

CLASS "C"

WATER AND/OR WASTEWATER UTILITIES

(Gross Revenue of Less Than \$150,000 Each)

ANNUAL REPORT

OF

WS551

Damon Utilities, Inc.

Exact Legal Name of Respondent

499-W

433-S

Certificate Number(s)

Submitted To The

STATE OF FLORIDA

**OFFICIAL COPY
DIVISION OF
WATER AND SEWER
Do Not Remove from this Office**

RECEIVED

APR 30 1999

Florida Public Service Commission
Division of Water and Wastewater

PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 1998_____

FINANCIAL
SECTION

TABLE OF CONTENTS

FINANCIAL SECTION		PAGE
Identification		F-2
Income Statement		F-3
Balance Sheet		F-4
Net Utility Plant		F-5
Accumulated Depreciation and Amortization of Utility Plant		F-5
Capital Stock		F-6
Retained Earnings		F-6
Proprietary Capital		F-6
Long Term Debt		F-6
Taxes Accrued		F-7
Payment for Services Rendered by Other Than Employees		F-7
Contributions in Aid of Construction		F-8
Cost of Capital Used for AFUDC Calculation		F-9
AFUDC Capital Structure Adjustments		F-10
WATER OPERATING SECTION		PAGE
Water Utility Plant Accounts		W-1
Analysis of Accumulated Depreciation by Primary Account - Water		W-2
Water Operation and Maintenance Expense		W-3
Water Customers		W-3
Pumping and Purchased Water Statistics and Mains		W-4
Wells and Well Pumps, Reservoirs, and High Service Pumping		W-5
Other Water System Information		W-6
WASTEWATER OPERATING SECTION		PAGE
Wastewater Utility Plant Accounts		S-1
Analysis of Accumulated Depreciation by Primary Account - Wastewater		S-2
Wastewater Operation and Maintenance Expense		S-3
Wastewater Customers		S-3
Pumping Equipment, Collecting and Force Mains and Manholes		S-4
Other Wastewater System Information		S-5
VERIFICATION SECTION		PAGE
Verification		V-1

REPORT OF
DAMON UTILITIES, INC.

(EXACT NAME OF UTILITY)		
47 LAKE DAMON DRIVE AVON PARK, FL 33825	47 LAKE DAMON DRIVE AVON PARK, FL 33825	USA County
Mailing Address	Street Address	
Telephone Number <u>941-453-0773</u>	Date Utility First Organized <u>1/23/86</u>	

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

Individual
 Sub Chapter S Corporation
 1120 Corporation
 Partnership

Name, Address and phone where records are located: Same As Above

Name of subdivisions where services are provided: None

CONTACTS:

Name	Title	Principle Business Address	Salary Charged Utility
Person to send correspondence: <u>Judy Fusani</u>	<u>Bookkeeper</u>	<u>47 Lake Damon Drive Avon Park, FL 33825</u>	<u>XXXXXXXX</u>
Person who prepared this report: <u>Judy Fusani</u>	<u>Bookkeeper</u>	<u>47 Lake Drive Avon Park, FL 33825</u>	<u>XXXXXXXX</u>
Officers and Managers: <u>J. A. Harstine</u>	<u>President</u>	<u>47 Lake Damon Drive</u>	\$ <u>0</u>
<u>Rodney A. Davis</u>	<u>Secretary/Treasurer</u>	<u>47 Lake Damon Drive</u>	\$ <u>0</u>
<u>George R. Davis</u>	<u>Vice President</u>	<u>47 Lake Damon Drive</u>	\$ <u>0</u>
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

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

Name	Percent Ownership in Utility	Principle Business Address	Salary Charged Utility
<u>J. A. Harstine</u>	<u>33 1/3%</u>	<u>47 Lake Damon Drive</u>	\$ <u>0</u>
<u>Rodney A. Davis</u>	<u>33 1/3%</u>	<u>47 Lake Damon Drive</u>	\$ <u>0</u>
<u>George R. Davis</u>	<u>33 1/3%</u>	<u>47 Lake Damon Drive</u>	\$ <u>0</u>
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

UTILITY NAME: DAMON UTILITIES, INC.

YEAR OF REPORT
DECEMBER 31, 1998

INCOME STATEMENT

Account Name	Ref. Page	Water	Wastewater	Other	Total Company
Gross Revenue:					
Residential_____		\$ 35,062	\$ 20,084	\$ _____	\$ 55,146
Commercial_____		_____	_____	_____	_____
Industrial_____		_____	_____	_____	_____
Multiple Family_____		_____	_____	_____	_____
Guaranteed Revenues_____		_____	_____	_____	_____
Other (Specify)_____		570	180	_____	750
Reconnection Fees		_____	_____	_____	_____
Total Gross Revenue_____		\$ 35,632	\$ 20,264	\$ _____	\$ 55,896
Operation Expense (Must tie to pages W-3 and S-3)	W-3 S-3	\$ 12,538	\$ 15,615	\$ _____	\$ 28,153
Depreciation Expense_____	F-5	5,834	9,618	_____	15,452
CIAC Amortization Expense_____	F-8	1,136	773	_____	1,909
Taxes Other Than Income_____	F-7	2,676	814	_____	3,490
Income Taxes_____	F-7	0	0	_____	0
Total Operating Expense		\$ 22,184	\$ 26,820	\$ _____	\$ 49,004
Net Operating Income (Loss)		\$ 13,448	\$ (6,556)	\$ _____	\$ 6,892
Other Income:					
Nonutility Income_____		\$ 0	\$ 0	\$ _____	\$ 0
_____		_____	_____	_____	_____
Other Deductions:					
Miscellaneous Nonutility Expenses_____		\$ 350	\$ 39	\$ _____	\$ 389
Interest Expense_____		6,890	766	_____	7,656
_____		_____	_____	_____	_____
_____		_____	_____	_____	_____
Net Income (Loss)		\$ 6,208	\$ (7,361)	\$ _____	\$ (1,153)

