

960026-WU

FLORIDA PUBLIC SERVICE COMMISSION
AUDIT REPORT
TWELVE-MONTHS ENDED DECEMBER 31, 1994

Field Work Completed
November 7, 1995

THE PEOPLES WATER SERVICE COMPANY

Pensacola, Florida
Escambia County

Overearnings Investigation

Docket Number ~~951163-WU~~ *undocketed*
Audit Control Number 95-181-1-1 *Spelt*

Mark Caruth
Mark Caruth
Audit Manager

Audit Staff
David Draper

Minority Opinion

Yes No

John M. Grayson
John M. Grayson
Regulatory Analyst Supervisor
Tallahassee District Office

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I. EXECUTIVE SUMMARY:

AUDIT PURPOSE:

We have applied the procedures described in Section II of this report in order to audit the schedules of Rate Base, Net Operating Income, and Capital Structure for the twelve month period ending December 31, 1994 prepared by The Peoples Water Service Company (P.W.S.).

SCOPE LIMITATION:

The audit exit conference was held on November 9, 1995. The company has requested that all information provided to the F.P.S.C. for this audit be classified as Confidential.

DISCLAIM PUBLIC USE:

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this document must not be relied upon for any purpose except to assist the Commission Staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

OPINION:

Subject to the Audit Exceptions and Disclosures contained in this report, the schedules of Rate Base, Net Operating Income, and Capital Structure for the twelve month period ending December 31, 1994 represent company books and records maintained in substantial compliance with Commission directives. The expressed opinions extend only to the scope of the work described in Section II of this report.

SUMMARY FINDINGS:

EXCEPTIONS:

Water Treatment and Controls Company (a non-regulated affiliate) had the dedicated use of a portion of the general office building of The Peoples Water Service Company. According to the treasurer of P.W.S., the utility receives a rental income from W.T.C. of \$13,800 per year for the use of those premises which it lists within its 1994 Annual Report.

Expenses incurred for the use of W.T.C. operations have been charged to P.W.S.

DISCLOSURES:

Utility purchases from an affiliate were not open to competitive outside bids.

No financial controls are in place to limit borrowings by the Gillet family from P.W.S. other than a vote by the Board of Directors (the primary stockholders are members of the Gillet family).

No collateral/security is required as a condition of the loans being made.

The loans are deemed by the utility to be repaid upon redemption of stock certificates at a market value declared by the utility to be \$250 per share.

In the event that a \$5,000,000 life insurance policy is activated, the employee portion costs for that policy (which are paid 30% by the P.W.S. Florida operations) are not reimbursed to the utility (or to Florida consumers) from the policy's distribution benefits.

The policy of the external accounting firm is to destroy/discard the working papers prepared for the client (P.W.S.) after 10 years.

The 8/31/85 lead schedule prepared by the external accounting firm for plant differs from the 9/1/85 lead schedule used by the utility for plant.

The utility was unable to support ownership of two motor vehicles.

The utility was not able to support its Annual Report for 1994, 1993, and 1992 regarding account # 601 (Salaries and Wages of Employees).

During the period 9/1/93 through 8/31/94, the company charged \$3,937 of coffee purchases into P.W.S. account # 7700-260 (New Business Supplies and Miscellaneous Expense).

The utility's current asset lives do not match those prescribed in Rule 25-30.140, FAC.

II. AUDIT SCOPE:

The opinions contained in this report are based on the audit work which is described below. When used in this report Compiled means that audit work includes:

Compiled: Means that the audit staff reconciled exhibit amounts with the General Ledger; visually scanned accounts for error or inconsistency; disclosed any unresolved error, irregularity, or inconsistency; and, except as otherwise noted performed no other audit work.

RATE BASE:

Compiled Rate Base for the Year of January 1, 1994 to December 31, 1994; established schedules of Plant accounts from September 1, 1985 to December 31, 1994; traced Plant account balances to General Ledgers from September 1, 1985 to December 31, 1994; recomputed the external accounting firm's lead schedule for Plant as of August 31, 1985; utilized auditor judgement to select General Ledger transactions within the Plant accounts for verification of vendor invoices from ledger to invoice to check; used auditor judgement to select ledger transactions within the Plant accounts for review of the company's internal documentation for capitalized items: payroll, materials/supplies, transportation, equipment, others; read schedules of Accumulated Depreciation from September 1, 1985 to December 31, 1994; compared (for each category of Plant) the asset life used for depreciation purposes by the utility to the F.P.S.C. asset life guidelines within the Commission rule; traced C.I.A.C. balances to the General Ledger from August 31, 1986 to December 31, 1994; and determined the Working Capital allowance using the Balance Sheet method.

NET OPERATING INCOME:

Compiled Net Operating Income for the Year of January 1, 1994 to December 31, 1994; compiled the following Operating Expenses of calendar year 1994: Electric Power Purchased, Gas Power Purchased, Commercial Supplies & Miscellaneous Expense, New Business Supplies & Miscellaneous Expense, Legal Expense, Data Processing Expense, Maintenance of Office Building Expense, Business Meals & Entertainment Expense, General Executive & Administration Expense, Salaries & Wages for Employees Expense; obtained the methodology of the cost allocation process by which costs flowed from the headquarters of the parent company down to the utility; traced those corporate cost allocation transactions back to parent company cost centers; and read the detailed documentation to support those amounts. Traced the data for the 1993 and 1992 Salaries & Wages for Employees Expense (along with Employee Pensions & Benefits Expense) to the corresponding 1993 and 1992 Annual Reports filed by the utility.

CAPITAL STRUCTURE:

Compiled Capital Structure for the Year of January 1, 1994 to December 31, 1994.

OTHER:

Converted utility financial reports from fiscal year data to calendar year data, and into the U.S.O.A. classifications in order to verify the Annual Report filed by the utility for 1994.

Researched Affiliated Transactions for purchases by the utility (P.W.S.) from Water Treatment and Controls Company (W.T.C.).

Researched the notes to the Consolidated Financial Reports prepared by the utility's external accounting firm.

Researched Related Party Transactions regarding the repayment of loans which were made by the parent company to related family members.

III. AUDIT EXCEPTIONS:

AUDIT EXCEPTION no. 1

SUBJECT: UTILITY PLANT USED BY AFFILIATE

STATEMENT OF FACT: Water Treatment and Controls Company (W.T.C.) is the exclusive user of 21% of the square footage of the General Office Building of The Peoples Water Service Company (P.W.S.). The utility has \$168,367 recorded in the General Ledger for the General Office Building. According to the treasurer of P.W.S., the utility receives \$13,800 in rental income from W.T.C. for the use of those premises which it lists per its Annual Report for 1994.

AUDIT OPINION: The exclusive use by W.T.C. of a dedicated portion of P.W.S. plant indicates that \$35,357 (21% of the \$168,367) should be removed from the P.W.S. utility rate base.

*by based on
sq footage*

The removal from utility's rate base of plant occupied by W.T.C. requires a corresponding reduction to utility's Depreciation Expense and Accumulated Depreciation.

COMPANY COMMENTS: The company may respond at a later date.

AUDIT EXCEPTION No. 2

SUBJECT: ELECTRIC POWER PURCHASED

STATEMENT OF FACT: W.T.C. is a non-regulated affiliate that uses 21% of the building premises of the utility. The electricity costs to operate the entire building are charged to P.W.S. account # 7240-060. Those charges are, in part, for the direct benefit of W.T.C. operations.

AUDIT OPINION: The utility should remove the W.T.C. electric usage from the P.W.S. electric power purchased. The average annual electric bill for entire office is \$7,610, and therefore \$1,598 (21% of \$7,610) should be removed.

COMPANY COMMENTS: The company may respond at a later date.

AUDIT EXCEPTION No. 3

SUBJECT: COMMERCIAL SUPPLIES AND MISCELLANEOUS EXPENSE

STATEMENT OF FACT: P.W.S. account # 7610-660 (Commercial Supplies and Miscellaneous Expense) includes charges for post office box rental, cleaning services, and security services which benefit both P.W.S. and W.T.C. The average annual amount of these charges are \$155, \$7,921, and \$699 respectively.

AUDIT OPINION: P.W.S. should reduce account # 7610-660 to reflect the benefit provided to W.T.C. The post office box rental expense should be reduced by \$78 (50%) since it is shared equally by P.W.S. and W.T.C. The cleaning service and security service expenses should be reduced by \$1,663 and \$146 respectively, according to W.T.C.'s 21% usage of the general office building.

COMPANY COMMENTS: The company may respond at a later date.

AUDIT EXCEPTION No. 4

SUBJECT: DATA PROCESSING EXPENSE

STATEMENT OF FACT: An invoice for \$1,350 from Utility Data Systems, Inc. of Monroe, Louisiana was charged to P.W.S. account # 7610-760. That invoice, which was mailed to W.T.C., was stamped "received in good order" by an affiliate operating in Bastrop, Louisiana and was approved by the manager of that affiliate.

AUDIT OPINION: As this charge appears to be related to an affiliate's data processing expense, it should be removed from P.W.S. account # 7610-760.

COMPANY COMMENTS: The company may respond at a later date.

AUDIT EXCEPTION No. 5

SUBJECT: MISCELLANEOUS EXPENSES

STATEMENT OF FACT: The utility has six primary general ledger accounts which feed into account # 675.8 Miscellaneous Expenses. Prior to adjustments, the account # 675.8 represents 25.5% of Operating Expenses (\$305,615/\$1,196,898). Included within Miscellaneous Expenses are P.W.S. account # 7812-360 and P.W.S. account # 7814-060.

The P.W.S. account # 7812-360 (Maintenance of Office Buildings) has been assigned all of the primary maintenance costs, yet this account clearly provides benefits to both W.T.C. and P.W.S..

The P.W.S. account # 7814-060 (Business Meals and Entertainment) includes a meal at Landry's Seafood House for \$266. This was charged on a Visa Business Card of Water Treatment and Controls but 50% (\$133) was charged to the books of P.W.S..

AUDIT OPINION. Account # 7812-360 should be reduced by \$2,266 (21% of the \$10,791 account balance) representing the W.T.C. share of the expense.

The \$133 meal allocation was clearly placed on the W.T.C. Visa Business Card and does not benefit P.W.S. operations; consequently it should be removed from account # 7814-060.

COMPANY COMMENTS: The company may respond at a later date.

IV. AUDIT DISCLOSURES:

AUDIT DISCLOSURE No 1

SUBJECT: AFFILIATED TRANSACTIONS

STATEMENT OF FACT: The utility purchased services and capital equipment items from W.T.C. None of those purchases were first open to competitive outside bids, nor were any quotes received from two or more outside vendors. The amount of such purchases by the utility from W.T.C. during 1994 amounted to \$114,235. Included within the amount: \$94,677 of Data Processing/Updating fees paid by P.W.S. to W.T.C. (a \$1 charge per each customer account per each month).

COMPANY COMMENTS: The company may respond at a later date.

AUDIT DISCLOSURE No. 2

SUBJECT: RELATED PARTY TRANSACTIONS

STATEMENT OF FACT: The company has had significant transactions with the estates of former stockholders. Per telephone conversation with the Treasurer of the utility, the following information is presented:

No financial controls are in place to limit borrowings by the Gillet family from P.W.S. other than a vote by the Board of Directors (the primary stockholders are members of the Gillet family). In addition, no collateral/security is required as a condition of the loans being made; and the loans are deemed by the utility to be repaid upon redemption of stock certificates at a market value declared by the utility to be \$250 per share.

Related party transactions include a loan receivable from the estate of Page S. Gillet during the fiscal year ended August 31, 1994 in the amount of \$34,119.

COMPANY COMMENTS: The company may respond at a later date.

AUDIT DISCLOSURE No. 3

SUBJECT: COST ALLOCATIONS --- \$5,000,000 LIFE INSURANCE POLICY

STATEMENT OF FACT: P.W.S. pays the fees on two life insurance policies. One insurance policy has a face amount of \$5,000,000 and insures Sherlock S. Gillet and Iva L. Gillet. This policy has two beneficiaries, The Peoples Water Service Company up to the cumulative amount of the premiums paid "less the PS 58 (employee portion) costs" and the balance of the insurance policy value goes to Beneficiary # 2, the Gillet Family Trust.

