

OFFICIAL COPY
DIVISION OF
CLASS A OR B
WATER AND SEWER
WATER AND/OR WASTEWATER UTILITIES
(Gross Revenue of More Than \$200,000 Each Office)

RECEIVED

1997 3 3 2002

Florida Public Service Commission
Division of Water and Wastewater

ANNUAL REPORT

OF **WS226-01-AR**
FLORIDA WATER SERVICES CORPORATION

WS618-01-AR
Florida Water Services Corporation
P. O. Box 609520
Orlando, FL 32860-9520

(WS226-Duval)
(WS228-Orange)
(WS231-Martin)
(WS548-Volusia)
(WS554-Pasco)
(WS565-Lee/Charlotte)
(WS618-Highlands)
(WS734-Charlotte)
(WU693-Bradford)
(WS765-Polk)
(SU733-Osceola)

(WS225-Putnam)
(WS227-Lake)
(WS230-Seminole)
(WS487-Marion)
(WS574-Nassau)
(WU229-Osceola)
(WS673-Washington)
(WU561-Brevard)
(WU721-St. Johns/Duval)
(WU473-Clay)

Certificate Number

Submitted To The

STATE OF FLORIDA



PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2001

CERTIFICATION OF ANNUAL REPORT

UTILITY NAME: Florida Water Services, Corp.

YEAR OF REPORT
DECEMBER 31, 2001

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

YES NO

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

YES NO

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

YES NO

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

YES NO

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

Items Certified

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

Donna R. Campbell
(signature of chief executive officer of the utility)

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

Judith J. Kimball *
(signature of chief financial officer of the utility)

* Each of the four items must be certified YES or NO. Each item need not be certified by both officers. The items being certified by the officer should be indicated in the appropriate are 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 Water Services, Corp.**

**YEAR OF REPORT
DECEMBER 31, 2001**

County Orange

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

P.O. Box 609520
Orlando, Florida 32860-9520
Toll Free Telephone: 1-800-432-4501
Telephone : (407) 598-4100

Name and adress of person to whom correspondence concerning this report should be sent:

Nancy Norris
P.O. Box 609520
Orlando, Florida 32860-9520
Telephone : (407) 598-4129

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

SAME AS ABOVE

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

PRICE WATERHOUSE (ANNUAL AUDIT)
FPSC FIELD AUDITORS (RATE CASES)

Date of Original organization of the utility: 11/15/61

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

Individual
Partnership
Sub S Corporation
X 1120 Corporation

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

ALLETE Water Services, Inc.

100%

DIRECTORY OF PERSONNEL WHO CONTACT THE FLORIDA PUBLIC SERVICE COMMISSION

NAME OF COMPANY REPRESENTATIVE (a)	TITLE OR POSITION (b)	ADDRESS (c)	USUAL PURPOSE FOR CONTACT WITH FPSC (d)
Donnie R. Crandell	President & CEO	Orlando	Corporate Policy and Operational Matters
Forrest L. Ludsen	Executive Vice President Chief Operating Officer	Orlando	Corporate Policy and Operational Matters
Lester Abberger (No longer w/Company)	Vice President Public Affairs	Tallahassee	Public and Corporate Affairs
Eric Teittinen	Vice President Engineering	Orlando	Engineering and Construction
Carlyn H. Kowalsky	Vice President - Secretary Legal	Orlando	General Council
Judy Kimball	Vice President & CFO Finance	Orlando	Corporate Policy and Operational Matters: Accounting & Finance
Tracy Smith (No longer w/Company)	Vice President Government Relations		Governmental Issues
Ida Roberts	Vice President Customer Service & Public Affairs	Orlando	Communications, Governmental and Customer Service
Tony Isaacs	Vice President Customer Service	Orlando	Regulatory Matters & Customer Service
David Denny	Vice President Operations and Maintenance	Orlando	Plant Operations

- (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.

TELEPHONE NUMBER FOR ALL INDIVIDUALS IS (407) 598-4100 OR 1-800-432-4501

COMPANY PROFILE

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

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

Florida Water Services Corporation (Florida Water) , formerly Southern States Utilities, Inc. is a Florida corporation with headquarters at 1000 Color Place, Apopka, FL. Florida Water was originally incorporated in 1961. In 1968, Florida Water was purchased by Universal Telephone, Inc. (UTI) as a 100% owned subsidiary. During 1984, UTI and its subsidiary, Florida Water, were acquired by ALLETE Water Services, Inc., (formerly MP Water Resource Group, Inc. and Topeka Group, Inc.) a wholly-owned subsidiary of ALLETE (formerly Minnesota Power). In 1989, ALLETE Water Services sold UTI and Florida Water began reporting directly to ALLETE Water Services Group. Also, in 1989, ALLETE Water Services purchased both Deltona Utilities and United Florida Utilities from Deltona Corp. In 1992, these utilities also merged into Florida Water. In 1991, Lehigh Utilities was acquired and merged into Florida Water during 1993. Florida Water purchased Orange Osceola Utilities from Real Estate Corporation of Florida, Inc. in 1995. In 1999, Florida Water purchased Palm Coast Utility Corporation as well as Tomoka Waterworks, Inc. In 2000, Florida Water purchased Del Webb's Spruce Creek Communities, Inc., Steeplechase Utility Company, Inc., and Tangerine Water Company., Inc. Florida Water provides regulated utility services primarily to residential communities through its network of plants and distribution facilities. Service areas are located throughout the State of Florida, but are primarily in the central, southwest and northeast regions of the state.

The Company's Mission Statement which drives its goals and objectives is as follows:

MISSION- We are committed to delivering water and wastewater services of exceptional value to customers and to providing a superior return on our shareholders' investments.

VALUES - We treat everyone with respect, fairness and trust; operate with honesty and integrity; and provide a safe and secure work environment. Employees are recognized for service to our customers, Company and communities.

VISION - We will be the preferred supplier of water and wastewater services; expanding our business through growth and acquisition. We will achieve industry leadership in customer service, product quality, environmental stewardship, safety and technical ability.

STRATEGY- We will focus on customer wants and needs and the requirements of our regulators. Through involvement we will encourage initiative, creativity and commitment to common goals; we will provide continuous learning and growth; and will create an environment in which employees are empowered to do their best.

Key result areas have been formed to concentrate on establishing action plans which will allow the utility to accomplish its Mission Statement.

