

- HEATING AND COOLING PIPELINE
 WATER TRANSPORTATION COMPANIES

ANNUAL REPORT

RECEIVED

OF

RECEIVED

JUN 12 2000

MAY 12 2000

ANNUAL REPORT
REVIEW TEAM

ANNUAL REPORT
REVIEW TEAM

Island Express Boat Lines, LTD.

(Exact legal name of respondent)

If name was changed during year, show also the
previous name and date of change.

101 West Shoreline Drive, Sandusky, Ohio, 44870

(Address of principal business office at end of year)

TO THE
PUBLIC UTILITIES COMMISSION OF OHIO



RECEIVED
MAR 28 2000
PUCO FISCAL

FOR THE
YEAR ENDED DECEMBER 31, 1999

Name, title, address and telephone number (including area code) of the person to be contacted concerning this report.

Donald P. Hanck, CPA

(419) 626-2152

Kraus, Hanck & Co., CPAs, 1437 Sycamore Line, Sandusky, Ohio, 44870-4138

GENERAL INSTRUCTIONS, DEFINITIONS, ETC.

1. The word "Respondent" in the following inquiries means the person, firm, association, or company in whose behalf the report is made.
2. The schedules and questions contained in this report were developed to be generally applicable to all heating and cooling, pipeline and water transportation companies. All instructions shall be followed and each question answered as fully and accurately as possible. Sufficient answer shall appear to show that no schedule, question, or line item has been overlooked. If a particular line item or schedule does not apply to the respondent, indicate this by answering "none", "-0-", or "not applicable", as appropriate, where it truly and completely states the fact.
3. If answers to an inquiry are given elsewhere in the report, incorporation of information by reference is sufficient.
4. Customary abbreviations may be used except that the exact name of the respondent shall be shown in full on the "Title Page" and in the "Verification" page.
5. Where the space provided is insufficient for the required data or it is necessary or desirable to insert additional statements or schedules, the insert pages shall show the number and title of the schedule to which it pertains, as well as the name of the respondent and the year covered, and shall be on 8 1/2" x 11" durable paper.
6. The information required with respect to any statement furnished is the minimum requirement. The respondent may add such further material information as is necessary to ensure that the required statements are not misleading.
7. All copies filed with the Commission must be legible and permanent. All entries shall be made in permanent ink or by a typewriter. Items of a reverse or contrary character shall be enclosed in parentheses, or indicated by a minus sign followed by the amount.
8. Amounts on any schedule (except as otherwise provided therein), may, at the option of the respondent, be rounded off to whole dollars provided that amounts are appropriately adjusted to agree with the rounded total.
9. The annual report shall be signed by a duly elected officer of the respondent and it shall be notarized.
10. The information required in this report, unless otherwise indicated, is to be reported for the entire company and not for the State of Ohio only.
10. Totals should be provided as indicated. The respondent shall ensure that schedule totals and subtotals are mathematically correct.
12. If a line item is supported by a detailed schedule elsewhere in this report, the respondent should ensure that the detailed schedule is completed and that the amounts on both schedules match.

TABLE OF CONTENTS

Title	Page No.
General Instructions	1
History	2
Identity of Respondent	3-4
Corporations Controlled by Respondent (Schedule 1)	5
Type of Service Supplied (Schedule 2)	6
Important Changes During the Year	7
Voting Powers & Elections (Schedule 3)	8
Directors, Proprietors, Partners (Schedule 4)	9
Balance Sheet (Schedule 5)	10-11
Income Statement (Schedule 6)	12-13
Investments (Schedule 7)	14-15
Special Funds Accounts (Schedule 8)	16
Notes and Other Accounts Receivable & Accounts Receivable from Associated Companies (Schedule 9)	17
Capital Stock (Schedule 10)	18
Long Term Debt (Schedule 11)	19
Notes Payable (Schedule 12)	20
Accumulated Depreciation (Schedule 13)	21
Bases for Charges for Depreciation (Schedule 14)	22
Statement of Retained Earnings & Partnership Capital Statement (Schedule 15 & 16)	23
Taxes Accrued (Schedule 17)	24
Utility Plant in Service (Schedule 18)	25
Operating Revenues & Expenses (Schedule 19)	26
Statement of Intrastate Gross Earnings (Schedule 20)	27
Verification Oath	28