The PS 58 (employee portion) costs are billed to account # 7812-670 (which serves as 1 of 19 primary overhead accounts). Those overhead costs are then billed to each subsidiary by the ratio of relative operating revenues. This ratio is 30% for the Florida operations of P.W.S. during 1994.

Account # 7813-160 (General Executive and Administration Expense) on the books of P.W.S. Florida operations then receives its 30% cost distribution from the 19 primary overhead accounts. (Account # 7813-160 then becomes one of six primary accounts which the utility subsequently links into the account # 675.8 Miscellaneous Expenses classification).

The PS 58 (employee portion, cost in 1994 (year 1) is \$1,457 but rises each year. In 2010 (year 17), the annual cost will be \$26,265. During the first 17 years, those costs will total \$146,982 which will be billed into account # 7812-670 from which 30% of that amount can be expected to be charged onto the books of the P.W.S. Florida utility operations expenses per account # 7813-160 (General Executive and Administration Expense).

When the policy proceeds are distributed upon death, PS 58 (employee portion) costs which were billed to account # 7812-670 (of which 30% become charged to account # 7813-160 P.W.S. Florida operating expenses) are not reimbursed to the utility (or to Florida consumers) before the balance of the insurance policy benefits are distributed to the Gillet Family Trust.

COMPANY COMMENTS: The company may respond at a later date.

AUDIT DISCLOSURE No. 4

SUBJECT: POLICY OF THE EXTERNAL ACCOUNTING FIRM HIRED BY P.W.S.

STATEMENT OF FACT: The Treasurer of P.W.S. stated that the policy of the external accounting firm is to destroy/discard the working papers that it has prepared for the client (P.W.S.) after ten years from the date those documents were prepared.

AUDIT OPINION: For this audit, we developed an audit program to test plant to the 1985 year, relying in part on CPA schedules/workpapers, instead of going back to the 1930's. The external accounting firm did have its lead schedule for 1985 plant, and therefore the audit was not compromised in this instance. However, any audits of prior periods for other accounts of this utility could be limited by the lack of supporting working papers/schedules.

COMPANY COMMENTS: The company may respond at a later date.

AUDIT DISCLOSURE No. 5

SUBJECT: PLANT BALANCE IN 1985

STATEMENT OF FACT: The external accounting firm prepared a lead schedule for total plant as of 8/31/85 which differs from the lead schedule prepared by the utility for total plant as of 9/1/85.

	8/31/85
External accounting firm plant balance:	\$4,671,960
Utility plant balance (9/1/85):	\$4,709,611
	<hr/>
Difference	<\$ 37,651>

The differential between the utility plant balance and the accounting firm plant balance occurs within the Organization Costs and Transport Equipment.

COMPANY COMMENTS: The company may respond at a later date.

AUDIT DISCLOSURE No. 6

SUBJECT: MOTOR VEHICLES

STATEMENT OF FACT: The audit staff requested that the utility verify ownership of the motor vehicles listed in its books/records. Copies of State of Florida vehicle registration certificates were reviewed to verify the ownership of the P.W.S. motor vehicles listed on the utility's Transportation Report for January 1994 and for December 1994.

No registration was presented for a 1986 Ford listed as TRK # 11, and no registration was presented for a 1990 Ford listed as TRK #3.

COMPANY COMMENTS: The company may respond at a later date.

AUDIT DISCLOSURE No. 7

SUBJECT: SALARIES AND WAGES FOR 1994, 1993, and 1992

STATEMENT OF FACT: The utility was not able to support its filing per its Annual Report for 1994, 1993, and 1992 regarding account # 601 Salaries and Wages of Employees.

	1994	1993	1992
Payroll # 601 (exclude Manager salary)	\$263,681	\$252,246	\$242,335
Add: Manager salary	\$52,587	\$74,475	\$65,267
Remove: Capitalized labor	(\$11,776)	(\$15,169)	(\$12,929)
Net Amount per Payroll # 601 data:	<u>\$304,492</u>	<u>\$311,551</u>	<u>\$294,673</u>
Annual Report filed for U.S.O.A. # 601:	\$277,512	\$283,826	\$266,828

COMPANY COMMENTS: The company may respond at a later date.

AUDIT DISCLOSURE No. 8

SUBJECT: COFFEE PURCHASES

STATEMENT OF ACT: During the fiscal period 9/1/93 through 8/31/94 the company charged \$3,937 of coffee purchases into P.W.S. account # 7700-260 (New Business Supplies and Miscellaneous Expense) which the utility then links into the U.S.O.A. # 620.7 classification (Materials and Supplies, Customer Accounts Expense).

COMPANY COMMENTS: The company may respond at a later date.

AUDIT DISCLOSURE No. 9

SUBJECT: DEPRECIATION

STATEMENT OF FACT: The utility's current asset lives do not match those prescribed in Rule 25-30.140, FAC. The utility has used different estimated asset lives in 75% of its General Ledger asset classifications which incur depreciation.

AUDIT RECOMMENDATION: The Staff of Water and Wastewater should determine if the Rule in this instance allows grandfathering of previous depreciation rates, and under what circumstances (such as until rate case or until other earnings review).

COMPANY COMMENTS: The company may respond at a later date.

THE PEOPLES WATER SERVICE COMPANY

RATE BASE FOR 1994

PREPARED BY: MARK CARUTH

	BEGIN BALANCE	END BALANCE	AVERAGE BALANCE	AUDITOR ADJUST	ADJUSTED BALANCE
UTILITY PLANT IN SERVICE:	\$6,926,174.00	\$7,630,478.00 ✓	\$7,278,326.00	(\$15,357.00)	\$7,242,969.00
LESS:					
ACCUMULATED DEPRECIATION	(\$2,474,237.00)	(\$2,639,299.00) ✓	(\$2,556,768.00)	\$883.00	(\$2,555,885.00)
CLAC	(\$1,096,536.00)	(\$1,245,545.00) ✓	(\$1,171,040.50)	\$0.00	(\$1,171,040.50)
ADD:					
WORKING CAPITAL ALLOWANCE	\$238,010.00	\$269,787.00	\$243,898.50	\$0.00	\$243,898.50

permitted 5/9

TOTAL RATE BASE FOR 1994:	\$3,995,411.00	\$3,995,421.00	\$3,794,416.00	(\$34,474.00)	\$3,759,942.00
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THE PEOPLES WATER SERVICE COMPANY

INCOME STATEMENT FOR 1994

PREPARED BY: MARK CARUTH

	WATER OPERATIONS PER FILING WITH FPSC	AUDITOR ADJUST	WATER OPERATIONS ADJUSTED BALANCE
OPERATING REVENUES FOR 1994:	\$2,232,814.00		\$2,232,814.00
UTILITY EXPENSES FOR 1994:			
OPERATING EXPENSES	\$1,196,898.00	(\$7,235.45)	\$1,189,662.55
DEPRECIATION EXPENSE	\$224,222.00	(\$883.00)	\$223,339.00
TAXES OTHER THAN INCOME	\$192,535.00		\$192,535.00
INCOME TAXES	\$175,372.00		\$175,372.00
TOTAL UTILITY EXPENSES FOR 1994:	\$1,789,027.00	(\$8,118.45)	\$1,780,908.55
UTILITY OPERATING INCOME FOR 1994:	\$443,787.00		\$451,905.45
INCOME FROM UTILITY PLANT LEASED:	\$13,800.00		\$13,800.00
TOTAL UTILITY OPERATING INCOME:	\$457,587.00		\$465,705.45

THE FIDELIS WATER SERVICE COMPANY
 CAPITAL STRUCTURE FOR 1994

PREPARED BY: MARK CARUTH

	BEGIN BALANCE	END BALANCE	AVERAGE BALANCE	AUDITOR ADJUST	ADJUSTED BALANCE
COMMON STOCK	\$19,830.00	\$19,830.00	\$19,830.00	\$0.00	\$19,830.00
PREFERRED STOCK	\$400,700.00	\$400,700.00	\$400,700.00	\$0.00	\$400,700.00
PAID-IN CAPITAL	\$143,891.00	\$143,891.00	\$144,601.50	\$0.00	\$144,601.50
RETAINED EARNINGS	\$5,192,179.00	\$5,487,754.00	\$5,339,966.50	\$0.00	\$5,339,966.50
CUSTOMER DEPOSITS	\$256,999.00	\$222,937.00	\$228,968.00	\$0.00	\$228,968.00
ACCUMULATED DEFERRED INCOME TAXES	\$162,490.00	\$131,567.00	\$147,028.50	\$0.00	\$147,028.50

TOTAL CAPITAL STRUCTURE FOR 1994

\$6,157,688.00	\$6,466,582.00	\$6,292,095.00	\$0.00	\$6,292,095.00
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FLORIDA PUBLIC SERVICE COMMISSION

AUDIT REPORT

TWELVE-MONTHS ENDED DECEMBER 31, 1994

Field Work Completed

November 7, 1995

THE PEOPLES WATER SERVICE COMPANY

Pensacola, Florida

Escambia County

Overearnings Investigation

Docket Number ~~951163-WU~~ *undocketed*

Audit Control Number 95-181-1-1

CONFIDENTIAL

Mark Caruth

Mark Caruth
Audit Manager

Audit Staff

David Draper

Minority Opinion

Yes

[Signature]
No

John M. Grayson
John M. Grayson
Regulatory Analyst Supervisor
Tallahassee District Office

*R & R, please put your
Document # on attached Orig.*

The Peoples Water Service Company
Overearnings Investigation

Docket Number: Undocketed
Audit Control Number: 95-181-1-1

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THE PEOPLES WATER SERVICE COMPANY & SUBSIDIARIES
 FEDERAL & STATE ESTIMATED CORPORATE INCOME TAX DEPOSITS
 Year Ended 8/31/94 (F/Y 1993-94)

Tax - 3

TYPE	COMPANY	G/L NO.	PAID BY			DEPOSIT AMOUNT	CUMULATIVE DEPOSIT
			DATE	CK. NO.	DUE DATE		
Federal	The PWS Co.(01)	1160-100	8/31/93	Overpayment		\$160,063	\$160,063
			12/15/93	None	12/15/93	\$0	\$160,063
			2/15/94	28450	2/15/94	175,937	336,000
			5/13/94	29822	5/15/94	220,000	556,000
			8/15/94	31146	8/15/94	169,000	725,000 -
Florida	The PWS Co.(01)	1160-160	12/15/93	27491	12/15/93	\$8,000	\$8,000
			2/15/94	28409	2/15/94	8,000	16,000
			5/13/94	29824	5/15/94	8,000	24,000
			8/15/94	31196	8/15/94	8,000	32,000 -

DECLASSIFIED

JOB / SUB JOB NO.	CO.	DIV.	VENDOR	REFERENCE	CHECK NO.
	01	000	15001		02845

PEOPLES WATER SERVICE COMPANY

INVOICE NUMBER	INVOICE DATE	DESCRIPTION	GROSS AMOUNT	DISCOUNT	NET AMOUNT
	8/31/94	2ND INSTALLMENT	175,937.00		175,937.00
<p>DETACH AND RETAIN THIS STATEMENT THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED ABOVE IF NOT CORRECT PLEASE NOTIFY US PROMPTLY, NO RECEIPT DESIRED.</p>			TOTALS →		175,937.00

M.N.B.
2FG-TG-E
FEB 15 1994
BECK Y
4223

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S
T

PEOPLES WATER SERVICE COMPANY
409 WASHINGTON AVE
SUITE 310
TOWSON MD 21204
410 825-3722

MARYLAND NATIONAL BANK
BALTIMORE, MARYLAND

CHECK DATE: 2/14/94
CHECK NO.: 028450

CHECK AMOUNT
\$ ****175,937.00

PAY ***175937DOLLARS AND 0CENTS

TO THE ORDER OF MARYLAND NATIONAL BANK
TOWSON MD 21204

NON-NEGOTIABLE

Handwritten signature
~~NON-NEGOTIABLE~~

PEOPLES WATER SERVICE COMPANY

JOB / SUB JOB NO.	CO.	DIV.	VENDOR	REFERENCE	CHECK NO.
	01	000	15001		02982

INVOICE NUMBER	INVOICE DATE	DESCRIPTION	GROSS AMOUNT	DISCOUNT	NET AMOUNT
	8/31/94	3RD INSTALLMENT	220,000.00		220,000.00
TOTALS →			220,000.00		220,000.00

DETACH AND RETAIN THIS STATEMENT
 THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED ABOVE
 IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED.