UTILITY NAME: DAMON UTILITIES, INC.

YEAR OF REPORT DECEMBER 31.	1998
--------------------------------	------

COMPARATIVE BALANCE SHEET

ACCOUNT NAME	Reference Page	Current Year	Previous Year
Assets:			
Utility Plant in Service (101-105) -----	F-5,W-1,S-1	\$ 340,808	\$ 338,443
Accumulated Depreciation and Amortization (108) -----	F-5,W-2,S-3	164,986	149,534
Net Utility Plant -----		\$ 175,822	\$ 188,909
 Cash -----		 702	 1,320
Customer Accounts Receivable (141) -----		100	100
Other Assets (Specify): -----			
Security Deposit -----			
 Total Assets -----		\$ 176,624	\$ 190,329
Liabilities and Capital:			
Common Stock Issued (201) -----	F-6	600	600
Preferred Stock Issued (204) -----	F-6	14,400	14,400
Other Paid in Capital (211) -----		12,425	27,117
Retained Earnings (215) -----	F-6		
Proprietary Capital (Proprietary and partnership only) (213) -----	F-6		
Total Capital -----		\$ 27,425	\$ 42,117
Long Term Debt (224) -----	F-6	75,639	
Accounts Payable (231) -----			
Notes Payable (232) -----			
Customer Deposits (235) -----			
Accrued Taxes (236) -----			
Other Liabilities (Specify) -----		13,926	88,619
Loans From Stockholders -----			
 Advances for Construction -----			
Contributions in Aid of Construction - Net (271-272) -----	F-8	59,634	59,593
Total Liabilities and Capital -----		\$ 176,624	\$ 190,329

UTILITY NAME: DAMON UTILITIES, INC.

YEAR OF REPORT
DECEMBER 31, 1998

GROSS UTILITY PLANT

Plant Accounts: (101 - 107) inclusive	Water	Wastewater	Plant other Than Reporting Systems	Total
Utility Plant in Service -----	\$ <u>133,753</u>	\$ <u>207,055</u>	\$ _____	\$ <u>340,808</u>
Construction Work in Progress -----	_____	_____	_____	_____
Other (Specify) ----- _____ _____	_____	_____	_____	_____
Total Utility Plant -----	\$ <u>133,753</u>	\$ <u>207,055</u>	\$ _____	\$ <u>340,808</u>

ACCUMULATED DEPRECIATION (A/D) AND CIAC AMORTIZATION OF UTILITY PLANT

Account 108	Water	Wastewater	A/D & CIAC AM. Other Than Reporting Systems	Total
Balance First of Year -----	\$ <u>43,915</u>	\$ <u>105,619</u>	\$ _____	\$ <u>149,534</u>
<u>Add Credits During Year:</u>				
Accruals charged to depreciation account -----	\$ <u>5,834</u>	\$ <u>9,618</u>	\$ _____	\$ <u>15,452</u>
Salvage -----	_____	_____	_____	_____
Other Credits (specify) ----- _____	_____	_____	_____	_____
Total Credits -----	\$ <u>5,834</u>	\$ <u>9,618</u>	\$ _____	\$ <u>15,452</u>
<u>Deduct Debits During Year:</u>				
Book cost of plant retired -----	\$ _____	\$ _____	\$ _____	\$ _____
Cost of removal -----	_____	_____	_____	_____
Other debits (specify) ----- _____	_____	_____	_____	_____
Total Debits -----	\$ _____	\$ _____	\$ _____	\$ _____
Balance End of Year -----	\$ <u>49,749</u>	\$ <u>115,237</u>	\$ _____	\$ <u>164,986</u>

UTILITY NAME: DAMON UTILITIES, INC.

YEAR OF REPORT DECEMBER 31	1998
-------------------------------	------

CAPITAL STOCK (201 - 204)

	Common Stock	Preferred Stock
Par or stated value per share_____	1	_____
Shares authorized_____	600	_____
Shares issued and outstanding_____	600	_____
Total par value of stock issued_____	600	_____
Dividends declared per share for year_____	0	_____

RETAINED EARNINGS (215)

	Appropriated	Un-Appropriated
Balance first of year_____	\$ _____	\$ 27,117
Changes during the year (Specify): Adjustments (F4 #215)_____	_____	(14,692)
_____	_____	_____
Balance end of year_____	\$ _____	\$ 12,425

PROPRIETARY CAPITAL (218)

