Receipts (ACCT. 110.24200.130)	4,417
Accrued Insurance (ACCT. 110.24200.125)	129,348
Franchise Trust Fund Fee Payable (ACCT. 110.24200.145)	8,951
Hillsborough County Sewer Payable (ACCT. 110.24200.150)	102,807
Hillsborough Surcharge Liability (ACCT. 110040.24200.155)	36,757
Accrued 401-K (ACCT. 110.24100.120)	10,077
Other Current Liabilities (ACCT. 110.24200.160)	33,608
<b>Total Miscellaneous Current &amp; Accrued Liabilities</b>	<b>\$1,067,426</b>

FLORIDA CITIES WATER COMPANY  
ACCOUNT DETAILS  
Year of Report - December 31, 1998

RECONCILIATION OF ACCUMULATED  
AMORTIZATION OF CIAC PER BOOKS TO  
ACCUMULATED AMORTIZATION OF CIAC  
ON (W-1 and S-1)

Description (a)	Water (b)	(c)	Other* (d)	Total (e)
Balance end of year (F-20)	\$12,810,578		\$0 \$20,542,723	\$33,353,301
Amortization of taxes paid on Contributions for years (1987-1996) credited to Accumulated Deferred Income Taxes at December 31, 1997:				
Federal (258.18)	1,499,741	486,833	370,744	2,357,318
State (258.22)	248,755	80,376	61,508	390,637
Balance reported on (W-1 and S-1)	11,062,082	(567,209)	20,110,473	30,605,346

- All other water and wastewater operations not regulated by the Commission and other regulated industries should be reported here.

FLORIDA CITIES WATER COMPANY  
ACCOUNT DETAILS  
Year of Report - December 31, 1998

RECONCILIATION OF REPORTED NET INC. WITH TAXABLE INC. FOR FED. INC. TAX (UTIL. OPER.)

1. The reconciliation should include the same detail as furnished on Sch M-1 of the federal tax return for the year. The reconciliation shall be submitted even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciliation 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 inter-co 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 the group members.

Description (a)	Ref. (b)	Amount (c)
Net Income for the year		\$3,502,651
Reconciling items for the year:		
Taxable income not reported on books:		
C.I.A.C.		45,745
Loss on Retirement of ACRS Property		(100,000)
Cash rec'd in excess of carrying chgs accrued		1,081,519
Subtotal		1,027,264
Deductions recorded on books not deducted for return:		
Capitalized Interest		22,223
Potential Rate Refund		427,250
FAS 106 Expense		268,439
Legal Expense		76,563
Deferred Rate Case Expense		(1,024)
Deferred Pension Expense		(59,616)
Major Maintenance Reserve		(58,685)
Bad Debt Adjustments		955
Non Deductible Business Expense		1,935
Current federal income tax expense		1,265,000
Deferred federal & state income tax expense		99,000
Subtotal		2,042,040
Income recorded on books not included in return:		
AFUDC - Equity Portion		(42,561)
Subtotal		(42,561)
Deduction on return not charged against book income:		
Depreciation		(2,621,427)
Other		0
Subtotal		(2,621,427)
Federal Tax Net Income		<u>\$3,907,967</u>
Computation of Federal Tax:		
Tax on ordinary Federal Taxable Income @ 34%		\$1,328,709
Tax Credit for Interest Expense Allocated from Parent Co.		(64,029)
Current Tax Liabilities		1,264,680
Tax Applicable to CIAC & Advances		(14,698)
Current Federal Tax Expense		<u>1,249,982</u>
		1,250,000

Note: See attached copy of Fed. Inc. Tax Extension showing member of Consolidated Group.

# Application for Automatic Extension of Time To File Corporation Income Tax Return

Employer identification number  
23-1739078

AVATAR HOLDINGS INC. & SUBSIDIARIES

Number, street, and room or suite no. (If a P.O. box or outside the United States, see instructions.)

P.O. BOX 026000

City or town, state, and ZIP code

MIAMI, FL 33102

Check type of return to be filed:

- Form 1120
  - Form 1120-A
  - Form 1120-F
  - Form 1120-FSC
  - Form 1120-H
  - Form 1120-L
  - Form 1120-ND
  - Form 1120-PC
  - Form 1120-POL
  - Form 1120-REIT
  - Form 1120-RIC
  - Form 1120S
  - Form 1120-SF
- Form 990-C  Form 990-T

**Note:** Other 990 filers (i.e., Form 990, 990-EZ, 990-BL, 990-PF, and certain filers of Form 990-T (see instructions)) must use form 2758 to request an extension of time to file.

Form 1120-F filers: Check here if you do not have an office or place of business in the United States

1a I request an automatic 6-month (or, for certain corporations, 3-month) extension of time until SEPTEMBER 15, 1999, to file the income tax return of the corporation named above for  calendar year 1998 or  tax year beginning \_\_\_\_\_, and ending \_\_\_\_\_.

b If this tax year is for less than 12 months, check reason:

- Initial return
- Final return
- Change in accounting period
- Consolidated return to be filed

2 If this application also covers subsidiaries to be included in a consolidated return, complete the following:

Name and address of each member of the affiliated group	Employer identification number	Tax period
SEE ATTACHED LIST		

3 Tentative tax (see instructions) .....	3	0.00
4 Credits:		
a Overpayment credit from prior year .....	4a	568,879
b Estimated tax payments for the tax year .....	4b	
c Less refund for the tax year applied for on Form 4466 .....	4c	
e Credit for tax paid on undistributed capital gains (Form 2439) .....	4e	
f Credit for Federal tax on fuels (Form 4136) .....	4f	
Bal ▶	4d	568,879.00
5 Total. Add lines 4d through 4f .....	5	568,879.00
6 Balance due. Subtract line 5 from line 3. Deposit this amount electronically or with a Federal Tax Deposit (FTD) Coupon (see instructions) .....	6	0.00

I declare that I have been authorized by the above-named corporation to make this application, and to the best of my knowledge and belief, the statements made are true, correct, and complete.

By: Charles C. McManis (Signature of officer or agent)      Exec. VP / Treas. (Title)      3/10/99 (Date)