HISTORY

1.	Exact name of company making this report. <u>Island Express Boat Lines, LTD.</u>
2.	Date of organization <u>April 21, 1997</u>
3.	Under the laws of what Government, State or Territory organized? If more than one, name all. <u>Ohio</u>
4.	If a consolidated or merged company, name all constituent and all merged companies. <u>N/A</u>
5.	Date and authority for each consolidation and each merger. <u>N/A</u>
6.	State whether respondent is a corporation, a joint stock association, a firm or partnership, or an individual. <u>Limited Liability Company</u>
7.	If a reorganized company, given name of original corporation, refer to laws under which it was organized, and state the occasion for the reorganization. <u>N/A</u>
8.	State whether or not, the respondent during the year conducted any part of its business under a name, or names, other than shown, in response to inquiry No. 1. If so, give full particulars. <u>N/A</u>
9.	Where are the books and records of the company kept? <u>Island Express Boat Lines, LTD.</u> <u>101 West Shoreline Drive, Sandusky, Ohio, 44870</u>
10.	Name below all classes of public service furnished by the respondent. <u>Water Transportation</u>

IDENTITY OF RESPONDENT

1. State whether respondent is a corporation, a joint stock association, a firm or partnership, or an individual. Limited Liability Company

2. Date when operations began.
April 21, 1997

3. If a consolidated or merged company, give names of each such incident, date, and Commission authority. If a reorganized company, give name of original corporation.
N/A

4. If incorporated specify (a) Date of filing articles of incorporation,
N/A (b) State in which incorporated,

5. Commission Case Number granting operating authority and date issued.
N/A

6. State whether or not the respondent during the year conducted any part of its business under a name or names other than that shown Title Page; if so, give full particulars.
No

7. Description of general service territory.
Sandusky, Ohio - Kelley's Island, Ohio - Put-In-Bay, Ohio

8. List all affiliated companies with whom the respondent does business and their relationship to the respondent. If respondent is a partnership, provide this information for each partner. (Use separate page(s) if needed).
State whether the affiliate is (a) a regulated public utility or, (b) a publicly held corporation.
N/A

9. Did any corporation or corporations, telephone or other, hold control over the respondent at the close of the year? No If control was so held, state:
N/A
 - a. The name and address of the controlling corporation or corporations.
 - b. The form of control, whether sole or joint.
 - c. The extent of control.
 - d. Whether control was direct or indirect.
 - e. If indirect, the name and address of the intermediary through which control was established.

10. Did any individual, association, or corporation hold control, as trustee, over the respondent at the close of the year? No If control was so held, state:
N/A
 - a. The name and address of the trustee.
 - b. The name and address of the beneficiary or beneficiaries for whom the trust was maintained, if available.

11. Did the respondent hold control over other corporations at the close of the year? No

If so, state:

N/A

- a. The name and address of corporation or corporations controlled.
- b. The form of control, whether sole or joint.
- c. Other parties, if any, to joint agreement for control.
- d. The extent of control.
- e. Whether control is direct or indirect.
- f. If indirect, the name and address of the intermediary through which control was established.

IMPORTANT CHANGES DURING THE YEAR

Report important changes of the types listed. Except as otherwise indicated data furnished should apply to the same period the report covers. Answers should be numbered in accordance with the inquiries and if "none" states the fact, it should be used. If information which answers an inquiry is given elsewhere in the report, incorporation of that information by reference will be sufficient.

1. Issuances of Capital Stock or long term debt during the year: Identify the securities, date, consideration received and Commission authorization.

None

2. Changes in franchise rights.

None

3. Changes in ownership or control (shareholders holding 5% or more of outstanding stock).

None

4. Other important changes: Give brief particulars of each other important change which is not disclosed elsewhere in this report.

1999 Ownership Changes of 5% or More:

<u>Limited Liability Company Member</u>	<u>Beginning Ownership</u>	<u>Ending Ownership</u>
Greg S. Bleile	0.0000 %	7.0423 %

SCHEDULE: 3 N/A

VOTING POWERS AND ELECTIONS				
1. In the schedule below, show the particulars called for concerning the stockholders of respondent who, at the date of the latest closing of the stock-book of respondent prior to the actual filing of this report, had the twenty highest voting powers of the respondent. If any such holder held in trust, attach a statement showing the beneficial owners. If the stock-book was not closed within the year, show twenty such stockholders as of the close of the year. In the space provided, show total shares and notes of all stockholders.				
Line No.	Name and Address of Stockholders	No. of Shares Held	No. of Voting Shares	Other Vote Empowered Securities
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
	Total listed above			
	Total all stockholders			

SCHEDULE: 4

DIRECTORS, PROPRIETORS, PARTNERS

1. Give the name of director or proprietor. (For partnerships identify each partner, identify which are general or limited partners, and show each partner's percent of interest.)

