

OFFICIAL COPY

DIVISION

CLASS "A" OR "B"

WATER AND/OR WASTEWATER UTILITIES
(Gross Revenue of More Than \$200,000 Each)

ANNUAL REPORT

OF

SU299-01-AR
Highlands Utilities Corporation
720 U.S. Highway 27 South
Lake Placid, FL 33852-9515

Certificate Number(s)

Submitted To The

STATE OF FLORIDA



PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2001

ECONOMIC REGULATION

02 JUN 17 13:11:35

PUBLIC SERVICE COMMISSION

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

April 15, 2002

Mr. Frank L. Williams, CPA
Williams & Sherman
111 Park Avenue, East
Lake Placid, Florida 33852-6362

Dear Mr. Williams:

Your request for a thirty-day extension to file Highlands Utilities, Inc. , 2001 Annual Report has been granted. Pursuant to Rule 25-30.110(3), Florida Administrative Code F.A.C., your request for a 30-day extension to file the 2001 Annual Report is automatically granted. The report is now due on or before April 30, 2002. Please be reminded that Rule 25-30.110(7), F.A.C., requires that a penalty be assessed against any utility that fails to file a timely Annual Report. The filing must include an original and two (2) copies of the Annual Report. If we can be of further assistance, please call Karen Peacock at (850) 413-6832.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Devlin".

Tim Devlin
Director, Division of Economic Regulation

KFP:kfp



Williams & Sherman

CERTIFIED PUBLIC ACCOUNTANTS

FRANK L. WILLIAMS, CPA
LISA SHERMAN, CPA

111 PARK AVENUE EAST
LAKE PLACID, FL 33852-6362
(863) 465-2835
(863) 382-3110
FAX (863) 465-3323

To the Board of Directors
Highlands Utilities Corporation
Lake Placid, Florida

We have compiled the balance sheets of Highlands Utilities Corporation as of December 31, 2001 and 2000, and the related statements of operations and retained earnings for the years then ended and supplementary information included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Florida Public Service Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements (including related disclosures) are presented in accordance with the requirements of the Florida Public Service Commission, which may differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.



Williams & Sherman, CPA's

June 13, 2002

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GENERAL INSTRUCTIONS

1. Prepare this report in conformity with the 1996 National Association of Regulatory Utility Commissioners Uniform System of Accounts for Water and/or Wastewater Utilities (USOA).
2. Interpret all accounting words and phrases in accordance with the USOA.
3. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
4. For any question, section, or page which is not applicable to the respondent, enter the words "Not Applicable". Do not omit any pages.
5. Where dates are called for, the month and day should be stated as well as the year.
6. All schedules requiring dollar entries should be rounded to the nearest dollar unless otherwise specifically indicated.
7. Complete this report by means which result in a permanent record, such as by computer or typewriter.
8. If there is not enough room on any schedule, an additional page or pages may be added; provided the format of the added schedule matches the format of the schedule with not enough room. Such a schedule should reference the appropriate schedules, state the name of the utility, and state the year of the report.
9. If it is necessary or desirable to insert additional statements for the purpose of further explanation of schedules, such statement should be made at the bottom of the page or an additional page inserted. Any additional pages should state the name of the utility, the year of the report, and reference the appropriate schedule.
10. For water and wastewater utilities with more than one rate group and/or system, water and wastewater pages should be completed for each rate group and/or system group. These pages should be grouped together and tabbed by rate group and/or system.
11. All other water and wastewater operations not regulated by the Commission and other regulated industries should be reported as "Other than Reporting Systems".
12. Financial information for multiple systems charging rates which are covered under the same tariff should be reported as one system. However, the engineering data must be reported by individual system.
13. For water and wastewater utilities with more than one system, one (1) copy of workpapers showing the consolidation of systems for the operating sections, should be filed with the annual report.
14. The report should be filled out in quadruplicate and the original and two copies returned by March 31, of the year following the date of the report. The report should be returned to:

**Florida Public Service Commission
Division of Water and Wastewater
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0873**

The fourth copy should be retained by the utility.

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EXECUTIVE SUMMARY

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CERTIFICATION OF ANNUAL REPORT

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

YES NO

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

YES NO

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

YES NO

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

YES NO

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

Items Certified

1. 2. 3. 4.

1. 2. 3. 4.

Dixon Pugh
(Signature of Chief Executive Officer of the utility) *

Lorri Lammie
(Signature of Chief Financial Officer of the utility) *

* Each of the four items must be certified YES or NO. Each item need not be certified by both officers. The items being certified by the officer should be indicated in the appropriate area to the left of the signature.

NOTICE: Section 837.06, Florida Statutes, provides that any person who knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his duty shall be guilty of a misdemeanor of the second degree.

ANNUAL REPORT OF

YEAR OF REPORT
December 31, 2001

Highlands Utilities Corporation
(Exact Name of Utility)

County: Highlands

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

Highlands Utilities Corporation
720 U.S. 27 South
Lake Placid, FL 33852-9515

Telephone: 863-465-1296

E Mail Address: huco@htn.net

WEB Site: None

Sunshine State One-Call of Florida, Inc. Member Number None

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

Dixon Pugh
720 U.S. 27 South
Lake Placid, FL 33852-9515

Telephone: 863-465-1296

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

720 U.S. 27 South
Lake Placid, FL 33852-9515

Telephone: 863-465-1296

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

None

Date of original organization of the utility: 07/24/81

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

Individual Partnership Sub S Corporation 1120 Corporation

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

	Name	Percent Ownership
1.	Dixon Pugh	50%
2.	Sue Pugh	50%
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 2001

**DIRECTORY OF PERSONNEL WHO CONTACT
THE FLORIDA PUBLIC SERVICE COMMISSION**

NAME OF COMPANY REPRESENTATIVE (1)	TITLE OR POSITION (2)	ORGANIZATIONAL UNIT TITLE (3)	USUAL PURPOSE FOR CONTACT WITH FPSC
Dixon Pugh	President		General Counsel
Sue Pugh	Vice-President		General Counsel
Frank L. Williams, CPA	Consultant	Williams & Sherman	General Counsel

- (1) Also list appropriate legal counsel, accountants and others who may not be on general payroll.
- (2) Provide individual telephone numbers if the person is not normally reached at the company.
- (3) Name of company employed by if not on general payroll.

COMPANY PROFILE

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

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

- A. Company incorporated July 24, 1981.
- B. Commercial and residential sewage collection and treatment in both Sebring and Lake Placid, Florida.
- C. To give customers quality sewer service at the lowest possible price while at the same time maintain company profitability.
- D. Only one division.
- E. Expansion as needed.