## NAME OF CORPORATION

## FEBI

NAME OF CORPORATION	FEBI
AVATAR HOLDINGS INC.(DE) (Formerly GAC Corporation)	23-1736878
<b>SUBSIDIARIES:</b>	
AMERICAN CABLEVISION SERVICES INC.	50-1088225
AVATAR ASSET MANAGEMENT INC.	65-0364262
AVATAR AT PRESIDENTIAL ESTATES, INC.	65-0638823
AVATAR BEACH RESORT, INC.	65-0880888
AVATAR CAMELOT ISLES, INC.	65-0180643
AVATAR COMMUNITIES INC.	50-2300815
AVATAR COMMUNITIES OF ARIZONA, INC.	50-1308888
AVATAR COMMUNITIES OF CALIFORNIA, INC.	50-2788638
AVATAR COMMUNITIES OF CONNECTICUT, INC.	65-0144835
AVATAR COMMUNITIES OF DISTRICT OF COLUMBIA, INC.	50-2374738
AVATAR COMMUNITIES OF GEORGIA, INC.	50-2832703
AVATAR COMMUNITIES OF ILLINOIS, INC.	50-2480888
AVATAR COMMUNITIES OF INDIANA, INC.	50-2677885
AVATAR COMMUNITIES OF MASSACHUSETTS, INC.	50-2677887
AVATAR COMMUNITIES OF MICHIGAN, INC.	50-2753732
AVATAR COMMUNITIES OF NEVADA, INC.	65-0293912
AVATAR COMMUNITIES OF NEW JERSEY, INC.	50-2753733
AVATAR COMMUNITIES OF NEW YORK, INC.	50-2388749
AVATAR COMMUNITIES OF OHIO, INC.	50-2481322
AVATAR COMMUNITIES OF PENNSYLVANIA, INC.	50-2677879
AVATAR COMMUNITIES OF WISCONSIN, INC.	50-2753734
AVATAR CONDOMINIUM MANAGEMENT INC.	50-1525839
AVATAR DEVELOPMENT CORPORATION	50-1270888
AVATAR FINANCE INC.	65-0030552
AVATAR GEORGETOWN INC.	50-2087883
AVATAR HARBOR ISLANDS, INC. ***	65-0437236
AVATAR HOLDINGS INC. (NV)	50-1895212
AVATAR HOMES OF ARIZONA, INC. **	50-1288881
AVATAR INTERNATIONAL SALES OF USA INC.	65-0178830
AVATAR LEISURE LAKES, INC.	65-0012731
AVATAR MORTGAGE FUNDING INC.	65-0343033
AVATAR NEW HOMES OF FLORIDA, INC.	65-0882212
AVATAR POINCIANA, INC.	50-2370882
AVATAR PROPERTIES INC. (DE)	50-2374448
AVATAR PROPERTIES INC. (FL)	23-1883887
AVATAR REALTY INC.	23-1738828
AVATAR REALTY OF ARIZONA INC.	65-0642882
AVATAR RESORT GROUP, INC.	65-0580408
AVATAR RESORT MANAGEMENT INC.	65-0583524
AVATAR RETIREMENT COMMUNITIES, INC.	65-0788827
AVATAR UTILITIES INC.	23-1582815
AVATAR UTILITY SERVICES, INC.	50-1167542
AVATAR VACATION REALTY, INC.	65-0583523
AVATAR VACATION REALTY OF TENNESSE, INC.	62-1803875
AVATAR VACATION RESORTS, INC.	65-0508488
AVATAR VACATION RESORTS CLUBS, INC.	65-0583526
BANYAN BAY DEVELOPMENT CORPORATION	50-2131704
BAREFOOT BAY CORPORATION	50-1281128
BAREFOOT BAY DEVELOPMENT CORPORATION	50-1038425
BAREFOOT BAY PROPANE GAS COMPANY	50-1275837
BROOKMAN-FELS COMMUNITIES, INC.	65-0805785
BROOKMAN-FELS CONSTRUCTION MANAGEMENT, INC.	65-0838194
CAPE CORAL DEVELOPMENT CORPORATION	50-0953675
CAPE CORAL REALTY, INC.	50-2242250
CAVES DEVELOPMENT CORPORATION	50-1064274
CONSOLIDATED WATER COMPANY	36-2365089
COUNTRY CLUB INN, INC.	50-1115097
DEAN PHIPPS REALTY CORPORATION	24-0864835
DORTEN INC.	50-1236305
FLORIDA CITIES WATER COMPANY	50-1084814
FCWC HOLDINGS INC.	65-0287125
FORT MYERS CONSTRUCTION COMPANY, INC.	50-1028462
GACL, INC. OF CALIFORNIA	23-1738082
GAC MERCHANDISING INC.	23-1702583
GAC PROPERTIES SALES CORP. OF CONNECTICUT	50-1435431
GAC PROPERTIES SALES CORP. OF PENNSYLVANIA	50-2071887
GAC REALBUILDERS, INC.	23-1738079
GAC REALTY CORPORATION	23-1614175
GAC SERVICES INC.	23-1811384
GAC UTILITY PRODUCTS INC.	38-1146871
GOLDEN GATE REALTY, INC.	50-1168744
HARBOR ISLANDS CLUBS, INC.	65-0437233
HARBOR ISLANDS COMMUNITY SERVICES, INC.	65-0587178
HARBOR ISLANDS COMMUNITY MANAGEMENT, INC.	65-0587174
HARBOR ISLANDS REALTY, INC.	65-0437231
HIGHWAY INDUSTRIES INC.	38-1134707
KISSIMMEE CONSTRUCTION CORPORATION	50-1362084
LEE INVESTMENT COMPANY, INC.	50-1102203
LEHIGH ACRES, INC.	23-1705878
OCALA SPRINGS UTILITIES INC.	65-0830509
OPTIMUM ENVIRONMENTS INC.	50-1525820
PARKWAY MORTGAGE COMPANY, INC.	50-1031813
PHOENIX ADVERTISING ASSOCIATES INC.	50-1108277
POINCIANA GOLF AND RACQUET CLUB, INC.	50-1458085
POINCIANA NEW TOWNSHIP, INC.	50-1288187
POINCIANA UTILITIES INC.	50-1485224
POINCIANA VACATION RESORTS, INC.	50-3318487
PROMINENT TITLE INSURANCE AGENCY, INC.	65-0850354
PURITAN AGENCY OF FLORIDA, INC.	38-1710539
RIO RICO GOLF AND COUNTRY CLUB	50-1958851
RIO RICO PROPERTIES INC.	50-0953888
RIO RICO PROPERTIES AT KINO SPRINGS INC.	65-0882983
RIO RICO REALTY, INC.	50-1987880
RIO RICO RESORT HOTEL INC.	65-0110820
RIO RICO UTILITIES INC.	60-0733341
SUNRISE RIDGE RESORT, INC.	65-0580415
TARPON POINT, INC.	50-2152338
U.S.A. FAMILY HOMES, INC.	65-0882473
UTILITIES SERVICES GROUP INC.	65-088254

\*\* formerly RIO RICO CONSTRUCTION CO., INC.

\*\*\* formerly THREE ISLANDS, INC.

FLORIDA CITIES WATER COMPANY  
 SCHEDULE OF COST OF CAPITAL USED FOR AFUDC CALCULATION  
 Year of Report - December 31, 1998

## SCHEDULE "A"

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

Description (a)	Dollar Amount (1) (b)	% of Capital (c)	Actual Cost Rates (d)	Weighted Cost [c x d] (e)
CLASS OF CAPITAL				
Common Equity	26,781,626	38.17%	(3)	0.00%
Preferred Stock	5,400,000	7.70%	9.00%	0.69%
Long Term Debt	30,276,000	43.15%	7.85%	3.39%
Customer Deposits	1,200,078	1.71%	6.00%	0.10%
Tax Credits - Zero Cost	0	0.00%	0.00%	0.00%
Tax Credits - Weighted Cost	1,435,881	2.05%	(5)	0.00%
Deferred Income Taxes	3,223,635	4.59%	0.00%	0.00%
Other (Explain)	0	0.00%	0.00%	0.00%
Short Term Debt	1,843,827	2.63%	8.50%	0.22%
<b>Total Cost of Capital</b>	<u>\$70,161,047</u>	<u>100.00%</u>		<u>(4)</u>

- (1) Should equal amounts on Schedule B, column (f), page F-23.
- (2) Must be calculated using the same methodology used to calculate AFUDC rate approved by the Commission.
- (3) Leave blank. The last authorized rate of return on equity for each system should be listed on page F-24.
- (4) Leave blank. The calculated overall rate of return for each system should be listed on page F-24.
- (5) Leave blank. The calculated Tax Credit weighted cost rate for each system is listed on page F-24.