PEOPLES WATER SERVICE COMPANY
 409 WASHINGTON AVE
 SUITE 310
 TOWSON MD 21204
 410 825-3722

MARYLAND NATIONAL BANK
 BALTIMORE, MARYLAND

CHECK DATE: 5/13/94
 CHECK NO: 02982

CHECK AMOUNT
\$ ****220,000.00

PAY ***220000DOLLARS AND 0CENTS

NON-NEGOTIABLE

TO THE ORDER OF MARYLAND NATIONAL BANK

TOWSON MD 21204

[Signature]
 NON-NEGOTIABLE

PEOPLES WATER SERVICE COMPANY

JOB / SUB JOB NO.	CO.	DIV.	VENDOR	REFERENCE	CHECK NO.
	01	000	15001		031146

INVOICE NUMBER	INVOICE DATE	DESCRIPTION	GROSS AMOUNT	DISCOUNT	NET AMOUNT
	8/31/94	4TH INSTALLMENT	169,000.00		169,000.00
TOTALS →			169,000.00		169,000.00

DETACH AND RETAIN THIS STATEMENT
 THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED ABOVE
 IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DEMAND.

MARYLAND NATIONAL BANK
 BALTIMORE, MARYLAND

PEOPLES WATER SERVICE COMPANY
 407 WASHINGTON AVE
 SUITE 310
 TOWSON MD 21204
 410 825-3722

CHECK DATE: 8/12/94
 CHECK NO.: 031146

CHECK AMOUNT
\$ ****169,000.00

PAY ***169000DOLLARS AND 0CENTS

NON-NEGOTIABLE

TO THE ORDER OF MARYLAND NATIONAL BANK

TOWSON MD 21204

NON-NEGOTIABLE
[Signature]

DECLARATION/INSTALLMENT OF FLORIDA ESTIMATED INCOME/FRANCHISE AND/OR EMERGENCY EXCISE TAX
FOR TAXABLE YEAR BEGINNING ON OR AFTER JANUARY 1, 1993

2-001351 INSTALLMENT 1

		COMBINED INCOME/FRANCHISE EMERGENCY EXCISE TAX
1	AMOUNT OF THIS INSTALLMENT	1. 8,000
2	AMOUNT OF OVERPAYMENT FROM LAST YEAR ELECTED FOR CREDIT TO ESTIMATED TAX AND APPLIED TO THIS INSTALLMENT	2. -
3	AMOUNT OF THIS PAYMENT (LINE 1 MINUS LINE 2)	3. 8,000

CHECK HERE FOR
CHANGE OF ADDRESS

A. FEDERAL EMPLOYER I.D. NUMBER

52-0443030

B. TAXABLE YEAR ENDING

08/31/94

C. ESTIMATED INCOME/FRANCHISE/
EMERGENCY EXCISE TAX DUE FOR YE

CHECK HERE IF YOU TRANSMITTED FUNDS ELECTRONICALLY

FEI NO 52-0443030
NAME THE PEOPLES WATER SERVICE COMPANY
ADDRESS 409 WASHINGTON AVE STE 310
TOWSON MD 21204-4971
CITY STATE

Make Checks Payable and Mail To: Florida Department of Revenue
5050 W. Tennessee St., Bldg. K
Tallahassee, FL 32399-0135

JOB / SUB JOB NO.	CO.	DIV.	VENDOR	REFERENCE	CHECK NO.
	01	000	17047	520443030	027491

PEOPLES WATER SERVICE COMPANY

INVOICE NUMBER	INVOICE DATE	DESCRIPTION	GROSS AMOUNT	DISCOUNT	NET AMOUNT
	8/31/94	1ST INSTALLMENT	8,000.00		8,000.00
TOTALS →			8,000.00		8,000.00

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED ABOVE
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED.

PEOPLES WATER SERVICE COMPANY
409 WASHINGTON AVE
SUITE 310
TOWSON MD 21204
D 825-3722

MARYLAND NATIONAL BANK
BALTIMORE, MARYLAND

CHECK DATE 12/15/93
CHECK NO 027491

PAY *****8000DOLLARS AND 0CENTS

CHECK AMOUNT

\$ *****8,000.00

TO THE ORDER OF FLORIDA DEPT OF REVENUE
5050 W TENNESSEE BLDG K
TALLAHASSEE FL 32399-0135

NON-NEGOTIABLE
SELLS IT
NON-NEGOTIABLE

DECLARATION/INSTALLMENT OF FLORIDA ESTIMATED INCOME/FRANCHISE AND/OR EMERGENCY EXCISE TAX
FOR TAXABLE YEAR BEGINNING ON OR AFTER JANUARY 1, 1993

3-001351 INSTALLMENT :

		COMBINED INCOME/FRANCHISE EMERGENCY EXCISE TAX
1	AMOUNT OF THIS INSTALLMENT	1. 8,000
2	AMOUNT OF OVERPAYMENT FROM LAST YEAR ELECTED FOR CREDIT TO ESTIMATED TAX AND APPLIED TO THIS INSTALLMENT	2. -
3	AMOUNT OF THIS PAYMENT (LINE 1 MINUS LINE 2)	3. 8,000

CHECK HERE FOR
CHANGE OF ADDRESS

A. FEDERAL EMPLOYER I.D. NUMBER

52-0443030

B. TAXABLE YEAR ENDING

08/31/94

C. ESTIMATED INCOME/FRANCHISE/
EMERGENCY EXCISE TAX DUE FOR YE

CHECK HERE IF YOU TRANSMITTED FUNDS ELECTRONICALLY

FED. ID. 52-0443030
NAME THE PEOPLES WATER SERVICE COMPANY
ADDRESS 409 WASHINGTON AVE STE 310
CITY/TOWNSHIP TOWSON

MD 21204-4971

Make Checks Payable and Mail To: Florida Department of Revenue
5050 W. Tennessee St., Bldg. K
Tallahassee, FL 32399-0135

PEOPLES WATER SERVICE COMPANY

JOB / SUB JOB NO.	CO.	DIV.	VENDOR	REFERENCE	CHECK NO.
	01	000	17043	5204430	028409

INVOICE NUMBER	INVOICE DATE	DESCRIPTION	GROSS AMOUNT	DISCOUNT	NET AMOUNT
	8/31/94	2ND INSTALLMENT CORP. INCOME TAX	8,000.00		8,000.00
TOTALS →			8,000.00		8,000.00

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED ABOVE
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY, NO RECEIPT DESIRED.

PEOPLES WATER SERVICE COMPANY
409 WASHINGTON AVE
SUITE 310
TOWSON MD 21204
410 825-3722

MARYLAND NATIONAL BANK
BALTIMORE, MARYLAND

CHECK DATE 2/14/94
CHECK NO 028409

PAY *****8000DOLLARS AND 00CENTS

CHECK AMOUNT
\$ *****8,000.00

TO THE ORDER OF
FLORIDA DEPT OF REVENUE
5050 W TENNESSEE BLDG K
TALLAHASSEE FL 32399-0135

NON-NEGOTIABLE

NON-NEGOTIABLE

due - 5/13
DECLARATION/INSTALLMENT OF FLORIDA ESTIMATED INCOME/FRANCHISE AND/OR EMERGENCY EXCISE TAX
FOR TAXABLE YEAR BEGINNING ON OR AFTER JANUARY 1, 1993

3-001361 INSTALLMENT :

		COMBINED INCOME/FRANCHISE EMERGENCY EXCISE TAX
1	AMOUNT OF THIS INSTALLMENT	1. 8,000
2	AMOUNT OF OVERPAYMENT FROM LAST YEAR ELECTED FOR CREDIT TO ESTIMATED TAX AND APPLIED TO THIS INSTALLMENT	2. -
3	AMOUNT OF THIS PAYMENT (LINE 1 MINUS LINE 2)	3. 8,000

CHECK HERE FOR
CHANGE OF ADDRESS

A. FEDERAL EMPLOYER I.D. NUMBER
52-0443030

B. TAXABLE YEAR ENDING
08/31/94

C. ESTIMATED INCOME/FRANCHISE/
EMERGENCY EXCISE TAX DUE FOR YEAR

CHECK HERE IF YOU TRANSMITTED FUNDS ELECTRONICALLY

FEL NO. **52-0443030**
NAME **THE PEOPLES WATER SERVICE COMPANY**
ADDRESS **409 WASHINGTON AVE STE 310**
CITY STATE **TOUSON MD 21204-4971**

Make Checks Payable and Mail To: Florida Department of Revenue
5050 W. Tennessee St., Bldg. K
Tallahassee, FL 32399-0135

PEOPLES WATER SERVICE COMPANY

JOB / SUB JOB NO.	CO.	DIV.	VENDOR	REFERENCE	CHECK NO.
	01	000	17043	52044303	029824

INVOICE NUMBER	INVOICE DATE	DESCRIPTION	GROSS AMOUNT	DISCOUNT	NET AMOUNT
	8/31/94	3RD INSTALLMENT CORP. ESTIMATED INCOME TAX	8,000.00		8,000.00
TOTALS →			8,000.00		8,000.00

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED ABOVE
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED.

PEOPLES WATER SERVICE COMPANY
409 WASHINGTON AVE
SUITE 310
TOUSON MD 21204
410 825-3722

MARYLAND NATIONAL BANK
BALTIMORE, MARYLAND

CHECK DATE **5/13/94** CHECK NO. **029824**

CHECK AMOUNT

\$ *****8,000.00

NON-NEGOTIABLE

PAY *****EIGHT THOUSAND DOLLARS AND NO CENTS

TO THE ORDER OF
FLORIDA DEPT OF REVENUE
5050 W TENNESSEE BLDG K
TALLAHASSEE FL 32399-0135

NON-NEGOTIABLE

DECLARATION/INSTALLMENT OF FLORIDA ESTIMATED INCOME/FRANCHISE AND/OR EMERGENCY EXCISE TAX
FOR TAXABLE YEAR BEGINNING ON OR AFTER JANUARY 1, 1993

3-001361 INSTALLMENT 4

		COMBINED INCOME/FRANCHISE EMERGENCY EXCISE TAX
1	AMOUNT OF THIS INSTALLMENT	1. 8,000
2	AMOUNT OF OVERPAYMENT FROM LAST YEAR ELECTED FOR CREDIT TO ESTIMATED TAX AND APPLIED TO THIS INSTALLMENT	2. -
3	AMOUNT OF THIS PAYMENT (LINE 1 MINUS LINE 2)	3. 8,000

CHECK HERE FOR
CHANGE OF ADDRESS

A. FEDERAL EMPLOYER I.D. NUMBER

52-0443030

B. TAXABLE YEAR ENDING

08/31/94

C. ESTIMATED INCOME/FRANCHISE/
EMERGENCY EXCISE TAX DUE FOR YEAR

CHECK HERE IF YOU TRANSMITTED FUNDS ELECTRONICALLY 01-3-00001361

F.E.I. NO.: 52-0443030
NAME: THE PEOPLES WATER SERVICE COMPANY
ADDRESS: 409 WASHINGTON AVE STE 310
CITY STATE: TOWSON MD 21204-4971

Make Checks Payable and Mail To: Florida Department of Revenue
5050 W. Tennessee St., Bldg. K
Tallahassee, FL 32399-0135

PEOPLES WATER SERVICE COMPANY

JOB / SUB JOB NO.	CO.	DIV.	VENDOR	REFERENCE	CHECK NO.
	01	000	17043	520443030	031196

INVOICE NUMBER	INVOICE DATE	DESCRIPTION	GROSS AMOUNT	DISCOUNT	NET AMOUNT
	3/31/94	4TH INSTALLMENT CORP. INCOME TAX Y/E 8/31/94	8,000.00		8,000.00
TOTALS →			8,000.00		8,000.00

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED ABOVE
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED.