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 2001

PARENT / AFFILIATE ORGANIZATION CHART

Current as of June 13, 2002

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

Highlands Utilities Corporation
720 U.S. 27 South
Lake Placid, Florida 33852

Pugh Septic Tank Service, Inc
720 U.S. 27 South
Lake Placid, Florida 33852

Both Owned by Dixon Pugh
720 U.S. 27 South
Lake Placid, Florida 33852

100% by rules of attribution

COMPENSATION OF OFFICERS

For each officer, list the time spent on respondent as an officer compared to time spent on total business activities and the compensation received as an officer from the respondent.			
NAME (a)	TITLE (b)	% OF TIME SPENT AS OFFICER OF THE UTILITY (c)	OFFICERS' COMPENSATION (d)
Dixon Pugh	President	95%	\$ 79,988
Sue Pugh	Vice-President	95%	40,894
Lorri Lammie	Sec/Treas	100%	39,877

COMPENSATION OF DIRECTORS

For each director, list the number of director meetings attended by each director and the compensation received as a director from the respondent.			
NAME (a)	TITLE (b)	NUMBER OF DIRECTORS' MEETINGS ATTENDED (c)	DIRECTORS' COMPENSATION (d)
			\$ None

BUSINESS CONTRACTS WITH OFFICERS, DIRECTORS AND AFFILIATES

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

NAME OF OFFICER, DIRECTOR OR AFFILIATE (a)	IDENTIFICATION OF SERVICE OR PRODUCT (b)	AMOUNT (c)	NAME AND ADDRESS OF AFFILIATED ENTITY (d)
Dixon Pugh	Operations	\$ 16,800	Pugh Septic Tank Service, Inc. 720 U.S. 27 South Lake Placid, FL 33852-9515

* Business Agreement, for this schedule, shall mean any oral or written business deal which binds the concerned parties for products or services during the reporting year or future years. Although the Respondent and/or other companies will benefit from the arrangement, the officer or director is, however, acting on his behalf or for the benefit of other companies or persons.

AFFILIATION OF OFFICERS AND DIRECTORS

For each of the officials listed on page E-6, list the principle occupation or business affiliations or connections with any other business or financial organizations, firms, or partnerships. For purposes of this part, an official will be considered to have an affiliation with any business or financial organization, firm or partnership in which he is an officer, director, trustee, partner, or a person exercising similar functions.

NAME (a)	PRINCIPLE OCCUPATION OR BUSINESS AFFILIATION (b)	AFFILIATION OR CONNECTION (c)	NAME AND ADDRESS OF AFFILIATION OR CONNECTION (d)
Dixon Pugh	Manager	Owner/President	Pugh Septic Tank Service, Inc. 720 U.S. 27 South Lake Placid, FL 33852-9515
Sue Pugh	Manager	Owner/Vice-Pres.	Pugh Septic Tank Service, Inc. 720 U.S. 27 South Lake Placid, FL 33852-9515

YEAR OF REPORT
December 31, 2001

UTILITY NAME: Highlands Utilities Corporation

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

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

	ASSETS		REVENUES		EXPENSES	
	BOOK COST OF ASSETS (b)	ACCOUNT NUMBER (c)	REVENUES GENERATED (d)	ACCOUNT NUMBER (e)	EXPENSES INCURRED (f)	ACCOUNT NUMBER (g)
None	\$		\$		\$	

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 2001

BUSINESS TRANSACTIONS WITH RELATED PARTIES

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

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

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

NAME OF COMPANY OR RELATED PARTY (a)	DESCRIPTION SERVICE AND/OR NAME OF PRODUCT (b)	CONTRACT OR AGREEMENT EFFECTIVE DATES (c)	ANNUAL CHARGES	
			(P)urchased (S)old (d)	AMOUNT (e)
Pugh Septic Tank Service, Inc.	Real Estate Lease	Annually	P	\$ 9,400

UTILITY NAME: Highlands Utilities Corporation

BUSINESS TRANSACTIONS WITH RELATED PARTIES (Cont'd)

- Part II. Specific Instructions: Sale, Purchase and Transfer of Assets**
- Enter in this part all transactions relating to the purchase, sale, or transfer of assets.
 - Below are examples of some types of transactions to include:
 - purchase, sale or transfer of equipment
 - purchase, sale or transfer of land and structures
 - purchase, sale or transfer of securities
 - noncash transfers of assets
 - noncash dividends other than stock dividends
 - write-off of bad debts or loans
 - The columnar instructions follow:
 - (a) Enter name of related party or company.
 - (b) Describe briefly the type of assets purchased, sold or transferred.
 - (c) Enter the total received or paid. Indicate purchase with "P" and sale with "S".
 - (d) Enter the net book value for each item reported.
 - (e) Enter the net profit or loss for each item reported. (column (c) - column (d))
 - (f) Enter the fair market value for each item reported. In space below or in a supplemental schedule, describe the basis used to calculate fair market value.

NAME OF COMPANY OR RELATED PARTY (a)	DESCRIPTION OF ITEMS (b)	SALE OR PURCHASE PRICE (c)	NET BOOK VALUE (d)	GAIN OR LOSS (e)	FAIR MARKET VALUE (f)
None		\$	\$	\$	\$

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FINANCIAL SECTION

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT December 31, 2001
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**COMPARATIVE BALANCE SHEET
ASSETS AND OTHER DEBITS**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
UTILITY PLANT				
101-106	Utility Plant	F-7	\$ 1,757,222	\$ 1,862,254
108-110	Less: Accumulated Depreciation and Amortization	F-8	787,867	849,741
Net Plant			\$ 969,355	\$ 1,012,513
114-115	Utility Plant Acquisition adjustment (Net)	F-7		
116 *	Other Utility Plant Adjustments			
Total Net Utility Plant			\$ 969,355	\$ 1,012,513
OTHER PROPERTY AND INVESTMENTS				
121	Nonutility Property	F-9	\$	\$
122	Less: Accumulated Depreciation and Amortization			
Net Nonutility Property			\$	\$
123	Investment In Associated Companies	F-10		
124	Utility Investments	F-10		
125	Other Investments	F-10		
126-127	Special Funds	F-10		
Total Other Property & Investments			\$	\$
CURRENT AND ACCRUED ASSETS				
131	Cash		\$ 15,256	\$ 27,158
132	Special Deposits	F-9		
133	Other Special Deposits	F-9		
134	Working Funds			
135	Temporary Cash Investments			
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts	F-11	50,141	50,135
145	Accounts Receivable from Associated Companies	F-12		
146	Notes Receivable from Associated Companies	F-12		
151-153	Material and Supplies			
161	Stores Expense			
162	Prepayments			
171	Accrued Interest and Dividends Receivable			
172 *	Rents Receivable			
173 *	Accrued Utility Revenues			
174	Misc. Current and Accrued Assets	F-12		
Total Current and Accrued Assets			\$ 65,397	\$ 77,293