FLORIDA CITIES WATER COMPANY  
 SCHEDULE OF CAPITAL STRUCTURE ADJUSTMENTS  
 Year of Report - December 31, 1998

SCHEDULE "B"

SCHEDULE OF CAPITAL STRUCTURE ADJUSTMENTS

Description (a)	Balance Per Book (b)	Non-Utility Adjustments (c)	Non-Juris. Adjustment (d)	Other (1) Adjustments (e)	Capital Structure Used for AFUDC Calc. (f)
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SCHEDULE "B"

SCHEDULE OF CAPITAL STRUCTURE ADJUSTMENTS

CLASS OF CAPITAL

Common Equity	\$26,781,626	\$0	\$0	\$0	\$26,781,626
Preferred Stock	5,400,000	0	0	0	5,400,000
Long Term Debt	30,276,000	0	0	0	30,276,000
Customer Deposits	1,200,078	0	0	0	1,200,078
Tax Credits-Zero Cost	0	0	0	0	0
Tax Credits-Weighted Cost	1,435,881	0	0	0	1,435,881
Deferred Income Taxes	3,223,635	0	0	0	3,223,635
Other (Explain)	0	0	0	0	0
Short Term Debt	1,843,827	0	0	0	1,843,827
<b>Total Cost of Capital</b>	<b>\$70,161,047</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$70,161,047</b>

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

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FLORIDA CITIES WATER COMPANY  
 ACCOUNT DETAILS  
 Year of Report - December 31, 1998

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

For each individual system that charged AFUDC during the year, provide the following data:

System Name (a)	Last Authorized Return on Equity (b)	(1) Calculated Rate of Return (c)	Commission Approved AFUDC Rate (d)	Commission Order (e)
N. & S. Ft Myers Water	11.88%	9.14%	9.91%	22016
<hr/> <hr/>				
N. & S. Ft Myers Water	9.58%	Calculated Tax Credit _____ Cost Rates _____ (b) _____ _____ _____ _____ _____ _____ _____ _____		
<hr/> <hr/> <hr/> <hr/>				

This rate would be the resulting rate of return calculated based on incorporation of the last authorized rate of return on equity (1) for each system, into the schedule of cost of capital calculation reflected on Schedule "A", page F-22 of this report.

**WATER  
OPERATION  
SECTION**



FLORIDA CITIES WATER COMPANY  
 FT MYERS - WATER  
 SCHEDULE OF YEAR-END RATE BASE  
 Year of Report - December 31, 1998

Acct. No. (a)	Account Name (b)	Ref. Page (c)	Water Utility (d)
<b>RATE BASE</b>			
101	Utility Plant In Service (Excludes CWIP)	W-3	\$70,361,599
Less:			
108.1	Nonused & Useful Plant (1) Accumulated Depreciation	W-8	19,623,064
110.1	Accumulated Amortization		3,829
271	Contributions In Aid of Construction (CIAC)	W-4	38,480,571
252	Advances for Construction	F-18	0
	Subtotal		<u>12,254,135</u>
Additions:			
272	Accumulated Amortization of CIAC	W-5 and W-5(a)	11,101,945
	Subtotal		<u>23,356,080</u>
Plus or Minus:			
114	Acquisition Adjustments (2)	F-5	0
115	Accumul. Amortization of Acquisition Adj.(2)	F-5	0
	Working Capital Allowance (3)		467,115
	Other (Specify): Allocation of General Office Net Plant		127,326
	.....		0
			<u>0</u>
	<b>RATE BASE</b>		<u>23,950,521</u>
	<b>UTILITY OPERATING INCOME</b>		<u>\$2,562,176</u>
	<b>ACHIEVED RATE OF RETURN</b>		<u>10.70%</u>

## NOTES:

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

FLORIDA CITIES WATER COMPANY  
 FT MYERS - WATER  
 WATER OPERATING STATEMENT  
 Year of Report - December 31, 1998

Acct. No. (a)	Account Name (b)	Current Year (c)	Ref. Page (d)
<u>UTILITY OPERATING INCOME</u>			
400	Operating Revenues	\$9,159,514	W-10
401	Operating Expenses	3,735,999	W-9
403	Depreciation Expense	991,590	W-8
406	Amortization of Utility Plant Acquisition Adjustment	0	
407	Amortization Expense	0	
408.1	Taxes Other Than Income	1,114,346	F-16
409.1	Income Taxes	791,724	F-16
410.10	Deferred Federal Income Taxes	(2,809)	
410.11	Deferred State Income Taxes	1,593	
411.10	Provision for Deferred Income Taxes - Credit	0	
412.10	Invest. Tax Credits Deferred to Future Periods	(35,105)	
412.11	Invest. Tax Credits Restored to Oper. Income	0	
	Utility Operating Expenses	<u>6,597,338</u>	
	Utility Operating Income	2,562,176	
413	Income from Utility Plant Leased to Others	0	
414	Gains (Losses) from Disposal of Util. Property	0	
	Total Utility Operating Income	<u>\$2,562,176</u>	

FLORIDA CITIES WATER COMPANY  
FT MYERS - WATER  
WATER UTILITY PLANT ACCOUNTS  
Year of Report - December 31, 1998

Acct. No. (a)	Account Name (b)	Previous Year (c)	Additions (d)	Retirements (e)
301	Organization	\$1,819	\$0	\$0
302	Franchises	2,010	0	0
303	Land & Land Rights	368,175	0	0
304	Structures & Improvements	4,117,559	108,622	14,889
305	Collecting & Impounding Reservoirs	19,980	0	0
306	Lake, River, & Other Intakes	0	0	0
307	Wells & Springs	1,311,388	5,937	0
308	Infiltration Galleries & Tunnels	0	0	0
309	Supply Mains	1,066,079	95,852	0
310	Power Generation Equipment	49,491	9,401	0
311	Pumping Equipment	2,423,833	184,846	7,332
320	Water Treatment Equipment	8,319,245	625,000	138,846
330	Distribution Reservoirs & Standpipes	2,602,638	0	0
331	Transmission & Distribution Mains	36,724,787	834,589	29,527
333	Services	4,479,604	89,691	32,073
334	Meters & Meter Installations	2,138,997	222,676	4,446
335	Hydrants	3,393,754	146,785	13,914
339	Other Plant & Miscellaneous Equip.	536,717	6,103	0
340	Office Furniture & Equip. & Comp. Equip	241,007	103,481	1,256
341	Transportation Equipment	0	0	0
342	Stores Equipment	469	14,547	0
343	Tools, Shop, & Garage Equipment	49,302	6,359	1,423
344	Laboratory Equipment	69,257	843	0
345	Power Operated Equipment	35,918	0	554
346	Communication Equipment	157,741	12,065	21,134
347	Miscellaneous Equipment	44,016	8,074	8,074
348	Other Tangible Plant	2,895	7,762	4,247
		0	0	0
		0	0	0
		0	0	0
	<b>Total Water Plant</b>	<b>\$68,156,681</b>	<b>\$2,482,633</b>	<b>\$277,715</b>
102	Utility Plant Leased to Others	0	0	0
103	Property Held for Future Use	0	0	0
104	Utility Plant Purchased or Sold	0	0	0
105	Construction Work in Progress	980,842	2,969,507	2,594,636
106	Completed Construction not Classified	0	0	0
	<b>Total Utility Plant</b>	<b>\$69,137,523</b>	<b>\$5,452,140</b>	<b>\$2,872,351</b>