The Company's operations are divided into three regions, managed by three senior operational managers who report directly to the Vice President of Operations and Maintenance. In addition, other Vice Presidents have responsibility for the following administrative areas: Finance, Legal, Engineering, Regulatory Affairs and Customer Service, Public Affairs, Human Resources, Safety and Environmental. Vice Presidents (with the exception of Human Resources, Safety and Regulatory Affairs and Customer Service) report to the Chief Operation Officer who reports to the Chief Executive Officer.

UTILITY NAME: Florida Water Services, Corp.

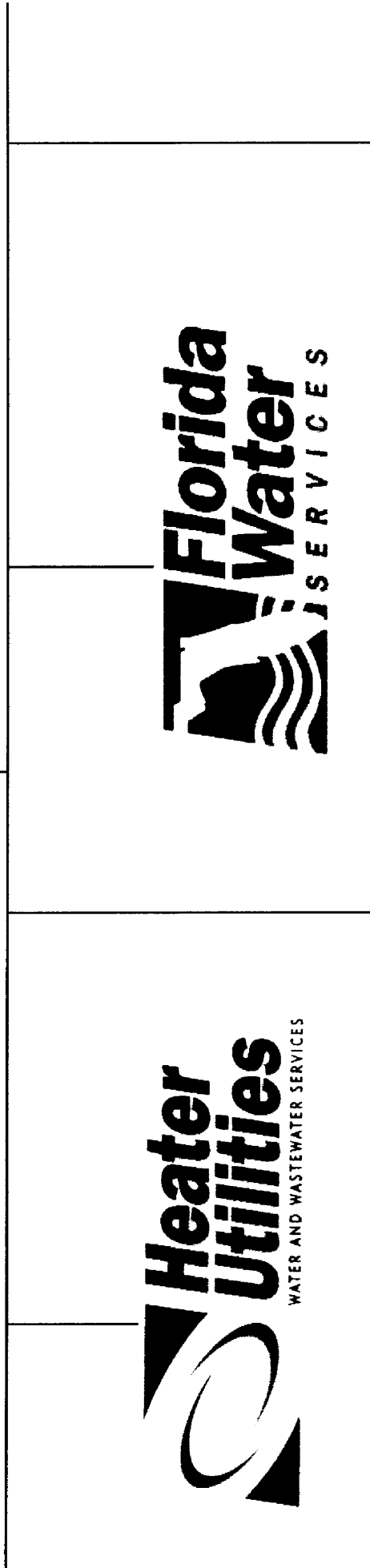
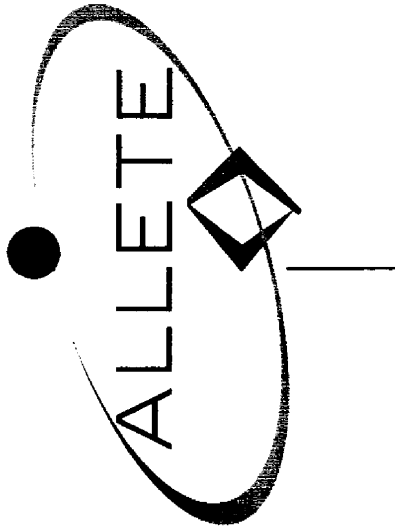
YEAR OF REPORT
DECEMBER 31, 2001

PARENT/AFFILIATE ORGANIZATION CHART

Current as of 12/31/01

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

Please See Attached



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)
Donnie R. Crandell	President & CEO	90%	ALL
Forrest Ludsen	Executive Vice President, Chief Operating Officer	100%	COMPENSATION
Mark Schober	Vice President	5%	AVAILABLE
Lester Abberger (No longer w/Company)	Vice President - Public and Corporate Affairs	100%	ON REQUEST.
Eric Teittinen	Vice President - Engineering and Construction	100%	CONFIDENTIALITY
Carlyn H. Kowalsky	Vice President - Legal Secretary, General Council	100%	IS
David Denny	Vice President - Operations and Maintenance	100%	REQUESTED
Judy Kimball	Vice President, CFO	100%	
Mercedes I. Guzman	Vice President - Human Resources	100%	
Craig J. Anderson	Vice President - Environmental Services	100%	
Tracy Smith (No longer w/Company)	Vice President - Government Relation	100%	
Ida Roberts	Vice President - Customer Service and Public Affairs	100%	
Ying C. Lee	Vice President - Engineering	100%	
Jose N. Albors	Vice President - Health & Safety	100%	
Tony Isaacs	Vice President - Customer Service	100%	
Nancy E. Norris	Controller	100%	
Kirk D. Martin	Assistant Secretary	100%	
Julie MacLane	Assistant Controller	100%	

YEAR OF REPORT
DECEMBER 31, 2001

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)	DIRECTOR'S COMPENSATION (d)
Donnie R. Crandell	Director	1	None
Philip R. Halverson	Director	1	None
Mark A. Schober	Director	1	None
James K. Vizanko	Director	1	None

YEAR OF REPORT
DECEMBER 31, 2001

BUSINESS CONTRACT 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)

* 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.

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 organization, 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)
Donnie Crandell	Florida Water Services	Chairman of the Board, President and CEO, Director	P.O. Box 609520 Orlando, FI 32860-9520
	ALLETE Water Services, Inc.	President	P.O. Box 609520 Orlando, FI 32860-9520
	ALLETE Corp.	Executive Vice President	30 West Superior St. Duluth, MN 55802
Mark Schober	Florida Water Services	Vice President	P.O. Box 609520 Orlando, FI 32860-9520
	ALLETE Corp.	Vice President and Controller	30 West Superior St. Duluth, MN 55802
Kirk Martin	Florida Water Services	Assistant Secretary	P.O. Box 609520 Orlando, FI 32860-9520
	Allete Water Services Corp.	Assistant Secretary	P.O. Box 609520 Orlando, FI 32860-9520
	Instrumentation Services, Inc.	Assistant Secretary	P.O. Box 609520 Orlando, FI 32860-9520
	USM&m Services	Assistant Secretary	P.O. Box 609520 Orlando, FI 32860-9520

BUSINESS TRANSACTIONS WITH RELATED PARTIES

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

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

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

NAME OF COMPANY OR RELATED PARTY (c)	DESCRIPTION SERVICE AND/OR NAME NAME OF PRODUCT (b)	EFFECTIVE DATES (c)	ANNUAL CHARGES	
			PURCHASED OR SOLD (c)	AMOUNT (d)
USM & M	Repairing and servicing of equipment, materials and supplies furnished,	Continuous	Purchased	\$ 506,524
ALLETE Water Services Group	Payroll/Rental Income General Administrative	Continuous	Sold	\$ 57,892
ALLETE Water Services Group	Management, Audit, Tax	Continuous	Purchased	\$ 2,539,462
America's Water Services	General Administrative	Continuous	Sold	17,394
America's Water Services	Contract Operations Fixed Asset Transfer	Continuous	Purchased	510,746