* Not Applicable for Class B Utilities

**COMPARATIVE BALANCE SHEET
ASSETS AND OTHER DEBITS**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense	F-13	\$ 587	\$ 4,207
182	Extraordinary Property Losses	F-13		
183	Preliminary Survey & Investigation Charges			
184	Clearing Accounts			
185 *	Temporary Facilities			
186	Misc. Deferred Debits	F-14		
187 *	Research & Development Expenditures			
190	Accumulated Deferred Income Taxes			
	Total Deferred Debits		\$ 587	\$ 4,207
	TOTAL ASSETS AND OTHER DEBITS		\$ <u>1,035,339</u>	\$ <u>1,094,013</u>

* Not Applicable for Class B Utilities

<p><u>NOTES TO THE BALANCE SHEET</u></p> <p>The space below is provided for important notes regarding the balance sheet.</p>

**COMPARATIVE BALANCE SHEET
EQUITY CAPITAL AND LIABILITIES**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
EQUITY CAPITAL				
201	Common Stock Issued	F-15	\$ 760	\$ 760
204	Preferred Stock Issued	F-15		
202,205 *	Capital Stock Subscribed			
203,206 *	Capital Stock Liability for Conversion			
207 *	Premium on Capital Stock			
209 *	Reduction in Par or Stated Value of Capital Stock			
210 *	Gain on Resale or Cancellation of Reacquired Capital Stock			
211	Other Paid - In Capital		76,990	76,990
212	Discount On Capital Stock			
213	Capital Stock Expense			
214-215	Retained Earnings	F-16	(572,474)	(599,393)
216	Reacquired Capital Stock			
218	Proprietary Capital (Proprietorship and Partnership Only)			
Total Equity Capital			\$ (494,724)	\$ (521,643)
LONG TERM DEBT				
221	Bonds	F-15		
222 *	Reacquired Bonds			
223	Advances from Associated Companies	F-17	206,497	232,697
224	Other Long Term Debt	F-17		
Total Long Term Debt			\$ 206,497	\$ 232,697
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable		33,095	14,128
232	Notes Payable	F-18	464,775	584,145
233	Accounts Payable to Associated Companies	F-18		
234	Notes Payable to Associated Companies	F-18		
235	Customer Deposits			
236	Accrued Taxes	W/S-3	11,413	8,490
237	Accrued Interest	F-19	222,783	246,874
238	Accrued Dividends			
239	Matured Long Term Debt			
240	Matured Interest			
241	Miscellaneous Current & Accrued Liabilities	F-20		
Total Current & Accrued Liabilities			\$ 732,066	\$ 853,637

* Not Applicable for Class B Utilities

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 2001

**COMPARATIVE BALANCE SHEET
EQUITY CAPITAL AND LIABILITIES**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
DEFERRED CREDITS				
251	Unamortized Premium On Debt	F-13	\$ _____	\$ _____
252	Advances For Construction	F-20	_____	_____
253	Other Deferred Credits	F-21	_____	_____
255	Accumulated Deferred Investment Tax Credits		_____	_____
Total Deferred Credits			\$ _____	\$ _____
OPERATING RESERVES				
261	Property Insurance Reserve		\$ _____	\$ _____
262	Injuries & Damages Reserve		_____	_____
263	Pensions and Benefits Reserve		_____	_____
265	Miscellaneous Operating Reserves		_____	_____
Total Operating Reserves			\$ _____	\$ _____
CONTRIBUTIONS IN AID OF CONSTRUCTION				
271	Contributions in Aid of Construction	F-22	\$ 1,132,573	\$ 1,132,573
272	Accumulated Amortization of Contributions in Aid of Construction	F-22	541,073	603,251
Total Net C.I.A.C.			\$ 591,500	\$ 529,322
ACCUMULATED DEFERRED INCOME TAXES				
281	Accumulated Deferred Income Taxes - Accelerated Depreciation		\$ _____	\$ _____
282	Accumulated Deferred Income Taxes - Liberalized Depreciation		-	-
283	Accumulated Deferred Income Taxes - Other		-	-
Total Accumulated Deferred Income Tax			\$ -	\$ -
TOTAL EQUITY CAPITAL AND LIABILITIES			\$ 1,035,339	\$ 1,094,013

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT December 31, 2001
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COMPARATIVE OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR * (e)
UTILITY OPERATING INCOME				
400	Operating Revenues	F-3(b)	\$ 556,889	\$ 579,211
469, 530	Less: Guaranteed Revenue and AFPI	F-3(b)		
Net Operating Revenues			\$ 556,889	\$ 579,211
401	Operating Expenses	F-3(b)	\$ 460,963	\$ 460,064
403	Depreciation Expense:	F-3(b)	\$ 87,768	\$ 94,870
	Less: Amortization of CIAC	F-22	59,007	62,178
Net Depreciation Expense			\$ 28,761	\$ 32,692
406	Amortization of Utility Plant Acquisition Adjustment	F-3(b)		
407	Amortization Expense (Other than CIAC)	F-3(b)		
408	Taxes Other Than Income	W/S-3	50,441	53,657
409	Current Income Taxes	W/S-3		
410.10	Deferred Federal Income Taxes	W/S-3	(75)	
410.11	Deferred State Income Taxes	W/S-3		
411.10	Provision for Deferred Income Taxes - Credit	W/S-3		
412.10	Investment Tax Credits Deferred to Future Periods	W/S-3		
412.11	Investment Tax Credits Restored to Operating Income	W/S-3		
Utility Operating Expenses			\$ 540,090	\$ 546,413
Net Utility Operating Income			\$ 16,799	\$ 32,798
469, 530	Add Back: Guaranteed Revenue and AFPI	F-3(b)		
413	Income From Utility Plant Leased to Others			
414	Gains (losses) From Disposition of Utility Property			
420	Allowance for Funds Used During Construction			
Total Utility Operating Income [Enter here and on Page F-3(c)]			\$ 16,799	\$ 32,798

* For each account, Column e should agree with Columns f, g and h on F-3(b)

COMPARATIVE OPERATING STATEMENT (Cont'd)

WATER SCHEDULE W-3 * (f)	WASTEWATER SCHEDULE S-3 * (g)	OTHER THAN REPORTING SYSTEMS (h)
_____	\$ 579,211	\$ _____
\$ _____	\$ 579,211	\$ _____
\$ _____	\$ 460,064	\$ _____
_____	94,870	_____
_____	62,178	_____
\$ _____	\$ 32,692	\$ _____
_____	_____	_____
_____	53,657	_____
_____	_____	_____
_____	-	_____
_____	_____	_____
\$ _____	\$ 546,413	\$ _____
\$ _____	\$ 32,798	\$ _____
_____	_____	_____
_____	_____	_____
\$ _____	\$ 32,798	\$ _____

* Total of Schedules W-3 / S-3 for all rate groups.