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

WATER UTILITY PLANT MATRIX

	.1	.2	.3	.4	.5
Current Year (f)	Intangible Plant (g)	Source of Supply & Pumping Plant (h)	Water Treatment Plant (i)	Trans. & Distrib. Plant (j)	General Plant (k)
\$1,819	\$1,819	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
2,010	2,010	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
368,175	XXXXXXXXXX	71,006	72,973	224,196	0
4,211,292	XXXXXXXXXX	484,489	2,438,152	893,840	394,811
19,980	XXXXXXXXXX	19,980	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
0	XXXXXXXXXX	0	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
1,317,325	XXXXXXXXXX	1,317,325	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
0	XXXXXXXXXX	0	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
1,161,931	XXXXXXXXXX	1,161,931	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
58,892	XXXXXXXXXX	58,892	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
2,601,347	XXXXXXXXXX	2,601,347	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
8,805,399	XXXXXXXXXX	XXXXXXXXXX	8,805,399	XXXXXXXXXX	XXXXXXXXXX
2,602,638	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	2,602,638	XXXXXXXXXX
37,529,849	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	37,529,849	XXXXXXXXXX
4,537,222	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	4,537,222	XXXXXXXXXX
2,357,227	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	2,357,227	XXXXXXXXXX
3,526,625	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	3,526,625	XXXXXXXXXX
542,820	0	0	0	542,820	XXXXXXXXXX
343,232	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	343,232
0	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0
15,016	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	15,016
54,238	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	54,238
70,100	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	70,100
35,364	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	35,364
148,672	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	148,672
44,016	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	44,016
6,410	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	6,410
0	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0
0	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0
0	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0
<b>\$70,361,599</b>	<b>\$3,829</b>	<b>\$5,714,970</b>	<b>\$11,316,524</b>	<b>\$52,214,417</b>	<b>\$1,111,859</b>
0	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
0	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
0	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
1,355,713	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
0	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
<b>\$71,717,312</b>	<b>\$3,829</b>	<b>\$5,714,970</b>	<b>\$11,316,524</b>	<b>\$52,214,417</b>	<b>\$1,111,859</b>

FLORIDA CITIES WATER COMPANY  
 FT MYERS - WATER  
 CONTRIBUTIONS IN AID OF CONSTRUCTION  
 Year of Report - December 31, 1998

Description: (a)	Water (b)
<hr/> <b>CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCT. 271)</b> <hr/>	
Balance first of year	\$41,617,274
Add credits during year:	
Contributions received from Capacity, Main Extension & Customer Connection Charges (Schedule "A")	1,002,489
Contributions received from Developer or Contractor Agreements in cash or property (Schedule "B")	315,418
Other Credits:	
Transfer from AIAC	0
Transfer from Deferred AIAC	0
Process Fee	31,692
 Total Credits	<hr/> 1,349,599
Less: Debits charged during the year: (All debits charged during the year must be explained below)	
Refund of CIAC	0
 Total Debits	<hr/> 0
 Total Contributions in Aid of Construction	<hr/> <u>\$42,966,873</u>
 Reconciliation of CIAC per books to CIAC reported on (W-1):	
Balance end of year (as above)	\$42,966,873
Taxes paid on contributions for the years (1987-1990) charged to Accumulated Deferred Income	
Taxes on CIAC at December 31, 1998:	
Federal (25605.150)	3,842,396
State (25610.150)	643,906
 Balance reported on (W-1)	<hr/> <u>\$38,480,571</u>



FLORIDA CITIES WATER COMPANY  
FT MYERS - WATER  
ACCOUNT DETAILS  
Year of Report - December 31, 1998

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

Description (a)	Number of Connections (b)	Charge Per Connection (c)	Amount (d)
Credits:			
North Lee County - Water	12	Various	Excludes Processs Fees \$10,700
South Lee County - Water	1,493	Various	Excludes Processs Fees 991,789
Total Credits			<u>\$1,002,489</u>

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

DESCRIPTION (a)	WATER (b)
Balance first of year	<u>\$11,595,278</u>
Debits during year:	
Accruals charged to Acct. 272	1,060,223
Other debits (specify)	
Accruals credited to Deferred Income Taxes:	
Federal (25605.150)	132,958
State (25610.150)	22,119
Total Debits	<u>1,215,300</u>
Credits during year (specify):	
Total Credits	<u>0</u>
Balance end of year	<u>\$12,810,578</u>

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FLORIDA CITIES WATER COMPANY  
FT MYERS - WATER  
ACCOUNT DETAILS  
Year of Report - December 31, 1998

RECONCILIATION OF ACCUMULATED  
AMORTIZATION OF CIAC PER BOOKS TO  
ACCUMULATED AMORTIZATION OF CIAC  
ON (W-4)

Description (a)	Water (b)
Balance end of year (W-5)	\$12,810,578
Amortization of taxes paid on Contributions for years (1987-1990) credited to Accumulated Deferred Income Taxes at December 31, 1998:	
Federal (25605.150)	1,466,235
State (25610.150)	242,398
Balance reported on (W-1)	<u>\$11,101,945</u>









FLORIDA CITIES WATER COMPANY  
FT MYERS - WATER  
WATER UTILITY EXPENSE ACCOUNTS  
Year of Report - December 31, 1998

Acct. No. (a)	Account Name (b)	Current Year (c)	.1		.2	
			Source of Supply & Expenses- Operation (d)	Source of Supply & Expenses- Maintenance (e)		
601	Salaries & Wages - Employees	\$944,648	\$63,700	\$7,771		
603	Salaries & Wages - Officers, Directors, & Majority Stockholders	77,530	0	0		
604	Employee Pensions & Benefits	197,608	0	0		
605	Post-Retirement Benefits	64,909	XXXXXXXXXX	XXXXXXXXXX		
610	Purchased Water	0	0	XXXXXXXXXX		
615	Purchased Power	477,436	153,333	XXXXXXXXXX		
616	Fuel for Purchased Power	4,646	0	XXXXXXXXXX		
618	Chemicals	311,242	0	0		
620	Materials & Supplies	91,296	156	315		
631	Contractual Services - Engineering	21,554	20,414	0		
632	Contractual Services - Accounting	24,299	0	0		
633	Contractual Services - Legal	3,757	0	0		
634	Contractual Services - Management Fees	26,693	0	0		
635	Contractual Services - Testing	20,262	222	0		
636	Contractual Services - Other	540,609	(9,600)	21,041		
641	Rental of Building/Real Property	28,479	0	0		
642	Rental of Equipment	5,308	0	0		
650	Transportation Expenses	130,483	6,150	281		
656	Insurance - Vehicle	25,828	0	0		
657	Insurance - General Liability	52,677	0	0		
658	Insurance - Workman's Compensation	18,381	0	0		
659	Insurance - Other	94,505	0	0		
660	Advertising Expense	0	XXXXXXXXXX	XXXXXXXXXX		
666	Regulatory Commission Expense - Amortization of Rate Case Expense	0	XXXXXXXXXX	XXXXXXXXXX		
667	Regulatory Commission Expense - Other	0	0	0		
670	Bad Debt Expense	7,197	XXXXXXXXXX	XXXXXXXXXX		
675	Miscellaneous Expense	491,813	67,635	9,698		
619	Major Maintenance Expense	74,839	0	0		
	.....	0	0	0		
	.....	0	0	0		
	.....	0	0	0		
	<b>Total Water Utility Expenses</b>	<b>\$3,735,999</b>	<b>\$302,010</b>	<b>\$39,106</b>		

