

CLASS "A"

WATER and/or SEWER UTILITIES

(Gross Revenue of \$750,000 and Over)

ANNUAL REPORT

OF

(Rotonda West)
AquaSource Utility Inc.
P.O. Box 3509
9494 Placida Road
Placida, FL 33946-3509

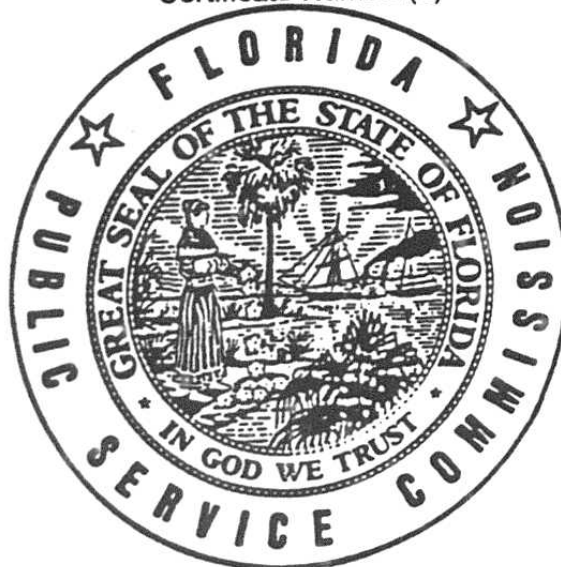
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Florida Public Service Commission
Division of Water and Wastewater

565-W 493-S

Certificate Number(s)



FOR THE
YEAR ENDED DECEMBER 31, 1998

Form PSC/WAS 4 (Rev. 12/22/86)

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

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 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 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. The report should be returned to:

Florida Public Service Commission
Division of Water and Sewer
101 East Gaines Street
Tallahassee, Florida 32399-0873

EXECUTIVE
SUMMARY

TABLE OF CONTENTS

Schedule	Page	Schedule	Page
Executive Summary			
Certification	E-1	Directors and Affiliates	E-7
General Information	E-2	Affiliation of Officers & Directors	E-8
Directory of Personnel Who Contact The Fla. Public Service Commission	E-3	Businesses Which Are A Byproduct, Coproduct or Joint Product Result of Providing Service	E-9
Company Profile	E-4	Business Transactions with Related Parties - Part I and II	E-10
Parent/Affiliate Organization Chart	E-5	Composite of Statistics	E-11
Compensation of Officers & Directors	E-6		
Business Contracts with Officers,			
Financial Section			
Comparative Balance Sheet - Assets and Other Debits	F-1	Companies	F-13
Comparative Balance Sheet- Equity Capital and Liabilities	F-2	Capital Stock	F-14
Comparative Operating Statement	F-3	Long Term Debt	F-14
Schedule of Year End Rate Base	F-4	Statement of Retained Earnings	F-15
Utility Plant	F-5	Bonds	F-16
Utility Plant Acquisition Adjustment	F-5	Advances from Associated Companies	F-16
Accumulated Depreciation	F-6	Accrued Taxes	F-17
Accumulated Amortization	F-6	Accrued Interest	F-18
Nonutility Property	F-7	Regulatory Commission Expense- Amortization of Rate Case Expense	F-18
Special Deposits	F-7	Misc. Current & Accrued Liabilities	F-19
Investments and Special Funds	F-8	Advances for Construction	F-19
Accounts and Notes Receivable - Net	F-9	Contributions In Aid of Construction	F-20
Account Receivable from Associated Companies	F-10	Additions to CIAC Received from Capacity, Main Extension and Customer Connection Charges	F-21
Notes Receivable from Associated Co.	F-10	Accum. Amortization of C.I.A.C.	F-21
Material and Supplies	F-11	Additions to CIAC Received from All Developers or Contractors	F-22
Prepayments	F-11	Agreements	F-22
Miscellaneous Deferred Debits	F-11	Reconciliation of Reported Net Income With Taxable Income For	F-23
Unamortized Debts Discount and Expense and Premium	F-12	Federal Income	F-24
Extraordinary Property Losses	F-12	AFUDC Calculation	F-24
Notes payable	F-13	AFUDC Capital Structure Adjustments	F-25
Accounts Payable to Associated			
Water Operation Section			
Water Utility Plant Accounts	W-1	Statistics	W-6
Water Utility Expense Accounts	W-2	Water Treatment Plant, Mains Services and Meters	W-7
Water Operating Revenue	W-3	Wells and Well Pump, Reservoirs, and High Service Pumping	W-8
Basis for Water Depreciation Charges	W-4	Other Water System Information	W-9
Analysis of Entries in Water Depreciation Reserve	W-5	Calculation of ERC's	W-10
Pumping and Purchased Water			
Sewer Operation Section			
Sewer Utility Plant Accounts	S-1	Pumping Equipment and Service Connections	S-6
Sewer Utility Expense Accounts	S-2	Collecting and Force Mains	S-7
Sewer Operating Revenue	S-3	Other Sewer System Information	S-8
Basis for Sewer Depreciation Charges	S-4	Calculation of ERC's	S-9
Analysis of Entries in Sewer Depreciation Reserve	S-5		

CERTIFICATION OF ANNUAL REPORT

UTILITY NAME: Aqua Source Utility Inc
(Rotunda System)

YEAR OF REPORT
DECEMBER 31, 1998

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.
() () () ()

(signature of chief executive officer of the utility)

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

Karl Jackson - Vice President
(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 37.06, 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

AquaSource Utility Inc.
(Exact Name of Utility)

COUNTY: CHARLOTTE

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

AquaSource Utility Inc.
P.O. Box 3509
Placida, FL 33846

Telephone: (941) 697-1588

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

Karl Jackson
AquaSource, Inc.
11100 Brittmoore Park Drive
Houston, TX 77041

Telephone: (713) 983-3281

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

AquaSource Utility Inc.
9494 Placida Road
Cape Haze, FL 33946

Telephone: (941) 697-1588

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

Date of original organization of the utility: 6/17/57

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) AquaSource, Inc.	100%
2)	%
3)	%
4)	%
5)	%
6)	%
7)	%
8)	%
9)	%
10)	%

YEAR OF REPORT
DECEMBER 31, 1998

UTILITY NAME AquaSource Utility Inc.

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
Michael R. Moses, CPA	Accountant	Ferrell & Moses, P.A. (813) 254-7222	Accountants
Marty Rosen	Attorney	Rose, Sundstrom, & Bentley (850) 877-6555	Legal Counsel
Jon P. Trevelise	Controller	AquaSource, Inc. (713) 983-3212	Controller
Karl Jackson	Assistant Controller	AquaSource, Inc. (713) 983-3281	Assistant Controller
James Lahtinen	V.P. Rates	AquaSource, Inc. (412) 393-6336	

- (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: AquaSource Utility, Inc

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.

Rotonda West Utility Corporation became such through a name change on February 8, 1972 from the Cape Haze Water Company, Inc. was owned by the Vanderbilts, was a small size, and had nominal utility assets providing potable water services to the lots being developed and sold by the Vanderbilts on the Cape Haze Peninsula. Prior to the name change, in 1969, the utility along with other significant land holdings of the Vanderbilt family were acquired by Cavanaugh Communities Corporation (CCC). The stock of Rotonda West Utility Corporation was acquired by Rotonda Properties, Inc. in 1980. Ownership did not change until December 15, 1998, when the assets of Rotonda West Utility were sold to AquaSource Inc.

The cost of the water utility assets acquired by CCC were established through a cost study performed by Frederick L. Bell, engineer. Subsequent to 1970 substantial portions of the potable water distribution system as well as the sewerage collection system were contributed to the utility. Through a cost analysis in 1978 by Arthur R. Finney, Jr., all unsupported facility additions were eliminated from rate base.

The currently operational reverse osmosis water treatment facility was completed in 1973 and modified in 1978 to its current capacity of .5MGD.

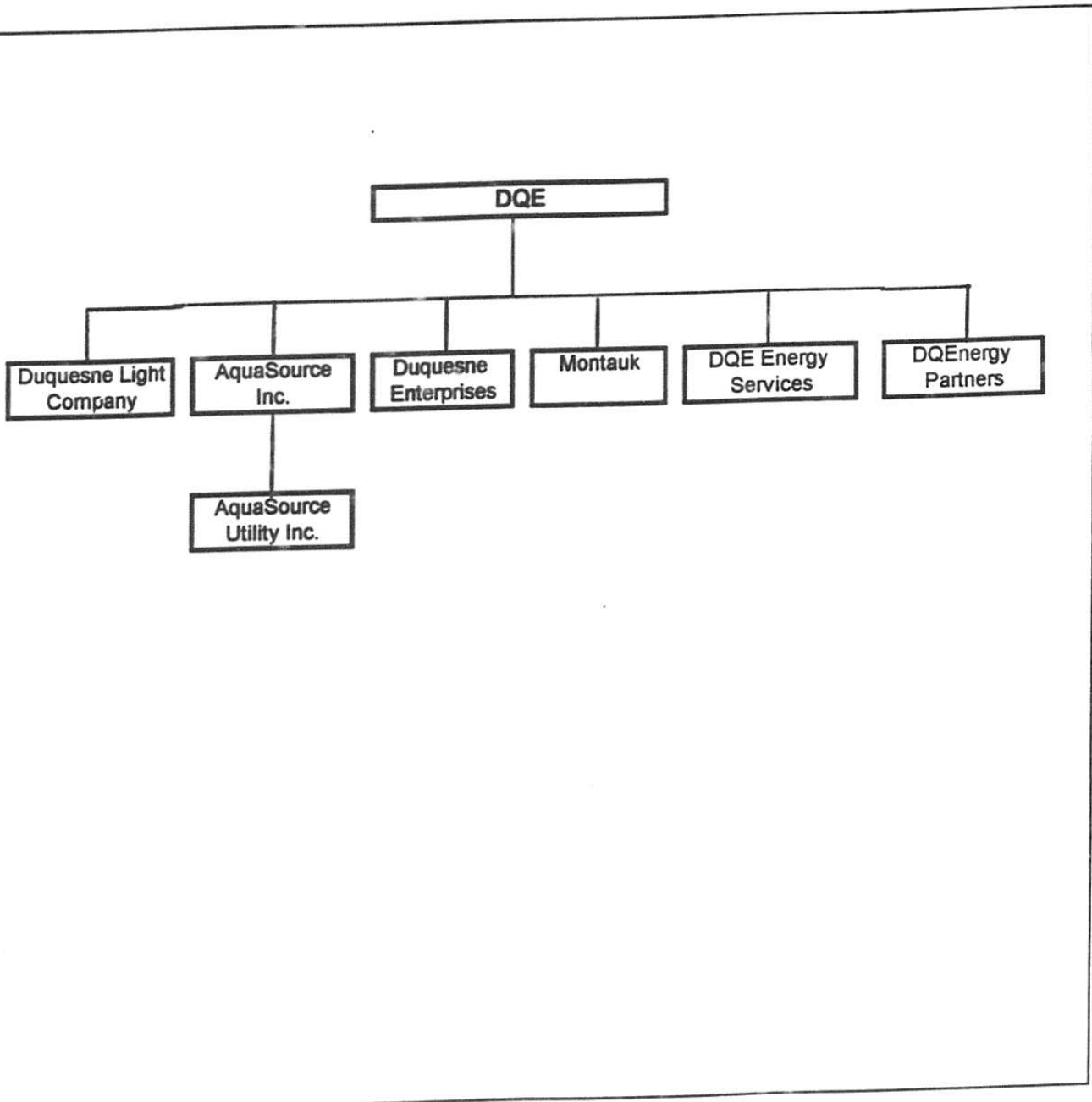
A lime water treatment plant was added to the system during 1993. This plants rated capacity is .5 MGD. Sewerage treatment was initiated under the aegis of CCC in 1973 with the completion of a .075MGD facility. The aforementioned was expanded in 1977 to .25MGD and again in 1984 to .346MGD. Portions of the aforementioned non cohesive facilities were retired in 1988 with the completion of the currently operational .625MGD advanced wastewater treatment facility.