	Proprietor Or Partner	Partner
Balance first of year_____	\$ _____	\$ _____
Changes during the year (Specify): _____	_____	_____
_____	_____	_____
Balance end of year_____	\$ N/A	\$ N/A

LONG TERM DEBT (224)

Description of Obligation (Including Nominal Date of Issue and Date of Maturity):	Interest		Principal per Balance Sheet Date
	Rate	# of Pymts	
Nations Bank (Variable Rate)	9.1%	34	\$ 75,639
_____	_____	_____	_____
Total_____			\$ 75,639

TAXES ACCRUED (236)

(a)	Water (b)	Wastewater (c)	Other (d)	Total (e)
1. Balance first of year_____	\$ 1,046	\$ 556	\$ _____	\$ 1,602
Add Accruals charged:				
State ad valorem tax_____	\$ _____	\$ _____	\$ _____	\$ _____
Local property tax_____	1,750	194	_____	1,944
Federal income tax_____	_____	_____	_____	_____
State income tax_____	_____	_____	_____	_____
Regulatory assessment fee_____	1,603	912	_____	2,515
Other (Specify)_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
2. Total Taxes Accrued_____	\$ 3,353	\$ 1,106	\$ _____	\$ 4,459
Deduct Taxes Paid:				
State ad valorem tax_____	\$ _____	\$ _____	\$ _____	\$ _____
Local property tax_____	_____	_____	_____	_____
Federal income tax_____	_____	_____	_____	_____
State income tax_____	_____	_____	_____	_____
Regulatory assessment fee_____	1,718	847	_____	2,565
Other (Specify)_____	_____	_____	_____	_____
Intangible Tax	5	1	_____	6
3. Total Taxes Paid_____	\$ 1,723	\$ 848	\$ _____	\$ 2,571
4. Balance end of year_____	\$ 2,676	\$ 814	\$ _____	\$ 3,490
(1 + 2 - 3 = 4)				

PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES

Report all information concerning outside rate, management, construction, advertising, labor relations, public relations, or other similiar professional services rendered the respondent for which aggregate payments during the year to any corporation, partnership, individual, or organization of any kind whatever amounting to \$500 or more.

Name of Recipient	Water Amount	Wastewater Amount	Description of Service
NONE	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____

UTILITY NAME: DAMON UTILITIES, INC.

YEAR OF REPORT
DECEMBER 31, 1998

CONTRIBUTIONS IN AID OF CONSTRUCTION (271)

(a)	Water (b)	Wastewater (c)	Total (d)
1) Balance first of year_____	\$ 43,509	\$ 30,919	\$ 74,428
2) Add credits during year_____	\$ 1,950	\$ -	\$ 1,950
3) Total_____	45,459	30,919	76,378
4) Deduct charges during the year_____	-	-	-
5) Balance end of year_____	45,459	30,919	76,378
6) Less Accumulated Amortization_____	12,133	4,611	16,744
7) Net CIAC_____	\$ 33,326	\$ 26,308	\$ 59,634

ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION DURING YEAR (CREDITS)

Report below all developers or contractors agreements from which cash or property was received during the year.	Indicate "Cash" or "Property"	Water	Wastewater
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Sub-total_____		\$ N/A	\$ N/A
Report below all capacity charges, main extension charges and customer connection charges received during the year.			
Description of Charge	Number of Connections	Charge per Connection	
New Meter Installation	3	\$ 650	\$ 1,950
New Meter Installation	2	-	-
_____	_____	_____	_____
_____	_____	_____	_____
Total Credits During Year (Must agree with line # 2 above.)_____		\$ 1,950	\$ _____

ACCUMULATED AMORTIZATION OF CIAC

	Water	Wastewater	Total
Balance First of Year_____	\$ 10,997	\$ 3,838	\$ 14,835
Add Credits During Year_____	1,136	773	1,909
Deduct Debits During Year_____	_____	_____	_____
Balance End of Year (Must agree with line #6 above.)	\$ 12,133	\$ 4,611	\$ 16,744

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

UTILITY NAME: DAMON UTILITIES, INC.

YEAR OF REPORT DECEMBER 31	1998
-------------------------------	------

SCHEDULE "A"

SCHEDULE OF COST OF CAPITAL USED FOR AFUDC CALCULATION (1)

Class of Capital (a)	Dollar Amount (b)	Percentage of Capital (c)	Actual Cost Rates (d)	Weighted Cost [c x d] (e)
Common Equity	\$ _____	_____ %	_____ %	_____ %
Preferred Stock	_____	_____ %	_____ %	_____ %
Long Term Debt	_____	_____ %	_____ %	_____ %
Customer Deposits	_____	_____ %	_____ %	_____ %
Tax Credits - Zero Cost	_____	_____ %	0.00 %	_____ %
Tax Credits - Weighted Cost	_____	_____ %	_____ %	_____ %
Deferred Income Taxes	_____	_____ %	_____ %	_____ %
Other (Explain)	_____	_____ %	_____ %	_____ %
Total	\$ _____	<u>100.00</u> %		<u>N/A</u> %

(1) Must be calculated using the same methodology used to calculate AFUDC rate approved by the Commission.

APPROVED AFUDC RATE

Current Commission approved AFUDC rate:	_____ %
Commission Order approving AFUDC rate:	_____

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

UTILITY NAME: DAMON UTILITIES, INC.