PEOPLES WATER SERVICE COMPANY
409 WASHINGTON AVE
SUITE 310
TOWSON MD 21204
410 825-3722

MARYLAND NATIONAL BANK
BALTIMORE, MARYLAND

CHECK DATE: 8/15/94
CHECK NO.: 031196

CHECK AMOUNT
\$ *****8,000.00

PAY *****8000DOLLARS AND 0CENTS

TO THE ORDER OF
FLORIDA DEPT OF REVENUE
5050 W TENNESSEE BLDG K
TALLAHASSEE FL 32399-0135

NON-NEGOTIABLE

NON-NEGOTIABLE

Form **1120**

Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 1993 or tax year beginning SEP 1, 1992, ending AUG 31, 1994

OMB No. 1545-0122

1993

▶ Instructions are separate. See page 1 for Paperwork Reduction Act Notice.

A Check if a:

- 1 Consolidated return (attach Form 951)
- 2 Personal holding co. (attach Sch. PH)
- 3 Personal service corp. (as defined in Temp. Regs. sec. 1.441-4T)

Use IRS label. Otherwise, please print or type.

Name **THE PEOPLES WATER SERVICE COMPANY AND SUBSIDIARIES**
 Number, street, and room or suite no. (if a P.O. box, see page 7 of instructions.)
409 WASHINGTON AVENUE, SUITE 310
 City or town, state, and ZIP code
TOWSON, MD 21204

B Employer identification number
52-0443030
 C Date incorporated
07/23/1929
 D Total assets (see Specific Instructions)

E Check applicable boxes: (1) Initial return (2) Final return (3) Change of address

\$ **20,771,313.**

Income

1	Gross receipts or sales	10,845,391.	b Less returns and allowances		c Bal ▶	1c	10,845,391.
2	Cost of goods sold (Schedule A, line 8)					2	7,492,780.
3	Gross profit. Subtract line 2 from line 1c					3	3,352,611.
4	Dividends (Schedule C, line 19)					4	20,408.
5	Interest					5	26,115.
6	Gross rents					6	13,800.
7	Gross royalties					7	
8	Capital gain net income (attach Schedule D (Form 1120))					8	31,421.
9	Net gain or (loss) from Form 4797, Part II, line 20 (attach Form 4797)					9	-7,090.
10	Other income (attach schedule)	SEE CONSOLIDATED INCOME AND DEDUCTIONS				10	86,927.
11	Total income. Add lines 3 through 10				▶	11	3,524,192.

Deductions

12	Compensation of officers (Schedule E, line 4)					12	
13a	Salaries and wages		b Less employment credits		c Balance ▶	13c	
14	Repairs and maintenance					14	578,325.
15	Bad debts					15	34,424.
16	Rents					16	31,536.
17	Taxes and licenses					17	558,632.
18	Interest					18	1,387.
19	Charitable contributions					19	
20	Depreciation (attach Form 4562)	20	988,399.				
21	Less depreciation claimed on Schedule A and elsewhere on return	21a	988,399.			21b	
22	Depletion					22	
23	Advertising					23	
24	Pension, profit-sharing, etc., plans					24	137,151.
25	Employee benefit programs					25	
26	Other deductions (attach schedule)	SEE CONSOLIDATED INCOME AND DEDUCTIONS				26	11,551.
27	Total deductions. Add lines 12 through 25				▶	27	1,353,006.
28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11					28	2,171,186.
29	Less: a Net operating loss deduction	29a					
	b Special deductions (Schedule C, line 20)	29b	14,654.			29c	14,654.

COPY

Tax and Payments

30	Taxable income. Subtract line 29c from line 28					30	2,156,532.
31	Total tax (Schedule J line 10)					31	733,469.
32	Payments: a 1992 overpayment credited to 1993	32a	160,063.				
	b 1993 estimated tax payments	32b	564,937.				
	c Less 1992 refund applied for on Form 4	32c					
	d Bal ▶	32d	725,000.				
e	Tax deposited with Form 7004	32e					
f	Credit from regulated investment companies (attach Form 2439)	32f					
g	Credit for Federal tax on fuels (attach Form 4136)	32g				32h	725,000.
33	Estimated tax penalty. Check if Form 2220 is attached					33	
34	Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed					34	8,469.
35	Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid					35	
36	Enter amount of line 35 you want: Credited to 1994 estimated tax					36	

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: Gerald H. Mahon Date: 11/14/94 Title: TREASURER

Paid Preparer's Use Only

Preparer's signature: William C. Bernat Date: 11/7/94 Check if self-employed

Firm's name (or yours if self-employed) and address: COYNE & MCCLEAN, CHARTERED
300 E. JOPPA ROAD
BALTIMORE, MARYLAND

E.I. No. ▶ 52 1022857
 ZIP code ▶ 21286-3067

Schedule A Cost of Goods Sold

1	Inventory at beginning of year	1	834,303.
2	Purchases	2	1,733,300.
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule) SEE CONSOLIDATED INCOME AND DEDUCTIONS	5	5,537,676.
6	Total. Add lines 1 through 5	6	8,105,279.
7	Inventory at end of year	7	612,499.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	7,492,780.

- 9a Check all methods used for closing inventory:
- Cost Lower of cost or market as described in Regulations section 1.471-4
 - Writedown of subnormal goods as described in Regulations section 1.471-2(c)
 - Other (Specify method used and attach explanation.) ▶
- b Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)
- c If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO %
- d Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? Yes No
- e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
- If "Yes," attach explanation Yes No

Schedule C Dividends and Special Deductions

	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)	4,905.	70	3,434.
2 Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations (section 246A)		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction		80	
8 Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 246(b))		100	
9 Total. Add lines 1 through 8. SEE STATEMENT 1			3,434.
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from certain FSCs that are subject to the 100% deduction (section 246(c)(1))		100	
12 Dividends from affiliated group members subject to the 100% deduction (sec. 243(a)(3))		100	
13 Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up (section 78)			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d))			
17 Other dividends	15,503.		
18 Deduction for dividends paid on certain preferred stock of public utilities			11,220.
19 Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1. SEE STATEMENT OF CONSOLIDATED DIVIDEND INCOME	20,408.		
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1			14,654.

Schedule E Compensation of Officers (See instructions for line 12, page 1.)

Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120) are \$500,000 or more.

(a) Name of officer	(e) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
		(d) Common	(e) Preferred	
1 SHERLOCK S. GILLET	FULL			304,778.
SHERLOCK S. GILLET, JR.	FULL			65,245.
IVA LOUISE GILLET	VAR			10,704.
CHARLES B. GILLET, JR.	VAR			16,048.
GERALD H. MATSON	FULL			80,381.
2 Total compensation of officers				477,156.
3 Compensation of officers claimed on Schedule A and elsewhere on return				477,156.
4 Subtract line 3 from line 2. Enter the result here and on line 12, page 1				0.

SCHEDULE A	COST OF GOODS SOLD OTHER COSTS			STATEMENT 6
	COMBINED AMOUNTS	THE PEOPLES WATER SERVICE COMPANY	THE PEOPLES WATER SERVICE COMPANY OF	WATER TREATMENT & CONTROLS
COST OF OPERATIONS	4,549,277.	1,012,080.	2,494,121.	1,043,076.
DEPRECIATION	988,399.	331,446.	579,249.	77,704.
TOTAL OTHER COSTS	<u>5,537,676.</u>	<u>1,343,526.</u>	<u>3,073,370.</u>	<u>1,120,780.</u>

(Please Use Ball Point Pen - Press Hard)

FLORIDA PUBLIC SERVICE COMMISSION
AUDIT DOCUMENT/RECORD REQUEST
NOTICE OF INTENT

Fax # 410-825-0015

TO: Gerald Matson - Treasurer
UTILITY: The Peoples Water Service Co
FROM: Mark Caruth
(AUDIT MANAGER)

Mark Caruth
(AUDITOR PREPARING REQUEST)

REQUEST NUMBER: Tax-1
AUDIT PURPOSE: Over earnings Audit

DATE OF REQUEST: Sept. 6, 1995

REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY Sept. 8, 1995
(DATE)

REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE:

- INCIDENT TO AN INQUIRY
- OUTSIDE OF AN INQUIRY

ITEM DESCRIPTION:

- ① Photocopies of complete Most Recent Tax Return filed, to include Name, Address, etc. of Preparer
- ② Photocopies of prior year Tax Return filed, to include Name, Address, etc. of Preparer
- ③ Photocopies of next of previous years Tax Return filed, to include Name, Address, etc. of Preparer

TO: AUDIT MANAGER _____ DATE 9/8/95

THE REQUESTED RECORD OR DOCUMENTATION: IS

- (1) HAS BEEN PROVIDED TODAY VIA POSTAL SERVICE. WE ASSUME THE REQUEST IS FOR 1991-94 RETURNS FOR FLORIDA AND FRONT PAGE OF IRS CONSOLIDATED RETURN.
- (2) CANNOT BE PROVIDED IN THREE (3) WORK DAYS BUT WILL BE MADE AVAILABLE BY _____
- (3) AND IN MY OPINION, THE MATERIAL IN ITEM NOS. _____ IS PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156, F.S. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL, THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE, FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING, REFER TO RULE 25-22.006, F.A.C.
- (4) THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

Sony
GERALD H. MATSON, TREASURER SIGNATURE AND TITLE OF RESPONDENT

FLORIDA CORPORATE INCOME/FRANCHISE AND EMERGENCY EXCISE TAX RETURN

F.E.I. NO: 52-0443030

NAME THE PEOPLES WATER SERVICE COMPANY

ADDRESS 409 WASHINGTON AVENUE, SUITE 310

CITY/ST TOWSON, MARYLAND 21204

SEPTEMBER 1 1990
For taxable year beginning

AUGUST 31 1991
Ending

- Unless a copy of the federal return is attached this return is deemed incomplete -

COMPUTATION OF FLORIDA NET INCOME AND EMERGENCY EXCISE TAX

1	Federal taxable income. Attach pages 1 - 4 of Federal Return	1	311,934
2	State income taxes deducted in computing federal taxable income (attach schedule)	2	11,889
3	Additions to federal taxable income (from Schedule I)	3	66,182
4	Total of lines 1 thru 3	4	390,005
5	Subtractions from federal taxable income (from Schedule II)	5	13,500
6	Adjusted federal income (Line 4 minus Line 5)	6	376,505
7	Florida portion of adjusted federal income	7	310,633
8	Add nonbusiness income allocated to Florida	8	13,500
9	Less Child care facility start-up costs and Florida exemption	9	5,000
10	Florida Net Income (Line 7 plus Line 8 minus Line 9)	10	319,133
11	Income/Franchise Tax due (5.5% of Line 10) or amount from Line 11 Schedule VI, whichever is greater	11	17,552
12	Credits against the tax from Line 16 Schedule V	12	
13	Emergency Excise Tax due (from Schedule A)	13	65
14	Total Income/Franchise and Emergency Excise Tax due	14	17,617
15	Fee: F-2220 Other	15	
16	Total of Lines 14 and 15	16	17,617
17	Payment credits: Estimated Tax \$ 12,000 Tentative Tax \$ 1,000	17	13,000
18	Total amount due or overpayment	18	4,617
19	Enter amount of overpayment credited to next years estimated tax \$ or refunded \$	19	

THE FILING OF A RETURN THAT IS NOT SIGNED, OR IMPROPERLY SIGNED AND VERIFIED, WILL BE SUBJECT TO THE FAILURE TO FILE THE RETURN PENALTY. THE STATUTE OF LIMITATIONS PERIOD WILL NOT START UNTIL THE RETURN IS PROPERLY SIGNED AND VERIFIED. THIS RETURN MUST BE COMPLETED IN ITS ENTIRETY.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct and complete, if prepared by a person other than the taxpayer, his declaration is based on all information of which he has any knowledge.

2/21/92
DATE

Gerald H. Mason
SIGNATURE OF TAXPAYER

TREASURER
TITLE

COYNE & MCCLEAN, CHARTERED
300 E. JOPPA RD, SUITE 608
BALTIMORE, MD 21204

12/7/91
DATE

William E. Serndt
SIGNATURE OF INDIVIDUAL OR FIRM PREPARING RETURN

ADDRESS OF PREPARER

DO NOT DETACH EVEN IF NO TAX IS DUE

F-1120P
R. 12/90

PAYMENT COUPON

TO ENSURE PROPER CREDIT TO YOUR ACCOUNT, ATTACH YOUR CHECK TO THIS PAYMENT COUPON AND MAIL WITH TAX RETURN. ATTACH THIS COUPON WITH F-1120 EVEN IF NO TAX IS DUE.