AquaSource Utility, Inc.'s franchise area continues to grow at the rate of 140+/- service connections per year. This continual growth coupled with ever increasing environmental concerns provides AquaSource Utility Inc. challenges in providing the expected quality of potable water service and effluent disposal at the least possible expense to the customer.

UTILITY NAME: AquaSource Utility Inc.

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 E7, E-10(a) and E-10(b).



YEAR OF REPORT
DECEMBER 31, 1998

UTILITY NAME: AquaSource Utility Inc.

COMPENSATION OF OFFICERS

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

NAME (a)	TITLE (b)	% OF TIME SPENT AS OFFICER OF UTILITY (c)	OFFICERS COMPENSATION (d)
Donald J. Clayton Michael J. Miller Doug Bailey Karl Jackson Carey Thomas Linda Law	President Vice President Vice President/ Treasurer Vice President/ Controller Secretary Assistant Secretary		All officers are compensated by the parent company, AquaSource, Inc.

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 DIRECTOR MEETINGS ATTENDED (c)	DIRECTORS COMPENSATION (d)
Edward R. Wallace	Director		None

YEAR OF REPORT
DECEMBER 31, 1998

UTILITY NAME: AquaSource Utility Inc.

BUSINESS CONTRACTS WITH OFFICERS, DIRECTORS AND AFFILIATES

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

NAME OF OFFICER, DIRECTOR OR AFFILIATE (a)	IDENTIFICATION OF SERVICE OR PRODUCT (b)	AMOUNT (c)	NAME AND ADDRESS OF AFFILIATED ENTITY (d)
--	--	---------------	---

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: AquaSource Utility Inc.

YEAR 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)	NAMED AND ADDRESS OF AFFILIATION OR CONNECTION (D)
Donald J. Clayton	President	AquaSource, Inc.	AquaSource, Inc. 11100 Brittmoores Park Drive Houston, TX 77041
Edward R. Wallace	Sr. Vice President/CFO	AquaSource, Inc.	
Michael M. Miller	Vice President	AquaSource, Inc.	
Doug Bailey	Treasurer	AquaSource, Inc.	
Karl Jackson	Assistant Controller	AquaSource, Inc.	
Carey Thomas	Vice President/ Assistant Secretary	AquaSource, Inc.	

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

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

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

BUSINESS OR SERVICE CONDUCTED (A)	ASSETS		REVENUES		EXPENSE	
	BOOK COST OF ASSETS (B)	ACCT. NO (C)	REVENUES GENERATED (D)	ACCT NO (E)	EXPENSES INCURRED (F)	ACCT NO. (G)
None	\$		\$		\$	

UTILITY NAME: AquaSource Utility Inc.

BUSINESS TRANSACTIONS WITH RELATED PARTIES

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

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

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

NAME OF COMPANY OR RELATED PARTY (A)	DESCRIPTION SERVICE AND/OR NAME OF PRODUCT (B)	CONTRACT OR AGREEMENT EFFECTIVE DATES (C)	ANNUAL CHARGES	
			(P) URCHASSED OR (S) OLD (D)	AMT (E)
AquaSource Services and Technologies, Inc.	Management, Operations, Accounting Services, Repair and Maintenance	12/15/98	P .	\$0 .

* Note: We did not begin actual operations and charges until 1999.

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
 - write-off 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, described 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)
AquaSource, Inc.	None	\$ N/A	\$ N/A	\$ N/A	\$ N/A

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

COMPOSITE STATISTICS FOR ALL
PRIVATELY OWNED WATER AND SEWER UTILITIES UNDER AGENCY JURISDICTION

DESCRIPTION (a)	WATER (b)	SEWER (c)
PLANT (Intrastate only) (000's Omitted):		
Plant in Service	8,450	5,732
Construction Work In Progress	14	1,127
Plant Acquisition Adjustment		
Plant Held For Future Use	1,497	224
Materials and Supplies	14	13
Less:		
Accumulated Depreciation and Accumulated Amortization	2,380	1,329
Contributions In Aid of Construction	3,580	1,759
Net Book Cost	15,935	10,184
REVENUES AND EXPENSES (Intrastate Only) (000's Omitted):		
Operating Revenues	1,625	1,625
Depreciation and Amortization Expense	195	195
Income Tax Expense	0	0
Taxes Other Than Income		
Other Operating Expenses		
Total Operating Expense	195	195
Net Operating Income	1,430	1,430
Other Income	190	190
Other Income Deductions	0	0
Net Income	1,620	1,620
CUSTOMERS (Intrastate Only):		
Residential - Yearly Average	3,003	2,798
Commerical - Yearly Average	90	43
Industrial - Yearly Average	0	0
Others - Yearly Average	12	12
Total	3,105	2,853
OTHER STATISTICS (Intrastate Only):		
Average Annual Residential Use Per 1,000 Gallons	67	59
Average Annual Residential Cost Per 1,000 Gallons	4.00	3.73
Average Residential Monthly Bill	29.61	25.50
Gross Plant Investment Per Customer	2,410	1,910

FINANCIAL
SECTION

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
UTILITY PLANT				
101-106	Utility Plant	F- 5	17,045,865	\$ 16,537,989
108-110	Less: Accumulated Depreciation and Amortization	F- 6	3,726,348	3,198,503
	Net Plant		\$ 13,319,517	\$ 13,339,486
114-115	Utility Plant Acquisition Adjustment (Net)	F - 5	0	
116	Other Utility Plant Adj.		0	
	Total Net Utility Plant		\$ 13,319,517	\$ 13,339,486
OTHER PROPERTY AND INVESTMENTS				
121	Nonutility Property	F-7	1,151,251	\$ 1,056,102
122	Less: Accumulated Depreciation and Amortization		670,469	667,385
	Net Nonutility Property		480,782	\$ 388,717
123	Investment In Associated Companies	F-8		
124	Utility Investments	F-8		
125	Other Investments	F-8		
126-127	Special Funds	F-8		
	Total Other Property & Investments		\$ 480,782	\$ 388,717
CURRENT AND ACCRUED ASSETS				
131	Cash		450	\$ 1,284,522
132	Special Deposits	F-7		0
133	Other Special Deposits	F-7		
134	Working Funds			
135	Temporary Cash Investments			
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts	F-9	-	232,588
145	Accounts Receivable from Associated Companies	F-10	-	186,004
146	Notes Receivable from Associated Companies	F-10	-	180,000
151-153	Material and Supplies	F-11	27,153	34,911
161	Stores Expense			
162	Prepayments	F-11	20,171	38,032
171	Accrued Interest and Dividends Receivable			
172	Rents Receivable			
173	Accrued Utility Revenues		0	1,000
174	Misc. Current and Accrued Assets			
	Total Current and Accrued Assets		\$ 47,774	\$ 1,957,057

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense	F-12	0	\$ 169,192
182	Extraordinary Property Losses	F-12		
183	Preliminary Survey & Investigation Charges			
184	Clearing Accounts			
185	Temporary Facilities			49,982
186	Misc. Deferred Debits	F-11	130,362	
187	Research & Development Expenditures			363,492
190	Accumulated Deferred Income Taxes			
	Total Deferred Debits		130,362	\$ 582,666
	TOTAL ASSETS AND OTHER DEBITS		13,978,435	\$ 16,267,926