COMPARATIVE BALANCE SHEET
ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (e)	CURRENT YEAR (d)
UTILITY PLANT				
101-106	Utility Plant	F-7	\$ 573,453,800	\$ 595,747,029
108-110	Less: Accumulated Depreciation and Amortization	F-8	(181,305,617)	(197,612,210)
Net Plant			\$ 392,148,184	\$ 398,134,819
114-115	Utility Plant Acquisition Adjustments (Net)	F-7	5,271,100	5,569,435
116*	Other Utility Plant Adj.		0	0
Total Net Utility Plant			\$ 397,419,284	\$ 403,704,254
OTHER PROPERTY AND INVESTMENTS				
121	Nonutility Property	F-9	\$ 321,815	\$ 293,742
122	Less: Accumulated Depreciation and Amortization			
Net Nonutility Property			\$ 321,815	\$ 293,742
123	Investment In Associated Companies	F-10	0	0
124	Utility Investments	F-10	0	0
125	Other Investments	F-10	1,257,943	1,561,939
126-127	Special Funds	F-10	0	286,219
Total Other Property & Investments			\$ 1,257,943	\$ 1,848,158
CURRENT AND ACCRUED ASSETS				
131	Cash		\$ 3,210,814	\$ 4,140,679
132	Special Deposits	F-9	4,494,320	3,031,376
133	Other Special Deposits	F-9	59,716	55,614
134	Working Funds		8,150	8,000
135	Temporary Cash Investments		0	5,000,000
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts	F-11	8,693,710	8,475,534
145	Accounts Receivable from Associated Companies	F-12	0	0
146	Notes Receivable from Associated Companies	F-12	0	0
151-153	Material and Supplies		56,138	44,751
161	Stores Expense		0	0
162	Prepayments		77,133	109,066
171	Accrued Interest and Dividends Receivable		389,216	503,894
172*	Rents Receivable		0	0
173*	Accrued Utility Revenues		6,832,200	6,713,545
174	Misc. Current and Accrued Assets	F-12	14,761	0
Total Current and Accrued Assets			\$ 23,836,158	\$ 28,082,461

COMPARATIVE BALANCE SHEET
ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (e)	CURRENT YEAR (d)
DEFERRED DEBITS				
181	Unamortized Debt Discount & Expense	F-13	\$ 6,639,214	\$ 6,298,432
182	Extraordinary Property Losses	F-13	800,489	1,142,933
183	Preliminary Survey & Investigation Charges		1,791,592	3,148,131
184	Clearing Accounts		2,654	9,630
185*	Temporary Facilities		0	0
186	Misc. Deferred Debits	F-14	17,101,398	18,100,227
187*	Research & Development Expenditures		0	0
190	Accumulated Deferred Income Taxes		16,301,452	13,805,472
	Accrued Stand-by Fees		0	0
Total Deferred Debits			\$ 42,636,799	\$ 42,504,824
TOTAL ASSETS AND OTHER DEBITS			\$ 465,471,998	\$ 476,433,439

* Not Applicable for Class B Utilities

NOTES TO THE BALANCE SHEET

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (e)	CURRENT YEAR (d)
EQUITY CAPITAL				
201	Common Stock Issued	F-15	\$ 107,500	\$ 107,500
204	Preferred Stock Issued	F-15	0	0
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		94,165,944	95,091,663
212	Discount on Capital Stock		0	0
213	Capital Stock Expense		0	0
214-215	Retained Earnings	F-16	6,805,452	19,306,184
216	Reacquired Capital Stock		0	0
218	Proprietary Capital (Proprietorship and Partnership Only)		0	0
	Total Equity Capital		\$ <u>101,078,896</u>	\$ <u>114,505,347</u>
LONG TERM DEBT				
221	Bonds	F-15	\$ 63,105,000	\$ 63,105,000
222*	Reacquired Bonds		0	0
223	Advances from Associated Companies	F-17	0	0
224	Other Long Term Debt	F-17	48,896,918	45,160,025
	Total Long Term Debt		\$ <u>112,001,918</u>	\$ <u>108,265,025</u>
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable		\$ 6,067,748	\$ 4,720,810
232	Notes Payable	F-18	0	0
233	Accounts Payable to Associated Co.	F-18	(3,845,588)	(4,544,150)
234	Notes Payable to Associated Co.	F-18	0	0
235	Customer Deposits		2,704,933	2,831,480
236	Accrued Taxes		2,839,673	2,904,570
237	Accrued Interest	F-19	2,575,079	2,467,985
238	Accrued Dividends		0	0
239	Matured Long Term Debt		17,799,165	12,078,764
240	Matured Interest		0	0
241	Miscellaneous Current and Accrued Liabilities	F-20	5,526,794	3,132,445
	Total Current and Accrued Liabilities		\$ <u>33,667,804</u>	\$ <u>23,591,903</u>

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (e)	CURRENT YEAR (d)
DEFERRED CREDITS				
251	Unamortized Premium on Debt	F-13	\$ 0	\$ 0
252	Advances for Construction	F-20	9,414,035	11,012,945
253	Other Deferred Credits	F-21	7,868,850	4,747,769
255	Accumulated Deferred Investment Tax Credits		1,136,310	1,235,532
Total Deferred Credits			\$ <u>18,419,195</u>	\$ <u>16,996,246</u>
OPERATING RESERVES				
261	Property Insurance Reserve		\$ 0	\$ 0
262	Injuries and Damages Reserve			
263	Pensions and Benefits Reserve		0	0
265	Miscellaneous Operating Reserves		0	0
Total Operating Reserves			\$ 0	\$ 0
CONTRIBUTIONS IN AID OF CONSTRUCTION				
271	Contributions In Aid of Construction	F-22	\$ 247,831,182	\$ 266,348,749
272	Accumulated Amortization of Contributions In Aid of Construction	F-22	(76,067,555)	(84,200,857)
Total Net C.I.A.C.			\$ <u>171,763,627</u>	\$ <u>182,147,892</u>
ACCUMULATED DEFERRED INCOME TAXES				
281	Accumulated Deferred Income Taxes - Accelerated Depreciation		\$ 0	\$ 0
282	Accumulated Deferred Income Taxes - Liberalized Depreciation		1,111,971	1,204,592
283	Accumulated Deferred Income Taxes - Other		27,428,578	29,722,434
Total Accum. Deferred Income Taxes			\$ <u>28,540,549</u>	\$ <u>30,927,026</u>
TOTAL EQUITY CAPITAL AND LIABILITIES			\$ <u>465,471,988</u>	\$ <u>476,433,439</u>