COMPARATIVE OPERATING STATEMENT (Cont'd)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
Total Utility Operating Income [from page F-3(a)]			\$ 16,799	\$ 32,798
OTHER INCOME AND DEDUCTIONS				
415	Revenues-Merchandising, Jobbing, and Contract Deductions		\$	\$
416	Costs & Expenses of Merchandising Jobbing, and Contract Work			
419	Interest and Dividend Income		1,089	297
421	Nonutility Income		3	351
426	Miscellaneous Nonutility Expenses		(3,000)	(500)
Total Other Income and Deductions			\$ (1,908)	\$ 148
TAXES APPLICABLE TO OTHER INCOME				
408.20	Taxes Other Than Income		\$	\$
409.20	Income Taxes			
410.20	Provision for Deferred Income Taxes			
411.20	Provision for Deferred Income Taxes - Credit			
412.20	Investment Tax Credits - Net			
412.30	Investment Tax Credits Restored to Operating Income			
Total Taxes Applicable To Other Income			\$	\$
INTEREST EXPENSE				
427	Interest Expense	F-19	\$ 54,404	\$ 59,136
428	Amortization of Debt Discount & Expense	F-13	1,762	729
429	Amortization of Premium on Debt	F-13		
Total Interest Expense			\$ 56,166	\$ 59,865
EXTRAORDINARY ITEMS				
433	Extraordinary Income		\$	\$
434	Extraordinary Deductions			
409.30	Income Taxes, Extraordinary Items			
Total Extraordinary Items			\$	\$
NET INCOME			\$ (41,275)	\$ (26,919)

Explain Extraordinary Income:

UTILITY NAME: Highlands Utilities Corporation

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SCHEDULE OF YEAR END RATE BASE

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WATER UTILITY (d)	WASTEWATER UTILITY (e)
101	Utility Plant In Service	F-7	\$	\$ 1,862,254
	Less:			
	Nonused and Useful Plant (1)			
108	Accumulated Depreciation	F-8		849,741
110	Accumulated Amortization	F-8		
271	Contributions In Aid of Construction	F-22		1,132,573
252	Advances for Construction	F-20		
Subtotal			\$	\$ (120,060)
272	Add: Accumulated Amortization of Contributions in Aid of Construction	F-22		603,251
Subtotal			\$	\$ 483,191
	Plus or Minus:			
114	Acquisition Adjustments (2)	F-7		
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7		
	Working Capital Allowance (3)			57,508
	Other (Specify): _____ _____ _____			
RATE BASE			\$	\$ 540,699
NET UTILITY OPERATING INCOME			\$	\$ 32,798
ACHIEVED RATE OF RETURN (Operating Income / Rate Base)				6.07%

NOTES :

- (1) Estimate based on the methodology used in the last rate proceeding.
- (2) Include only those Acquisition Adjustments that have been approved by the Commission.
- (3) Calculation consistent with last rate proceeding.
In absence of a rate proceeding, Class A utilities will use the Balance Sheet Method and Class B Utilities will use the One-eighth Operating and Maintenance Expense Method.

**SCHEDULE OF CURRENT COST OF CAPITAL
CONSISTENT WITH THE METHODOLOGY USED IN THE LAST RATE PROCEEDING (1)**

CLASS OF CAPITAL (a)	DOLLAR AMOUNT (2) (b)	PERCENTAGE OF CAPITAL (c)	ACTUAL COST RATES (3) (d)	WEIGHTED COST (c x d) (e)
Common Equity	\$ 0	0.00%	11.34%	0.00%
Preferred Stock				
Long Term Debt				
Customer Deposits				
Tax Credits - Zero Cost				
Tax Credits - Weighted Cost				
Deferred Income Taxes	0	0.00%	0.00%	0.00%
Other (Explain) A/C 223 Debt	232,697	28.49%	7.00%	5.93%
A/C 232 (S-T) Debt	584,145	71.51%	8.29%	1.99%
Total	\$ 816,842	100.00%		7.92%

(1) If the utility's capital structure is not used, explain which capital structure is used.

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

(3) Mid-point of the last authorized Return On Equity or current leverage formula if none has been established.

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

APPROVED RETURN ON EQUITY

Current Commission Return on Equity:	<u>Unknown</u> %
Commission order approving Return on Equity:	<u>11.34%</u>

APPROVED AFUDC RATE

COMPLETION ONLY REQUIRED IF AFUDC WAS CHARGED DURING YEAR

Current Commission Approved AFUDC rate:	_____ %
Commission order approving AFUDC rate:	_____

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

Highlands Utilities Corporation

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

CLASS OF CAPITAL (a)	PER BOOK BALANCE (b)	NON-UTILITY ADJUSTMENTS (c)	NON-JURISDICTIONAL ADJUSTMENTS (d)	OTHER (1) ADJUSTMENTS SPECIFIC (e)	OTHER (1) ADJUSTMENTS PRO RATA (f)	CAPITAL STRUCTURE (g)
Common Equity	\$ 0	\$	\$	\$	\$	\$ 0
Preferred Stock						
Long Term Debt						
Customer Deposits						
Tax Credits - Zero Cost						
Tax Credits - Weighted Cost	0					0
Deferred Inc. Taxes	232,697					232,697
Other (Explain)	584,145					584,145
Total	\$ 816,842	\$	\$	\$	\$	\$ 816,842

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

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT December 31, 2001
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**UTILITY PLANT
ACCOUNTS 101 - 106**

ACCT. (a)	DESCRIPTION (b)	WATER (c)	WASTEWATER (d)	OTHER THAN REPORTING SYSTEMS (e)	TOTAL (f)
101	Plant Accounts: Utility Plant In Service	\$1,862,254	\$	\$	\$ 1,862,254
102	Utility Plant Leased to Other				
103	Property Held for Future Use				
104	Utility Plant Purchased or Sold				
105	Construction Work in Progress				
106	Completed Construction Not Classified				
	Total Utility Plant	<u>\$1,862,254</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,862,254</u>

**UTILITY PLANT ACQUISITION ADJUSTMENTS
ACCOUNTS 114 AND 115**

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

ACCT. (a)	DESCRIPTION (b)	WATER (c)	WASTEWATER (d)	OTHER THAN REPORTING SYSTEMS (e)	TOTAL (f)
114	Acquisition Adjustment	\$	\$	\$	\$
	Total Plant Acquisition Adjustments	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
115	Accumulated Amortization	\$	\$	\$	\$
	Total Accumulated Amortization	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
	Net Acquisition Adjustments	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

UTILITY NAME: Highlands Utilities Corporation

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

DESCRIPTION (a)	WATER (b)	WASTEWATER (c)	OTHER THAN REPORTING SYSTEMS (d)	TOTAL (e)
ACCUMULATED DEPRECIATION				
Account 108				
Balance first of year	\$	\$ 787,867	\$	\$ 787,867
Credit during year:				
Accruals charged to:				
Account 108.1 (1)	\$	\$ 94,870	\$	\$ 94,870
Account 108.2 (2)				
Account 108.3 (2)				
Other Accounts (specify):				

Salvage		16,000		16,000
Other Credits (Specify):				