NOTES TO THE BALANCE SHEET

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

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
EQUITY CAPITAL				
201	Common Stock Issued	F-14	21,000	\$ 21,000
204	Preferred Stock Issued	F-14		
202, 205	Capital Stock Subscribed			
203, 206	Capital Stock Liability For Conversion			
207	Premium on Capital Stock			
209	Reduction in Par or Stated Value of Capital Stock			
210	Gain on Resale or Cancellation of Reacquired Capital Stock			
211	Other Paid - In Capital		10,771,232	4,268,000
212	Discount on Capital Stock			
213	Capital Stock Expense			
214-215	Retained Earnings	F-15	(3,294,833)	(2,700,530)
216	Reacquired Capital Stock			
218	Proprietary Capital (Proprietorship and Partnership Only)			
	Total Equity Capital		7,497,399	\$ 1,588,470
LONG TERM DEBT				
221	Bonds	F-16	\$	\$
222	Reacquired Bonds			
223	Advances from Associated Companies	F-16		
224	Other Long Term Debt	F-14	0	\$ 8,524,106
	Total Long Term Debt		\$ -	\$ 8,524,106
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable		2,635	\$ 22,582
232	Notes Payable	F-13		
233	Accounts Payable to Associated Co.	F-13		0
234	Notes payable to Associated Co.	F-13		
235	Customer Deposits		121,407	255,866
236	Accrued Taxes	F-17	164,484	149,164
237	Accrued Interest	F-18	(2,174)	26,993
238	Accrued Dividends			
239	Matured Long Term Debt			
240	Matured Interest			
241	Miscellaneous Current and Accrued Liabilities	F-19	15,238	173,636
	Total Current and Accrued Liabilities		\$ 301,590	\$ 628,241

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
	DEFERRED CREDITS			
251	Unamortized Premium on Debt	F-12	\$	
252	Advances for Construction	F-19		
253	Other Deferred Credits		1,431,635	\$ 1,431,635
255	Accumulated Deferred Investment Tax Credits			
	Total Deferred Credits		\$ 1,431,635	\$ 1,431,635
	OPERATING RESERVES			
261	Property Insurance Reserve		\$	\$
262	Injuries and Damages Reserve			
263	Pensions and Benefits Reserve			
265	Miscellaneous Operating Reserves			
	Total Operating Reserves		0	\$0.00
	CONTRIBUTIONS IN AID OF CONSTRUCTION			
271	Contributions In Aid of Construction	F-20	5,339,176	\$ 4,572,371
272	Accumulated Amortization of Contributions In Aid of Construction	F-21	591,365	476,897
	Total New C.I.A.C.		4,747,811	\$ 4,095,474
	ACCUMULATED DEFERRED INCOME TAXES			
281	Accumulated Deferred Income Taxes Accelerated Depreciation		0	\$0.00
282	Accumulated Deferred Income Taxes Liberalized Depreciation			0
283	Accumulated Deferred Income Taxes Other			0
	Total Accum. Deferred Income Taxes		0	\$0.00
	TOTAL EQUITY CAPITAL AND LIABILITIES		\$ 13,978,435	\$ 16,267,926

YEAR OF REPORT
DECEMBER 31, 1998

UTILITY NAME: AquaSource Utility Inc.

COMPARATIVE OPERATING STATEMENT

ACCT NO. (a)	ACCT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME			
400	Operating Revenues	F-3(b)	\$ 2,903,017	\$ 3,249,329
401	Operating Expense	F-3(b)	\$ 1,374,329	1,795,631
403	Depreciation Expense	F-6	383,156	389,181
406	Amortization of Utility Plant			
	Acquisition Adjustment			
407	Amortization Expense		803	11,870
408.10	Taxes Other Than Income	F-17	348,169	379,048
409.10	Income Taxes	F-17	132,392	0
410.10	Deferred Federal Income Taxes			
410.11	Deferred State Income Taxes			
411.10	Provision for Deferred Income Taxes			
	Credit			
412.10	Investment Tax Credits Deferred to			
	Future Periods			
412.11	Investment Tax Credits Restored to			
	Operating Income			
	Utility Operating Expense		\$ 2,238,849	\$ 2,575,730
	Utility Operating Income		\$ 664,168	\$ 673,599
413	Income From Utility Plant Leased			
	to Others			
414	Gains (Losses) From Dispositin of			
	Utility property		\$	
	Total Utility Operating Income [Enter		\$ 664,168	\$ 673,599
	here and on Page F-39c)]			

UTILITY NAME AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1997

COMPARATIVE OPERATIVE STATEMENT

REF PAGE (f)	WATER (g)	REF. PAGE (h)	SEWER (i)	OTHER (j)
W-3	1,778,649	S-3	1,470,680	\$
W-2	996,874	S-2	798,757	\$
	254,419		134,762	
F-6	402	F-6	11,468	
F-17	198,297	F-17	180,751	
F-17		F-17		
	1,449,992		1,125,738	\$
	328,657		344,943	\$
	328,657		344,943	\$

UTILITY NAME: AquaSource Utility Inc.

COMPARATIVE OPERATING STATEMENT (Cont'd)

ACCT. NO. (a)	ACCT NAME (b)	PREVIOUS YEAR (C)	REF. PAGE (d)	CURRENT YEAR (e)
	Total Utility Operating Income [From Page F-3 (a)]	\$ 784,596		673,599
	OTHER INCOME AND DEDUCTIONS			
415	Revenues From Merchandising, Jobbing and Contract Deductions	\$		\$
416	Costs and Expenses of Merchandising, Jobbing and Contract Work			
419	Interest and Dividend Income	21,980		98,293
420	Allowance for Funds Used During Construction			
421	Nonutility Income	692		
426	Miscellaneous Nonutility Expense	(43,030)		(200,104)
	Total Other Income and Deductions	\$ (20,358)		\$ (101,811)
	TAXES APPLICABLE TO OTHER INCOME			
408.2	Taxes Other Than Income	\$	F-17	\$
409.2	Income Taxes	(108,883)	F-17	
410.2	Provision for Deferred Income Taxes			
411.2	Provision for deferred Income Taxes Credits			
412.2	Investment Tax Credits - Net			
412.3	Investment Tax Credits Restored to Operating Income			
	Total Taxes Applicable To Other Income	(108,883)		0
	INTEREST EXPENSE			
427	Interest Expense	\$ 814,963	F-18	684,572
428	Amortization of Debt Discount & Expense	52,282	F-12	169,193
429	Amortization of Premium on Debt	0	F-12	
	Total Interest Expense	\$ 867,245		\$ 853,765
	EXTRAORDINARY ITEMS			
433	Extraordinary Income			\$
434	Extraordinary Deductions			
409.3	Income Taxes, Extraordinary Items			
	Total Extraordinary Items	\$		\$
	NET INCOME	\$ 5,876		\$ (281,977)

SCHEDULE OF YEAR END RATE BASE

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WATER UTILITY (d)	SEWER UTILITY (e)
101	Utility Plant In Service	F-5	8,449,511	5,732,447
	Less:			
	Non used and Useful Plant (1)		0	0
108.1	Accumulated Depreciation	F-6	2,380,493	1,329,009
110.1	Accumulated Amortization	F-6	0	0
271	Contributions In Aid of Construction	F-20	3,580,093	1,759,082
252	Advances for Construction	F-19	0	0
	Subtotal		2,488,925	2,644,356
	Additions			
272	Accumulated Amortization of Contributions In Aid of Construction	F-21	413,702	177,663
	Subtotal		2,902,627	2,822,019
	Plus or Minus:			
114	Acquisition Adjustments (2)			
115	Accumulated Amortization of Acquisition Adjustments (2)			
	Working Capital Allowance (3)		124,609	99,845
	Other (Specify):			
	RATE BASE		3,027,236	2,921,864
	UTILITY OPERATING INCOME		328,657	344,943
	ACHIEVED RATE OF RETURN		10.86%	11.81%

NOTES:

- 1 Estimated if not known.
- 2 Include only those Acquisition Adjustment that have been approved by the Commission
- 3 1/8 operation and maintenance expenses.

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

UTILITY PLANT (ACCTS. 101 - 106)

ACCT. NO. (a)	DESCRIPTION (b)	WATER (c)	SEWER (d)	OTHER THAN REPORTING SYSTEMS (e)	TOTAL (f)
	Plant Accounts:				
101	Utility Plant In Service	\$8,449,511	\$5,732,447	\$	\$14,181,957
102	Utility Plant Leased to Others				
103	Property Held for Future Use	1,487,453	224,926		1,722,378
104	Utility Plant Purchased or Sold				
105	Construction Work In Progress	14,070	1,127,459		1,141,529
106	Completed Construction Not Classified				
	Total Utility Plant	\$ 1,511,523	\$ 1,352,385	\$	\$ 17,045,865

UTILITY PLANT ACQUISITION ADJUSTMENTS (ACCTS. 114 - 115)

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

DESCRIPTION (a)	WATER (b)	SEWER (c)	OTHER THAN REPORTING SYSTEMS (d)	TOTAL (e)
ACQUISITION ADJUSTMENTS (114):				
	\$	\$	\$	\$
Total Plant Acquisition Adjts.	\$	\$	\$	\$
ACCUMULATED AMORITZATION (115):				
	\$	\$	\$	\$
Total Accumulated Amortization	\$	\$	\$	\$
Net Acquisition Adjustments	\$	\$	\$	NONE

YEAR OF REPORT
DECEMBER 31, 1998

UTILITY NAME: AquaSource Utility Inc.