Line No.	Limited Liability Members Name and Address (City and State) (a)	Percent of Interest	Served Continuously From (b)	Term Expired or Current Term Will Expire (c)
1	Kevin J. Baxter, 1630 Willow Dr., Sandusky, OH	30.3599 %	12/31/98	12/31/99
2	Rex Cole, 2012 East Perkins Ave., Sandusky, OH	2.5039 %	12/31/98	12/31/99
3	Joseph C. Fratoe, 1205 Springdale Dr., Sandusky, OH	4.0689 %	12/31/98	12/31/99
4	Christopher S. Fresch, 1414 Milan Road, Sandusky, OH	2.5039 %	12/31/98	12/31/99
5	Daniel W. Howell, 4307 Miller Road, Sandusky, OH	5.0078 %	12/31/98	12/31/99
6	Andrews S. Martin, 109 Cedar Point Rd., Sandusky, OH	10.3286 %	12/31/98	12/31/99
7	Duane C. Ohly, 4309 Autumn Ridge, Sandusky, OH	31.6119 %	12/31/98	12/31/99
8	Raymond A. Remy, Jr., 5008 Honegarden Rd., Sandusky, OH	2.5039 %	12/31/98	12/31/99
9	Arthur D. Wolfe, 12203 Wilhel Rd., Milan, OH	2.5039 %	12/31/98	12/31/99
10	Mark Brain, 1229 Portner Rd., Alexandria, VA	0.1565 %	12/31/98	12/31/99
11	Chris Eskerod, 86A Grove, Norwalk, OH	0.1565 %	12/31/98	12/31/99
12	Barry Brunnes, P. O. Box 218, Castalia, OH	0.1565 %	12/31/98	12/31/99
13	Histon Prout, 614 Harbour Side Dr., Sandusky, OH	0.1565 %	12/31/98	12/31/99
14	Greg Bleile, 157 Woodlawn Ave., Norwalk, OH	7.0423 %	12/31/98	12/31/99
15	Ronald Koza, 1517 Timberlake Lane, Sandusky, OH	0.1565 %	12/31/98	12/31/99

(For corporations, show the data requested; for other forms of business organizations, show names of individuals holding comparable positions.)

16	Name of Chairman of the Board	21. Treasurer
17	Name of Secretary of Board	22. Controller
18	President	
19	Vice-President	Managing Members: Kevin J. Baxter, Duane C. Ohly, Joseph C. Fratoe, and Andrews S. Martin
20	Secretary	

SCHEDULE: 4

DIRECTORS, PROPRIETORS, PARTNERS (Second Page)				
1. Give the name of director or proprietor. (For partnerships identify each partner, identify which are general or limited partners, and show each partner's percent of interest.)				
Line No.	Name and Address (City and State) (a)	Served Continuously From (b)	Term Expired or Current Term Will Expire (c)	
1	Lawrence Cariglio, 162 Westchester Dr., Atherst, OH 0.1565 %	12/31/98	12/31/99	
2	Joseph Keough, 1498 Elizabeth Lane, Macedonia, OH 0.1565 %	12/31/98	12/31/99	
3	Dale Rnevwitch, 27700 Pettibone Rd., Solon, OH 0.1565 %	12/31/98	12/31/99	
4	Brett Kinzel, 308 East Adams St., Sandusky, OH 0.1565 %	12/31/98	12/31/99	
5	Stephen Boros, 8601 Grand Division Ave., Cleveland, OH 0.1565 %	12/31/98	12/31/99	
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
(For corporations, show the data requested; for other forms of business organizations, show names of individuals holding comparable positions.)				
16	Name of Chairman of the Board		21. Treasurer	
17	Name of Secretary of Board		22. Controller	
18	President			
19	Vice-President			
20	Secretary			