WATER EXPENSE ACCOUNT MATRIX

.3	.4	.5	.6	.7	.8
Water Treatment Expenses-Operation (f)	Water Treatment Expenses-Maintenance (g)	Trans. & Distrib. Expenses-Operation (h)	Trans. & Distrib. Expenses-Maintenance (i)	Customer Accounts Expense (j)	General & Admins. Expense (k)
\$231,093	\$106,596	\$92,664	\$118,242	\$176,356	\$148,226
0	0	0	0	0	0
0	0	0	0	0	77,530
XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	197,608
XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	64,909
264,977	XXXXXXXXXX	55,949	XXXXXXXXXX	1,813	1,364
4,646	XXXXXXXXXX	0	XXXXXXXXXX	0	0
311,242	0	0	0	XXXXXXXXXX	XXXXXXXXXX
10,235	15,425	1,815	43,114	12,423	7,813
1,140	0	0	0	0	0
0	0	0	0	0	24,299
0	0	0	0	0	3,757
0	0	0	0	0	26,693
18,405	0	1,610	25	0	0
3,284	58,751	(2,575)	120,422	296,576	52,710
0	0	0	0	244	28,235
644	1,061	191	80	313	3,019
25,507	11,625	19,807	30,671	24,255	12,187
0	0	0	0	0	25,828
0	0	0	0	0	52,677
0	0	0	0	0	18,381
0	0	0	0	0	94,505
XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0
XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0
0	0	0	0	0	0
XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	7,197	XXXXXXXXXX
125,594	97,759	532	11,153	79,411	100,031
0	28,632	0	46,207	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
\$996,767	\$319,849	\$169,993	\$369,914	\$598,588	\$939,772



**FLORIDA CITIES WATER COMPANY  
FT MYERS - WATER  
WATER OPERATING REVENUE  
Year of Report - December 31, 1998**

Acct. No. (a)	Description: (b)	Beginning Year No. Customers (c)	Year End No. Customers (d)	Amounts (e)
<b>Operating Revenues:</b>				
460	Unmetered Water Revenue .....	0	0	\$5,463
<b>Metered Water Revenue:</b>				
461.1	Metered Sales to Residential Customers	15,689	16,110	3,789,220
461.2	Metered Sales to Commercial Customers	1,871	1,939	2,585,256
461.3	Metered Sales to Industrial Customers	0	0	0
461.4	Metered Sales to Public Authorities	17	16	97,894
461.5	Metered Sales to Multiple Family Dwellings	1,211	1,260	2,399,376
	<b>Total Metered Revenue</b>	<b>18,788</b>	<b>19,325</b>	<b>\$8,871,746</b>
<b>Fire Protection Revenue:</b>				
462.1	Public Fire Protection .....	0	0	\$0
462.2	Private Fire Protection .....	0	0	180,381
	<b>Total Fire Protection Revenue</b>	<b>0</b>	<b>0</b>	<b>\$180,381</b>
464	Other Sales to Public Authorities .....	0	0	\$0
465	Sales to Irrigation Customers .....	0	0	0
466	Sales for Resale .....	0	0	0
467	Interdepartmental Sales .....	0	0	0
	<b>Totals</b>	<b>18,788</b>	<b>19,325</b>	<b>\$9,057,590</b>
<b>Other Water Revenue:</b>				
469	Guaranteed Revenues .....			\$39,765
470	Forfeited Discounts .....			0
471	Miscellaneous Service Revenues .....			62,159
472	Rents from Water Property .....			0
473	Interdepartmental Rents .....			0
474	Other Water Revenues - Allow. for Funds Prudently Invested			0
	<b>Total Other Water Revenue</b>			<b>\$101,924</b>
	<b>TOTAL WATER OPERATING REVENUES</b>			<b>\$9,159,514</b>

FLORIDA CITIES WATER COMPANY  
 FT MYERS - WATER  
 WATER SYSTEM INFORMATION  
 Year of Report - December 31, 1998

SOURCE OF SUPPLY

List for each source of supply:	Green Meadows	Waterway Estates		0
		College Pkwy		
Gallons per day of source	12,470,000	750,000	1,354,000	
Type of source	Groundwater	Groundwater	Groundwater	
Auxiliary Power	1 Diesel Generator	1 Diesel Generator	1 Diesel Generator	

WATER TREATMENT FACILITIES

List for each water treatment facility:	See Exhibit "A", "C", and "E"			
Type	.....	.....	.....	.....
Make	.....	.....	.....	.....
Gallons per day capacity	.....	.....	.....	.....
High service pumping	.....	.....	.....	.....
Gallons per minute	.....	.....	.....	.....
Lime Treatment Unit Rating	.....	.....	.....	.....
Filtration	.....	.....	.....	.....
Pressure Sq. Ft.	.....	.....	.....	.....
Gravity GPD/Sq. Ft.	.....	.....	.....	.....
Auxiliary Power	.....	.....	.....	.....

RESERVOIRS

	SEE EXHIBIT "D"			
Description (steel, concrete or pneumatic)	.....	.....	.....	.....
Capacity of Tank	0	0	0	0
Ground or Elevated	.....	.....	.....	.....

**FLORIDA CITIES WATER COMPANY  
FT MYERS - WATER  
PUMPING & PURCHASED WATER STATISTICS  
(Omit 000's)  
Year of Report - December 31, 1998**

Month (a)	Water Purchased for Resale (b)	Finished Wtr. Pumped From Well (c)	Water Used for Line Flushing, Fighting Fires, Etc. (d)	Total Water Pumped & Purchased (b+c-d) (e)	Water Sold to Customers (f)
January	0	233,596	3,723	229,873	221,739
February	0	225,346	2,426	222,920	223,190
March	0	250,549	1,444	249,105	219,908
April	0	243,762	1,267	242,495	233,652
May	0	221,727	1,069	220,658	227,444
June	0	200,333	1,074	199,259	214,337
July	0	187,264	1,132	186,132	182,812
August	0	184,102	1,296	182,806	211,222
September	0	162,060	777	161,283	175,978
October	0	207,140	775	206,365	197,656
November	0	217,416	765	216,651	196,927
December	0	213,170	1,240	211,930	193,599
<b>Total - Year</b>	<b>0</b>	<b>2,546,465</b>	<b>16,988</b>	<b>2,529,477</b>	<b>2,498,464</b>

If water is purchased for resale, indicate the following:

Vendor: n/a .....