ACCUMULATED DEPRECIATION (ACCT. 108)

DESCRIPTION (a)	WATER (b)	SEWER (c)	OTHER THAN REPORTING SYSTEMS (d)	TOTAL (e)
Balance first of year	2,042,841	1,150,687		\$ 3,193,528
Credits during year:				
Accruals Charged:				
to Account 108.1	331,489	172,159		\$ 503,648
to Account 108.2				
to Account 108.3				
Accruals charged other accounts (specify)				
General				
Salvage	6,163	6,163		\$ 12,326
Other credits (specify)				
Total Credits	\$ 337,652	\$ 178,322	\$	\$ 515,974
Debits during year:				
Book cost of plant retired	0	0	\$	\$ -
Cost of removal				
Other debits (specify)				
Total debits	0	0	\$	0
Balance end of year	\$ 2,380,493	\$ 1,329,009		\$ 3,709,502

ACCUMULATED AMORTIZATION (ACCT. 110)

DESCRIPTION (a)	WATER (b)	SEWER (c)	OTHER THAN REPORTING SYSTEMS (d)	TOTAL (e)
Balance first of year	\$ 2,488	\$ 2,488	\$	\$ 4,976
Credits during year:				
Accruals charged:				
to Account 110.1	\$ 402	\$ 11,468	\$	\$ 11,870
to Account 110.2				
Other credits (specify)				
Total credits	\$ 402	\$ 11,468	\$	\$ 11,870
Debits during year:				
Book cost of plant retired				
Other debits (specify)				
Total Debits	\$	\$	\$	\$
Balance end of year	\$ 2,890	\$ 13,956	\$	\$ 16,846

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

NONUTILITY PROPERTY (ACCT. 121)

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

DESCRIPTION (a)	BEGINNING YEAR BALANCE (b)	ADDITIONS (c)	REDUCTIONS (d)	END YEAR BALANCE (e)
Asset removed from rate base by rate order	\$ 10,008,452		\$	\$ 10,008,452
	361,180			\$ 361,180
Nonpotable water transmission line	2,900			2,900
Contributions in aid of construction remove from rate base by rate order reclassified from deferred advances and netted against the related assets	(9,316,430)			(9,316,430)
Total Nonutility Property	\$ 1,056,102	\$	\$	\$ 1,056,102

SPECIAL DEPOSITS (ACCTS. 132 - 133)

Report hereunder all special deposits carried in Accounts 132 and 133

DESCRIPTION (a)	END YEAR BALANCE (b)
SPECIAL DEPOSITS (ACCTS. 132)	\$ -
Total Special Deposits	\$ -
OTHER SPECIAL DEPOSITS (ACCTS. 133)	\$
Total Special Deposits	NONE

YEAR OF REPORT
DECEMBER 31, 1998

UTILITY NAME: AquaSource Utility Inc.

INVESTMENTS AND SPECIAL FUNDS (ACCTS. 123 - 127)

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

DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
INVESTMENT IN ASSOCIATED COMPANIES (ACCT. 123)	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
Total Investment In Associated Companies		NONE
UTILITY INVESTMENT (ACCT. 124) :	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
Total Utility Investments		NONE
OTHER INVESTMENTS (ACCT. 125):	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
Total Other Investments		NONE
SPECIAL FUNDS (ACCTS. 126 & 127):	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
Total Special Investments		NONE

YEAR OF REPORT
DECEMBER 31, 1998

UTILITY NAME: AquaSource Utility Inc.

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

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

DESCRIPTION (a)	TOTAL (b)
ACCOUNTS RECEIVABLE:	
Customer Accounts Receivable (Acct. 141):	
Water	\$0
Sewer	
Other	
Total Customer Accounts Receivable	\$ -
OTHER ACCOUNTS RECEIVABLE (Acct. 142):	
Misc.	\$0
Total Other Accounts Receivable	\$ -
NOTES RECEIVABLE (Acct. 144):	
Total Notes Receivable	
Total Accounts and Notes Receivable	\$ -
ACCUMULATED PROVISION FOR UNCOLLECTABLE ACCOUNTS (Acct. 143)	
Balance first of year	
Add: Provision for uncollectibles for current year	
Collections of accounts previously written off	
Utility accounts	
Other	
Total Additions	
Deduct accounts written off during year:	
Utility Accounts	0
Others	
Total accounts written off	0
Balance end of year	
Total Accounts and Notes Receivable - Net	<u>\$0</u>

YEAR OF REPORT
DECEMBER 31, 1998

UTILITY NAME: AquaSource Utility Inc.

ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES (ACCT. 145)

Report each account receivable from associated companies separately.

DESCRIPTION (a)	TOTAL (b)
Total	<u>\$0</u>

NOTES RECEIVABLE FROM ASSOCIATED COMPANIES (ACCT. 146)

Report each note receivable from associated companies separately.

DESCRIPTION (a)	INTEREST RATE (b)	TOTAL (c)
		\$
Total		<u>\$</u>

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

MATERIALS AND SUPPLIES (ACCTS. 151 - 153)

DESCRIPTION (a)	WATER (b)	SEWER (c)	OTHER THAN REPORTING SYSTEMS (d)	TOTAL (e)
Plant Material and Supplies (Acct. 151)	\$ 13,577	\$ 13,577	\$	\$ 27,153
Merchandise (Acct. 152)	XXXXXXXX	XXXXXXXX	XXXXXXXXXX	-----
Other Material and Supplies (Acct. 153)	-	-	XXXXXXXXXX	-
Total Material and Supplies	\$ 13,577	\$ 13,577	XXXXXXXXXX	\$ 27,153

PREPAYMENTS (ACCT. 162)

DESCRIPTION (a)	TOTAL (b)
Prepaid Insurance	\$ 21,180
Prepaid Rents	-----
Prepaid Interest	-----
Prepaid Taxes	-----
Other Prepayments (Specify) <u>Florida Power and Light</u>	\$ (1,010)
-----	-----
-----	-----
Total Prepayments	\$ 20,170

MISCELLANEOUS DEFERRED DEBITS

DESCRIPTION (a)	TOTAL (b)
MISCELLANEOUS DEFERRED DEBITS (Acct. 186):	
Deferred Rate Case Expense (Acct. 186.1)	\$ -
Other Deferred Debits (Acct. 186.2)	130,362
Total Miscellaneous Deferred Debits	\$ 130,362

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

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

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

DESCRIPTION (a)	AMOUNT WRITTEN OFF DURING YEAR (b)	YEAR END BALANCE (c)
UNAMORTIZED DEBT DISCOUNT AND EXPENSE (Acct. 181)	\$ _____	_____
_____	_____	_____
_____	_____	_____
Total Unamortized Debt Discount and Expense	\$ _____ -	\$ _____ -
UNAMORTIZED PREMIUM ON DEBT (Acct. 251)	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
Total Unamortized Premium on Debt	\$ _____	NONE

EXTRAORDINARY PROPERTY LOSSES (ACCT. 182)

Report each item separately.

DESCRIPTION (a)	TOTAL (b)
EXTRAORDINARY PROPERTY LOSSES (Acct. 182):	\$ _____
_____	_____
_____	_____
Total Extraordinary Property Losses	NONE

YEAR OF REPORT
DECEMBER 31, 1998

UTILITY NAME: AquaSource Utility Inc.

NOTES PAYABLE (ACCTS. 232 AND 234)

DESCRIPTION (a)	NOMINAL DATE OF ISSUE (b)	DATE OF MATURITY (c)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (f)
			RATE (d)	FREQUENCY OF PAYMENT (e)	
ACCOUNT 232 - NOTES PAYABLE:					
			%		
			%		
			%		
			%		
			%		
Total Account 232					none
ACCOUNT 234 - NOTES PAYABLE TO ASSOCIATED COMPANIES:					
			%		
			%		
			%		
			%		
			%		
Total Account 234					none

ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (ACCT. 233)

Report each account payable separately.

DESCRIPTION (a)	TOTAL (b)
	\$
Total	none

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

STATEMENT OF RETAINED EARNINGS

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

ACCT. NO. (a)	DESCRIPTION (b)	AMOUNTS (c)
215	Unappropriated Retained Earnings:	
	Balance beginning of year	(\$2,700,530)
	Changes to account:	
439	Adjustments to Retained Earnings (requires Commission approval prior to use):	-
	Credits:	-
	Total Credits	\$ 0
	Debits	\$ (12,326)
		(12,326)
	Total Debits	\$
		\$ (281,977)
435	Balance Transferred from Income	
436	Appropriations of Retained Earnings:	\$
	Total Appropriations of Retained Earnings	\$
	Dividends Declared:	\$
437	Preferred Stock Dividends Declared	
		(300,000)
438	Common Stock Dividends Declared	
	Total Dividends Declared	\$ (300,000)
	Balance end of year	\$ \$ (3,294,833)
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	\$
	Total Appropriated Retained Earnings	\$
	Total Retained Earnings	\$ \$ (3,294,833)

Notes to Statement of Retained Earnings:

YEAR OF REPORT
DECEMBER 31, 1998

UTILITY NAME: AquaSource Utility Inc.

BONDS (ACCT. 221)

DESCRIPTION OF OBLIGATION (INCLUDING NOMINAL DATE OF ISSUE AND DATE OF MATURITY) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (d)
	RATE (b)	FREQUENCY OF PAYMENT (c)	
	%		\$
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
Total			NONE

ADVANCES FROM ASSOCIATED COMPANIES (ACCT. 223)

Report each advance separately.	
DESCRIPTION (a)	TOTAL (b)
	\$
Total	NONE

YEAR OF REPORT
DECEMBER 31, 1998

UTILITY NAME: AquaSource Utility Inc.