SCHEDULE: 5A

NOTES TO BALANCE SHEET

	Beginning Balance	Ending Balance	Increase or (Decrease)
<u>Other Current Assets</u>			
Prepaid insurance	\$ <u>6,316</u>	\$ <u>16,452</u>	\$ <u>10,136</u>
<u>Other Noncurrent Assets</u>			
Organization costs	\$ 4,376	\$ 44,462	\$ 40,086
Deposits	128	128	- 0 -
Liquor license	5,000	5,000	- 0 -
Capital costs	<u>66,670</u>	<u>- 0 -</u>	(<u>66,670</u>)
Total Noncurrent Assets	<u>76,174</u>	<u>49,590</u>	(<u>26,584</u>)
<u>Other Current and Accrued Liabilities</u>			
Accrued taxes	\$ 30,082	\$ 32,938	\$ 2,856
Accrued interest	2,804	51,795	48,991
Deferred revenues	<u>10,945</u>	<u>26,272</u>	<u>15,327</u>
Total Other Current and Accrued Liabilities	<u>43,831</u>	<u>111,005</u>	<u>67,174</u>

SCHEDULE: 6A N/A

NOTES TO INCOME STATEMENT

SCHEDULE: 8

SPECIAL FUNDS ACCOUNTS 125 & 128 (125)					
Name of Fund (a)	Balance First of Year (b)	Additions Principal Income (c) (d)		Deductions	Balance End of Year
Capital Constriction Fund	- 0 -	57,000	- 0 -	57,000	- 0 -
TOTALS	\$ - 0 -	\$57,000	\$ - 0 -	\$ 57,000	\$ - 0 -

SCHEDULE: 10

CAPITAL STOCK

N/A

1. Respondent shall enter the class of stock and a description of any pertinent details such as differences in voting rights, preferences as to dividends or assets, pledges, etc.
2. Respondent shall provide the information specified in column headings (b) through (h) and note any other pertinent information at the bottom of this schedule.

Class and Description of Capital Stock (a)	Par or Stated Value Amount (b)	Number of Shares Authorized (c)	Amount of Stock Issued and Outstanding (d)	Additional Paid In Capital (e)	Total (Col. (d) & (e)) (f)	Number of Shares of Treasury Stock (g)	Amount in Treasury Stock Account (h)
	\$		\$	\$	\$		\$
TOTALS	\$		\$	\$	\$		\$

SCHEDULE: 11

LONG-TERM DEBT

1. List in account number order in column (a) a description of the long-term obligation, including those maturing in the coming year.
2. In the remaining columns (b) - (i) respond shall furnish the appropriate data.

Description of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Interest Rate (d)	Original Amount of Debt (e)
City of Sandusky	6/10/97	8/01/02	5%	100,000
Greater Erie County Marketing Group	5/20/97	8/01/02	5%	50,000
Citizens Banking Co.	5/06/97	5/05/07	10%	300,000
Citizens Banking Co.	7/30/99	7/30/09	10%	1,000,000

SCHEDULE: 12 N/A

NOTES PAYABLE

Name of Creditor	Considerations Reserved	Date of Obligations	Date of Maturity	Credit Balance at Close of Year			
			Total				

ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES N/A

Name of Creditor	Considerations Reserved	Date of Obligations	Date of Maturity	Credit Balance at Close of Year			
			Total				

MATURED LONG TERM DEBT N/A

Name of Creditor	Considerations Reserved	Date of Obligations	Date of Maturity	Credit Balance at Close of Year			
			Total				

BASES OF CHARGES FOR DEPRECIATION

1. Provide separate schedules for each jurisdiction in which the respondent operates and for the overall operations of the respondent.
2. Under column (a) provide all subclasses of plant for which a separate depreciation rate is determined and a subtotal for each primary account.
3. Under columns (b) thru (d) provide the life, net salvage, and rate prescribed by the Commission.

Jurisdiction _____
 Overall Operations

SCHEDULE: 14

		Classes and Subclasses of Depreciable Plant				
		Account Number and Title of Plant Accounts and its Subclasses (a)	Life (Years) (b)	*Net Salvage (%) (c)	Depreciation	
					*Rate (%) (d)	*Reserve (%) (e)
1		Boats	18		5.55%	
2		Docks	20		5.00%	
3		Equipment	10		10.00%	
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						

*Composite rate for all depreciable accounts
 *Composite rate for all plant accounts
 Ratio to all depreciable accounts
 Ratio to all plant accounts

SCHEDULE: 15

STATEMENT OF RETAINED EARNINGS			
Account No.	Item	Page No.	Amount
	Balances-First of Year		
	Changes:		
	Balance Transferred from Income		
	Dividends Declared		
	Miscellaneous Debits to Retained Earnings		
	Miscellaneous Credits to Retained Earnings		
	Balance-End of Year		
	Notes to Statement of Retained Earnings:		