Point of Delivery: n/a .....

If water is sold to other water utilities for redistribution, list names of such utilities below.

.....  
 .....  
 .....  
 .....  
 .....  
 .....  
 .....

FLORIDA CITIES WATER COMPANY  
 FT MYERS - WATER  
 WATER SYSTEM INFORMATION  
 Year of Report - December 31, 1998

OTHER WATER SYSTEM INFORMATION

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

1. Present ERC's \* that system can efficiently serve. 32,143 .....
  2. Estimated annual increase in ERC's \*. 500 .....
  3. List fire fighting facilities and capacities.  
 Water Storage/High service pumping facilities/fire hydrants throughout the distribution system  
 .....
  4. List percent of certified area where service connections are installed (total for each county). 75%  
 .....
  5. What is the current need for system upgrading and/or expansion?  
 See Exhibit "H"  
 .....
  6. What are the plans for future system upgrading and/or expansion?  
 See Exhibit "H"  
 .....
  7. Have questions 6 and 7 been discussed with an engineer (if so, state name and address)?  
 Yes, Company employed engineers  
 .....
  8. Have questions 6 and 7 been discussed with the appropriate state sanitary engineering office?  
 No  
 .....
- \* ERC = (Total Gallons Sold / 365 days) / 350 Gallons Per Day

MAINS

TYPE OF PIPE (Galvanized, Cast Iron, PVC, Etc.)	DIAMETER OF PIPE (inches)	MAINS END OF YEAR (feet)
.....	0	0
See Exhibit "B"	0	0
.....	0	0
.....	0	0
.....	0	0
.....	0	0
Total Feet of Mains	0	0

FLORIDA CITIES WATER COMPANY  
FT MYERS - WATER  
WATER SYSTEM INFORMATION  
Year of Report - December 31, 1998

## METERS AND CALCULATION OF METER EQUIVALENTS

Meter Size (a)	Type of Meter (b)	Equivalent Factor (c)	Number of Meters Start of Year (d)	Number of Meters End of Year (e)	Total No. of Meters Equivalents (c x e) (f)
5/8"	Displacement	1.0	18,195	18,584	18,584
3/4"	Displacement	1.5	0	0	0
1"	Displacement	2.5	579	597	1,493
1 1/2"	Displacement or Turbine	5.0	390	405	2,025
2"	Displacement, Compound or Turbine	8.0	348	352	2,816
3"	Displacement	15.0	0	0	0
3"	Compound	16.0	1	1	16
3"	Turbine	17.5	102	106	1,855
4"	Displacement or Compound	25.0	0	0	0
4"	Turbine	30.0	39	40	1,200
6"	Displacement or Compound	50.0	8	8	400
6"	Turbine	62.5	6	8	500
8"	Compound	80.0	0	0	0
8"	Turbine	90.0	1	1	90
10"	Compound	115.0	0	0	0
10"	Turbine	145.0	0	0	0
12"	Turbine	215.0	0	0	0
Total			19,669	20,102	28,979

CALCULATION OF THE WATER SYSTEMS EQUIVALENT RESIDENTIAL CONNECTIONS  
(ERC's)

$$\text{ERC's} = \left( \frac{2,498,464,000}{365} \right) / 350 \text{ gpd} = \underline{19,557} \text{ ERC's}$$

total gallons sold

**EXHIBIT "A"**

**WATER TREATMENT PLANT  
FLORIDA CITIES WATER COMPANY  
LEE COUNTY DIVISION**

**GREEN MEADOWS WTP**

Type Treatment: Aeration, Solids contact unit (lime softening), rapid anthracite and sand filtration, chloramine disinfection

Lime Treatment: Unit Rating: 2 Units @ 3125 gpm each  
Manufacturer: General Filter Company

Filtration: Type: Gravity  
Area: 4 Units @ 361 sq. ft. each  
Filtration Rate: 4.3 gpm/ sq. Ft.

Capacity: Total 9 MGD

**COLLEGE PARKWAY WTP**

Type Treatment: Aeration, solids contact unit (lime softening), rapid anthracite and sand filtration, chlorine disinfection

Lime Treatment: Unit rating: 1 Unit @ 1042 gpm  
Manufacturer: Permutit Company

Filtration: Type: Gravity  
Area: 2 Units @ 215 sq. ft. each  
Filtration Rate: 2.3 gpm/sq.ft.

Capacity: Treatment capacity of 1.50 MGD as determined by the Florida Department of Environmental Protection. Supply capacity of 0.75 MGD as determined by the South Florida water Management district.

**WATERWAY ESTATES WTP**

Type Treatment: Aeration, solids contact unit (lime softening), rapid anthracite with sand filtration, chloramine disinfection and re-carbonation.

Lime Treatment: Unit rating: 1 Unit @ 1042 gpm  
Manufacturer: General Filter Company

Filtration: Type: Gravity  
Area: 4 Units @ 256 sq. ft. Total  
Filtration Rate: 4.07 gpm/sq.ft.

Capacity: Treatment capacity of 1.50 MGD as determined by the Florida Department of Environmental Protection. Supply capacity (Firm well capacity) of 1.354 MGD as determined by the South Florida Water Management District.

**FLORIDA CITIES WATER COMPANY  
LEE COUNTY DIVISION  
WATER MAINS**

NORTH AND SOUTH

<u>PIPE SIZE</u>	<u>BEGINNING OF 1998 LF</u>	<u>ADDED LF</u>	<u>DELETED LF</u>	<u>END OF 1998 LF</u>
30" DIP	11,800			11,800
24" DIP	24,001	7532		31,533
24" PVC	47,010			47,010
20" DIP	930			930
18" DIP	150			150
18" AC	3,040			3,040
16" DIP/SC	82,746	1,029		83,775
16" PVC	8,200			8,200
16" AC	86,529		848	85,681
14" AC	7,020			7,020
12" DIP	18,337	2432		20,769
12" AC/PVC	102,038	640		102,678
10" DIP	45,995	971		46,966
10" AC/PVC	260,485	887	2,394	258,978
8" DIP	77,778	54		77,832
8" AC/PVC	331,053	973		332,026
6" DIP	24,217	95		24,312
6" AC/PVC	326,236	20		326,256
4" DIP	5,467	12		5,479
4" AC/PVC	117,942	543		118,485
3" DIP	1,034			1,034
3" AC/PVC	70,829			70,829
2 <sup>1</sup> / <sub>2</sub> " PVC	4,170			4,170
2" DIP	65			65
2" PVC	129,130			129,130
1 <sup>1</sup> / <sub>2</sub> " PVC	460			460
1" PVC	830			830
<b>TOTAL</b>	<b>1,787,492</b>	<b>15,188</b>	<b>3,242</b>	<b>1,799,438</b>
<b>FIRE HYDRANTS</b>	<b>1,729</b>	<b>18</b>	<b>2</b>	<b>1,745</b>