ACCRUED TAXES (ACCT. 236)

ACCT. NO. (a)	DESCRIPTION (b)	WATER (c)	SEWER (d)	OTHER (e)	TOTAL (f)
	Balance First of Year	\$ 82,428	\$ 66,736	\$ -	\$ 149,164
408.10	Accruals Charged:				
	Utility Regulatory				\$ 146,220
408.11	Assessment Fees	81,883	64,337	\$	\$ 232,658
408.12	Property Taxes	116,329	116,329		\$ -
408.13	Payroll Taxes				\$ 170
409.10	Other Taxes & Licenses	85	85		\$ -
409.11	Federal Income Taxes	0	0		\$ -
410.10	State Income Taxes	0	0		\$ -
410.11	Taxes Applicable To Other Income (Accts. 408.2, 409.2, 409.3, 410.2)	0	0	\$	\$ -
	Total Taxes Accrued	198,297	180,751	0	379,048
	Taxes Paid During Year:				
408.10	Utility Regulatory				\$ 130,636
	Assessment Fees	73,164	57,472		\$ 232,922
408.11	Property Taxes	116,461	116,461		\$ -
408.12	Payroll Taxes				\$ 170
408.13	Other Taxes & Licenses	85	85		\$ -
409.10	Income Taxes		0		\$ -
409.11	State Income Taxes	0	0		\$ -
	Taxes Applicable To Other Income (Accts. 408.2, 409.2, 409.3, 410.2)	0	0	0	\$ -
	Total Taxes Paid	116,546	174,018	0	363,728
	Balance End of Year	\$ 164,179	\$ 73,469	\$ -	\$ 164,484

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

ACCRUED INTEREST (ACCT. 237)

DESCRIPTION OF DEBT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR		INTEREST PAID DURING YEAR (e)	BALANCE END OF YEAR (f)
		ACCT. DEBIT (c)	AMOUNT (d)		
ACCOUNT NO. 237.1 - ACCRUED INTEREST ON LONG TERM DEBT:	\$ 24,003	427	-	-	\$ -
Total Account No. 237.1	\$ 24,003		\$ -	\$ -	\$ -
ACCOUNT NO. 237.2 - ACCRUED INTEREST ON OTHER LIABILITIES:	\$ 2,990	427	1,342	6,506	\$ (2,174)
Total Account No. 237.2	\$ 2,990		\$ 1,342	\$ 6,506	\$ (2,174)
Total Account No. 237	\$ 26,993		\$ 1,342	\$ 6,506	\$ (2,174)

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

DESCRIPTION OF CASE (DOCKET NO.) (a)	EXPENSE INCURRED DURING YEAR (b)	AMOUNT TRANSFERRED TO ACCT NO. 186.1 (c)	CHARGED OFF DURING YEAR	
			ACCT. (d)	AMOUNT (e)
	0			0
Total	\$ -	\$ -		\$ -

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCT. 271)

DESCRIPTION (a)	WATER (b)	SEWER (c)	W & S OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance first of year	\$ 3,167,278	\$ 1,405,094	\$	\$ 4,572,371
Add credits during year:				
Contributions received from Capacity, Main Extension and Customer Connection Charges (Schedule "A")	412,816	353,989		766,805
Contributions received from Developer or Contractor Agreements in cash or property (Schedule "B")	-	-	\$	-
Total Credits	\$ 412,816	\$ 353,989	\$	\$ 766,805
Less debits charged during the year (All debits charged during the year must be explained below)	0	0	\$	\$
Total Contributions In Aid of Construction	\$ 3,580,093	\$ 1,759,082	\$	\$ 5,339,176

Explain all debits charged to Account 271 below:

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

SCHEDULE "A"

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

DESCRIPTION OF CHARGE (a)	NUMBER OF CONNECTIONS (b)	CHARGE PER CONNECTION (c)	WATER (d)	SEWER (e)
Water Tap Fee	175	\$ 195.00	34,125	
Water Plant Capacity Fee	175	\$ 1,272.00	222,600	
Hydrant Fee	150	\$ 64.00	9,600	
Sewer Plant Capacity Fee	175	\$ 1,716.00		\$ 300,300
Hydrant Fee(MF)	25	\$ 110.00	2,750	
Total Credits			\$269,075	\$ 300,300

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

DESCRIPTION (a)	WATER (b)	SEWER (c)	W & S OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance first of year	\$ 336,632	\$ 140,265		\$ 476,897
Debits during year:				
Accruals charged to Account 272	77,070	37,397		\$ 114,467
Other debits (specify):				
Correction to schedules				
Total debits	\$ 77,070	\$ 37,397		\$ 114,467
Credits during year (specify):				
Total Credits				
Balance end of year	\$ 413,702	\$ 177,663		\$ 591,365

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT DECEMBER 31, 1998

SCHEDULE "B"
**ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION RECEIVED FROM ALL DEVELOPERS
OR CONTRACTORS AGREEMENTS FROM WHICH CASH OR PROPERTY WAS RECEIVED DURING THE YEAR**

DESCRIPTION (a)	INDICATE "CASH" OR "PROPERTY" (b)	WATER (c)	SEWER (d)
	\$	\$	\$
Total Credits		<u>NONE</u>	<u>NONE</u>

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

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 _____		
Reconciling items for the year:		
Taxable income not reported on books:		

Deductions recorded on books not deducted for return:		

Income recorded on books not included in return:		

Deduction on return not charged against book income:		

Federal tax net income: _____		*Not Available
Computation of tax:		
* Tax returns are completed on a consolidated basis along with		
parent. Parent is using 3/31 tax year. 1998 return is		
unavailable at this time.		

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

YEAR OF REPORT DECEMBER 31, 1998

UTILITY NAME: AquaSource Utility Inc.

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

CLASS OF CAPITAL (a)	DOLLAR AMOUNT (1) (b)	PERCENTAGE OF CAPITAL (c)	ACTUAL COST RATES (d)	WEIGHTED COST [c x d] (e)
Common Equity	\$	%	%	%
Preferred Stock		%	%	%
Long Term Debt		%	%	%
Customer Deposits		%	%	%
Tax Credits - Zero Cost		%	%	%
Tax Credits - Weighted Cost		%	%	%
Deferred Income Taxes		%	%	%
Other (Explain)		%	%	%
Total	\$	100.00%		%

(1) Should equal amounts on Schedule B, Column (f), Page F- 25

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

APPROVED AFUDC RATE

Current Commission approved AFUDC rate:	_____
Commission order approving AFUDC rate:	_____

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

YEAR OF REPORT
DECEMBER 31, 1998

UTILITY NAME: AquaSource Utility Inc.

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	\$	\$	\$	\$	\$

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

WATER
OPERATION
SECTION

UTILITY NAME AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

WATER UTILITY PLANT ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)
301	Organization		\$ -	\$ -
302	Franchises	\$ 16,080	-	
303	Land and Land Rights	382,023	(2,002)	
304	Structures and Improvements	20,860	367	
305	Collecting and Impounding Reservoirs			
306	Lake, River and Other Intakes			
307	Wells and Springs	23,803	6,053	
308	Infiltration Galleries and Tunnels			
309	Supply Mains	6,233	369	
310	Power Generation Equipment			
311	Pumping Equipment	1,761,917	9,971	
320	Water Treatment Equipment	2,860,709	53,767	
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	2,360,061	2,330	
333	Services	52,203	-	
334	Meters and Meter Installations	314,648	23,246	
335	Hydrants	178,818	30,133	
339	Other Plant and Miscellaneous Equipment			
340	Office Furniture and Equip.	136,008	3,931	
341	Transportation	113,078	29,302	
342	Stores Equipment			
343	Tools, Shop and Garage Equip.			
344	Laboratory Equipment	0	2,913	
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	62690	-	
	Total Water Plant	\$ 8,289,131	\$ 160,380	\$ -

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

WATER UTILITY PLANT MATRIX

CURRENT YEAR (f)	. 1 INTANGIBLE PLANT (g)	. 2 SOURCE OF SUPPLY AND PUMPING PLANT (h)	. 3 WATER TREATMENT PLANT (i)	. 4 TRANSMISSION AND DISTRIBUTION PLANT (j)	GENERAL PLANT (k)
\$	\$	XXXXXXXX	XXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXX
16,080	16,080	XXXXXXXX	XXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXX
380,021	XXXXXXXX	-----	380,021	-----	21,227
21,227	XXXXXXXX	-----	-----	-----	-----
	XXXXXXXX	-----	XXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXX
	XXXXXXXX	-----	XXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXX
	XXXXXXXX	-----	XXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXX
29,856	XXXXXXXX	29,856	XXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXX
	XXXXXXXX	-----	XXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXX
6,602	XXXXXXXX	6,602	XXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXX
	XXXXXXXX	-----	XXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXX
1,771,888	XXXXXXXX	1,771,888	XXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXX
2,914,476	XXXXXXXX	XXXXXXXX	2,914,476	XXXXXXXXXXXX	XXXXXXXXXX
	XXXXXXXX	XXXXXXXX	XXXXXXXX	-----	XXXXXXXXXX
	XXXXXXXX	XXXXXXXX	XXXXXXXX	-----	XXXXXXXXXX
	XXXXXXXX	XXXXXXXX	XXXXXXXX	-----	XXXXXXXXXX
2,362,391	XXXXXXXX	XXXXXXXX	XXXXXXXX	52,203	XXXXXXXXXX
52,203	XXXXXXXX	XXXXXXXX	XXXXXXXX	337,894	XXXXXXXXXX
337,894	XXXXXXXX	XXXXXXXX	XXXXXXXX	208,951	XXXXXXXXXX
208,951	XXXXXXXX	XXXXXXXX	XXXXXXXX	-----	XXXXXXXXXX
	-----	-----	-----	-----	139,939
139,939	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXXXXXX	142,380
142,380	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXXXXXX	-----
-	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXXXXXX	-----
	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXXXXXX	2,913
2,913	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXXXXXX	-----
	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXXXXXX	-----
	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXXXXXX	-----
	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXXXXXX	62,690
62,690	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXXXXXX	-----
\$ 8,449,511	\$ 16,080	\$ 1,808,347	\$ 3,294,497	\$ 599,048	\$ 369,150

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

WATER UTILITY PLANT ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	SOURCE OF SUPPLY AND EXPENSED-OPERATIONS (d)	SOURCE OF SUPPLY AND EXPENSED-MAINTENANCE (e)
601	Salaries and Wages - Employees			
603	Salaries and Wages - Officers, Directors and Majority Stockholders			
604	Employee Pensions and Benefits			
610	Purchased Water			XXXXXXXXXX
615	Purchased Power	133,176	2,664	XXXXXXXXXX
616	Fuel For Power Purchased			XXXXXXXXXX
618	Chemicals	46,331		
620	Material and Supplies	25,501		1,275
631	Contractual Services - Eng.	-		
632	Contractual Services - Acct.	7,302		
633	Contractual Services - Legal.	6,160		
634	Contractual Services - Management Fees	226,498		
635	Contractual Services - Other	433,604	26,016	26,016
641	Rental of Building / Real Property			
642	Rental of Equipment	48		
650	Transporation Expense	12,695		
656	Insurance - Vehicle			
657	Insurance - General Liability			
658	Insurance - Workman's Compensation			
659	Insurance - Other	31,631		
660	Advertising Expense		XXXXXXXXXX	XXXXXXXXXX
666	Regulatory Commission Expense -Amoritzation of Rate Case Expense	11,995	XXXXXXXXXX	XXXXXXXXXX
667	Regulatory Commission Expense Other		XXXXXXXXXX	XXXXXXXXXX
670	Bad Debt Expense	10,002	XXXXXXXXXX	XXXXXXXXXX
675	Miscellaneous Expense	51,931		
	Total Water Plant	\$ 996,874	\$ 28,680	\$ 27,291