Total Credits	\$	\$ 110,870	\$	\$ 110,870
Debits during year:				
Book cost of plant retired		48,996		48,996
Cost of Removal				
Other Debits (specify):				

Total Debits	\$	\$ 48,996	\$	\$ 48,996
Balance end of year	\$	\$ 849,741	\$	\$ 849,741
ACCUMULATED AMORTIZATION				
Account 110				
Balance first of year	\$	\$	\$	\$
Credit during year:				
Accruals charged to:				
Account 110.2 (2)	\$	\$	\$	\$
Other Accounts (specify):				

Total credits	\$	\$	\$	\$
Debits during year:				
Book cost of plant retired				
Other debits (specify):				

Total Debits	\$	\$	\$	\$
Balance end of year	\$	\$	\$	\$

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

UTILITY NAME: Highlands Utilities Corporation

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

DESCRIPTION OF CASE (DOCKET NO.) (a)	EXPENSE INCURRED DURING YEAR (b)	CHARGED OFF DURING YEAR	
		ACCT. (d)	AMOUNT (e)
_____	\$ _____	_____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
Total	\$ _____	_____	\$ _____

NONUTILITY PROPERTY (ACCOUNT 121)

Report separately each item of property with a book cost of \$25,000 or more included in Account 121.

Other Items may be grouped by classes of property.

DESCRIPTION (a)	BEGINNING YEAR (b)	ADDITIONS (c)	REDUCTIONS (d)	ENDING YEAR BALANCE (e)
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Nonutility Property	\$ _____	\$ _____	\$ _____	\$ _____

SPECIAL DEPOSITS (ACCOUNTS 132 AND 133)

Report hereunder all special deposits carried in Accounts 132 and 133.

DESCRIPTION OF SPECIAL DEPOSITS (a)	YEAR END BOOK COST (b)
SPECIAL DEPOSITS (Account 132): _____ _____	\$ _____ _____
Total Special Deposits	\$ _____
OTHER SPECIAL DEPOSITS (Account 133): _____ _____	\$ _____ _____
Total Other Special Deposits	\$ _____

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

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

DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
INVESTMENT IN ASSOCIATED COMPANIES (Account 123): _____ _____ _____ _____	\$ _____ _____ _____ _____	\$ _____ _____ _____ _____
Total Investment in Associated Companies		\$ _____
UTILITY INVESTMENTS (Account 124): _____ _____ _____ _____	\$ _____ _____ _____ _____	\$ _____ _____ _____ _____
Total Utility Investment		\$ _____
OTHER INVESTMENTS (Account 125): _____ _____ _____ _____	\$ _____ _____ _____ _____	\$ _____ _____ _____ _____
Total Other Investment		\$ _____
SPECIAL FUNDS (Class A Utilities: Accounts 126 and 127; Class B Utilities: Account 127): _____ _____ _____ _____		\$ _____ _____ _____ _____
Total Special Funds		\$ _____

UTILITY NAME: Highlands Utilities Corporation

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**ACCOUNTS AND NOTES RECEIVABLE - NET
ACCOUNTS 141 - 144**

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

DESCRIPTION (a)		TOTAL (b)
CUSTOMER ACCOUNTS RECEIVABLE (Account 141):		
Water	\$	
Wastewater	48,635	
Other		
Total Customer Accounts Receivable		\$ 48,635
OTHER ACCOUNTS RECEIVABLE (Account 142):		
Employee advances	\$ 1,500	
Total Other Accounts Receivable		\$ 1,500
NOTES RECEIVABLE (Account 144):		
Total Notes Receivable		\$
Total Accounts and Notes Receivable		\$ 50,135
ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS (Account 143)		
Balance first of year	\$	
Add: Provision for uncollectibles for current year	\$	
Collection of accounts previously written off		
Utility Accounts		
Others		
Total Additions		\$
Deduct accounts written off during year:		
Utility Accounts		
Others		
Total accounts written off		\$
Balance end of year		\$ 50,135
TOTAL ACCOUNTS AND NOTES RECEIVABLE - NET		\$

UTILITY NAME: Highlands Utilities Corporation

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

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

DESCRIPTION (a)	AMOUNT WRITTEN OFF DURING YEAR (b)	YEAR END BALANCE (c)
UNAMORTIZED DEBT DISCOUNT AND EXPENSE (Account 181):	\$ 729	\$ 4,207
Total Unamortized Debt Discount and Expense	\$ 729	\$ 4,207
UNAMORTIZED PREMIUM ON DEBT (Account 251):		
Total Unamortized Premium on Debt		

**EXTRAORDINARY PROPERTY LOSSES
ACCOUNT 182**

Report each item separately.

DESCRIPTION (a)	TOTAL (b)
	\$
Total Extraordinary Property Losses	\$

UTILITY NAME: Highlands Utilities Corporation

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**MISCELLANEOUS DEFERRED DEBITS
ACCOUNT 186**

DESCRIPTION - Provide itemized listing (a)	AMOUNT WRITTEN OFF DURING YEAR (b)	YEAR END BALANCE (c)
DEFERRED RATE CASE EXPENSE (Class A Utilities: Account 186.1)	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total Deferred Rate Case Expense	\$ _____	\$ _____
OTHER DEFERRED DEBITS (Class A Utilities: Account 186.2):	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total Other Deferred Debits	\$ _____	\$ _____
REGULATORY ASSETS (Class A Utilities: Account. 186.3):	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total Regulatory Assets	\$ _____	\$ _____
TOTAL MISCELLANEOUS DEFERRED DEBITS	\$ _____	\$ _____

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT December 31, 2001
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**CAPITAL STOCK
ACCOUNTS 201 AND 204***

DESCRIPTION (a)	RATE (b)	TOTAL (c)
COMMON STOCK		
Par or stated value per share	%	\$ 10.00
Shares authorized		1,000
Shares issued and outstanding		76
Total par value of stock issued	%	\$ 760
Dividends declared per share for year	%	\$ 0
PREFERRED STOCK		
Par or stated value per share	%	\$
Shares authorized		
Shares issued and outstanding		
Total par value of stock issued	%	\$
Dividends declared per share for year	%	\$

* Account 204 not applicable for Class B utilities.