- HAVE YOU SIGNED YOUR CHECK?
- HAVE YOU SIGNED YOUR RETURN?
- HAVE YOU ATTACHED YOUR FEDERAL RETURN AND FEDERAL FORM 4562 DEPRECIATION SCHEDULE?
- AMT FILERS - HAVE YOU ATTACHED YOUR FEDERAL FORM 4626?

MAKE CHECKS PAYABLE AND MAIL TO
FLORIDA DEPARTMENT OF REVENUE
CARLTON BUILDING
TALLAHASSEE, FL 32399-0135

F.E.I. NO: 52-0443030 YEAR ENDING AUGUST 31 1991

NAME:
ADDRESS: THE PEOPLES WATER SERVICE COMPANY
409 WASHINGTON AVENUE, SUITE 310
CITY/ST TOWSON, MARYLAND 21204

TOTAL AMOUNT DUE FROM
LINE 18, F-1120 RETURN 4,617

CHECK HERE IF YOU TRANSMITTED FUNDS ELECTRONICALLY

Name THE PEOPLES WATER SERVICE COMPANY

FED. ID. # 52-0443030

SCHEDULE A		COMPUTATION OF EMERGENCY EXCISE TAX	
1. Total depreciation expense deducted on Federal 1120	1.	261,818	
2. Florida portion of adjusted Federal Income from page 1, line 7 of F-1120 (except for nonbusiness income)	2.	317,867	
3. If line 2 shows a gain, enter 0. If line 2 shows a loss or zero, enter loss carry forward from line 2, Schedule II, or line 4, Schedule IV, of F-1120	3.	0	
4. Subtract line 3 from line 2 and enter here. NOTE: If a loss carry forward shown on line 3 exceeds a loss on line 2, enter positive difference of the loss amounts shown.	4.	317,867	
5. Enter all depreciation federally deducted pursuant to S. 168 of I.R.C. for assets placed in service prior to 1/1/87.	5.		
6. Enter all depreciation federally deducted pursuant to S. 168(b)(3) of the Internal Revenue Code and 60% of amounts of depreciation previously taxed on Schedule VI.	6.		
7. Enter all depreciation deducted pursuant to I.R.C. section 168 which is directly related to any amount shown as nonbusiness income	7.		
8. Subtract the sum of lines 6 and 7 from the amount on line 5 and enter result here	8.	159,592	
9. Enter 40% of line 8	9.	63,837	
10. Enter Florida apportionment factor shown in Schedule IIIA or IIID of F-1120. Taxpayers which are 100% in Florida enter 1.0	10.	.825044	
11. Multiply line 9 by line 10 and enter here	11.	52,668	
12. Enter the product of depreciation federally deducted pursuant to I.R.C. S. 168 (except pursuant to S. 168 (b) (3) used in computing nonbusiness income allocated to Florida times .4	12.		
13. Enter sum of lines 11 and 12	13.	52,668	
14. Enter loss shown on line 4. NOTE: If line 4 does not show a loss, enter 0	14.	0	
15. Enter the portion of the exemption provided in S. 220.14, F.S. not used for chapter 220 purposes, if any. If none, enter 0	15.	0	
16. Reduce line 13 by the sum of the amounts on lines 14 and 15, if any, and enter here	16.	52,668	
17. Multiply line 16 by 2.5 and enter here. If line 16 shows a loss, enter 0	17.	131,670	
18. Total tax due (2.2% of line 17)	18.	2,897	
19. Emergency Excise Tax Credit	19.	2,832	
Emergency Excise Tax Credit Carryover	2,832 Total ▶		
20. Balance of tax due (Enter on line 13, page 1)	20.	65	

ALL TAXPAYERS ARE REQUIRED TO ANSWER QUESTIONS A THROUGH N BELOW

A. State of incorporation MARYLAND

B. Florida Charter Number 810554

C. Consolidated Return Yes No

D. Initial Return Final Return

E. Business Activity Code 4990
Florida Activity Code (if different) _____

F. Taxpayer election S.220.03(5) F.S. GENERAL RULE

G. Did you file for an extension of time? Yes No
Attach a copy of form F-7004

H. Is taxpayer a member of a controlled group as defined by I.R.C. Section 1363 - Attach list Yes No
If yes, parent corp. SEE ATTACHED LIST
Name _____ F.E.I. No. _____

I. Location of corporate books:
409 WASHINGTON AVE., SUITE 310, TOWSON, MARYLAND 21204
Street Address _____ City _____ State _____

J. Yes No Is taxpayer a member of Florida partnership or joint venture?

K. Yes No Has corporation elected to be taxed under Subchapter S (Sec. 1371-1379) I.R.C. for this tax year? If "yes", see instructions for filing. Show date of original Sub S election _____

L. Yes No Is taxpayer exempt from federal income tax under I.R.C. Section 501(a)? If "yes", attach a copy of "determination letter" to the initial return under this code.

M. Show date of latest IRS audit 08/31/91
years examined 1988

N. Enter total due from last year's F-1120.
line 14 11,328

SCHEDULE IV COMPUTATION OF FLORIDA PORTION OF ADJUSTED FEDERAL INCOME

	(a) ADJUSTED FEDERAL INCOME	(b) ADJUSTED AMT INCOME
1. Apportionable Adjusted Federal Income from line 6, page 1 (or line 6 Schedule VI for AMT in col. (b))	\$ 376,505	\$ 385,273
2. Florida Apportionment Fraction (line 4, Schedule III-A or column (c) Schedule III-D)	.825044	.825044
3. Tentative Apportioned Adjusted Federal Income (multiply line 1 by line 2)	310,633	317,867
4. Deduct net operating loss or other carryover apportioned to Florida (Attach statement)		
5. Adjusted Federal Income apportioned to Florida (line 3 less line 4)	310,633	317,867

SCHEDULE V CREDITS AGAINST THE CORPORATE INCOME/FRANCHISE TAX

1. Intangible Tax Credit (Banks/ Savings Associations Only)	1.	
2. Florida Life and Health Insurance Guaranty Association assessments	2.	
3. Florida Insurers Rehabilitation and Liquidation Act assessments	3.	
4. Florida Insurance Guaranty Association Act assessments	4.	
5. Gasohol development tax incentive credit (from Form F-1156 attached)	5.	
6. Florida Health Maintenance Organization credit	6.	
7. Enterprise zone jobs credit (from Form F-1157 attached)	7.	
8. Community contribution tax credit	8.	
9. Enterprise zone property tax credit (from Form F-1158 attached)	9.	
10. Emergency Excise Tax credit	10.	
11. Hazardous waste facilities credit	11.	
12. Credit for Florida Alternative Minimum Tax	12.	
13. Export Finance Corporation Investment Credit	13.	
14. Recomputation of prior tax liabilities, from Line 3, Schedule VII-A	14.	
15. Other Credit	15.	
16. Total credits against the tax (sum of lines 1 through 15 not to exceed the amount on line 11, page 1, of F-1120). Enter total credits on Line 12, page 1 of Form F-1120.	16.	

SCHEDULE VI COMPUTATION OF FLORIDA ALTERNATIVE MINIMUM TAX

1. Federal alternative minimum taxable income after exclusion (attach Federal Form 4626)	1.	320,702
2. State income taxes deducted in computing federal taxable income (attach schedule)	2.	11,889
3. Additions to federal taxable income (from Schedule 0)	3.	66,182
4. Total of lines 1 thru 3	4.	398,773
5. Subtractions for federal taxable income (from Schedule 10)	5.	13,500
6. Adjusted federal alternative minimum taxable income (line 4 minus line 5)	6.	385,273
7. Florida portion of adjusted federal income	7.	317,867
8. Add nonbusiness income allocated to Florida	8.	0
9. Less: Child care facility start-up costs \$ _____ and Florida Exemptions \$ 5,000 Total	9.	5,000
10. Florida Net Income (line 7 plus line 8 minus line 9)	10.	326,367
11. Florida Alternative Minimum Tax due (3.3% of Line 10) See instruction for Line 11, Page 1	11.	10,770

SCHEDULE VII		RECOMPUTATION OF PRIOR TAX LIABILITIES	
VII-A. CREDITS			
1. Annual Amount		1.	
2. Credit carryovers (sum of credit amounts not fully utilized in prior years)		2.	
3. Total of Lines 2 and 3 (enter credit amount here and on Line 14, Schedule V)		3.	
VII-B. ADDITIONAL TAX DUE			
1. Annual Amount		1.	
2. Corporate Income Tax due or Florida Alternative Minimum Tax due, whichever is the greater		2.	
3. Total of Lines 1 and 2 (enter here and on Line 11, Page 1, Form F-1120)		3.	

SCHEDULE VIII APPORTIONMENT PLAN FOR FLORIDA EXEMPTION

TAXPAYER NAME/ADDRESS	TAXABLE YEAR	F.E.I.	APPORTIONMENT OF EXEMPTION
THE PEOPLES WATER SERVICE COMPANY 409 WASHINGTON AVENUE, SUITE 310 TOWSON, MARYLAND 21204	8/91	520443030	5,000
WATER TREATMENT & CONTROLS COMPANY 409 WASHINGTON AVENUE, SUITE 310 TOWSON, MARYLAND 21204	8/91	521402868	
	TOTAL		5,000

SCHEDULE OF NONBUSINESS INCOME

R-1 NONBUSINESS INCOME (LOSS) ALLOCATED TO FLORIDA

Type

Amount

INCOME (LOSS) FROM RENTAL PROPERTY

13,500

Line 1. Total allocated to Florida. (Enter here and on Line 8, Page 1, F-1120)

13,500

R-2 NONBUSINESS INCOME (LOSS) ALLOCATED ELSEWHERE

Type

State/County Allocated to

Amount

Line 2. Total allocated elsewhere.

R-3 TOTAL NONBUSINESS INCOME

Line 3. Grand Total. Total of Lines 1 and 2. (Enter here and on Line 6, Schedule II)

13,500

FLORIDA CORPORATE INCOME/FRANCHISE AND EMERGENCY EXCISE TAX RETURN

FOR CALENDAR YEAR 1991 OR TAX YEAR BEGINNING SEP 1, 1991, ENDING AUG 31, 19 92

F.E.I. NO.

52-0443030

NAME

THE PEOPLES WATER SERVICE COMPANYADDRESS 409 WASHINGTON AVENUE, SUITE 310CITY TOWSON, ST MD ZIP 21204

FOR OFFICE USE ONLY

- UNLESS COPY OF THE FEDERAL RETURN IS ATTACHED THIS RETURN IS DEEMED INCOMPLETE -

COMPUTATION OF FLORIDA NET INCOME AND EMERGENCY EXCISE TAX

1.	Federal taxable income Attach pages 1-4 of Federal Return	1	900,674.
2.	State income taxes deducted in computing federal taxable income (attach schedule)	2	68,030.
3.	Additions to federal taxable income (from Schedule I)	3	78,597.
4.	Total of lines 1 thru 3	4	1,047,301.
5.	Subtractions from federal taxable income (from Schedule II)	5	13,941.
6.	Adjusted federal income (Line 4 minus Line 5)	6	1,033,360.
7.	Florida portion of adjusted federal income	7	860,289.
8.	Add nonbusiness income allocated to Florida	8	13,500.
9.	Less: Child care facility start-up costs \$ _____, and Florida Exemption \$ <u>5,000.</u> Total ▶	9	5,000.
10.	Florida Net Income (Line 7 plus Line 8 minus Line 9)	10	868,789.
11.	Income/Franchise Tax due (5.5% of Line 10) or amount from Line 11 Schedule VI, whichever is greater	11	47,783.
12.	Credits against the tax from Line 16 Schedule V	12	1,149.
13.	Emergency Excise Tax due (from Schedule A)	13	
14.	Total Income/Franchise and Emergency Excise Tax due	14	46,634.
15.	Penalty: F-222J Other Interest F-222D Other Total ▶	15	
16.	Total of Lines 14 and 15 (Banks and Savings Associations - See Instructions)	16	46,634.
17.	Payment credits: Estimated Tax Payments \$ <u>20,000.</u> Tentative Tax Payments \$ Total ▶	17	20,000.
18.	Total amount due or overpayment <input type="checkbox"/> Check here if you transmitted funds electronically BALANCE DUE	18	26,634.
19.	Enter amount of overpayment credited to next years estimated tax \$ _____ or refunded \$ _____		

THE FILING OF A RETURN THAT IS NOT SIGNED, OR IMPROPERLY SIGNED AND VERIFIED, WILL BE SUBJECT TO THE FAILURE TO FILE THE RETURN PENALTY. THE STATUTE OF LIMITATIONS PERIOD WILL NOT START UNTIL THE RETURN IS PROPERLY SIGNED AND VERIFIED. THIS RETURN MUST BE COMPLETED IN ITS ENTIRETY.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and in the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than the taxpayer, his declaration is based on all information of which he has any knowledge.