WATER EXPENSE ACCOUNT MATRIX

.3 WATER TREATMENT EXPENSES - OPERATIONS (f)	.4 WATER TREATMENT EXPENSES - MAINTENANCE (g)	.5 TRANSMISSION & DISTRIBUTION EXPENSES - OPERATIONS (h)	.6 TRANSMISSION & DISTRIBUTION EXPENSES - MAINTENANCE (i)	.7 TRANSMISSION CUSTOMER ACCOUNTS EXPENSE (j)	.8 ADMINISTRATIVE & GENERAL EXPENSES (k)
XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
\$ 103,877	XXXXXXXXXX	\$ 25,303	XXXXXXXXXX		\$ 1,332
	XXXXXXXXXX		XXXXXXXXXX		
\$ 46,331				XXXXXXXXXX	XXXXXXXXXX
\$ 6,630	\$ 765		\$ 16,066	\$ 255	\$ 510
					7,302
					6,160
					226,498
112,737	52,032	26,016	26,016	52,032	112,737
	48				
9,521		3,047			127
					31,631
XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	11,995
XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	10,002	XXXXXXXXXX
					51,931
\$ 279,096	\$ 52,846	\$ 54,366	\$ 42,082	\$ 62,289	\$ 450,223

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT DECEMBER 31, 1998

WATER OPERATING REVENUE

ACCT. NO. (a)	DESCRIPTION (b)	BEGINNING YEAR NO. CUSTOMERS (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNTS (e)
	Operating Revenues:			
460	Unmetered Revenue			\$
	Metered Water Revenue:			
461.1	Metered Sales to Residential Customers	3076	3237	1,329,256
461.2	Metered Sales to Commercial Customers	91	95	156,796
461.3	Metered Sales To Industrial Customers			
461.4	Metered Sales to Public Authorities			
461.5	Metered Sales to Multiple Family Dwellings	12	35	37,658
	Total Metered Sales	3,179	3,367	1,523,710
	Fire Protection Revenue			
462.1	Public Fire Protection			\$
462.2	Private Fire Protection	6	6	3,533
	Total Fire Protection Revenue	6	6	3,533
464	Other Sales To Public Authorities			\$
465	Sales To Irrigation Customers			
466	Sales For Resale			
467	Interdepartmental Sales			
	Totals			\$ 1,527,243
	Other Water Revenues:			
469	Guaranteed Revenues			\$
470	Forfeited Discounts			
471	Miscellaneous Service Revenues			16,214
472	Rents From Water Property			
473	Interdepartmental Rents			
474	Other Water Revenues			235,192
	Total Other Water Revenues			251,406
	Total Water Operating Revenues			\$ 1,778,649

UTILITY NAME: AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

BASIS FOR WATER DEPRECIATION CHARGES

ACCT. NO. (a)	ACCOUNT NAME (b)	AVERAGE SERVICE LIFE IN YEARS (c)	AVERAGE NET SALVAGE IN PERCENT (d)	DEPRECIATION RATE APPLIED IN PERCENT (100% - d)/c (e)
304	Structures and Improvements	40 ✓	%	2.5%
305	Collecting and Impounding Reservoirs		%	
306	Lake, River and Other Intakes		%	
307	Wells and Springs	20 ✓	%	5%
308	Infiltration Galleries and Tunnels		%	
309	Supply Mains	34 ✓	%	2.9%
310	Power Generation Equipment		%	
311	Pumping Equipment	20 ✓	%	5%
320	Water Treatment Equipment	22 ✓	%	4.5%
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	43 ✓	%	2.3%
333	Services	40 ✓	%	2.5%
334	Meter and Meter Installation	20 ✓	%	5%
335	Hydrants	45 ✓	%	2.2%
339	Other Plant and Miscellaneous Equipment	25 ✓	%	4%
340	Office Furniture and Equip.	15 ✓	%	6.7%
341	Transportation Equipment	6 ✓	%	16.7%
342	Stores Equipment			
343	Tools, Shop and Garage Equip.			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	Water Plant Composite Depreciation Rate *			

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

YEAR OF REPORT
DECEMBER 31, 1997

UTILITY NAME: AquaSource Utility Inc.

ANALYSIS OF ENTRIES IN WATER ACCUMULATED DEPRECIATION

ACCT. NO. (a)	ACCOUNT NAME (b)	BALANCE AT BEGINNING OF YEAR (c)	ACCRUALS (d)	OTHER CREDITS * (e)	TOTAL CREDITS (d + e) (f)
304	Structures and Improvements	\$ 3,872	526	\$	526
305	Collecting and Impounding Reservoirs				
306	Lake, River and Other Intakes	6,665	1,341		1,341
307	Wells and Springs				
308	Infiltration Galleries and Tunnels				
309	Supply Mains	1301	189		189
310	Power Generation Equipment				
311	Pumping Equipment	639,726	88,345		88,345
320	Water Treatment Equipment	783,643	131,254		131,254
330	Distribution Reservoirs and Standpipes				
331	Transmission and Distribution Mains	297,604	54,912		54,912
333	Services	4,312	1,305		1,305
334	Meter and Meter Installation	89,561	16,314		16,314
335	Hydrants	23,248	4,309		4,309
339	Other Plant and Miscellaneous Equipment	0			-
340	Office Furniture and Equip.	59,556	9,198		9,198
341	Transportation Equipment	91,256	21,288	6163	27,451
342	Stores Equipment	0			0
343	Tools, Shop and Garage Equip.				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant	42,097	2,508		2,508
	Total Depreciable Water Plant In Service	\$ 2,042,841	\$ 331,489	\$ 6,163	\$ 337,652

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

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

PLANT RETIRED (g)	ASSOCIATED SALVAGE AND INSURANCE (h)	ASSOCIATED COST OF REMOVAL (i)	OTHER CHARGES (j)	TOTAL CHARGES (g-h+i+j) (k)	BALANCE AT END OF YEAR (c+f-k) (l)
\$	\$	\$	\$		4,398
					-
					-
					8,006
					-
					1,490
					-
					728,071
					914,897
					-
					-
					352,516
					5,617
					105,875
					27,557
					-
					-
					68,754
					118,707
					-
					-
					-
					-
					-
					44,605
					-
					2,380,493

UTILITY NAME AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

SYSTEM NAME AquaSource Utility Inc.

PUMPING AND PURCHASED WATER STATISTICS

MONTH (a)	WATER PURCHASED FOR RESALE (Omit 000's) (b)	FINISHED WATER PUMPED FROM WELLS (Omit 000's) (c)	WATER USED FOR LINE FLUSHING FIGHTING FIRES, ETC. (d)	TOTAL WATER PUMPED AND PURCHASED (Omit 000's) [(b)+(c)-(d)] (e)	WATER SOLD TO CUSTOMERS (Omit 000's) (f)
January	0	33,579	14,562	19,017	16,135
February	0	30,348	13,497	16,851	14,019
March	0	35,443	13,861	21,582	16,009
April	0	39,769	14,808	24,961	21,351
May	0	37,651	14,495	23,156	19,375
June	0	35,176	15,154	20,022	15,995
July	0	31,702	13,218	18,484	15,019
August	0	29,006	13,199	15,807	15,737
September	0	27,105	11,811	15,294	13,063
October	0	38,655	14,165	22,490	16,695
November	0	34,088	12,941	21,147	17,836
December	0	34,522	13,182	21,340	17,753
Total for year	0	405,044	164,893	240,151	198,987

If water is purchased for resale, indicate the following:

Vendor _____
Point of Delivery _____

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

UTILITY NAME : AquaSource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

SYSTEM NAME: AquaSource Utility Inc.
WATER TREATMENT PLANT INFORMATION

Type of treatment (reverse osmosis, etc.) Reverse Osmosis, Filtration.
 Methods used (sedimentation, chemical, aerated, etc.) Aeration, Chlorination

Unit rate (GPM): _____ LIME TREATMENT
 Manufacturer Infilco

Type and area: Pressure _____ FILTRATION
 Square Feet _____
 Gravity _____ GPM/Square Feet: _____

MAINS

TYPE OF PIPE (Galvanized, Cast Iron, PVC, Etc.)	DIAMETER OF PIPE (in inches)	MAINS BEGINNING OF YEAR (in feet)	ADDITIONS	RETIREMENTS	MAINS END OF YEAR (in feet)
Galvanized ACS					1,113,235
PVC	1" - 24"	1,113,235			
Total feet of mains		1,113,235			1,113,235

SERVICES AND METERS

METERS IN SERVICE	METERS BEGINNING OF YEAR	ADDITIONS	ADJUSTMENT	METERS END OF YEAR
5/8" - 3/4"	3085	165		3250
1"	69	25	-1	93
2"	13			13
3"	3			3
4"	0			0
6"	4			4
8"	0			0
Other (Specify): <u>1 1/2"</u>	10			10
Total meters in service	3184	190	-1	3373
Total meters in stock	0			0
Number of services in use	3184	190	-1	3373

UTILITY NAME : AquaSource Utility Inc.

SYSTEM NAME: AquaSource Utility Inc.