**WELL DATA  
FLORIDA CITIES WATER COMPANY  
LEE COUNTY DIVISION**

**GREEN MEADOWS**

AUX POWER	WELL NO.	YEAR INSTALLED	TYPE OF WELL	DEPTH OF WELL (ft.)	CASING MATT'L (Inches)	CASING DIAMETER (Inches)	CASING DEPTH (ft.)	PUMP DIA. (Inches)	PUMP DESIGN CAP (gpm)	ACTUAL PUMP CAP (gpm)	MOTOR H.P. ELECTRIC TYPE
YES	GM-1	1974	Open Hole	180	Carbon Steel	10	90	8	500	500	40
YES	GM-1D	1983	Open Hole	38	Carbon Steel	10	20	8	500	500	20
YES	GM-2	1974	SS Screen w/gravel pack	190	Carbon Steel	10	90	8	500	500	40
YES	GM-2A	1983	Open Hole	38	Carbon Steel	10	20	8	500	500	20
YES	GM-3	1975	Open Hole	190	Carbon Steel	10	100	8	500	500	40
YES	GM-3A	1983	Open Hole	42	Carbon Steel	10	17	8	500	500	20
YES	GM-3B	1983	Open Hole	42	Carbon Steel	10	22	8	500	500	20
YES	GM-4	1975	Open Hole	180	Carbon Steel	10	104	8	500	500	40
YES	GM-4A	1983	Open Hole	43	Carbon Steel	10	23	8	500	500	25
YES	GM-5	1981	Open Hole	185	Carbon Steel	16	104	8	500	500	40



WELL DATA  
FLORIDA CITIES WATER COMPANY  
LEE COUNTY DIVISION

GREEN MEADOWS

AUX POWER	WELL NO.	YEAR INSTALLED	TYPE OF WELL	DEPTH OF WELL (ft.)	CASING MAT'L (Inches)	CASING DIAMETER (Inches)	CASING DEPTH (ft.)	PUMP DIA. (Inches)	PUMP DESIGN CAP (gpm)	ACTUAL PUMP CAP (gpm)	MOTOR H.P. ELECTRIC TYPE
NO	GM-5A	1991	Open Hole	24	Sch 40 Steel	10	10	8	200	200	15 Sub
NO	GM-6	1981	10" SS Scr w/gravel pack	235	Carbon Steel	16	90	8	350	350	25
NO	GM-6A	1991	Open Hole	24	Sch 40 Steel	10	20	6	200	200	15 Sub
NO	GM-7	1981	10" SS Scr w/gravel pack	235	Carbon Steel	16	90	8	500	500	30
NO	GM-7A	1991	Open Hole	45	Sch 40 Steel	10	21	6	200	200	15 Sub
NO	GM-8	1989	10" SS Scr w/gravel pack	190	Carbon Steel	16	90	8	500	500	40
NO	GM-8A	1989	Open Hole	42	Carbon Steel	10	20	8	200	200	25
NO	GM-9	1983	10" SS Scr w/gravel pack	230	Carbon Steel	16	91	6	200	200	40
NO	GM-9A	1983	Open Hole	42	Carbon Steel	10	10	8	500	500	25

WELL DATA  
FLORIDA CITIES WATER COMPANY  
LEE COUNTY DIVISION

GREEN MEADOWS

AUX POWER	WELL NO.	YEAR INSTALLED	TYPE OF WELL	DEPTH OF WELL (ft.)	CASING MATT'L (Inches)	CASING DIAMETER (Inches)	CASING DEPTH (ft.)	PUMP DIA. (Inches)	PUMP DESIGN CAP (gpm)	ACTUAL PUMP CAP (gpm)	MOTOR H.P. ELECTRIC TYPE
NO	GM-10	1990	10" SS Scr w/gravel pack	200	Carbon Steel	16	90	8	500	500	50
NO	GM-10A	1990	Open Hole	40	Carbon Steel	10	20	8	200	200	40
NO	GM-11	1990	10" SS Scr w/gravel pack	210	Carbon Steel	16	90	8	500	500	50
NO	GM-11A	1990	Open Hole	40	Carbon Steel	10	20	8	200	200	40
NO	GM-12	1991	10" SS Scr w/gravel pack	90	Sch 40 Steel	16	92	6	500	500	60 Sub
NO	GM-12A	1991	Open Hole	25	Sch 40 Steel	10	20	6	200	200	50 Sub
NO	GM-13	1991	10" SS Scr w/gravel pack	92	Sch 40 Steel	16	92	6	500	500	60 Sub
NO	GM-13A	1991	Open Hole	25	Sch 40 Steel	10	20	6	200	200	50 sub

**WELL DATA  
FLORIDA CITIES WATER COMPANY  
LEE COUNTY DIVISION**

**COLLEGE PARKWAY**

AUX POWER	WELL NO.	YEAR INSTALLED	TYPE OF WELL	DEPTH OF WELL (ft.)	CASING MAT'L (Inches)	CASING DIAMETER (Inches)	CASING DEPTH (ft.)	PUMP DIA. (Inches)	PUMP DESIGN CAP (gpm)	ACTUAL PUMP CAP (gpm)	MOTOR H.P. ELECTRIC TYPE
No	CP-2	1970	8" SS Screen w/gravel pack	230	Carbon Steel	8	126	3	100	100	7.5 sub
No	CP-3	1974	8" SS Screen w/gravel pack	220	Carbon Steel	8	135	3	200	120	10
No	CP-4	1973	8" SS Screen w/gravel pack	220	Carbon Steel	8	100	3	100	100	5 sub
No	CP-6	1973	8" SS Screen w/gravel pack	260	Carbon Steel	8	126	3	100	70	5 sub
No	CP-7	1972	8" SS Screen w/gravel pack	220	Carbon Steel	8	126	3	200	125	10
No	CP-8	1972	8" SS Screen w/gravel pack	224	Carbon Steel	8	130	3	200	125	10
No	CP-14	1972	8" SS Screen w/gravel pack	220	Carbon Steel	8	130	3	100	90	5 sub
No	CP-15	1973	8" SS Screen w/gravel pack	220	Carbon Steel	8	120	3	150	150	5 sub
No	CP-17	1973	8" SS Screen w/gravel pack	285	Carbon Steel	8	220	3	150	150	15 sub

WELL DATA  
FLORIDA CITIES WATER COMPANY  
LEE COUNTY DIVISION

WATERWAY ESTATES

AUX POWER	WELL NO.	YEAR INSTALLED	TYPE OF WELL	DEPTH OF WELL (ft.)	CASING MAT'L (Inches)	CASING DIAMETER (Inches)	CASING DEPTH (ft.)	PUMP DIA. (Inches)	PUMP DESIGN CAP (gpm)	ACTUAL PUMP CAP (gpm)	MOTOR H.P. ELECTRIC TYPE
No	WWE-1	1957	8" SS Screen w/gravel pack	220	PVC	8	30	4	40	40	3 sub
No	WWE-2	1957	Open Hole	57	Carbon Steel	8	42	4	60	75	5 sub
No	WWE-3	1966	Open Hole	130	Carbon Steel	6	120	4	30	25	2 sub
No	WWE-4	1966	8" SS Screen w/gravel pack	52	Carbon Steel	8	48	4	65	50	3 sub
No	WWE-6	1971	Open Hole	124	Carbon Steel	8	124	4	60	40	5 sub
No	WWE-8	1970	Open Hole	43	Carbon Steel	8	43	4	60	40	3 sub
No	WWE-9	1971	Open Hole	230	Carbon Steel	8	125	4	80	35	3 sub
No	WWE-10	1972	Open Hole	140	Carbon Steel	8	133	4	30	20	3 sub
No	WWE-11	1983	Open Hole	230	Carbon Steel	10	133	4	120	85	5 sub
No	WWE-12	1983	10" SS Screen w/gravel pack	70	Carbon Steel	10	30	4	65	60	3 sub