COMPARATIVE OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (d)	PREVIOUS YEAR (c)	CURRENT YEAR (e)
UTILITY OPERATING INCOME				
400	Operating Revenues	F-3(b)	\$ 94,367,793	\$ 93,628,152
469,530	Less: Guaranteed Revenue and AFPI	F-3(b)	1,732,141	2,392,636
Net Operating Revenue			\$ 92,635,652	\$ 91,235,516
401	Operating Expenses	F-3(b)	\$ 44,252,605	\$ 44,476,434
403	Depreciation Expense	F-3(b)	\$ 18,851,458	\$ 20,401,678
	Less: Amortization Of CIAC	W/S - 8a	8,168,613	8,894,838
Net Depreciation Expense			\$ 10,682,845	\$ 11,506,840
406	Amortization of Utility Plant Acquisition Adjustment	F-3(b)	66,837	134,509
407	Amortization Expense (Other than CIAC)	F-3(b)	235,619	208,063
408	Taxes Other Than Income	W/S-3	9,237,216	9,472,597
409	Current Income Taxes	W/S-3	7,474,618	2,159,053
410.10	Deferred Federal Income Taxes	W/S-3	458,733	3,962,942
410.11	Deferred State Income Taxes	W/S-3	0	0
411.10	Provision for Deferred Income Taxes - Credit	W/S-3	0	0
412.10	Investment Tax Credits Deferred to Future Periods	W/S-3	0	0
412.11	Investment Tax Credits Restored to Operating Income	W/S-3	(325,659)	99,220
Utility Operating Expenses			\$ 72,082,814	\$ 72,019,657
Utility Operating Income			\$ 20,552,838	\$ 19,215,859
Add Back:				
469,530	Guaranteed Revenue and AFPI	F-3(b)	1,732,141	2,392,636
413	Income From Utility Plant Leased to Others		0	0
414	Gains (Losses) From Disposition of Utility Property		(7,687)	1,936,738
420	Allowances for Funds Used During Construction		832,515	877,709
Total Utility Operating Income [Enter here and on Page F-3(c)]			\$ 23,109,806	\$ 24,422,942

COMPARATIVE OPERATING STATEMENT (CONT'D)

ACCT. NO. (a)	WATER SCHEDULE W-3* (f)	WASTEWATER SCHEDULE S-3* (g)	OTHER THAN REPORTING SYSTEMS (h)
400	\$ 26,648,694	\$ 21,873,002	\$ 45,106,456
469,530	850,669	547,860	994,108
	\$ 25,798,025	\$ 21,325,142	\$ 44,112,349
401	\$ 13,454,846	\$ 10,821,866	\$ 20,199,722
403	\$ 4,441,448	\$ 4,569,570	\$ 11,390,661
	1,592,983	1,839,757	5,462,099
	\$ 2,848,465	\$ 2,729,813	\$ 5,928,562
406	(1,190)	(10,899)	146,598
407	0	0	208,063
408	2,929,514	2,495,906	4,047,177
409	638,731	501,427	1,018,896
410.10	829,246	706,128	2,427,568
410.11	0	0	0
411.10	0	0	0
412.10	0	0	0
412.11			
	22,830	20,632	55,758
	\$ 20,722,441	\$ 17,264,872	\$ 34,032,344
	\$ 5,075,584	\$ 4,060,270	\$ 10,080,005
469,530	850,669	547,860	994,108
413	0	0	0
414	695,896	827,360	413,482
420	301,107	113,572	463,030
	\$ 6,923,256	\$ 5,549,061	\$ 11,950,624

COMPARATIVE OPERATING STATEMENT (Cont'd)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (d)	PREVIOUS YEAR (c)	CURRENT YEAR (e)
Total Utility Operating Income [From Page F-3 (a)]			\$ <u>23,109,806</u>	\$ <u>24,422,942</u>
OTHER INCOME AND DEDUCTIONS				
415	Revenues From Merchandising, Jobbing and Contract Deductions		\$ 8,732	\$ 8,742
416	Costs and Expenses of Merchandising, Jobbing and Contract Work		0	19
419	Interest and Dividend Income		1,058,131	1,785,563
421	Nonutility Income		158,527	122,288
426	Miscellaneous Nonutility Expenses		(2,597,722)	(1,341,169)
Total Other Income and Deductions			\$ <u>(1,372,332)</u>	\$ <u>575,442</u>
TAXES APPLICABLE TO OTHER INCOME				
408.20	Taxes Other Than Income		\$ 0	\$ 0
409.20	Income Taxes		344,192	1,527,698
410.20	Provision for Deferred Income Taxes		72,105	567,256
411.20	Provision for Deferred Income Taxes - Credit		0	0
412.20	Investment Tax Credits - Net		0	0
412.30	Investment Tax Credits Restored to Operating Income		0	0
Total Taxes Applicable To Other Income			\$ <u>416,297</u>	\$ <u>2,094,954</u>
INTEREST EXPENSE				
427	Interest Expense	F-19	\$ 9,079,700	\$ 9,143,796
428	Amortization of Debt Discount & Expense	F-13	384,495	384,988
429	Amortization of Premium on Debt	F-13	0	0
Total Interest Expense			\$ <u>9,464,195</u>	\$ <u>9,528,784</u>
EXTRAORDINARY ITEMS				
433	Extraordinary Income		\$ 0	\$ 0
434	Extraordinary Deductions		0	0
409.30	Income Taxes, Extraordinary Items		0	0
Total Extraordinary Items			\$ <u>0</u>	\$ <u>0</u>
NET INCOME			\$ <u><u>11,856,982</u></u>	\$ <u><u>13,374,646</u></u>