YEAR OF REPORT DECEMBER 31, <u>1998</u>
--

SCHEDULE "B"

SCHEDULE OF CAPITAL STRUCTURE ADJUSTMENTS

Class of Capital (a)	Per Book Balance (b)	Non-utility Adjustments (c)	Non-juris. Adjustments (d)	Other (1) Adjustments (e)	Capital Structure Used for AFUDC Calculation (f)
Common Equity	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Preferred Stock	_____	_____	_____	_____	_____
Long Term Debt	_____	_____	_____	_____	_____
Customer Deposits	_____	_____	_____	_____	_____
Tax Credits-Zero Cost	_____	_____	_____	_____	_____
Tax Credits-Weighted	_____	_____	_____	_____	_____
Cost of Capital	_____	_____	_____	_____	_____
Deferred Income Taxes	_____	_____	_____	_____	_____
Other (Explain)	_____	_____	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ <u>N/A</u>

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

WATER
OPERATING
SECTION

UTILITY NAME: DAMON UTILITIES, INC.

YEAR OF REPORT DECEMBER 31, 1998

WATER UTILITY PLANT ACCOUNTS

Acct. No. (a)	Account Name (b)	Previous Year (c)	Additions (d)	Retirements (e)	Current Year (f)
301	Organization_____	\$ 5,658	\$ _____	\$ _____	\$ 5,658
302	Franchises_____	_____	_____	_____	_____
303	Land and Land Rights_____	_____	_____	_____	_____
304	Structures and Improvements__	5,054	_____	_____	5,054
305	Collecting and Impounding Reservoirs_____	_____	_____	_____	_____
306	Lake, River and Other Intakes_____	_____	_____	_____	_____
307	Wells and Springs_____	6,285	_____	_____	6,285
308	Infiltration Galleries and Tunnels_____	_____	_____	_____	_____
309	Supply Mains_____	_____	_____	_____	_____
310	Power Generation Equipment__	5,969	88	_____	6,057
311	Pumping Equipment_____	11,940	_____	_____	11,940
320	Water Treatment Equipment____	9,139	_____	_____	9,139
330	Distribution Reservoirs and Standpipes_____	_____	_____	_____	_____
331	Transmission and Distribution Lines_____	54,554	341	_____	54,895
333	Services_____	_____	_____	_____	_____
334	Meters and Meter Installations_____	33,702	1,023	_____	34,725
335	Hydrants_____	_____	_____	_____	_____
339	Other Plant and Miscellaneous Equipment____	_____	_____	_____	_____
340	Office Furniture and Equipment_____	_____	_____	_____	_____
341	Transportation Equipment_____	_____	_____	_____	_____
342	Stores Equipment_____	_____	_____	_____	_____
343	Tools, Shop and Garage Equipment_____	_____	_____	_____	_____
344	Laboratory Equipment_____	_____	_____	_____	_____
345	Power Operated Equipment____	_____	_____	_____	_____
346	Communication Equipment_____	_____	_____	_____	_____
347	Miscellaneous Equipment_____	_____	_____	_____	_____
348	Other Tangible Plant_____	_____	_____	_____	_____
	Total Water Plant_____	\$ 132,301	\$ 1,452	\$ _____	\$ 133,753

Acct. No. (a)	Account (b)	Average Service Life in Years (c)	Average Salvage in Percent (d)	Depr. Rate Applied (e)	Accumulated Depreciation Balance Previous Year (f)	Debits (g)	Credits (h)	Accum. Depr. Balance End of Year (f+g+h=i) (i)
304	Structures and Improvements	28	%	3.6 %	\$ 3,389	\$	\$ 182	\$ 3,571
305	Collecting and Impounding Reservoirs		%	%				
306	Lake, River and Other Intakes		%	%				
307	Wells and Springs	27	%	3.7 %	2,351		233	2,584
308	Infiltration Galleries & Tunnels		%	%				
309	Supply Mains		%	%				
310	Power Generating Equipment	12	%	8.3 %	497		505	1,000
311	Pumping Equipment	17	%	5.9 %	5,507		704	6,211
320	Water Treatment Equipment	17	%	5.9 %	4,978		539	5,517
330	Distribution Reservoirs & Standpipes		%	%				
331	Trans. & Dist. Mains	38	%	2.6 %	13,306		1,427	14,733
333	Services		%	%				
334	Meter & Meter Installations	17	%	5.9 %	11,825		2,049	13,874
335	Hydrants		%	%				
339	Other Plant and Miscellaneous Equipment		%	%				
340	Office Furniture and Equipment		%	%				
341	Transportation Equipment		%	%				
342	Stores Equipment		%	%				
343	Tools, Shop and Garage Equipment		%	%				
344	Laboratory Equipment		%	%				
345	Power Operated Equipment		%	%				
346	Communication Equipment		%	%				
347	Miscellaneous Equipment		%	%				
348	Other Tangible Plant		%	%				
	Organizational Costs			3.44%	2,062		195	2,257
	Totals				\$ 43,915	\$	\$ 5,834	\$ 49,747 *

* This amount should tie to Sheet F-5.