WELLS AND WELL PUMPS

(A)	(B)	(C)	(D)	(E)
Year Construction	3-9 1953	10-13 1971		30 wells 1990-1991
Types of Well Construction and Casing	Galv. steel	PVC & Steel	PVC & Steel	PVC
Depth of Wells	25'	146'	154'	30'
Diameters of Wells	3"	8"	8"	3"
Pump - GPM	25	694	694	20
Motor - HP	1	35	35	1
Yield of Wells in GPD				
Auxiliary Power				

RESERVOIRS

(A)	(B)	(C)	(D)	(E)
Description - (Steel, Concrete or pneumatic)	Concrete	Concrete	Concrete	Concrete
Capacity of Tank	110	100	50	5M
Ground or Elevated	Ground	Ground	Ground	Ground

HIGH SERVICE PUMPING

MOTORS (A)	(B)	(C)	(D)	(E)
Manufacturer	US Motors	US Motors	US Motors	US Motors
Type	Electric	Electric	Electric	Electric
Rated Horsepower	50	50	100	100
PUMPS				
Manufacturer	Peerless	Peerless	Peerless	Peerless
Type	Centrifugal	Centrifugal	Centrifugal	Centrifugal
Capacity in GPM	700	700	1250	1250
Average Number of Hours Operated per day	12	12	0	0
Auxiliary Power				Gas Ford

UTILITY NAME : AquaSource Utility Inc

SYSTEM NAME : AquaSource Utility Inc

SOURCE OF SUPPLY

List for each source of supply:

Gals. per day of source Type of source	1MG	1MGD	5MGD	
	RO Wells	Shallow Wells	Shallow Well Field	

WATER TREATMENT FACILITIES

List for each water treatment facility:

Type Make Gals. per day capacity Method of measurement	RO	Well Water	Lime Plant	
	Permitt		Infilco	
	0.5	0.5	5MGD	
	Meter	Meter	Meter	

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.	_____
2) Estimated annual increase in ERC's	_____
3) List fire fighting facilities and capacities.	_____
4) List percent of certified area where service connections are installed (total for each county)	_____
5) What is the current need for system upgrading and/or expansion?	_____
6) What are plans for future system upgrading and/or expansion?	_____
7) Have questions 5 and 6 been discussed with an engineer (if so, state name and address)?	_____
8) Have questions 5 and 6 been discussed with appropriate state sanitary engineering office?	_____

* ERC = (TOTAL GALLONS SOLD / 365 DAYS) / 350 GALLONS PER DAY

YEAR OF REPORT
DECEMBER 31, 1998

UTILITY NAME : AquaSource Utility Inc

SYSTEM NAME: AquaSource Utility Inc

CALCULATION OF THE WATER SYSTEMS EQUIVALENT RESIDENTIAL UNITS

METER SIZE (a)	TYPE OF METER (b)	EQUIVALENT FACTOR (c)	NUMBER OF METERS (d)	TOTAL NUMBER OF METER EQUIVALENTS (c+d) (e)
5/8"x 3/4"	Displacement	1	3250	3250
3/4"	Displacement	1.5	0	0
1"	Displacement	2.5	93	233
1 1/2"	Displacement, Turbine	5	10	50
2"	Displacement, Compound or Turbine	8	13	104
3"	Displacement	15		0
3"	Compound	16	3	48
3"	Turbine	17.5		0
4"	Displacement or Compound	25		
4"	Turbine	30		
6"	Displacement or Compound	50		
6"	Turbine	62.5	4	(Fire Flow)
8"	Compound	80		
8"	Turbine	90		
10"	Compound	115		
10"	Turbine	145		
12"	Turbine	215		
Total Water System Meter Equivalents				3685

CALCULATION OF THE WATER SYSTEMS EQUIVALENT RESIDENTIAL CONNECTIONS
 (198,987,000 / 365 DAYS) / 350 GPD = 1558

SEWER
OPERATION
SECTION

UTILITY NAME: Aquasource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

SEWER UTILITY PLANT ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)
351	Organization		\$	\$
352	Franchises	\$ 16,080	0	
353	Land and Land Rights	76,308	-	
354	Structures and Improvements	20,707	1,444	
360	Collection Sewers - Force	10,338	5,941	
361	Collection Sewers - Gravity	1,661,000	36,462	
362	Special Collecting Structures			
363	Services to Customers	7,821	7,354	
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells			
371	Pumping Equipment	21,258	2,139	
380	Treatment and Disposal Equip.	3,577,606	24,370	
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Miscellaneous Equipment			
390	Office Furniture and Equip.	118,627	1,773	
391	Transportation Equipment	40,853	29,303	
392	Stores Equipment			
393	Tools, Shop and Garage Equip.			
394	Laboratory Equipment	8,945	1,428	
395	Power Operated Equipment			
396	Communication Equipment			
397	Miscellaneous Equipment			
398	Other Tangible Plant	62,690	-	
	Total Water Plant	\$ 5,622,233	\$ 110,214	\$ -

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

UTILITY NAME: Aquasource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

SEWER UTILITY PLANT MATRIX

CURRENT YEAR (f)	. 1 INTANGIBLE PLANT (g)	. 2 COLLECTION PLANT (h)	. 3 SYSTEM PUMPING PLANT (i)	. 4 TREATMENT AND DISPOSAL PLANT (j)	. 5 GENERAL PLANT (k)
\$	\$	\$XXXXXXXX	\$XXXXXXXX	\$XXXXXXXXXXXXX	\$XXXXXXXXXXXXX
16,080	16,080	XXXXXXX	XXXXXXX	76,308	
76,308	XXXXXXXXXXXXX				22,151
22,151	XXXXXXXXXXXXX				
16,279	XXXXXXXXXXXXX	16,279	XXXXXXX	XXXXXXXXXXXXX	XXXXXXXXXXXXX
1,697,462	XXXXXXXXXXXXX	1,697,462	XXXXXXX	XXXXXXXXXXXXX	XXXXXXXXXXXXX
0	XXXXXXXXXXXXX		XXXXXXX	XXXXXXXXXXXXX	XXXXXXXXXXXXX
15,175	XXXXXXXXXXXXX	15,175	XXXXXXX	XXXXXXXXXXXXX	XXXXXXXXXXXXX
	XXXXXXXXXXXXX		XXXXXXX	XXXXXXXXXXXXX	XXXXXXXXXXXXX
	XXXXXXXXXXXXX		XXXXXXX	XXXXXXXXXXXXX	XXXXXXXXXXXXX
23,397	XXXXXXXXXXXXX	XXXXXXX	23,397	XXXXXXXXXXXXX	XXXXXXXXXXXXX
3,601,976	XXXXXXXXXXXXX	XXXXXXX	XXXXXXX	3,601,976	XXXXXXXXXXXXX
	XXXXXXXXXXXXX	XXXXXXX	XXXXXXX		XXXXXXXXXXXXX
	XXXXXXXXXXXXX	XXXXXXX	XXXXXXX		XXXXXXXXXXXXX
120,400	XXXXXXXXXXXXX	XXXXXXX	XXXXXXX	XXXXXXXXXXXXX	120,400
70,156	XXXXXXXXXXXXX	XXXXXXX	XXXXXXX	XXXXXXXXXXXXX	70,156
	XXXXXXXXXXXXX	XXXXXXX	XXXXXXX	XXXXXXXXXXXXX	
	XXXXXXXXXXXXX	XXXXXXX	XXXXXXX	XXXXXXXXXXXXX	
10,373	XXXXXXXXXXXXX	XXXXXXX	XXXXXXX	XXXXXXXXXXXXX	10,373
	XXXXXXXXXXXXX	XXXXXXX	XXXXXXX	XXXXXXXXXXXXX	
	XXXXXXXXXXXXX	XXXXXXX	XXXXXXX	XXXXXXXXXXXXX	
62,690	XXXXXXXXXXXXX	XXXXXXX	XXXXXXX	XXXXXXXXXXXXX	62,690
\$ 5,732,447	\$ 16,080	\$ 1,728,916	\$ 23,397	\$ 3,678,284	\$ 285,770

UTILITY NAME: Aquasource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

SEWER UTILITY PLANT ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	. 1		. 2	
			COLLECTION EXPENSES- OPERATIONS (d)	COLLECTION EXPENSES MAINTENANCE (e)		
701	Salaries and Wages - Employees					
703	Salaries and Wages - Officers, Directors and Majority Stockholders					
704	Employee Pensions and Benefits					
710	Purchased Sewage Treatment					
711	Sludge Removal Expense	17,573				
715	Purchased Power	73,630	14,726			
716	Fuel For Power Purchased					
718	Chemicals	38,764				
720	Material and Supplies	24,361	10,719		2,680	
731	Contractual Services - Eng.					
732	Contractual Services - Acct.	5,738				
733	Contractual Services - Legal.	4,840				
734	Contractual Services - Management Fees	177,962				
735	Contractual Services - Other	363,710	18,184		18,184	
741	Rental of Building / Real Property	0				
742	Rental of Equipment	216				
750	Transportation Expense	12,258				
756	Insurance - Vehicle	0				
757	Insurance - General Liability	0				
758	Insurance - Workman's Compensation	0				
759	Insurance - Other	24,853				
760	Advertising Expense	0				
766	Regulatory Commission Expense -Amoritzation of Rate Case Expense	9,425				
767	Regulatory Commission Expense Other	0				
770	Bad Debt Expense	7,858				
775	Miscellaneous Expense	37,568				
	Total Sewer Utility Expense	\$ 798,757	\$ 43,629	\$	20,864	

UTILITY NAME: Aguasource Utility Inc.