**BONDS
ACCOUNT 221**

DESCRIPTION OF OBLIGATION (INCLUDING DATE OF ISSUE AND DATE OF MATURITY) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (d)
	ANNUAL RATE (b)	FIXED OR VARIABLE * (c)	
	%		\$
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
Total			\$

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

UTILITY NAME: Highlands Utilities Corporation

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STATEMENT OF RETAINED EARNINGS

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

ACCT. NO. (a)	DESCRIPTION (b)	AMOUNTS (c)
215	Unappropriated Retained Earnings: Balance Beginning of Year	\$ (572,474)
439	Changes to Account: Adjustments to Retained Earnings (requires Commission approval prior to use): Credits: _____	\$ _____
	Total Credits:	\$ _____
	Debits: _____	\$ _____
	Total Debits:	\$ _____
435	Balance Transferred from Income	\$ (26,919)
436	Appropriations of Retained Earnings: _____	_____
	Total Appropriations of Retained Earnings	\$ _____
437	Dividends Declared: Preferred Stock Dividends Declared _____	_____
438	Common Stock Dividends Declared _____	_____
	Total Dividends Declared	\$ _____
215	Year end Balance	\$ (599,393)
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end): _____	_____
214	Total Appropriated Retained Earnings	\$ _____
	Total Retained Earnings	\$ (599,393)
Notes to Statement of Retained Earnings:		

UTILITY NAME: Highlands Utilities Corporation

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**ADVANCES FROM ASSOCIATED COMPANIES
ACCOUNT 223**

Report each advance separately.

DESCRIPTION (a)	TOTAL (b)
Advances from Pugh septic Tank Service, Inc.	\$ 232,697
Total	\$ 232,697

**OTHER LONG-TERM DEBT
ACCOUNT 224**

DESCRIPTION OF OBLIGATION (INCLUDING DATE OF ISSUE AND DATE OF MATURITY) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (d)
	ANNUAL RATE (b)	FIXED OR VARIABLE * (c)	
	%		\$
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
Total			\$

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

UTILITY NAME: Highlands Utilities Corporation

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**NOTES PAYABLE
ACCOUNTS 232 AND 234**

DESCRIPTION OF OBLIGATION (INCLUDING DATE OF ISSUE AND DATE OF MATURITY) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (d)
	ANNUAL RATE (b)	FIXED OR VARIABLE * (c)	
NOTES PAYABLE (Account 232):			
<u>Heartland National Bank</u>	7.00%	Fixed	\$ 26,258
<u>Dixon Pugh</u>	10.00%	Fixed	200,089
<u>SunTrust</u>	9.00%	Fixed	165,538
<u>GMAC</u>	9.00%	Fixed	27,608
<u>SunTrust</u>	7.25%	Fixed	126,989
<u>GMAC</u>	0.00%	Fixed	37,663
	%		
	%		
Total Account 232			\$ <u>584,145</u>
NOTES PAYABLE TO ASSOC. COMPANIES (Account 234):			
	%		\$
	%		
	%		
	%		
	%		
	%		
	%		
Total Account 234			\$ _____

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

**ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES
ACCOUNT 233**

Report each account payable separately.

DESCRIPTION (a)	TOTAL (b)
	\$
Total	\$ _____

UTILITY NAME: Highlands Utilities Corporation

**ACCRUED INTEREST AND EXPENSE
ACCOUNTS 237 AND 427**

DESCRIPTION OF DEBIT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR		INTEREST PAID DURING YEAR (e)	BALANCE END OF YEAR (f)
		ACCT. DEBIT (c)	AMOUNT (d)		
ACCOUNT NO. 237.1 - Accrued Interest on Long Term Debt Account 223 - Advances from Pugh Septic Tank Services, Inc.	\$ 169,520	427.1	\$ 14,756	\$ 8,798	\$ 175,478
Total Account 237.1	\$		\$	\$	\$
ACCOUNT NO. 237.2 - Accrued Interest on Other Liabilities Customer Deposits Notes Payable - Account 232 - Various	\$ 53,263	427 427.2	\$ 44,380	\$ 26,247	\$ 71,396
Total Account 237.2	\$ 53,263		\$ 44,380	\$ 26,247	\$ 71,396
Total Account 237 (1)	\$ 222,783		\$ 59,136	\$ 35,045	\$ 246,874
INTEREST EXPENSED:					
Total accrual Account 237		237	\$ 59,136		
Less Capitalized Interest Portion of AFUDC:					
Net Interest Expensed to Account No. 427 (2)			\$ 59,136		

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

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

**OTHER DEFERRED CREDITS
ACCOUNT 253**

DESCRIPTION - Provide itemized listing (a)	AMOUNT WRITTEN OFF DURING YEAR (b)	YEAR END BALANCE (c)
REGULATORY LIABILITIES (Class A Utilities: Account 253.1): _____ _____	\$ _____ \$ _____	\$ _____ \$ _____
Total Regulatory Liabilities	\$ _____	\$ _____
OTHER DEFERRED LIABILITIES (Class A Utilities: Account 253.2): _____ _____ _____ _____	\$ _____ \$ _____ \$ _____ \$ _____	\$ _____ \$ _____ \$ _____ \$ _____
Total Other Deferred Liabilities	\$ _____	\$ _____
TOTAL OTHER DEFERRED CREDITS	\$ _____	\$ _____

UTILITY NAME: Highlands Utilities Corporation

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**CONTRIBUTIONS IN AID OF CONSTRUCTION
ACCOUNT 271**

DESCRIPTION (a)	WATER (W-7) (b)	WASTEWATER (S-7) (c)	W & WW OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance first of year	\$ _____	\$ 1,132,573	\$ _____	\$ 1,132,573
Add credits during year:	\$ _____	\$ _____	\$ _____	\$ _____
Less debit charged during the year	\$ _____	\$ _____	\$ _____	\$ _____
Total Contribution In Aid of Construction	\$ _____	\$ 1,132,573	\$ _____	\$ 1,132,573

**ACCUMULATED AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION
ACCOUNT 272**

DESCRIPTION (a)	WATER (W-8(a)) (b)	WASTEWATER (S-8(a)) (c)	W & WW OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance first of year	\$ _____	\$ 541,073	\$ _____	\$ 541,073
Debits during the year:	\$ _____	\$ 62,178	\$ _____	\$ 62,178
Credits during the year	\$ _____	\$ _____	\$ _____	\$ _____
Total Accumulated Amortization of Contributions In Aid of Construction	\$ _____	\$ 603,251	\$ _____	\$ 603,251

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT December 31, 2001
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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES (UTILITY OPERATIONS)

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

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

DESCRIPTION (a)	REF. NO. (b)	AMOUNT (c)
Net income for the year	F-3(c)	\$ (26,919)
Reconciling items for the year:		
Taxable income not reported on books:		
<u>Amortization of prior CIAC</u>		11,014

Deductions recorded on books not deducted for return:		
<u>Excess of Book over Tax Depreciation</u>		19,190
<u>Interest accrual to related party</u>		18,132
<u>DEP penalty</u>		500
<u>Accounts receivable adjustment</u>		6
Income recorded on books not included in return:		
<u>Amortization of CIAC</u>		(62,178)

Deduction on return not charged against book income:		
<u>Net operating loss carryforward</u>		(193,021)
<u>Loss on disposition of fixed assets</u>		(1,081)

Federal tax net income		\$ (234,357)

Computation of tax :

Taxable Income - Above	\$ <u>(234,357)</u>
Federal Tax	\$ - 0 -
State Tax	\$ - 0 -