WELL DATA  
FLORIDA CITIES WATER COMPANY  
LEE COUNTY DIVISION

WATERWAY ESTATES

AUX POWER	WELL NO.	YEAR INSTALLED	TYPE OF WELL	DEPTH OF WELL (ft.)	CASING MAT'L (Inches)	CASING DIAMETER (Inches)	CASING DEPTH (ft.)	PUMP DIA. (Inches)	PUMP DESIGN CAP (gpm)	ACTUAL PUMP CAP (gpm)	MOTOR H.P. ELECTRIC TYPE
No	WWE-13	1983	10" SS Screen w/gravel pack	80	Carbon Steel	10	50	4	30	25	1.5 sub
No	WWE-14	1983	Open Hole	230	Carbon Steel	10	136	4	75	65	5 sub
No	WWE-15	1988	Open Hole	208	Sch 40 PVC	10	160	2	120	75	5 sub
No	WWE-1D	1989	Open Hole	600	Sch 40 PVC	4	300	4	200	110	7.5 sub
No	NC-1	1970	8" SS Screen w/gravel pack	240	Carbon Steel	8	140	3	90	75	5 sub
No	NC-2	1975	8" SS Screen w/gravel pack	240	Carbon Steel	3	140	3	125	70	7.5 sub
No	NC-9	1975	8" SS Screen w/gravel pack	225	Carbon Steel	8	140	3	125	95	7.5 sub

**EXHIBIT "D"**

**RESERVOIRS  
FLORIDA CITIES WATER COMPANY  
LEE COUNTY DIVISION**

<u>CAPACITY</u>	<u>CONSTRUCTION</u>	<u>LOCATION</u>
2.0 MG	Steel	Miner's Corner PS
1.0 MG	Masonry	College Parkway WTP
0.5 MG	Masonry	College Parkway WTP
1.0 MG	Masonry	Alico Road PS
0.5 MG	Steel	North Ft. Myers Beach PS
1.0 MG	Masonry	South Ft. Myers Beach PS
1.0 MG	Masonry	Waterway Estates WTP

**NOTE: All the reservoirs are ground storage tanks.**

EXHIBIT "E"

HIGH SERVICE PUMPING  
 FLORIDA CITIES WATER COMPANY  
 LEE COUNTY DIVISION

COLLEGE PARKWAY WTP

GREEN MEADOWS WTP

HIGH SERVICE PUMP

HIGH SERVICE PUMP

102      104      105

S-1      N-2      S-3      N-4

MOTORS

Manufacturer	Type	Rated HP
Lincoln	Lincoln	60
GE	Lincoln	30
GE	GE	300
GE	GE	300
GE	GE	300
GE	GE	300

PUMPS

Manufacturer	Capacity, GPM	Average Hr/Day	Auxiliary Power
Peerless	1,000	4	Peerless
Worthington	500	8	Worthington
Peerless	1,500	2	Peerless

Manufacturer	Capacity, GPM	Average Hr/Day	Auxiliary Power
Allis-Chalmers	2,100	12	Allis-Chalmers
Allis-Chalmers	2,100	12	Allis-Chalmers
Allis-Chalmers	2,100	12	Allis-Chalmers
Allis-Chalmers	2,100	12	Allis-Chalmers

-----AUXILIARY GENERATOR-----

-----AUXILIARY GENERATOR-----

HIGH SERVICE PUMPING  
FLORIDA CITIES WATER COMPANY  
LEE COUNTY DIVISION

		MINER'S CORNER PUMPING STATION				ALICO PUMPING STATION				MARINA BOOSTER STATION	
	HS PUMP	HS PUMP	HS PUMP	HS PUMP	HS PUMP	HS PUMP	HS PUMP	HS PUMP	HS PUMP	HS PUMP	HS PUMP
	301	302	303	304	201	202	203	401	402		
<b>MOTORS</b>											
Manufacturer	US	US	US	US	US	US	US	US	US	US	US
Type	Turbine	Turbine	Turbine	Turbine	Turbine	Turbine	Turbine	Turbine	Turbine	Turbine	Turbine
HP	30	30	30	30	125	125	125	30	30	30	30
<b>PUMPS</b>											
Manufacturer	Peerless	Peerless	Peerless	Peerless	Peerless	Peerless	Peerless	Layne	Layne	Layne	Layne
GPM	700	700	700	700	4200	1250	1250	2000	2000	2000	2000
AVG HR/DAY	6	6	6	6	24	12	12	12	12	12	12
Aux Power	none	none	none	none	none	none	none	none	none	none	none



**HIGH SERVICE PUMPING  
FLORIDA CITIES WATER COMPANY  
LEE COUNTY DIVISION**

	<u>NORTH BEACH PUMPING STATION</u>			<u>SOUTH BEACH PUMPING STATION</u>		
	<u>HS PUMP</u> 502	<u>HS PUMP</u> 503	<u>HS PUMP</u> 301	<u>HS PUMP</u> 302	<u>HS PUMP</u> 303	
<b>MOTORS</b>						
Manufacturer	Lincoln	Marathon	US	US	US	
Type	Turbine	Turbine	Turbine	Turbine	Turbine	
HP	75	50	30	50	75	
<b>PUMPS</b>						
Manufacturer	Goulds	Aurora	Goulds	Goulds	Goulds	
GPM	875	500	350	675	1200	
AVG HR/DAY	12	12	10	8	6	
Aux Power	none	none	Yes	Yes	Yes	

EXHIBIT "E"

HIGH SERVICE PUMPING  
 FLORIDA CITIES WATER COMPANY  
 LEE COUNTY DIVISION

WATERWAY ESTATES WTP

HS PUMP NO. 106	HS PUMP NO. 107	HS PUMP NO. 108	HS PUMP NO. 109	HS PUMP NO. 110
US	Leeson	Westinghouse	Westinghouse	Westinghouse
Elec	Elec	Elec	Elec	Elec
20	30	75	75	75
Ingersoll Rand 150	Ingersoll Rand 380	Ingersoll Rand 1,200	Ingersoll Rand 1,200	Ingersoll Rand 1,200
8	8	6	6	6

MOTORS

Manufacturer

Type

Rated HP

PUMPS

Manufacturer

Capacity, GPM

Avg. Hr/Day

Auxiliary Power

-----AUXILIARY GENERATOR-----

EXHIBIT "H"

5. *What is the current need for system upgrading and/or expansion?*

**Additional water treatment capacity.**

6. *What are the plans for future system upgrading an/or expansion?*

**Additional wells to be constructed in 2000 and 2001. Modify Alico road pump station to provide additional in-line booster capacity, in 2000.**

**Construction of a 0.25 MGD reverse osmosis (RO) plant a Waterway Estates Water Treatment Plant in 1999.**