SEWER EXPENSE ACCOUNT MATRIX

3 PUMPING EXPENSES - OPERATIONS (f)	4 PUMPING EXPENSES - MAINTENANCE (g)	5 TREATMENT & DISPOSAL EXPENSES - OPERATIONS (h)	6 TREATMENT & DISPOSAL EXPENSES - MAINTENANCE (i)	7 CUSTOMER ACCOUNTS EXPENSE (j)	8 ADMINISTRATIVE & GENERAL EXPENSE (k)
XXXXXXXXXXXX	XXXXXXXXXXXX		XXXXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXXXX
XXXXXXXXXXXX	XXXXXXXXXXXX	\$ 17,573	XXXXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXXXX
	XXXXXXXXXXXX	58,904	XXXXXXXXXXXX		
	XXXXXXXXXXXX		XXXXXXXXXXXX		
		38,764		XXXXXXXXXX	XXXXXXXXXXXX
	\$ 1,218	8,283	\$ 244	\$ 244	\$ 974
					5,738
					4,840
					177,962
\$ 18,185	18,185	72,742	36,371	72,743	109,113
			216		
11,399					859
					24,853
XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXX	
XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXX	
XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXX	
XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXX	9,425
XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX	7858	XXXXXXXXXXXX
					37,568
\$ 29,584	\$ 19,404	\$ 196,266	\$ 36,831	\$ 80,845	\$ 371,333

UTILITY NAME Aquasource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

SEWER OPERATING REVENUE

ACCT. NO. (a)	DESCRIPTION (b)	BEGINNING YEAR NO. CUSTOMERS (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNTS (e)
	Operating Revenues:			
	Flat Rate Revenues:			\$
521.1	Residential Revenues			
521.2	Commercial Revenues			
521.3	Industrial Revenues			
521.4	Revenues From Public Authorities			
521.5	Multiple Family Dwelling Revenues			
521.6	Other Revenues			
	Total Flat Rate Revenues:			\$
	Measured Revenues			
522.1	Residential Revenues	2852	3001	\$ 988,244
522.2	Commercial Revenues	43	45	75,299
522.3	Industrial Revenues			
522.4	Revenues From Public Authorities			
522.5	Multiple Family Dwelling Revenues	12	35	36,353
	Total Measured Revenues	2907	3081	\$ 1,099,896
523	Revenues From Public Authorities			\$
524	Revenues From Other Systems			
525	Interdepartmental Revenues			
	Totals			\$ 1,099,896
	Other Sewer Revenues:			
530	Guaranteed Revenues			\$
531	Sale of Sludge			
532	Forfeited Discounts			
534	Rents From Sewer Property			
535	Interdepartmental Rents			\$ 370,784
536	Other Sewer Revenues			
	Total Other Sewer Revenues			\$ 370,784
	Total Sewer Operating Revenues			\$ 1,470,680

UTILITY NAME: Aquasource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

BASIS FOR SEWER DEPRECIATION CHARGES

ACCT. NO. (a)	ACCOUNT NAME (b)	AVERAGE SERVICE LIFE IN YEARS (c)	AVERAGE NET SALVAGE IN PERCENT (d)	DEPRECIATION RATE APPLIED IN PERCENT (100% -d)/c (e)
354	Structures and Improvements	40	0%	2.5%
360	Collection Sewers - Force		%	
361	Collection Sewers - Gravity	45	0%	2.2%
362	Special Collecting Structures		%	
363	Services to Customers	40	0%	2.5%
364	Flow Measuring Devices		%	
365	Flow Measuring Installations		%	
370	Receiving Wells		%	
371	Pumping Equipment	18	0%	5.6%
380	Treatment and Disposal Equip.	32	0%	3.1%
381	Plant Sewers		%	
382	Outfall Sewer Lines		%	
389	Other Plant and Miscellaneous Equipment		%	
390	Office Furniture and Equip.	15	0%	6.7%
391	Transportation Equipment	6	0%	16.7%
392	Stores Equipment		%	
393	Tools, Shop and Garage Equip.		%	
394	Laboratory Equipment		%	
395	Power Operated Equipment		%	
396	Communication Equipment		%	
397	Miscellaneous Equipment		%	
398	Other Tangible Plant	25	0%	4.0%
	Sewer Plant Composite Depreciation *			

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

UTILITY NAME: Aquasource Utility Inc.

YEAR OF REPORT DECEMBER 31, 1998

ANALYSIS OF ENTRIES IN SEWER ACCUMULATED DEPRECIATION

ACCT. NO. (a)	ACCOUNT NAME (b)	BALANCE AT BEGINNING OF YEAR (c)	ACCRUALS (d)	OTHER CREDITS * (e)	TOTAL CREDITS (d + e) (f)
354	Structures and Improvements	\$ 3,924	\$ 536	-	\$ 536
360	Collection Sewers - Force				
361	Collection Sewers - Gravity	163,501	37,612		37,612
362	Special Collecting Structures				
363	Services to Customers	840	219		219
364	Flow Measuring Devices				
365	Flow Measuring Installations				
370	Receiving Wells				
371	Pumping Equipment	7,070	1,240		1,240
380	Treatment and Disposal Equip.	864,297	112,181		112,181
381	Plant Sewers				
382	Outfall Sewer Lines				
389	Other Plant and Miscellaneous Equipment				
390	Office Furniture and Equip.	52,824	7,968		7,968
391	Transportation Equipment	14,105	9,251	6,163	15,414
392	Stores Equipment				
393	Tools, Shop and Garage Equip.	0			-
394	Laboratory Equipment	2,028	644		644
395	Power Operated Equipment				
396	Communication Equipment				
397	Miscellaneous Equipment				
398	Other Tangible Plant	42,098	2,508		2,508
	Total Depreciable Sewer Plant In Service	\$ 1,150,687	\$ 172,159	\$ 6,163	\$ 178,322

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

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

PLANT RETIRED (g)	ASSOCIATED SALVAGE AND INSURANCE (h)	ASSOCIATED COST OF REMOVAL (i)	OTHER CHARGES (j)	TOTAL CHARGES (g - h + i + j) (k)	BALANCE AT END OF YEAR (c + f - k) (l)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,460
				\$ -	
				\$ -	201,113
				\$ -	
				\$ -	1,059
				\$ -	
				\$ -	
				\$ -	8,310
				\$ -	976,478
				\$ -	
				\$ -	
				\$ -	60,792
				\$ -	29,519
				\$ -	
				\$ -	
				\$ -	2,672
				\$ -	
				\$ -	
				\$ -	44,606
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,329,009

UTILITY NAME : Aquasource Utility Inc.

YEAR OF REPORT
DECEMBER 31, 1998

SYSTEM NAME: _____

PUMPING EQUIPMENT

Lift station number	19 Units	23 Units		
Make or type and nameplate data of pump	Flygt	EMU		
Year installed	1972	1990		
Rated capacity	200-600	200-600		
Size	4" - 6"	4" - 6"		
Power:				
Electric				
Mechanical				
Nameplate data of motor				

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

SERVICE CONNECTIONS

Size (inches)	4 - 6			
Type (PVC, VCP, etc.)	VC - PVC			
Average length	30'			
Number of active service connections	0			
Beginning of Year	2907			
Added During year				
Retired during year				
End of Year				
Give full particulars concerning inactive connections	None			

UTILITY NAME : Aquasource Utility Inc.

SYSTEM NAME: _____

COLLECTING MAINS

COLLECTING MAINS:				
Size (inches)	Gravity			Low Pressure
	4 - 24			1" - 6"
Type of main	VC-PVC			PVC
Length of main (nearest foot) :				
Beginning of year	409,325			437,500
Added during year	0			0
Retired during year	0			0
End of year	409,325			437,500

MANHOLES

Size (inches)	4'			
	PRECAST			
Type of main				
Length of main (nearest foot) :				
Beginning of year	1282			
Added during year	0			
Retired during year	0			
End of year	1282			

FORCE MAINS

Size (inches)	1.5" - 24"			
Type of main				
Length of main (nearest foot) :				
Beginning of year	249,915			
Added during year	7,466			
Retired during year	0			
End of year	257,381			

YEAR OF REPORT
DECEMBER 31, 1998

UTILITY NAME : Aquasource Utility Inc.

SYSTEM NAME: _____

TREATMENT PLANT

Manufacturer Type "Steel" or "Concrete" Total Capacity Average Daily Flow Effluent Disposal Total gallons of Sewage Treated				
	Active Sludge			
	Concrete			
	.625 MGD			

MASTER LIFT STATION PUMPS

Manufacturer Capacity Motor: Mfr. Horsepower Power (Electric or Mechanical)				

OTHER SEWER SYSTEM INFORMATION

1. Maximum number of ERC's * which can be served. 1,837

2. Estimated annual increase in ERC's * . 150

3. List permit numbers required by Chapter 17-4, Rules of the department of Environmental Regulations (DER) for the systems in operation. DO08-1777000

4. State any plans and estimated completion dates for any enlargements of this system.
Extended recovered water line to Long Meadow and White Marsh subdivisions.

5. If present systems do not meet the requirements of Chapter 17-4, Rules of the DER, submit the following.

a. Evaluation of the present plant or plants in regard to meeting the DER's rules.

b. Plans for funding and construction of the required upgrading.

c. Have these plans been coordinated with DER? N/A

d. Do they concur N/A

e. When will construction begin? N/A

6. In what percent of you certificated area have service connections been installed? 18%

* ERC = (Total Gallons Treated / 365 days) / 275 Gallons Per Day
Note: Total Gallons Treated includes both sewage treated and purchased sewage treatment

YEAR OF REPORT
DECEMBER 31, 1998

UTILITY NAME : Aquasource Utility Inc.

SYSTEM NAME: _____

CALCULATION OF THE SEWER SYSTEMS EQUIVALENT RESIDENTIAL UNITS

METER SIZE (A)	TYPE OF METER (B)	EQUIVALENT FACTOR (C)	NUMBER OF METERS (D)	TOTAL NUMBER OF METER EQUIVALENTS (C+D) (E)
5/8"x 3/4"	Displacement	1	3023	3023
3/4"	Displacement	1.5	0	0
1"	Displacement	2.5	36	90
1 1/2"	Displacement, Turbine	5	9	45
2"	Displacement, Compound or Turbine	8	11	88
3"	Displacement	15		
3"	Compound	16	2	32
3"	Turbine	17.5		
4"	Displacement or Compound	25		
4"	Turbine	30		
6"	Displacement or Compound	50		
6"	Turbine	62.5		
8"	Compound	80		
8"	Turbine	90		
10"	Compound	115		
10"	Turbine	145		
12"	Turbine	215		
Total Sewer System Meter Equivalents				3246

CALCULATION OF THE SEWER SYSTEMS EQUIVALENT RESIDENTIAL CONNECTIONS
 (184400000 / 365 DAYS) / 275 GPD = 1837
 (total gallons treated)