3/17/93
DATEGerald H. Matson
SIGNATURE OF TAXPAYERTREASURER
TITLE12/23/92
DATEWilliam E. Serutt
SIGNATURE OF INDIVIDUAL OR FIRM PREPARING RETURNCOYNE & MCCLEAN 300 E. JOPPA ROAD #608
BALTIMORE, MARYLAND 21286-3067
ADDRESS OF PREPARER

DO NOT DETACH EVEN IF NO TAX IS DUE

PAYMENT COUPON

TO ENSURE PROPER CREDIT TO YOUR ACCOUNT, ATTACH YOUR CHECK TO THIS PAYMENT COUPON AND MAIL WITH TAX RETURN. ATTACH THIS COUPON WITH F-1120 EVEN IF NO TAX IS DUE.

- HAVE YOU SIGNED YOUR CHECK?
- HAVE YOU SIGNED YOUR RETURN?
- HAVE YOU ATTACHED YOUR FEDERAL RETURN AND FEDERAL FORM 4562 DEPRECIATION SCHEDULE?
- AMT FILERS - HAVE YOU ATTACHED YOUR FEDERAL FORM 4626?
- HAVE YOU ATTACHED A COPY OF YOUR F-7004?

YEAR ENDING 08/31/92

MAKE CHECKS PAYABLE AND MAIL TO:
FLORIDA DEPARTMENT OF REVENUE
CARLTON BUILDING
TALLAHASSEE, FL 32399-0135

F.E.I. NO.: 52-0443030

NAME:

THE PEOPLES WATER SERVICE COMPANYADDRESS: 409 WASHINGTON AVENUE, SUITE 310CITY/STATE: TOWSON, MD 21204TOTAL AMOUNT DUE FROM
LINE 18, F-1120 RETURN 26,634. CHECK HERE IF YOU TRANSMITTED FUNDS
ELECTRONICALLY

Name THE PEOPLES WATER SERVICE COMPANY

FED. I.D. # 52-0443030

PAGE 2

SCHEDULE A		COMPUTATION OF EMERGENCY EXCISE TAX	
1. Total depreciation expense deducted on Federal 1120		1.	285,743.
2. Florida portion of adjusted Federal Income from page 1, line 7 of F-1120 or line 7, Schedule VI		2.	860,289.
3. If line 2 shows a gain, enter 0. If line 2 shows a loss or zero, enter loss carry forward from line 2, Schedule II, or line 4, Schedule IV, of F-1120		3.	0.
4. Subtract line 3 from line 2 and enter here. NOTE: If a loss carry forward shown on line 3 exceeds a loss on line 2, enter positive difference of the loss amounts shown		4.	860,289.
5. Enter all depreciation federally deducted pursuant to S. 168 of the I.R.C. for assets placed in service 1/1/81 to 1/1/87		5.	94,437.
6. Enter all straight line depreciation federally deducted pursuant to S. 168(b)(3) of the Internal Revenue Code and 60% of amounts of depreciation previously taxed on Schedule A. (For assets placed in service 1/1/81 to 1/1/87)		6.	
7. Enter all depreciation deducted pursuant to I.R.C. section 168 which is directly related to any amount shown as nonbusiness income		7.	
8. Subtract the sum of lines 6 and 7 from the amount on line 5 and enter result here		8.	94,437.
9. Enter 40% of line 8		9.	37,775.
10. Enter Florida apportionment factor shown in Schedule IIIA or IIID of F-1120. Taxpayers which are 100% in Florida enter 1.0		10.	.832516
11. Multiply line 9 by line 10 and enter here		11.	31,448.
12. Enter the product of depreciation federally deducted pursuant to I.R.C. S. 168 (except pursuant to S. 168(b)(3)) used in computing nonbusiness income allocated to Florida times .4		12.	
13. Enter sum of lines 11 and 12		13.	31,448.
14. Enter loss shown on line 4. NOTE: If line 4 does not show a loss, enter 0		14.	0.
15. Enter the portion of the exemption provided in S. 220.14, F.S. not used for chapter 220 purposes, if any. If none, enter 0		15.	0.
16. Reduce line 13 by the sum of the amounts on lines 14 and 15, if any, and enter here		16.	31,448.
17. Multiply line 16 by 2.5 and enter here. If line 16 shows a loss, enter 0		17.	78,620.
18. Total tax due (2.2% of line 17)		18.	1,730.
19. Emergency Excise Tax Credit <u>2,879.</u> Emergency Excise Tax Credit Carryover _____ Total ▶		19.	1,730.
20. Balance of tax due (Enter on line 13, page 1)		20.	0.

ALL TAXPAYERS ARE REQUIRED TO ANSWER QUESTIONS A THROUGH N BELOW

A. State of Incorporation MARYLAND ✓

B. Florida Charter Number 810554 ✓

C. Consolidated Return Yes No

D. Initial Return Final Return

E. Business Activity Code 4990 ✓
Florida Activity Code (if different)

F. Taxpayer election S. 220.03(5), F.S. GENERAL ELECTION
 General Rule Election A Election B

G. Did you file for an extension of time? Yes No
Attach a copy of form F-7004

H. Is taxpayer a member of a controlled group as defined by I.R.C. Section 1563 Yes No
THE PEOPLES
If yes, parent corp. WATER SERVICE 52-0443030

I. Location of corporate books: Name _____ FEI NO _____
409 WASHINGTON AVENUE, SUITE 310,
TOWSON, MD 21204
Street Address _____ City _____ State _____

Yes No

J. Is taxpayer a member of Florida partnership or joint venture?

K. Has corporation elected to be taxed under Subchapter S I.R.C. for this tax year? Show date of original Sub S election.

L. Is taxpayer exempt from federal income tax under I.R.C. Section 501(c)(3)? If "yes", attach a copy of "determination letter" to the initial return under this code.

M. Show date of latest IRS audit 08/31/91 years examined 1986-88

N. Enter contact person for questions concerning this return.

GERALD H. MATSON

Name

(410) 825-3722

Phone Number

NAME THE PEOPLES WATER SERVICE COMPANY F.E.I. NUMBER 52-0443030 TAXABLE YEAR ENDING 08/31/92

SCHEDULE I ADDITIONS OR ADJUSTMENTS TO FEDERAL TAXABLE INCOME

(a) For pg. 1

(b) For Schedule VI AMT

1. Consolidated income adjustment (attach statement)	1.		
2. Long term contract adjustment (attach Form F-1155)	2.		
3. Depreciation adjustment (for taxpayers subject to Election A or B) (attach Federal Form 4562)	3.		
4. Total interest excluded from Federal taxable income \$ <u>62,688.</u> less associated expenses not deductible in computing Federal taxable income \$ _____ and 60% of amounts of tax-free interest included on Sch VI	TOTAL ▶ 4.	62,688.	
5. Undistributed net long-term capital gains	5.		
6. Net operating loss, net capital loss, and excess charitable and employee benefit plan contribution carryovers deducted in computing Federal taxable income (attach schedule)	6.		
7. Wages and salaries allowable as enterprise zone jobs credit (Form F-1157)	7.		
8. Ad valorem taxes allowable as enterprise zone property tax credit (Form F-1158)	8.		
9. Guaranty Association Assessment(s) credit	9.		
10. Other additions (attach statement)	10.	SEE SCHEDULE 1	15,909. ✓
11. Total of lines 1 thru 10 (Enter col. (a) here and on line 3, page 1; enter col. (b) here and on line 3, Sch VI)	11.		78,597.

SCHEDULE II SUBTRACTIONS FROM FEDERAL TAXABLE INCOME

(a) For pg. 1

(b) For Schedule VI AMT

1. Enter S.78 I.R.C. income \$ _____ plus S.862 I.R.C. dividends \$ _____ less direct and indirect expenses \$ _____	TOTAL ▶ 1.		
NOTE: Taxpayers doing business within and without Florida enter zero on lines 2, 3, and 4 and complete line 4 of Schedule IV.			
2. Florida net operating loss deduction	2.		0.
3. Florida net capital loss carryover	3.		0.
4. Florida excess charitable or employee benefit plan contribution carryover	4.		0.
5. Florida targeted jobs deduction	5.		
6. Nonbusiness income (from line 3, Schedule R)	6.		13,500.
7. Eligible net income of an international banking facility	7.		
8. Other subtractions (attach statement)	8.	SEE SCHEDULE 2	441. ✓
9. Total subtractions (Enter col. (a) here and on line 5, page 1; enter col. (b) here and on line 5, Schedule VI)	9.		13,941.

SCHEDULE III APPORTIONMENT OF ADJUSTED FEDERAL INCOME

FORM F-1120

III-A For use by taxpayers doing business both within and without Florida, except those providing insurance or transportation services.

NOTE: If any factor in column (b) is zero, see instructions.

	(a) WITHIN FLORIDA	(b) TOTAL EVERYWHERE	(c) Col. (a) ÷ Col. (b) Rounded to Six Decimals	(d) FLORIDA Factors Rounded to Six Decimals
1. Average value of property	6,198,941.	6,654,294.	.931570	X 25% = .232893
2. Payroll	478,876. ✓	957,590. ✓	.500085	X 25% = .125021
3. Sales (Schedule III-C Below)	2,484,971.	2,617,948.	.949206	X 50% = .474603
4. Apportionment Fraction (Sum of lines 1, 2 and 3, column d). Enter here and on line 2, Schedule IV.				.832516

III-B For use in computing average value of property. (Use original cost)

	WITHIN FLORIDA		TOTAL EVERYWHERE	
	a. Beginning of year	b. End of year	a. Beginning of year	b. End of year
1. Inventories of Raw Material, Work in Process, Finished Goods	59,715.	83,189.	59,715.	83,189.
2. Buildings and other depreciable assets	5,716,547.	6,538,431.	5,937,418.	6,778,058.
3. Land owned				
4. Other tangible and intangible (financial org. only) assets (attach schedule)				
5. Total (Lines 1 through 4)	5,776,262.	6,621,620.	5,997,133.	6,861,247.
6. Average value of property (add columns (a) and (b) and divide by 2 (For Within Florida and Total Everywhere))		6,198,941.		6,429,190.
7. Rented property (8 times net annual rent)				225,104.
8. Total (lines 6 and 7). Enter on line 1, Schedule III-A, column (a) and (b)		6,198,941.		6,654,294.
		Average Florida		Average Everywhere

III-C Sales Factor

		TOTAL WITHIN FLORIDA (omit cents)	TOTAL EVERYWHERE (omit cents)
1. Sales (gross receipts)	1.		2,371,915.
2. Sales delivered or shipped to Florida purchasers	2.	2,371,915.	
3. Other gross receipts (rents, royalties, interest, etc. when applicable)	3.	113,056.	246,033.
4. TOTAL SALES	4.	2,484,971.	2,617,948.

III-D For use by taxpayers providing insurance or transportation services within and without Florida.

(Attach copy of Schedule T - Annual Report)	(a) Within Florida	(b) Total Everywhere	(c) Fla. Factor (a) divided by (b)
1. Insurance Companies			
2. Transportation Services			

SCHEDULE IV COMPUTATION OF FLORIDA PORTION OF ADJUSTED FEDERAL INCOME

	(a) ADJUSTED FEDERAL INCOME	(b) ADJUSTED AMT INCOME
1. Apportionable Adjusted Federal Income from line 6, page 1 for line 6 Schedule VI for AMT in col. (b))	\$ 1,033,360.	\$
2. Florida Apportionment Fraction (line 4, Schedule III-A or column (c) Schedule III-D)	.832516	
3. Tentative Apportioned Adjusted Federal Income (multiply line 1 by line 2)	860,289.	
4. Deduct net operating loss or other carryover apportioned to Florida (Attach statement)		
5. Adjusted Federal Income apportioned to Florida (line 3 less line 4)	860,289.	