SCHEDULE OF YEAR END RATE BASE

ACCT NO. (a)	ACCOUNT NAME (b)	REF PAGE (c)	WATER UTILITY	WASTEWATER UTILITY	OTHER THAN REPORTING SYSTEMS
101	Utility Plant in Service	F-7	133,090,889	120,869,958	331,777,420
	Less:				
108	Nonused and Useful Plant (1)	F-8	4,557,616	1,513,710	(11,491,059)
110	Accumulated Depreciation	F-8	36,992,831	45,127,636	115,491,743
271	Accumulated Amortization	F-8	0	0	0
252	Contributions in Aid of Construction	F-22	49,833,127	53,818,895	162,696,727
	Advances for Construction	F-20	5,024,593	1,610,566	4,377,786
Subtotal			\$36,682,722	\$18,799,150	\$60,702,223
	Add:				
272	Accumulated Amortization of Contributions in Aid of Construction	F-22	12,895,114	17,568,422	53,737,322
Subtotal			\$49,577,836	\$36,367,572	\$114,439,544
	Plus or Minus:				
114	Acquisition Adjustment	F-7	(47,602)	(435,960)	(6,295)
115	Accumulated Amortization of Acquisition Adjustment	F-7	28,346	252,660	6,017
	Working Capital Allowance		4,315,554	3,456,623	6,579,630
	Other (Specify):				
	Deferred Taxes		(2,743,863)	(2,690,678)	(4,241,327)
	Regulatory Asset		2,990,719	5,244,235	2,116,069
	Investment CIAC		461,062	347,819	0
	Cwip				
RATE BASE			\$54,582,053	\$42,542,270	\$118,893,639
NET UTILITY OPERATING INCOME			\$5,075,494	\$4,060,360	\$8,034,975
ACHIEVED RATE OF RETURN (Operating Income/Rate Base)			9.30%	9.54%	6.76%

NOTES:

- (1) Estimated if not known
 - (2) Include only those Acquisitions Adjustments that have been approved by the Commission
 - (3) Calculation consistent with last rate proceeding.
- In absence of a rate proceeding, Class A utilities will use the Balance Sheet Method and Class B Utilities will use the One-eighth Operating and Maintenance Expense Method

UTILITY NAME: FLORIDA WATER SERVICES, CORP.

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SCHEDULE OF CURRENT COST OF CAPITAL
CONSISTENT WITH THE METHODOLOGY USED IN THE LAST RATE PROCEEDING

CLASS OF CAPITAL (a)	DOLLAR AMOUNT (1) (b)	PERCENTAGE OF CAPITAL (c)	ACTUAL COST RATES (2) (d)	WEIGHTED COST [c * d] (e)
Common Equity	114,505,347	47.93 %	11.88 %	5.69 %
Preferred Stock	0	0.00 %	0.00 %	0.00 %
Long Term Debt	120,343,789	50.37 %	8.23 %	4.15 %
Customer Deposits	2,831,480	1.19 %	6.00 %	0.07 %
Tax Credits - Zero Cost	0	0.00 %	0.00 %	0.00 %
Tax credits - Weighted Cost	1,235,532	0.52 %	9.19 %	0.05 %
Deferred Income Taxes	0	0.00 %	0.00 %	0.00 %
Other (Explain)	0	0.00 %	0.00 %	0.00 %
Total	\$ <u>238,916,148</u>	<u>100.00 %</u>		<u>9.96 %</u>

(1) Should equal amounts on Schedule F-6, Column (g).

(2) Mid - point of the last Authorized Return on Equity or current leverage formula if none has been established.

Must be calculated using the same methodology used in the last rate proceeding using current annual report year end amounts and cost rates

APPROVED RETURN ON EQUITY

Current Commission Return on Equity	<u>11.88 %</u>
Commission order approving Return on Equity	<u>PSC-96-1320-FOF-WS</u>

APPROVED AFUDC RATE

Current Commission Approved AFUDC rate:	<u>0.835516 %</u>
Current Commission Approved AFUDC rate:	<u>PSC-96-1320-FOF-WS</u>

If any utility capitalized any charge in lieu of AFUDC (such as interest only), state the basis of the charge, an explanation as to why AFUDC was not charged and the percentage capitalized.

UTILITY NAME: FLORIDA WATER SERVICES, CORP.

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SCHEDULE OF CAPITAL STRUCTURE ADJUSTMENTS
CONSISTENT WITH THE METHODOLOGY USED IN THE LAST RATE PROCEEDING

CLASS OF CAPITAL (e)	PER BOOK BALANCE (b)	NON-UTILITY ADJUSTMENTS (c)	NON-JURISDICTIONAL ADJUSTMENTS (d)	OTHER (1) ADJUSTMENTS SPECIFIC (e)	OTHER (1) ADJUSTMENTS PRO RATA (f)	CAPITAL STRUCTURE (g)
Common Equity	114,505,347					114,505,347
Preferred Stock	0					0
Long Term Debt	120,343,789					120,343,789
Customer Deposits	2,831,480					2,831,480
Tax Credits - Zero Cost	0					0
Tax credits - Weighted Cost	1,235,532					1,235,532
Deferred Income Taxes	0					0
Other (Explain)	0					0
Total	\$ 238,916,148	\$ 0	\$ 0	\$ 0	\$ 0	\$ 238,916,148

(1) Explain all adjustments made in Column (e) and (f):

UTILITY PLANT
ACCOUNT 101 - 106

ACCT (a)	DESCRIPTION (b)	WATER (c)	WASTEWATER (d)	OTHER THAN REPORTING SYSTEMS (e)	TOTAL (f)
	PLANT ACCOUNTS:				
101	Utility Plant in Service	\$133,090,889	\$120,869,958	\$331,777,420	\$585,738,266
102	Utility Plant Leased to Others				0
103	Property Held for Future Use	1,028,964	106,286	278,855	1,414,104
104	Utility Plant Purchased or Sold				0
105	Construction Work in Progress	3,362,410	2,806,081	2,426,167	8,594,658
106	Completed Construction Not Classified				0
	Total Utility Plant	\$137,482,263	\$123,782,324	\$334,482,441	\$595,747,029