WATER OPERATION AND MAINTENANCE EXPENSE

Acct No.	Account Name	Amount
601	Salaries and Wages - Employees_____	\$ _____
603	Salaries and Wages - Officers, Directors, and Majority Stockholders_____	_____
604	Employee Pensions and Benefits_____	_____
610	Purchased Water_____	1,791
615	Purchased Power_____	132
616	Fuel for Power Production_____	456
618	Chemicals_____	2,907
620	Materials and Supplies_____	_____
630	Contractual Services:	1,607
	Operator and Management_____	3,188
	Testing_____	110
	Other_____	_____
640	Rents_____	_____
650	Transportation Expense_____	863
655	Insurance Expense_____	188
665	Regulatory Commission Expenses (Amortized Rate Case Expense)_____	_____
670	Bad Debt Expense_____	1,296
675	Miscellaneous Expenses_____	_____
	Total Water Operation And Maintenance Expense_____	\$ 12,538 *

* This amount should tie to Sheet F-3.

WATER CUSTOMERS

Description (a)	Type of Meter ** (b)	Equivalent Factor (c)	Number of Active Customers		Total Number of Meter Equivalents (c x e) (f)
			Start of Year (d)	End of Year (e)	
5/8"	D	1.0	221	226	226
3/4"	D	1.5	_____	_____	_____
1"	D	2.5	_____	_____	_____
1 1/2"	D,T	5.0	_____	_____	_____
2"	D,C,T	8.0	_____	_____	_____
3"	D	15.0	_____	_____	_____
3"	C	16.0	_____	_____	_____
3"	T	17.5	_____	_____	_____
4"	D,C	25.0	_____	_____	_____
4"	T	30.0	_____	_____	_____
6"	D,C	50.0	_____	_____	_____
6"	T	62.5	_____	_____	_____
Other (Specify): _____ _____	_____ _____	_____ _____	_____ _____	_____ _____	_____ _____
Unmetered Customers			_____	_____	_____
** D = Displacement C = Compound T = Turbine			Total	221	226
			221	226	226

UTILITY NAME: _____ Damon Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 1998

SYSTEM NAME: _____

PUMPING AND PURCHASED WATER STATISTICS

(a)	Water Purchased For Resale (Omit 000's) (b)	Finished Water From Wells (Omit 000's) (c)	Recorded Accounted For Loss Through Line Flushing Etc (Omit 000's) (d)	Total Water Pumped And Purchased (Omit 000's) [(b)+(c)-(d)] (e)	Water Sold To Customers (Omit 000's) (f)
January_____	_____	897.94	5	892.94	892.94
February_____	_____	797.62	5	792.62	792.62
March_____	_____	1,002.47	5	997.47	997.47
April_____	_____	1,068.81	5	1,063.81	1,063.81
May_____	_____	915.43	5	910.43	910.43
June_____	_____	998.68	5	993.68	993.68
July_____	_____	734.25	5	729.25	729.25
August_____	_____	756.69	5	751.69	751.69
September_____	_____	754.16	5	749.16	749.16
October_____	_____	814.37	5	809.37	809.37
November_____	_____	962.51	5	957.51	957.51
December_____	_____	990.69	5	985.69	985.69
Total for Year_____	_____	10,693.62	60.00	10,633.62	10,633.62

If water is purchased for resale, indicate the following:

Vendor _____ N/A

Point of delivery _____

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

N/A

MAINS (FEET)

Kind of Pipe (PVC, Cast Iron, Coated Steel, etc.)	Diameter of Pipe	First of Year	Added	Removed or Abandoned	End of Year
PVC	6 Inch	825 LF	0	0	825 LF
PVC	4 Inch	7,782 LF	0	0	7,782 LF
PVC	2 Inch	3,410 LF	0	0	3,410 LF
PVC	1 Inch	160 LF	0	0	160 LF
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

UTILITY NAME: _____ Damon Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 1998

SYSTEM NAME: _____

**WELLS AND WELL PUMPS
(If Available)**

(a)	(b)	(c)	(d)	(e)
Year Constructed _____	1986	1987	_____	_____
Types of Well Construction and Casing _____	Steel&Concrete	Steel&Concrete	_____	_____
_____	_____	_____	_____	_____
Depth of Wells _____	500 Feet	500 Feet	_____	_____
Diameters of Wells _____	4 Inch	4 Inch	_____	_____
Pump - GPM _____	100 GPH	100 GPH	_____	_____
Motor - HP _____	5 HP	5 HP	_____	_____
Motor Type * _____	Submersible	Submersible	_____	_____
Yields of Wells in GPD _____	130,000	130,000	_____	_____
Auxiliary Power _____	N/A	N/A	_____	_____

* Submersible, centrifugal, etc.

RESERVOIRS

(a)	(b)	(c)	(d)	(e)
Description (steel, concrete)	Steel	Steel	_____	_____
Capacity of Tank _____	2000	2000	_____	_____
Ground or Elevated _____	Ground	Ground	_____	_____

HIGH SERVICE PUMPING

(a)	(b)	(c)	(d)	(e)
Motors				
Manufacturer _____	Sta-Rite	Sta-Rite	_____	_____
Type _____	Submersible	Submersible	_____	_____
Rated Horsepower _____	5 HP	5 HP	_____	_____
Pumps				
Manufacturer _____	Sta-Rite	Sta-Rite	_____	_____
Type _____	Submersible	Submersible	_____	_____
Capacity in GPM _____	100	100	_____	_____
Average Number of Hours Operated Per Day _____	2 1/2	2 1/2	_____	_____
Auxiliary Power _____	N/A	N/A	_____	_____

UTILITY NAME: _____ Damon Utilities, Inc.