SCHEDULE V CREDITS AGAINST THE CORPORATE INCOME/FRANCHISE TAX

1. Intangible Tax Credit (Banks/Savings Associations Only)	1.
2. Florida Life and Health Insurance Guaranty Association assessments	2.
3. Florida Insurers Rehabilitation and Liquidation Act assessments	3.
4. Florida Insurance Guaranty Association Act assessments	4.
5. Gasohol development tax incentive credit (from Form F-1156 attached)	5.
6. Florida Health Maintenance Organization credit	6.
7. Enterprise zone jobs credit (from Form F-1157 attached)	7.
8. Community contribution tax credit	8.
9. Enterprise zone property tax credit (from Form F-1158 attached)	9.
10. Emergency Excise Tax credit	10.
11. Hazardous waste facilities credit	1,149.
12. Credit for Florida Alternative Minimum Tax	12.
13. Export Finance Corporation Investment Credit	13.
14. Recomputation of prior tax liabilities, from Line 3, Schedule VII-A	14.
15. Other Credit	15.
16. Total credits against the tax (sum of lines 1 through 15; not to exceed the amount on line 11, page 1 of F-1120). Enter total credits on Line 12, page 1 of Form F-1120	1,149.

SCHEDULE VI COMPUTATION OF FLORIDA ALTERNATIVE MINIMUM TAX

1. Federal alternative minimum taxable income after exclusion (attach Federal Form 4626)	1.
2. State income taxes deducted in computing federal taxable income (attach schedule)	2.
3. Additions to federal taxable income (from Schedule 0)	3.
4. Total of lines 1 thru 3	4.
5. Subtractions for federal taxable income (from Schedule 10)	5.
6. Adjusted federal alternative minimum taxable income (line 4 minus line 5)	6.
7. Florida portion of adjusted federal income	7.
8. Add nonbusiness income allocated to Florida	8.
9. Less: Child care facility start-up costs \$ _____ and Florida Exemptions \$ _____ Total ▶	9.
10. Florida Net Income (line 7 plus line 8 minus line 9)	10.
11. Florida Alternative Minimum Tax due (3.3% of line 10) See instructions for line 11, Page 1	11.

SCHEDULE VII RECOMPUTATION OF PRIOR TAX LIABILITIES

VII-A. CREDITS	
1. Annual Amount (See instructions)	1.
2. Credit carryovers (sum of credit amounts not fully utilized in prior years)	2.
3. Total of Lines 1 and 2 (enter credit amount here and on Line 14 Schedule V)	3.
VII-B. ADDITIONAL TAX DUE	
1. Annual Amount (See instructions)	1.
2. Corporate Income Tax due or Florida Alternative Minimum Tax due, whichever is the greater (See instructions)	2.
3. Total of Lines 1 and 2 (enter here and on Line 11, Page 1, Form F-1120)	3.

SCHEDULE VIII APPORTIONMENT PLAN FOR FLORIDA EXEMPTION

TAXPAYER NAME	ADDRESS	TAXABLE YEAR	F.E.I.	APPORTIONMENT OF EXEMPTION
THE PEOPLES WATER SERVICE COMPANY	409 WASHINGTON AVE., SUITE 310, TOWSON, MD 21204	1991	52-0443030	5,000.
WATER TREATMENT & CONTROLS COMPANY	409 WASHINGTON AVE., SUITE 310, TOWSON, MD 21204	1991	52-1402868	0.

SCHEDULE B
ADDITIONAL TAX DUE - BANKS AND SAVINGS ASSOCIATIONS

It was the intent of the Florida Legislature that the change to the credit allowed by s. 220.68, F.S., only apply to taxable years beginning after December 31, 1990.

An additional tax to banks and savings associations, as defined in s. 220.62, F.S., was created by s. 127, 91-112, L.O.F. The additional tax will apply to taxable years beginning on or after July 1, 1990, but not later than June 30, 1991. The additional tax will be equal to any increased credit a bank or savings association received because of the amendment to s. 220.68, F.S. In addition to this tax, banks and savings associations will pay an amount equal to 12 percent of the additional tax.

Note: All asterisked (*) line number references are to Form F-1120, Corporate Income/Franchise and Emergency Excise Tax Return, filed for taxable years beginning on or after July 1, 1989, but not later than June 30, 1990.

- 1. Enter the total of line 1*, Schedule V _____
- 2. Enter Line 11*, Page 1 _____
Multiply by x .4 * _____
- 3. Additional Tax Due (Line 1 - Line 2) _____
- 4. Multiply Line 3 x .12 * _____
- 5. Total (Line 3 + Line 4) (Add This Amount To Line 16, Page 1) _____

SCHEDULE R

SCHEDULE OF NONBUSINESS INCOME

R-1 NONBUSINESS INCOME (LOSS) ALLOCATED TO FLORIDA

<u>Type</u>	<u>Amount</u>
<u>INCOME FROM RENTAL PROPERTY</u>	\$ <u>13,500.</u>
Line 1. Total allocated to Florida. (Enter here and on Line 8, Page 1, F-1120) or Schedule VI, Line 8, for AMT	\$ <u>13,500.</u>

R-2 NONBUSINESS INCOME (LOSS) ALLOCATED ELSEWHERE

<u>Type</u>	<u>State/County Allocated to</u>	<u>Amount</u>
Line 2. Total allocated elsewhere.		\$ _____

R-3 TOTAL NONBUSINESS INCOME

Line 3. Grand Total. Total of Lines 1 and 2. (Enter here and on Line 6, Schedule II)	\$ <u>13,500.</u>
--	-------------------

THE PEOPLES WATER SERVICE COMPANY

52-0443030

FLORIDA F-1120	OTHER ADDITIONS	STATE SCHEDULE	1
DESCRIPTION	AMOUNT	AMT	AMOUNT
FEDERAL TAX EXEMPT DIVIDENDS	15,909.		
TOTAL TO FORM F-1120, SCHEDULE I, LINE 10	15,909.		

FLORIDA F-1120	OTHER SUBTRACTIONS	STATE SCHEDULE	2
DESCRIPTION	AMOUNT	AMT	AMOUNT
FLORIDA TAX EXEMPT INTEREST	441.		
TOTAL TO FORM F-1120, SCHEDULE II, LINE 8	441.		

FILE NO 52-0443030

NAME THE PEOPLES WATER SERVICE COMPANY

ADDRESS 409 WASHINGTON AVENUE, SUITE 310

CITY/STATE TOWSON, MD 21204

UNLESS A COPY OF THE FEDERAL RETURN IS ATTACHED THIS RETURN IS DEEMED INCOMPLETE
COMPUTATION OF FLORIDA NET INCOME AND EMERGENCY EXCISE TAX

1	Federal taxable income Attach pages 1-4 of Federal Return	1	543,853.
2	State income taxes deducted in computing federal taxable income (attach schedule)	2	64,114.
3	Additions to federal taxable income (from Schedule I)	3	71,187.
4	Total of lines 1 thru 3	4	679,154.
5	Subtractions from federal taxable income (from Schedule II)	5	13,993.
6	Adjusted federal income (Line 4 minus Line 5)	6	665,161.
7	Florida portion of adjusted federal income	7	571,299.
8	Add nonbusiness income allocated to Florida	8	13,800.
9	Less: Child care facility start-up costs \$ and Florida Exemption \$ 5,000. Total ▶	9	5,000.
10	Florida Net Income (Line 7 plus Line 8 minus Line 9)	10	580,099.
11	Tax due: 5.5% of Line 10 or amount from Line 11 Schedule VI, whichever is greater (see instructions)	11	31,905.
12	Credits against the tax from Line 16 Schedule V	12	
13	Emergency Excise Tax due (from Schedule A)	13	558.
14	Total Income/Franchise and Emergency Excise Tax due	14	32,463.
15	Penalty F-2220 Other Interest: F-2220 Other Total ▶	15	
16	Total of Lines 14 and 15	16	32,463.
17	Payment credits: Estimated Tax Payments \$ 40,000. Tentative Tax Payments \$ Total ▶	17	40,000.
18	Total amount due or overpayment <input type="checkbox"/> Check here if you transmitted funds electronically OVERPAYMENT	18	7,537.
19	Enter amount of overpayment credited to next year's estimated tax \$ or refunded \$	19	7,537.

RETURN DUE - 1ST DAY OF 4TH MONTH AFTER CLOSE OF YEAR

THIS FILING OF A RETURN THAT IS NOT SIGNED OR IMPROPERLY SIGNED AND VERIFIED, WILL BE SUBJECT TO THE FAILURE TO FILE THE RETURN PENALTY.
THE STATUTE OF LIMITATIONS PERIOD WILL NOT START UNTIL THE RETURN IS PROPERLY SIGNED AND VERIFIED. THIS RETURN MUST BE COMPLETED IN ITS ENTIRETY.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct and complete.
If prepared by a person other than the taxpayer, his declaration is based on all information of which he has any knowledge.

12/15/93 DATE
Gerald H. Mason SIGNATURE OF TAXPAYER

TREASURER TITLE

12/1/93 DATE
William E. Berndt SIGNATURE OF INDIVIDUAL OR FIRM PREPARING RETURN

COYNE & MCCLEAN 300 E. JOPPA ROAD #608
BALTIMORE, MARYLAND 21286-3067 ADDRESS OF PREPARER

DO NOT DETACH EVEN IF NO TAX IS DUE

PAYMENT COUPON

TO ENSURE PROPER CREDIT TO YOUR ACCOUNT, ATTACH YOUR CHECK TO THIS PAYMENT COUPON AND MAIL WITH TAX RETURN.
ATTACH THIS COUPON WITH F-1120 EVEN IF NO TAX IS DUE.

- HAVE YOU SIGNED YOUR CHECK?
- HAVE YOU SIGNED YOUR RETURN?
- HAVE YOU ATTACHED YOUR FEDERAL RETURN AND FEDERAL FORM 4562 DEPRECIATION SCHEDULE?
- AMT FILERS - HAVE YOU ATTACHED YOUR FEDERAL FORM 4626?
- HAVE YOU ATTACHED A COPY OF YOUR F-7004?

MAKE CHECKS PAYABLE AND MAIL TO:
FLORIDA DEPARTMENT OF REVENUE
5050 W. TENNESSEE ST., BLDG. K
TALLAHASSEE, FL 32399-0135

PLEASE ATTACH CHECK HERE

FILE NO 52-0443030 YEAR ENDING 08/31/93

NAME THE PEOPLES WATER SERVICE COMPANY

ADDRESS 409 WASHINGTON AVENUE, SUITE 310

CITY/STATE TOWSON, MD 21204

TOTAL AMOUNT DUE FROM LINE 18, F-1120 RETURN 0.

CHECK HERE IF YOU TRANSMITTED FUNDS ELECTRONICALLY

Name **THE PEOPLES WATER SERVICE COMPANY**

FED ID # **52-0443030**

PAGE 2

SCHEDULE A

COMPUTATION OF EMERGENCY EXCISE TAX

1	Total depreciation expense deducted on Federal 1120	1	322,572.
2	Florida portion of adjusted Federal Income from page 1, line 7 of F-1120 or line 7, Schedule VI	2	571,299.
3	If line 2 shows a gain, enter 0. If line 2 shows a loss or zero, enter loss carry forward from line 2, Schedule II, or line 4, Schedule IV, of F-1120	3	0.
4	Subtract line 3 from line 2 and enter here. NOTE: If a loss carry forward shown on line 3 exceeds a loss on line 2, enter positive difference of the loss amounts shown	4	571,299.
5	Enter all depreciation federally deducted pursuant to S. 168 of the I.R.C. for assets placed in service 1/1/81 to 1/1/87	5	145,143.
6	Enter all straight line depreciation federally deducted pursuant to S. 168(b)(3) of the Internal Revenue Code and 60% of amounts of depreciation previously taxed on Schedule 1120 (For assets placed in service 1/1/81 to 1/1/87)	6	
7	Enter all depreciation deducted pursuant to I.R.C. section 168 which is directly related to any amount shown as nonbusiness income	7	
8	Subtract the sum of lines 6 and 7 from the amount on line 5 and enter result here	8	145,143.
9	Enter 40% of line 8	9	58,057.
10	Enter Florida apportionment factor shown in Schedule IIIA or IIID of F-1120. Taxpayers which are 100% in Florida enter 1.0	10	.858888
11	Multiply line 9 by line 10 and enter here	11	49,864.
12	Enter the product of depreciation federally deducted pursuant to I.R.C. S. 168 (except pursuant to S. 168(b)(3)) used in computing nonbusiness income allocated to Florida times .4	12	
13	Enter sum of lines 11 and 12	13	49,864.
14	Enter loss shown on line 4. NOTE: If line 4 does not show a loss, enter 0	14	0.
15	Enter the portion of the exemption provided in S. 220.14, F.S. not used for chapter 220 purposes, if any. If none, enter 0	15	0.
16	Reduce line 13 by the sum of the amounts on lines 14 and 15, if any, and enter here	16	49,864.
17	Multiply line 16 by 2.5 and enter here. If line 16 shows a loss, enter 0	17	124,660.
18	Total tax due (2.2% of line 17)	18	2,743.
19	Emergency Excise Tax Credit <u>2,185.</u> Emergency Excise Tax Credit Carryover _____ Total ▶	19	2,185.
20	Balance of tax due (Enter on line 13, page 1)	20	558.