UTILITY PLANT ACQUISITION ADJUSTMENTS
ACCOUNT 114 AND 115

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

ACCT (a)	DESCRIPTION (b)	WATER (c)	WASTEWATER (d)	OTHER THAN REPORTING SYSTEMS (e)	TOTAL (f)
114	Acquisition Adjustment				
	Amelia Island #11231	(79,861)	(374,942)		(454,803)
	Palm Port #16340	(30,746)	(65,065)		(95,811)
	Chuluota #10859	23,325			23,325
	Druid Hill #10859	26,000			26,000
	Dol Ray Manor #10859	12,875			12,875
	Picciola Island #10859	9,400			9,400
	Venetian Village #12207	17,500	17,500		35,000
	Western Shores #12207	(26,095)			(26,095)
	Park Manor #16340		(13,453)		(13,453)
	County regulated	-	-	(6,295)	(6,295)
	Various Unapproved	5,706,400	(565,662)	883,909	6,024,647
	Total Plant Acquisition Adjustments	5,658,798	(1,001,622)	877,614	5,534,790
115	Accumulated Amortization				
	Amelia Island #11231	46,094	216,407		262,501
	Palm Port #16340	18,489	38,501		56,990
	Chuluota #10859	(15,465)			(15,465)
	Druid Hill #10859	(17,223)			(17,223)
	Dol Ray Manor #10859	(8,486)			(8,486)
	Picciola Island #10859	(5,767)			(5,767)
	Venetian Village #12207	(9,496)	(10,328)		(19,824)
	Western Shores #12207	20,200			20,200
	Park Manor #16340		8,080		8,080
	County regulated	-	-	6,017	6,017
	Various Unapproved	(649,673)	414,754	(17,459)	(252,378)
	Total Accumulated Amortization	(621,327)	\$667,414	-\$11,442	\$34,645
	Net Acquisition Adjustments	\$5,037,471	(334,208)	866,172	5,569,435

ACCUMULATED DEPRECIATION (ACCT. 108) AND AMORTIZATION (ACCT.110)

DESCRIPTION (a)	WATER (b)	WASTEWATER (c)	W & WW OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
ACCUMULATED DEPRECIATION Account 108				
Balance first of year	\$ 33,353,052	\$ 41,225,252	\$ 106,727,313	\$ 181,305,617
Credits during year:				
Accruals charged:				
to Account 108.1 (1)	\$ 4,441,448	\$ 4,569,569	\$ 11,390,661	\$ 20,401,678
to Account 108.2 (2)				0
to Account 108.3 (3)				0
Other Accounts (specify):				0
Salvage	(1,635)	0	0	(1,635)
Other credits (specify)	4,741,132	3,038,898	11,325,035	19,105,065
General Allocations and other				
Total Credits	\$ 9,180,945	\$ 7,608,467	\$ 22,715,696	\$ 39,505,108
Debits during year:				
Book cost of plant retired	\$ 991,956	\$ 884,498	\$ 1,084,503	\$ 2,960,956
Cost of removal and	4,549,210	2,821,585	12,866,764	20,237,559
Other debits (specify)				0
General Allocations and other				
Total Debits	\$ 5,541,165	\$ 3,706,083	\$ 13,951,267	\$ 23,198,515
Balance end of year	\$ <u>36,992,831</u>	\$ <u>45,127,636</u>	\$ <u>115,491,743</u>	\$ <u>197,612,210</u>
ACCUMULATED AMORTIZATION Account 110				
Balance first of year				
Credits during year:				
Accruals charged:				
	\$ 0	\$ 0	\$ 0	\$ 0
to Account 110.2 (2)	0	0	0	0
Other Credits (Specify)	0	0	0	0
Total Credits	\$ 0	\$ 0	\$ 0	\$ 0
Debits during year:				
Book cost of plant retired	\$ 0	\$ 0	\$ 0	\$ 0
Other debits (specify)	0	0	0	0
Total Debits	\$ 0	\$ 0	\$ 0	\$ 0
Balance end of year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

- (1) Account 108 for Class B utilities
- (2) Not applicable for Class B utilities
- (3) Account 110 for Class B utilities

**REGULATORY COMMISSION EXPENSE
AMORTIZATION OF RATE CASE EXPENSE (ACCOUNT 666 AND 766)**

DESCRIPTION OF CASE (DOCKET NO.) (a)	EXPENSE INCURRED DURING YEAR (b)	AMOUNT TRANSFERRED TO ACCOUNT NO. 186.1 (c)	CHARGED OFF DURING YEAR	
			ACCT, (d)	AMOUNT (e)
1996 Palm Coast Rate Case	4,116		666/766	-
Hillsborough County	-		666/766	33,923
Hernando County	6,963		666/766	32,833
950495 - Consolodated Rate Case	451		666/766	-
930880 - Uniform Rates Hearing	-		666/766	83,300
920199 - Giga Rate Case	6,284		666/766	-
Total	\$17,814	\$0	\$0	\$150,056

NONUTILITY PROPERTY (ACCOUNT 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 (b)	ADDITIONS (c)	REDUCTIONS (d)	ENDING YEAR BALANCE (e)
Land	\$321,815	\$1,787,438	\$1,815,511	\$293,742
Total Nonutiltiy Property	\$321,815	\$1,787,438	\$1,815,511	\$293,742

SPECIAL DEPOSITS (ACCOUNTS 132 AND 133)

Report hereunder all special deposits carried in Accounts 132 and 133

DESCRIPTION OF SPECIAL DEPOSITS (a)	YEAR END BOOK COST (b)
SPECIAL DEPOSITS (Account 132): Deltona Lakes Utility Service Fee	1,290,411
Escrow Deposit	1,733,371
C/D in Leiu of Deposit	7,595
Total Special Deposits	\$3,031,376
OTHER SPECIAL DEPOSITS (Account 133): Utility Deposits	46,360
Other Special Deposits	9,254
Total Other Special Deposits	\$55,614

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**INVESTMENTS AND SPECIAL FUNDS
ACCOUNT 123-127**

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

DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
INVESTMENT IN ASSOCIATED COMPANIES (ACCT. 123):	\$	\$
Total Investment In Associated Companies		\$ <u>0</u>
UTILITY INVESTMENTS (ACCT. 124):	\$	\$
Total Utility Investments		\$ <u>0</u>
OTHER INVESTMENTS (ACCT. 125): Co Bank	\$	\$ 1,561,939
Total Other Investments		\$ <u>1,561,939</u>
SPECIAL FUNDS (ACCTS. 126 & 127):		\$ 286,219
Total Special Funds		\$ <u>286,219</u>