YEAR OF REPORT DECEMBER 31,

SOURCE OF SUPPLY

List for each source of supply (Ground, Surface, Purchased Water etc.)			
Gals. per day of source	14,560 Each	_____	_____
Type of Source	2 Deep Wells	_____	_____

WATER TREATMENT FACILITIES

List for each Water Treatment Facility:			
Type	Wallace & Tierman	_____	_____
Make	V-100	_____	_____
Gals. per day capacity	130,000	_____	_____
High service pumping	N/A	_____	_____
Gallons per minute	N/A	_____	_____
Reverse Osmosis	N/A	_____	_____
Lime Treatment		_____	_____
Unit Rating	N/A	_____	_____
Filtration		_____	_____
Pressure Sq. Ft.	N/A	_____	_____
Gravity GPD/Sq.Ft.	N/A	_____	_____
Disinfection		_____	_____
Chlorinator	Gas	_____	_____
Ozone	N/A	_____	_____
Other	N/A	_____	_____
Auxiliary Power	Generator/Portable	_____	_____

OTHER WATER SYSTEM INFORMATION

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

- Present ERCs * now being served _____ 82.77
- Maximum ERCs ** that system can efficiently serve _____ 371
- Present system connection capacity (in ERC's) using existing lines _____
- Future connection capacity (in ERC's) upon service area buildout _____
- Estimated annual increase in ERCs * _____ 9.72
- List fire fighting facilities and capacities (including number of fire hydrants) _____
_____ 2 @ 150 GPM
- List percent of certificated area where service connections are installed (total for each county) _____
- What is the current need for system upgrading and/or expansion? _____ Need to upgrade foundation's horizontal surface higher and slope downward for Water Pump _____
- What are plans for future system upgrading and/or expansion? _____
None at this time
- Have questions 8 and 9 been discussed with an engineer? (if so, state name and address)
Yes - Florida - Southwest Florida Water management Districe, 170 Century Boulevard,
Bartow, FL 33830-7700
- Has an application for a construction permit been filed with the DEP? (If so, explain) No _____
- Department of Environmental Protection ID # _____
Water Management District ID # _____

* ERC = (Total Gallons Sold / 365 days) / 350 Gallons Per Day
** Total Plant Capacity / 350 gallons

WASTEWATER
OPERATING
SECTION

UTILITY NAME:

Damon Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 1998

WASTEWATER UTILITY PLANT ACCOUNTS

Acct. No. (a)	Account Name (b)	Previous Year (c)	Additions (d)	Retirements (e)	Current Year (f)
351	Organization_____	\$ 17,504	\$ _____	\$ _____	\$ 17,504
352	Franchises_____	_____	_____	_____	_____
353	Land and Land Rights_____	_____	_____	_____	_____
354	Structures and Improvements_____	2,774	_____	_____	2,774
360	Collection Sewers - Force_____	28,969	575	_____	29,544
361	Collection Sewers - Gravity_____	43,539	_____	_____	43,539
362	Special Collecting Structures_____	_____	_____	_____	_____
363	Services to Customers_____	_____	_____	_____	_____
364	Flow Measuring Devices_____	_____	_____	_____	_____
365	Flow Measuring Installations_____	_____	_____	_____	_____
370	Receiving Wells_____	1,642	_____	_____	1,642
371	Pumping Equipment_____	_____	_____	_____	_____
380	Treatment and Disposal Equipment_____	90,981	338	_____	91,319
381	Plant Sewers_____	7,750	_____	_____	7,750
382	Outfall Sewer Lines_____	12,983	_____	_____	12,983
389	Other Plant and Miscellaneous Equipment_____	_____	_____	_____	_____
390	Office Furniture and Equipment_____	_____	_____	_____	_____
391	Transportation Equipment_____	_____	_____	_____	_____
392	Stores Equipment_____	_____	_____	_____	_____
393	Tools, Shop and Garage Equipment_____	_____	_____	_____	_____
394	Laboratory Equipment_____	_____	_____	_____	_____
395	Power Operated Equipment_____	_____	_____	_____	_____
396	Communication Equipment_____	_____	_____	_____	_____
397	Miscellaneous Equipment_____	_____	_____	_____	_____
398	Other Tangible Plant_____	_____	_____	_____	_____
	Total Wastewater Plant_____	\$ 206,142	\$ 913	\$ _____	\$ 207,055 *

* This amount should tie to sheet F-5.