**WATER
OPERATION
SECTION**

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**WASTEWATER
OPERATION
SECTION**

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 2001

SYSTEM NAME / COUNTY: Highlands

SCHEDULE OF YEAR END WASTEWATER RATE BASE

ACCT. NO. (a)	ACCOUNT NAME (b)	REFERENCE PAGE (c)	WASTEWATER UTILITY (d)
101	Utility Plant In Service	S-4(a)	\$ 1,862,254
	Less:		
	Nonused and Useful Plant (1)		
108	Accumulated Depreciation	S-6(b)	849,741
110	Accumulated Amortization		
271	Contributions In Aid of Construction	S-7	1,132,573
252	Advances for Construction	F-20	
Subtotal			\$ (120,060)
272	Add: Accumulated Amortization of Contributions in Aid of Construction	S-8(a)	\$ 603,251
Subtotal			\$ 483,191
114	Plus or Minus: Acquisition Adjustments (2)	F-7	
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	
	Working Capital Allowance (3)		57,508
	Other (Specify):		
WASTEWATER RATE BASE			\$ 540,699
WASTEWATER OPERATING INCOME		S-3	\$ 32,798
ACHIEVED RATE OF RETURN (Wastewater Operating Income / Wastewater Rate Base)			6.07%

NOTES : (1) Estimate based on the methodology used in the last rate proceeding.

(2) Include only those Acquisition Adjustments that have been approved by the Commission.

(3) Calculation consistent with last rate proceeding.

In absence of a rate proceeding, Class A utilities will use the Balance Sheet Method and Class B Utilities will use the One-eighth Operating and Maintenance Expense Method.

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT December 31, 2001
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SYSTEM NAME / COUNTY : Highlands

WASTEWATER OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REFERENCE PAGE (c)	WASTEWATER UTILITY (d)
	UTILITY OPERATING INCOME		
400	Operating Revenues	S-9(a)	\$ 579,211
530	Less: Guaranteed Revenue (and AFPI)	S-9(a)	
	Net Operating Revenues		\$ 579,211
401	Operating Expenses	S-10(a)	\$ 460,064
403	Depreciation Expense	S-6(a)	94,870
	Less: Amortization of CIAC	S-8(a)	62,178
	Net Depreciation Expense		\$ 32,692
406	Amortization of Utility Plant Acquisition Adjustment	F-7	
407	Amortization Expense (Other than CIAC)	F-8	
408.10	Taxes Other Than Income Utility Regulatory Assessment Fee		25,060
408.11	Property Taxes		12,844
408.12	Payroll Taxes		14,390
408.13	Other Taxes and Licenses		1,363
408	Total Taxes Other Than Income		\$ 53,657
409.1	Income Taxes		
410.10	Deferred Federal Income Taxes		
410.11	Deferred State Income Taxes		
411.10	Provision for Deferred Income Taxes - Credit		
412.10	Investment Tax Credits Deferred to Future Periods		
412.11	Investment Tax Credits Restored to Operating Income		
	Utility Operating Expenses		\$ 546,413
	Utility Operating Income		\$ 32,798
530	Add Back: Guaranteed Revenue (and AFPI)	S-9(a)	\$
413	Income From Utility Plant Leased to Others		
414	Gains (losses) From Disposition of Utility Property		
420	Allowance for Funds Used During Construction		
	Total Utility Operating Income		\$ 32,798

UTILITY NAME: Highlands Utilities Corporation

SYSTEM NAME / COUNTY : Highlands

YEAR OF REPORT
December 31, 2001

WASTEWATER UTILITY PLANT ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)
351	Organization	\$ 1,355			\$ 1,355
352	Franchises	11,337			11,337
353	Land and Land Rights	30,499			30,499
354	Structures and Improvements	74,702	16,800		91,502
355	Power Generation Equipment				
360	Collection Sewers - Force	230,266			230,266
361	Collection Sewers - Gravity	250,052			250,052
362	Special Collecting Structures	1,333			1,333
363	Services to Customers	1,724			1,724
364	Flow Measuring Devices	6,554			6,554
365	Flow Measuring Installations	1,965			1,965
366	Reuse Services				
367	Reuse Meters and Meter Installations				
370	Receiving Wells	69,753			69,753
371	Pumping Equipment	254,545	18,376		272,921
374	Reuse Distribution Reservoirs				
375	Reuse Transmission and Distribution System				
380	Treatment and Disposal Equipment	678,425			678,425
381	Plant Sewers	4,152			4,152
382	Outfall Sewer Lines				
389	Other Plant Miscellaneous Equipment	9,756			9,756
390	Office Furniture and Equipment	23,063	1,332	4,660	19,735
391	Transportation Equipment	63,700	112,278	36,580	139,398
392	Stores Equipment	1,607			1,607
393	Tools, Shop and Garage Equipment	7,344	5,242	1,516	11,070
394	Laboratory Equipment				
395	Power Operated Equipment	7,224		5,475	1,749
396	Communication Equipment	1,414		765	649
397	Miscellaneous Equipment	6,514			6,514
398	Other Tangible Plant	19,938			19,938
	Total Wastewater Plant	\$ 1,757,222	\$ 154,028	\$ 48,996	\$ 1,862,254

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

UTILITY NAME: Highlands Utilities Corporation

SYSTEM NAME / COUNTY: Highlands

WASTEWATER UTILITY PLANT MATRIX

ACCT. NO.	ACCOUNT NAME	.1 INTANGIBLE PLANT (g)	.2 COLLECTION PLANT (h)	.3 SYSTEM PUMPING PLANT (i)	.4 TREATMENT AND DISPOSAL (j)	.5 RECLAIMED WASTEWATER TREATMENT PLANT (k)	.6 RECLAIMED WASTEWATER DISTRIBUTION PLANT (l)	.7 GENERAL PLANT (m)
351	Organization	\$ 1,355						
352	Franchises	11,337						
353	Land and Land Rights		30,499					
354	Structures and Improvements		91,502					
355	Power Generation Equipment							
360	Collection Sewers - Force		230,266					
361	Collection Sewers - Gravity		250,052					
362	Special Collecting Structures		1,333					
363	Services to Customers		1,724					
364	Flow Measuring Devices		6,554					
365	Flow Measuring Installations		1,965					
366	Reuse Services							
367	Reuse Meters and Meter Installations							
370	Receiving Wells			69,753				
371	Pumping Equipment			272,921				
374	Reuse Distribution Reservoirs				678,425			
375	Reuse Transmission and Distribution System				4,152			
380	Treatment and Disposal Equipment				9,756			19,735
381	Plant Sewers							139,398
382	Outfall Sewer Lines							1,607
389	Other Plant Miscellaneous Equipment							11,070
390	Office Furniture and Equipment							1,749
391	Transportation Equipment							649
392	Stores Equipment							6,514
393	Tools, Shop and Garage Equipment							19,938
394	Laboratory Equipment							
395	Power Operated Equipment							
396	Communication Equipment							
397	Miscellaneous Equipment							
398	Other Tangible Plant							
	Total Wastewater Plant	\$ 12,692	\$ 613,895	\$ 342,674	\$ 692,333	\$	\$	\$ 200,660