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ACCOUNTS AND NOTES RECEIVABLE - NET
ACCOUNTS 141-144

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

DESCRIPTION (a)		TOTAL (b)
CUSTOMER ACCOUNT RECIVABLE (Account 141):		
Water	\$ 0	
Sewer	0	
Other (includes water, and wastewater)	4,596,274	
Total Customer Accounts Receivable		\$ 4,596,274
OTHER ACCOUNTS RECEIVABLE (Acct. 142):		
Various Receivables	\$ 144,558	
Developer Recievables	1,555,627	
Zenon	172,193	
Payroll Related	100,597	
Total Other Accounts Receivable		\$ 1,972,975
NOTES RECEIVABLE (Acct. 144):		
Hideaway Beach	\$ 602,756	
Harbor Branch	398,376	
Marco Reuse Line Notes	1,142,725	
Total Notes Receivable		2,143,857
Total Accounts and Notes Receivable		\$ <u>8,713,106</u>
ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS (Acct. 143):		
Balance first of year	\$ (375,325)	
Add: Provision for uncollectibles for current year	\$ (120,762)	
Collections of accounts previously written off	9,490	
Utility accounts	0	
Total Additions		\$ (111,271)
Deduct accounts written off during year:		
Utility Accounts	\$ 249,025	
Others		
Total accounts written off		\$ 249,025
Balance end of year		\$ <u>(237,572)</u>
Total Accounts and Notes Receivable - Net		\$ <u><u>8,475,534</u></u>

**ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES
ACCOUNT 145**

'Report each account receivable from associated companies separately.

DESCRIPTION (a)	TOTAL (b)
None	\$ 0
Total	\$ <u>0</u>

**NOTES RECEIVABLE FROM ASSOCIATED COMPANIES
ACCOUNT 146**

'Report each account receivable from associated companies separately.

DESCRIPTION (a)	INTEREST RATE (b)	TOTAL (c)
None	%	\$ 0
Total		\$ <u>0</u>

**MISCELLANEOUS CURRENT AND ACCRUED ASSETS
ACCOUNT 174**

DESCRIPTION (a)	TOTAL (b)
	-
Total miscellaneous Current and Accrued Liabilities	\$ <u>-</u>

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**UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM ON DEBT
ACCOUNTS 181 AND 251**

Report the net discount and expense or premium separately for each security issue.

DESCRIPTION (a)	AMOUNT WRITTEN OFF DURING YEAR (b)	YEAR END BALANCE (c)
UNAMORTIZED DEBT DISCOUNT AND EXPENSE (Acct. 181):		
\$28 MM First Mortgage Bond	\$ 54,433	\$ 839,167
1995 \$35.01 Million DRB Series	79,458	1,929,565
1996 Collier Bonds Discount	51,833	1,246,644
Cobank \$45 Million	139,949	2,281,368
Other Miscellaneous Debt Expense and Reclasses	59,315	1,688
Total Unamortized Debt Discount and Expense	\$ <u>384,988</u>	\$ <u>6,298,432</u>
UNAMORTIZED PREMIUM ON DEBT (Acct. 251):		
Total Unamortized Premium on Debt	\$ <u>0</u>	\$ <u>0</u>

**EXTRAORDINARY PROPERTY LOSSES
ACCOUNT 182**

Report each item separately.

DESCRIPTION (a)	TOTAL (b)
EXTRAORDINARY PROPERTY LOSSES (Acct. 182):	
Extraordinary Abandonment	\$ 1,142,933
Total Extraordinary Property Losses	\$ <u>1,142,933</u>

MISCELLANEOUS DEFERRED DEBITS
ACCOUNT 186

DESCRIPTION (a)	AMOUNT WRITTEN OFF DURING YEAR (b)	YEAR END BALANCE (c)
DEFERRED RATE CASE EXPENSE (Class A Utilities: Account 186.1)		
1995 Consolidate Rate Case	451	513,400
1997 Hernando County	(25,871)	72,629
1997 Hillsborough County	(33,923)	63,615
Giga Rate Case	6,284	126,162
Palm Coast	4,116	13,373
Uniform Rate Hearing	(83,300)	-
Sale of Orange County	96,871	157,639
Tropical Isle Rate Structure Investigation	0	0
Total Deferred Rate Case Expense	-\$35,372	\$946,819
OTHER DEFERRED DEBITS (Class A Utilities: Account 186.2)		
Other Deferred Debits - GDU	-	2,513,889
OAP's	48,046	4,195,812
Deferred OPEB Asset		166,684
Total Other Deferred Debits	\$48,046	\$6,876,385
REGULATORY ASSETS (Class A Utilities: Account 186.3)		
Regulatory Tax Asset - FAS 109		\$10,277,023
Surcharge		
Total Regulatory Assets	\$0	\$10,277,023
TOTAL MISCELLANEOUS DEFERRED DEBITS	\$12,674	\$18,100,227

STATEMENT OF RETAINED EARNINGS

1. Dividends should be shown for each class and series of capital stock.
Show amounts of dividends per share.
2. Show separately the state and federal income tax effect of items shown in account 439.

ACCT. NO. (a)	DESCRIPTION (a)	TOTAL (b)
215	Unappropriated Retained Earnings: Balance beginning of year Affiliate Assimilation	\$ 6,805,451 (873,913)
439	Changes to account: Adjustments to Retained Earnings (requires Commission approval prior to use) Credits:	
	Total Credits	\$ 0
	Debits:	0
	Total Debits	\$ 0
435	Balance Transferred from Income	13,374,646
436	Appropriations of Retained Earnings:	0
	Total Appropriations of Retained Earnings:	\$ 0
437	Dividends Declared: Preferred Stock Dividends Declared	0
438	Common Stock Dividends Declared	0
	Total Dividends Declared:	\$ 0
215	Year end Balance	\$ 19,306,184
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	0
214	Total Appropriations of Retained Earnings:	\$ 0
	Total Retained earnings	\$ <u>19,306,184</u>
Notes to Statement of Retained Earnings:		

NOTES PAYABLE (ACCTS. 232 & 234)

DESCRIPTION OF OBLIGATION (INCLUDING DATE OF ISSUE AND DATE OF MATURITY) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (f)
	RATE (d)	FREQUENCY OF PAYMENT (e)	
NOTES PAYABLE (Account 232):	%		\$
	%		\$
	%		\$
	%		\$
	%		\$
	%		\$
Total Account 232			<u>0</u>
NOTES PAYABLE TO ASSOC. COMPANIES (Account 234):	%		\$
	%		\$
	%		\$
	%		\$
	%		\$
	%		\$
Total Account 234			<u>0</u>

* For variable rate obligations, provide the basis for the rate. (i.e. prime + 2%, etc.)

ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (ACCT. 233)

Report each account payable separately.