UTILITY NAME: Damon Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 1998

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - WASTEWATER

Acct. No. (a)	Account (b)	Average Service Life in Years (c)	Average Salvage in Percent (d)	Depr. Rate Applied (e)	Accumulated Depreciation Balance Previous Year (f)	Debits (g)	Credits (h)	Accum. Depr. Balance End of Year (i-g+h=i) (i)
354	Structures and Improvements	27	%	3.7	9,012		103	9,115
360	Collection Sewers - Force	27	%	3.7	4,446		1,093	5,539
361	Collection Sewers - Gravity	40	%	2.5	11,959		1,088	13,047
362	Special Collecting Structures		%					
363	Services to Customers		%					
364	Flow Measuring Devices		%					
365	Flow Measuring Installations		%					
370	Receiving Wells	15	%	6.7	933		110	1,043
371	Pumping Equipment		%					
380	Treatment and Disposal Equipment		%					
381	Plant Sewers	15	%	6.7	65,238		6,118	71,356
382	Outfall Sewer Lines	32	%	3.1	2,640		240	2,880
389	Other Plant and Miscellaneous Equipment	30	%	3.3	6,749		428	7,177
390	Office Furniture and Equipment		%					
391	Transportation Equipment		%					
392	Stores Equipment		%					
393	Tools, Shop and Garage Equipment		%					
394	Laboratory Equipment		%					
395	Power Operated Equipment		%					
396	Communication Equipment		%					
397	Miscellaneous Equipment		%					
398	Other Tangible Plant		%					
	Organizational Costs				4,642		438	5,080
	Totals			2.50%	105,619		9,618	115,237

* This amount should tie to Sheet F-5

WASTEWATER OPERATION AND MAINTENANCE EXPENSE

Acct. No.	Account Name	Amount
701	Salaries and Wages - Employees	\$.
703	Salaries and Wages - Officers, Directors, and Majority Stockholders	.
704	Employee Pensions and Benefits	.
710	Purchased Wastewater Treatment	2,664
711	Sludge Removal Expense	2,387
715	Purchased Power	.
716	Fuel for Power Production	599
718	Chemicals	431
720	Materials and Supplies	.
730	Contractual Services:	1,446
	Operator and Management	4,114
	Testing	1,806
	Other	1,500
740	Rents	.
750	Transportation Expense	336
755	Insurance Expense	188
765	Regulatory Commission Expenses (Amortized Rate Case Expense)	.
770	Bad Debt Expense	144
775	Miscellaneous Expenses	.
	Total Wastewater Operation And Maintenance Expense	\$ 15,615 *

* This amount should tie to Sheet F-3.

WASTEWATER CUSTOMERS

Description (a)	Type of Meter ** (b)	Equivalent Factor (c)	Number of Active Customers		Total Number of er Equivalents (c x e) (f)
			Start of Year (d)	End of Year (e)	
5/8"	D	1.0	77	79	79
3/4"	D	1.5			
1"	D	2.5			
1 1/2"	D,T	5.0			
2"	D,C,T	8.0			
3"	D	15.0			
3"	C	16.0			
3"	T	17.5			
4"	D,C	25.0			
4"	T	30.0			
6"	D,C	50.0			
6"	T	62.5			
Other (Specify):					
Unmetered Customers					
Total			77	79	79

** D = Displacement
C = Compound
T = Turbine

PUMPING EQUIPMENT

Lift Station Number _____	1	2	3	_____	_____	_____
Make or Type and nameplate data on pump _____	2	2	2	_____	_____	_____
Year installed _____	1986	1994	1989	_____	_____	_____
Rated capacity _____	190 GPM	117 GPM	117 GPM	_____	_____	_____
Size _____	_____	_____	_____	_____	_____	_____
Power:						
Electric _____	X	X	X	_____	_____	_____
Mechanical _____	_____	_____	_____	_____	_____	_____
Nameplate data of motor _____	_____	_____	_____	_____	_____	_____

SERVICE CONNECTIONS

Size (inches) _____	6 Inch	_____	_____	_____	_____	_____
Type (PVC, VCP, etc.) _____	PVC	_____	_____	_____	_____	_____
Average length _____	30 Feet	_____	_____	_____	_____	_____
Number of active service connections _____	79	_____	_____	_____	_____	_____
Beginning of year _____	77	_____	_____	_____	_____	_____
Added during year _____	2	_____	_____	_____	_____	_____
Retired during year _____	0	_____	_____	_____	_____	_____
End of year _____	79	_____	_____	_____	_____	_____
Give full particulars concerning inactive connections _____	N/A	_____	_____	_____	_____	_____

COLLECTING AND FORCE MAINS

	Collecting Mains			Force Mains		
	8 Inch PVC	4 Inch PVC	8 Inch PVC	6 Inch PVC	3 Inch PVC	4 Inch PVC
Size (inches) _____	8 Inch	4 Inch	8 Inch	6 Inch	3 Inch	4 Inch
Type of main _____	PVC	PVC	PVC	PVC	PVC	PVC
Length of main (nearest foot) _____	2814	30	1100	900	3450	1600
Beginning of year _____	2814	30	1100	900	3450	1600
Added during year _____	0	0	0	0	0	0
Retired during year _____	0	0	0	0	0	0
End of year _____	2814	30	1100	900	3450	1600

MANHOLES

Size (inches) _____	36 Inch	_____	_____	36 Inch
Type of Manhole _____	Concrete	_____	_____	Concrete
Number of Manholes:				
Beginning of year _____	10	_____	_____	4
Added during year _____	0	_____	_____	0
Retired during year _____	0	_____	_____	0
End of Year _____	10	_____	_____	4