SCHEDULE: 16

PARTNERSHIP CAPITAL STATEMENT ⁽¹⁾			
Account No.	Item	Page No.	Amount
	Partnership Capital-Beginning of Year		344,220
	Net Income (Loss) for Year		(364,556)
	Partners' Capital Contributions		455,000
	Miscellaneous Credits		
	Total Credits		434,664
	Partners' Drawings		
	Prior Period Adjustment(s)		
	Miscellaneous Debits		
	Total Debits		- 0 -
	Partnership Capital-End of Year		434,664

(1) This statement should also be used by sole proprietors.

SCHEDULE: 17

TAXES ACCRUED

Explain items recorded in column (e). Any amounts included for other than current taxes should be explained by footnote.

Kind of Tax (a)	Balance First of Year (b)	Amount Accrued During Year (c)	Payments During Year (d)	Other Items Dr. or (Cr.) (e)	Balance End of Year (f)
Excise taxes	16,771	29,018	27,328	- 0 -	18,461
Property taxes	13,311	12,977	13,311	- 0 -	12,977
Payroll taxes	- 0 -	22,284	20,784	- 0 -	1,500
Total	\$ 30,082	\$ 64,279	\$ 61,423	\$ - 0 -	\$ 32,938

SCHEDULE: 20

STATEMENT OF INTRASTATE-GROSS EARNINGS (1)				
Line No.	Item	Amount		
		Total Company	Other Than Ohio Intrastate	Ohio Intrastate
1	Operating and Miscellaneous Revenue (Rent Revenue, Special Billings (revenue from work performed for others, rent revenue-nonoperating, return on regulated investment used to provide nonregulated products and services, etc.)	598,917		598,917
2	Other Revenue, Dividend and Interest Income, Gains From Disposition of Property -Operating and Nonoperating, Other Operating or Nonoperating Gains (foreign currency exchange or transfer, extinguishment of debt, company's share of earnings of affiliated company accounted for on equity method, income from sinking and other funds, etc.)	23,276		23,276
3	SUBTOTAL (1) + (2)	622,193		622,193
4	Earnings or receipts from sales to other public utilities for resale	()	()	()
5	TOTAL (3) + (4)	622,193		622,193
<p>(1) Intrastate means from one point in Ohio to another point in Ohio, or wholly within Ohio.</p>				

SCHEDULE: 21

IN ORDER TO ENSURE THAT PUCO CORRESPONDENCE IS DIRECTED TO THE APPROPRIATE PERSON AT THE CORRECT ADDRESS, PLEASE COMPLETE THE FOLLOWING.

Name, Title, Address, and Phone Number of the Company's Contact Persons
to Receive Entries and Orders from the Docketing Division

Duane C. Ohly	Managing Member
Name	Title
101 West Shoreline Drive, Sandusky, Ohio, 44870	
Address	
(419) 627-1500	
Phone Number (Including Area Code)	

Name, Title, Address, and Phone Number of Person to whom Invoice
should be Directed

Duane C. Ohly	Managing Member
Name	Title
C/O Island Express Boat Lines, LTD., 101 West Shoreline Drive, Sandusky, Ohio, 44870	
Address	
(419) 627-1500	
Phone Number (Including Area Code)	

Name and Address of the President

Duane C. Ohly	Managing Member
Name	PRESIDENT
101 West Shoreline Drive, Sandusky, Ohio, 44870	
Address	

VERIFICATION

The foregoing report must be verified by the President or Chief Officer of the company. The oath required may be taken before any person authorized to administer an oath by the laws of the State in which the same is taken.

OATH

State of Ohio
County of Erie

Duane C. Ohly makes oath and says that
(Insert here the name of the affiant.)

he is Managing Member
(Insert here the official title of deponent)

of Island Express Boat Lines, LTD.
(Insert here the exact legal title or name of the respondent.)

that he has examined the foregoing report; that to the best of his knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from and including January 1, 1999, to and including December 31, 1999.

Duane Ohly
(Signature of affiant.)

Subscribed and sworn to before me, a notary public in and for the State and county named, this 23 day of March, 1999. My commission expires 2000
1999 SANDRA S. COLE
ROTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES JAN. 13, 2003

Sandra S. Cole
(Signature of officer authorized to administer oaths.)