DESCRIPTION (a)	TOTAL (b)
Americas Water Services	\$ (2,216)
Lehigh Corp.	(1,850,084)
ALLETE Water Services, Inc.	(2,705,852)
US M & M	14,809
Florida Gas Services	(808)
Total	\$ <u>(4,544,150)</u>

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DESCRIPTION OF DEBIT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST DURING YEAR		INTEREST PAID DURING YEAR (e)	BALANCE END OF YEAR (f)
		ACCT DEBIT (c)	AMOUNT (d)		
ACCOUNT NO. 237.1- Accrued Interest on Long Term Debt					
Accrued Interest on Long Term Debt	2,492,690	386	8,984,416	9,095,568	\$2,381,924
Total Account 237.1	\$2,492,690	386	\$8,984,416	\$9,095,568	\$2,381,924
ACCOUNT NO. 237.2- Accrued Interest on Other Liabilities					
Customer Deposits	\$82,389		\$159,380	\$155,708	\$86,061
Miscellaneous	0		0	0	
Total Account 237.2	\$82,389		\$159,380	\$155,708	\$86,061
Total Account 237 (1)	\$2,575,079		\$9,143,796	\$9,251,276	\$2,467,985
INTEREST EXPENSED:					
Total Accrual Account 237					
Less Capitalized Interest Portion Of AFUDC:					
Net Interest Expensed to Account No. 427 (2)			\$9,143,796		

(1) Must agree to F-2(a), Beginning and Ending Balance of Accrued Interest

(2) Must agree to F-3(c), Current Year Interest Expense

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MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES
ACCOUNT 241

DESCRIPTION (a)	BALANCE END OF YEAR (b)
Miscellaneous Fees	196,980
Accrued Audit Fees	65,618
Accrued Payroll and Related Items	2,869,847
	-
	-
	-
	-
Total Miscellaneous Current and Accrued Liabilities	\$3,132,445

ADVANCES FOR CONSTRUCTION
ACCOUNT 252

NAME OF PAYOR (a)	BALANCE BEGINNING OF YEAR (b)	DEBITS		CREDITS (e)	BALANCE END OF YEAR (b)
		ACCT. DEBIT (c)	AMOUNT (d)		
Lehigh Development Corp.	450,643	131	131,447	377,216	696,412
Lehigh Escrow	2,128,103	131	25,295	-	2,102,808
Lehigh Partnership	260,767	131	4,242	763,893	1,020,418
Palm Coast	820,089	131	116,790	-	703,299
Timberwalk Development	66,097	131	13,218	-	52,879
Topeka Group	5,688,336	131	96,626	845,419	6,437,129
	-				-
	-				-
Total	\$9,414,035		\$387,618	\$1,986,528	\$11,012,945

* Report advances separately by reporting group, designating water or waster in column (a)

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OTHER DEFERRED CREDITS
ACCOUNT 253

DESCRIPTION (a)	AMOUNT WRITTEN OFF DURING YEAR (b)	YEAR END BALANCE (c)
REGULATORY LIABILITIES (Class A Utilities: Account 253.1) Regulatory Tax Liability - FAS 109	\$187,192	\$926,037
Total Regulatory Liabilities	\$187,192	\$926,037
OTHER DEFERRED LIABILITIES (Class A Utilities: Account 253.2) Deferred Customer Credit Deferred OPEB Costs Deferred Interest Deferred Lease Income Deltona Land ITT New Connections - Palm Coast Orange County Escrow	- - - 10,000 - - - -	\$1,850,000 75,000 153,922 17,500 1,292,551 432,759 -
Total Other Deferred Liabilities	\$10,000	\$3,821,732
TOTAL OTHER DEFERRED CREDITS	\$197,192	\$4,747,769

CONTRIBUTIONS IN AID OF CONSTRUCTION
ACCOUNT 271

DESCRIPTION (a)	WATER (W-7) (b)	WASTEWATER (S-7) (c)	W & WW OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance First of Year	\$ 41,754,257	\$ 51,106,288	\$ 151,125,885	\$ 243,986,430
Acquisitions	3,844,934	0	0	3,844,934
Add Credits During Year:	\$ 4,129,424	\$ 3,936,756	\$ 11,656,849	\$ 19,723,028
Less Debits Charged During Year:	\$ (104,512)	\$ 1,224,149	\$ 86,006	\$ 1,205,643
Total Contributions in Aid of Construction	\$ <u>49,833,127</u>	\$ <u>53,818,895</u>	\$ <u>162,696,727</u>	\$ <u>266,348,749</u>

ACCUMULATED AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION
ACCOUNT 272

DESCRIPTION (a)	WATER (W-7) (b)	WASTEWATER (S-7) (c)	W & WW OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance First of Year	\$ 11,554,626	\$ 16,237,706	\$ 48,275,223	\$ 76,067,555
Add Debits During Year:	\$ 1,592,983	\$ 1,839,757	\$ 5,462,099	\$ 8,894,838
Less Credits Charged During Year:	\$ 252,495	\$ 509,041	\$ 0	\$ 761,536
Total Accumulated Amortization of Contributions in Aid of Construction	\$ <u>12,895,114</u>	\$ <u>17,568,422</u>	\$ <u>53,737,322</u>	\$ <u>84,200,857</u>

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

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

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

DESCRIPTION (a)	REF. (b)	AMOUNT (c)
Net income for the year	F-3	\$ <u>13,374,646</u>
Reconciling items for the year:		
Taxable income not reported on books:		
CIAC		1,576,634
CIAC Grossup		(9,765)
Income Taxes		8,316,169
Deductions recorded on books not deducted for return:		
Meals and Entertainment		29,741
Lobbying Expenses		439,373
Penalties		4,528
Rate Case Expense		35,371
Allowance for Doubtful Accounts		(137,753)
Debt Unamortized Cost Writeoff		149,911
Capitalized Interest		700,000
Income recorded on books not included in return:		
AFUDC - Equity		(529,274)
AFUDC - Debt		(348,435)
Surcharge Revenue		(2,000,000)
SMCC Condemnation Gain		(1,304,099)
Deduction on return not charged against book income:		
Tax > Book Depreciation		(3,300,000)
Total Adjustments		<u>3,622,401</u>
State Taxable Income		16,997,047
State Tax @5.5%		934,838
State Tax -2000 Adjustment		(201,255)
Federal tax net income		16,263,465
Computation of tax:		35.00%
Calculated Federal Tax		<u>5,692,213</u>
1997 Amended Return		(1,757,582)
1998 State Audit		(9,373)
Adjustment to 2000 Provision		(998,871)
CURRENT FEDERAL TAXES		<u>2,926,387</u>