UTILITY NAME: Damon Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 1998

SYSTEM NAME: _____

TREATMENT PLANT

Manufacturer_____	<u>Davco Defiance</u>	_____	_____
Type_____	<u>6131.73</u>	_____	_____
"Steel" or "Concrete"_____	<u>Concrete</u>	_____	_____
Total Capacity_____	<u>50,000 Gallons</u>	_____	_____
Average Daily Flow_____	<u>7,294 Gallons</u>	_____	_____
Effluent Disposal_____	<u>Drain Field</u>	_____	_____
Total Gallons of Wastewater treated_____	<u>2,662,190</u>	_____	_____

MASTER LIFT STATION PUMPS

Manufacturer_____	_____	_____	_____	_____	_____	_____
Capacity (GPM's)_____	_____	_____	_____	_____	_____	_____
Motor:						
Manufacturer_____	_____	_____	_____	_____	_____	_____
Horsepower_____	_____	_____	_____	_____	_____	_____
Power (Electric or Mechanical)_____	_____	_____	_____	_____	_____	_____

PUMPING WASTEWATER STATISTICS

Months	Gallons of Treated Wastewater	Effluent Reuse Gallons to Customers	Effluent Gallons Disposed of on site
January_____	<u>257,160</u>	<u>0</u>	<u>257,160</u>
February_____	<u>230,120</u>	<u>0</u>	<u>230,120</u>
March_____	<u>255,090</u>	<u>0</u>	<u>255,090</u>
April_____	<u>318,980</u>	<u>0</u>	<u>318,980</u>
May_____	<u>200,530</u>	<u>0</u>	<u>200,530</u>
June_____	<u>184,290</u>	<u>0</u>	<u>184,290</u>
July_____	<u>155,420</u>	<u>0</u>	<u>155,420</u>
August_____	<u>179,180</u>	<u>0</u>	<u>179,180</u>
September_____	<u>182,720</u>	<u>0</u>	<u>182,720</u>
October_____	<u>187,610</u>	<u>0</u>	<u>187,610</u>
November_____	<u>248,110</u>	<u>0</u>	<u>248,110</u>
December_____	<u>262,980</u>	<u>0</u>	<u>262,980</u>
Total for year_____	<u>2,662,190</u>	<u>0</u>	<u>2,662,190</u>

If Wastewater Treatment is purchased, indicate the vendor: _____

UTILITY NAME: Damon Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 1998

SYSTEM NAME: _____

OTHER WASTEWATER SYSTEM INFORMATION

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

1. Present ERCs * now being served _____ 26.05
2. Maximum ERCs ** that system can efficiently serve _____ 178.57
3. Present system connection capacity (in ERC's) using existing lines _____
4. Future connection capacity (in ERC's) upon service area buildout _____
5. Estimated annual increase in ERCs * _____ -0.35
6. State any plans and estimated completion dates for any enlargements of this system. _____ None
7. List percent of certificated area where service connections are installed (total for each county) _____
8. If present systems do not meet the requirements of DEP Rule 62-4, Florida Administrative Code, submit the following:
 - a. Evaluation of the present plant or plants in regard to meeting the DEP's rules.
 - b. Plans for funding and construction of the required upgrading.
 - c. Have these plans been coordinated with the DEP? _____
 - d. Do they concur? _____
 - e. When will construction begin? _____
9. Do you discharge effluent to surface waters? _____
10. Department of Environmental Protection ID # _____
Water Management District ID # _____

* $ERC = (\text{Total Gallons Treated} / 365 \text{ days}) / 280 \text{ Gallons Per Day}$

Note: Total Gallons Treated includes both Wastewater treated and Purchased Wastewater Treatment.

** Total Plant Capacity / 280 gallons

CERTIFICATION OF ANNUAL REPORT

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

- | | | | |
|--|--------------------------------|----|--|
| YES
<input checked="" type="checkbox"/> | NO
<input type="checkbox"/> | 1. | The utility is in substantial compliance with the Uniform System of Accounts prescribed by the Florida Public Service Commission in Rule 25-30.115 (1), Florida Administrative Code. |
| YES
<input checked="" type="checkbox"/> | NO
<input type="checkbox"/> | 2. | The utility is in substantial compliance with all applicable rules and orders of the Florida Public Service Commission. |
| YES
<input checked="" type="checkbox"/> | NO
<input type="checkbox"/> | 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
<input checked="" type="checkbox"/> | NO
<input type="checkbox"/> | 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
See Note #1

1. <input checked="" type="checkbox"/>	2. <input checked="" type="checkbox"/>	3. <input checked="" type="checkbox"/>	4. <input checked="" type="checkbox"/>
---	---	---	---



T. A. HARSTINE *

(signature of chief executive officer of the utility)

1. <input type="checkbox"/>	2. <input type="checkbox"/>	3. <input type="checkbox"/>	4. <input type="checkbox"/>
--------------------------------	--------------------------------	--------------------------------	--------------------------------

(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 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.

NOTE: Damon Utilities, Inc. is currently involved in a Rate Case Audit and the Public Service Commission is providing guidance and assistance to the utility to ensure we are in compliance with all Utility rules, regulations and accounting.