ALL TAXPAYERS ARE REQUIRED TO ANSWER QUESTIONS A THROUGH N BELOW

A. State of Incorporation MARYLAND ✓

B. Florida Charter Number 810554 ✓

C. Consolidated Return Yes No

D. Initial Return Final Return

E. Business Activity Code 4990 ✓
Florida Activity Code (if different) _____

F. Taxpayer election S. 220.03(5), F.S. GENERAL ELECTION
 General Rule Election A Election B

G. Did you file for an extension of time? Yes No
Attach a copy of form F-7004

H. Is taxpayer a member of a controlled group as defined by I.R.C. Section 1563 Yes No

THE PEOPLES
If yes, parent corp. WATER SERVICE 52-0443030 ✓

I. Location of corporate books: Name _____ FEI NO _____

J. Yes No Is taxpayer a member of Florida partnership or joint venture?

K. Yes No Has corporation elected to be taxed under Subchapter S I.R.C. for this tax year? If "yes", see instructions for filing and attach copy of 1120S. Show date of original Sub S election _____

L. Yes No Is taxpayer exempt from federal income tax under I.R.C. Section 501(a)? If "yes", attach a copy of "determination letter" to the initial return under this code.

M. Show date of latest IRS audit 08/31/91 years examined 1986-88

N. Enter contact person for questions concerning this return

GERALD H. MATSON Name
(410) 825-3722 Phone Number

409 WASHINGTON AVE. SUITE 310
Street Address City State
TOWSON, MARYLAND 21204

NAME THE PEOPLES WATER SERVICE COMPANY F.E.I. NUMBER 52-0443030 TAXABLE YEAR ENDING 08/31/93

SCHEDULE I ADDITIONS OR ADJUSTMENTS TO FEDERAL TAXABLE INCOME

(a) For pg 1

(b) For Schedule VI AMT

1	Consolidated income adjustment (attach statement)	1	
2	Long term contract adjustment (attach Form F-1155)	2	
3	Depreciation adjustment (for taxpayers subject to Election A or B) (attach Federal Form 4562)	3	
4	Total interest excluded from Federal taxable income \$ <u>68,723.</u> less associated expenses not deductible in computing Federal taxable income \$ _____ and 60% of amounts of tax-free interest included on Sch VI		
	TOTAL ▶	4	68,723.
5	Undistributed net long-term capital gains	5	
6	Net operating loss, net capital loss, and excess charitable and employee benefit plan contribution carryovers deducted in computing Federal taxable income (attach schedule)	6	2,464.
7	Wages and salaries allowable as enterprise zone jobs credit (Form F-1157)	7	
8	Ad valorem taxes allowable as enterprise zone property tax credit (Form F-1158)	8	
9	Guaranty Association Assessment(s) credit	9	
10	Other additions (attach statement)	10	
11	Total of lines 1 thru 10 (Enter col. (a) here and on line 3, page 1; enter col. (b) here and on line 3, Sch VII)	11	71,187.

SCHEDULE II SUBTRACTIONS FROM FEDERAL TAXABLE INCOME

(a) For pg 1

(b) For Schedule VI AMT

1	Enter S. 781 R.C. income \$ _____ plus S. 8621 R.C. dividends \$ _____ less direct and indirect expenses \$ _____		
	TOTAL ▶	1.	
NOTE: Taxpayers doing business within and without Florida enter zero on lines 2, 3, and 4 and complete line 4 of Schedule IV			
2	Florida net operating loss deduction	2.	0.
3	Florida net capital loss carryover	3.	0.
4	Florida excess charitable or employee benefit plan contribution carryover	4.	0.
5	Florida targeted jobs deduction	5.	
6	Nonbusiness income (from line 3, Schedule R)	6.	13,800.
7	Eligible net income of an international banking facility	7.	
8	Other subtractions (attach statement) SEE STATEMENT 1	8.	193.
9	Total subtractions (Enter col. (a) here and on line 5, page 1; enter col. (b) here and on line 5, Schedule VI)	9.	13,993.

SCHEDULE III APPORTIONMENT OF ADJUSTED FEDERAL INCOME

FORM F-1120

III-A For use by taxpayers doing business both within and without Florida, except those providing insurance or transportation services

NOTE: If any factor in column (b) is zero, see instructions.	(a) WITHIN FLORIDA	(b) TOTAL EVERYWHERE	(c) Col. (a) ÷ Col. (b) Rounded to Six Decimals	(d) FLORIDA Factors Rounded to Six Decimals
1. Average value of property	6,825,038.	7,284,729.	.936897	x 25% = .234224
2. Payroll	524,189.	1,045,142.	.501548	x 25% = .125387
3. Sales (Schedule III-C Below)	2,378,339.	2,381,782.	.998554	x 50% = .499277
4. Apportionment Fraction (Sum of lines 1, 2 and 3, column d). Enter here and on line 2, Schedule IV				.858888

III-B For use in computing average value of property. (Use original cost)

	WITHIN FLORIDA		TOTAL EVERYWHERE	
	a. Beginning of year	b. End of year	a. Beginning of year	b. End of year
1. Inventories of Raw Material, Work in Process, Finished Goods	83,189.	146,858.	83,189.	146,858.
2. Buildings and other depreciable assets	6,538,431.	6,881,597.	6,778,058.	7,092,072.
3. Land owned				
4. Other tangible and intangible (financial org. only) assets (attach schedule)				
5. Total (lines 1 through 4)	6,621,620.	7,028,455.	6,861,247.	7,238,930.
6. Average value of property (add columns (a) and (b) and divide by 2 (For in Florida and Total Everywhere))		6,825,038.		7,050,089.
7. Rented property (8 times net annual rent)				234,640.
8. Total (lines 6 and 7). Enter on line 1, Schedule III-A, column (a) and (b)		6,825,038.		7,284,729.
		Average Florida		Average Everywhere

III-C Sales Factor

		TOTAL WITHIN FLORIDA (omit cents)	TOTAL EVERYWHERE (omit cents)
1. Sales (gross receipts)	1.		2,351,387.
2. Sales delivered or shipped to Florida purchasers	2.	2,351,387.	
3. Other gross receipts (rents, royalties, interest, etc. when applicable)	3.	26,952.	30,395.
4. TOTAL SALES	4.	2,378,339.	2,381,782.

III-D For use by taxpayers providing insurance or transportation services within and without Florida

(Attach copy of Schedule T - Annual Report)	(a) Within Florida	(b) Total Everywhere	(c) (a) Factorial divided by (b)
1. Insurance Companies			
2. Transportation Services			

SCHEDULE IV COMPUTATION OF FLORIDA PORTION OF ADJUSTED FEDERAL INCOME

	(a) ADJUSTED FEDERAL INCOME	(b) ADJUSTED AMT INCOME
1 Apportionable Adjusted Federal Income from line 6, page 1 for line 6 Schedule VI for AMT in col. (b) \$	665,161.	
2 Florida Apportionment Fraction (line 4, Schedule III-A or column (c) Schedule III-D)	.858888	
3 Tentative Apportioned Adjusted Federal Income (multiply line 1 by line 2)	571,299.	
4 Deduct net operating loss or other carryover apportioned to Florida (Attach statement)		
5 Adjusted Federal Income apportioned to Florida (line 3 less line 4)	571,299.	

SCHEDULE V CREDITS AGAINST THE CORPORATE INCOME/FRANCHISE TAX

1 Intangible Tax Credit (Banks/Savings Associations Only)	1
2 Florida Life and Health Insurance Guaranty Association assessments	2
3 Florida Insurers Rehabilitation and Liquidation Act assessments	3
4 Florida Insurance Guaranty Association Act assessments	4
5 Gasohol development tax incentive credit (from Form F-1156 attached)	5
6 Florida Health Maintenance Organization credit	6
7 Enterprise zone jobs credit (from Form F-1157 attached)	7
8 Community contribution tax credit	8
9 Enterprise zone property tax credit (from Form F-1158 attached)	9
10 Emergency Excise Tax credit	10
11 Hazardous waste facilities credit	11
12 Credit for Florida Alternative Minimum Tax	12
13 Export Finance Corporation Investment Credit	13
14 Credit carryover from recomputed prior tax liabilities	14
15 Other Credit	15
16 Total credits against the tax (sum of lines 1 through 15 not to exceed the amount on line 11, page 1 of F-1120). Enter total credits on Line 12, page 1 of Form F-1120	16

SCHEDULE VI COMPUTATION OF FLORIDA ALTERNATIVE MINIMUM TAX

1 Federal alternative minimum taxable income after exclusion (attach Federal Form 4626)	1
2 State income taxes deducted in computing federal taxable income (attach schedule)	2
3 Additions to federal taxable income (from Schedule I)	3
4 Total of lines 1 thru 3	4
5 Subtractions for federal taxable income (from Schedule II)	5
6 Adjusted federal alternative minimum taxable income (Line 4 minus Line 5)	6
7 Florida portion of adjusted federal income	7
8 Add nonbusiness income allocated to Florida	8
9 Less: Child care facility start-up costs \$ _____ and Florida Exemptions \$ _____ Total ▶	9
10 Florida Net Income (Line 7 plus Line 8 minus Line 9)	10
11 Florida Alternative Minimum Tax due (3.3% of Line 10) See instructions for Line 11, Page 1	11

THE PEOPLES WATER SERVICE COMPANY

52-0443030

SCHEDULE VII APPORTIONMENT PLAN FOR FLORIDA EXEMPTION

PAGE 5

TAXPAYER NAME	ADDRESS	TAXABLE YEAR	F E I	APPORTIONMENT OF EXEMPTION
THE PEOPLES WATER SERVICE COMPANY	409 WASHINGTON AVE., SUITE 310, TOWSON, MD 21	1992	52-0443030	5,000.
WATER TREATMENT & CONTROLS COMPANY	409 WASHINGTON AVE., SUITE 310, TOWSON, MD 21	1992	52-1402868	0.

SCHEDULE R

SCHEDULE OF NONBUSINESS INCOME

R 1 NONBUSINESS INCOME (LOSS) ALLOCATED TO FLORIDA

Type	Amount
INCOME FROM RENTAL PROPERTY	\$ 13,800.

Line 1. Total allocated to Florida. (Enter here and on Line 8, Page 1, F-1120) or Schedule VI, Line 8, for AMT \$ 13,800.

R 2 NONBUSINESS INCOME (LOSS) ALLOCATED ELSEWHERE

Type	State/Country Allocated to	Amount
		\$

Line 2. Total allocated elsewhere. \$

R-3 TOTAL NONBUSINESS INCOME

Line 3. Grand Total. Total of Lines 1 and 2. (Enter here and on Line 6, Schedule 10) \$ 13,800.

FL F-1120

OTHER SUBTRACTIONS

STATEMENT 1

DESCRIPTION

AMOUNT

AMT AMOUNT

FLORIDA TAX EXEMPT INTEREST

193.

TOTAL TO FORM F-1120, SCHEDULE II, LINE 8

193.