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

S-4(b)
GROUP _____

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 2001

SYSTEM NAME / COUNTY: Highlands

BASIS FOR WASTEWATER DEPRECIATION CHARGES

ACCT. NO. (a)	ACCOUNT NAME (b)	AVERAGE SERVICE LIFE IN YEARS (c)	AVERAGE NET SALVAGE IN PERCENT (d)	DEPRECIATION RATE APPLIED IN PERCENT (100% - D) / C (e)
354	Structures and Improvements	32		3.13%
355	Power Generation Equipment			
360	Collection Sewers - Force	30		3.33%
361	Collection Sewers - Gravity	45		2.22%
362	Special Collecting Structures	40		2.50%
363	Services to Customers	38		2.63%
364	Flow Measuring Devices	5		20.00%
365	Flow Measuring Installations	38		2.63%
366	Reuse Services			
367	Reuse Meters and Meter Installations			
370	Receiving Wells	30		3.33%
371	Pumping Equipment	18		5.56%
375	Reuse Transmission and Distribution System			
380	Treatment and Disposal Equipment	18		5.56%
381	Plant Sewers	35		2.86%
382	Outfall Sewer Lines			
389	Other Plant Miscellaneous Equipment	18		5.56%
390	Office Furniture and Equipment	15		6.67%
391	Transportation Equipment	6		16.67%
392	Stores Equipment	18		5.56%
393	Tools, Shop and Garage Equipment	16		6.25%
394	Laboratory Equipment			
395	Power Operated Equipment	12		8.33%
396	Communication Equipment	10		10.00%
397	Miscellaneous Equipment	15		6.67%
398	Other Tangible Plant	10		10.00%
351 & 352	Organization & Franchise	40		2.50%
	Wastewater Plant Composite Depreciation Rate *	N/A		N/A

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

YEAR OF REPORT
December 31, 2001

UTILITY NAME: Highlands Utilities Corporation

SYSTEM NAME / COUNTY: Highlands

ANALYSIS OF ENTRIES IN WASTEWATER ACCUMULATED DEPRECIATION

ACCT. NO.	ACCOUNT NAME	BALANCE AT BEGINNING OF YEAR	ACCRUALS	OTHER CREDITS *	TOTAL CREDITS (d+e)
(a)	(b)	(c)	(d)	(e)	(f)
354	Structures and Improvements	\$ 18,111	\$ 2,601		\$ 20,712
355	Power Generation Equipment				
360	Collection Sewers - Force	97,848	7,668		105,516
361	Collection Sewers - Gravity	117,829	5,551		123,380
362	Special Collecting Structures	488	33		521
363	Services to Customers	620	45		665
364	Flow Measuring Devices	6,554	1,311		7,865
365	Flow Measuring Installations	1,227	52		1,279
366	Reuse Services				
367	Reuse Meters and Meter Installations				
370	Receiving Wells	35,621	2,323		37,944
371	Pumping Equipment	103,054	14,664		117,718
375	Reuse Transmission and Distribution System				
380	Treatment and Disposal Equipment	333,096	37,720		370,816
381	Plant Sewers	1,565	119		1,684
382	Outfall Sewer Lines				
389	Other Plant Miscellaneous Equipment	6,219	542		6,761
390	Office Furniture and Equipment	15,082	1,427		16,509
391	Transportation Equipment	22,316	16,928		39,244
392	Stores Equipment	1,188	89		1,277
393	Tools, Shop and Garage Equipment	- 0 -	575		575
394	Laboratory Equipment				
395	Power Operated Equipment	3,359	374		3,733
396	Communication Equipment	1,359	103		1,462
397	Miscellaneous Equipment	6,506	434		6,940
398	Other Tangible Plant	13,450	1,994		15,444
351 & 352	Organization & Franchise	2,375	317		2,692
	Total Depreciable Wastewater Plant in Service	\$ 787,867	\$ 94,870		\$ 882,737

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

S-6(a)
GROUP _____

UTILITY NAME: Highlands Utilities Corporation

SYSTEM NAME / COUNTY: Highlands

YEAR OF REPORT
December 31, 2001

ANALYSIS OF ENTRIES IN WASTEWATER ACCUMULATED DEPRECIATION

ACCT. NO.	ACCOUNT NAME	PLANT RETIRED	SAVAGE AND INSURANCE	COST OF REMOVAL AND OTHER CHARGES	TOTAL CHARGES (g-h+i)	BALANCE AT END OF YEAR (c+f-j)
(a)	(b)	(g)	(h)	(i)	(j)	(k)
354	Structures and Improvements					\$ 20,712
355	Power Generation Equipment					
360	Collection Sewers - Force					105,516
361	Collection Sewers - Gravity					123,380
362	Special Collecting Structures					521
363	Services to Customers					665
364	Flow Measuring Devices					7,865
365	Flow Measuring Installations					1,279
366	Reuse Services					
367	Reuse Meters and Meter Installations					
370	Receiving Wells					37,944
371	Pumping Equipment					117,718
375	Reuse Transmission and Distribution System					
380	Treatment and Disposal Equipment					370,816
381	Plant Sewers					1,684
382	Outfall Sewer Lines					
389	Other Plant Miscellaneous Equipment					6,761
390	Office Furniture and Equipment	4,660			4,660	11,849
391	Transportation Equipment	36,580	16,000		20,580	18,664
392	Stores Equipment					1,277
393	Tools, Shop and Garage Equipment	1,516			1,516	(941)
394	Laboratory Equipment					
395	Power Operated Equipment	5,475			5,475	(1,742)
396	Communication Equipment	765			765	697
397	Miscellaneous Equipment					6,940
398	Other Tangible Plant					15,444
351 & 352	Organization & Franchise					2,692
	Total Depreciable Wastewater Plant in Service	\$ 48,996	\$ 16,000	\$	\$ 32,996	\$ 849,741

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

S-6(b)
GROUP _____

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 2001

SYSTEM NAME / COUNTY : Highlands

WASTEWATER CIAC SCHEDULE "A"

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

DESCRIPTION OF CHARGE (a)	NUMBER OF CONNECTIONS (b)	CHARGE PER CONNECTION (c)	AMOUNT (d)
_____	_____	\$ _____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total Credits			\$ _____

ACCUMULATED AMORTIZATION OF WASTEWATER CONTRIBUTIONS IN AID OF CONSTRUCTION

DESCRIPTION (a)	WASTEWATER (b)
Balance first of year	\$ 541,073
Debits during the year:	
Accruals charged to Account 272	\$ 62,178
Other debits (specify):	_____
_____	_____
Total debits	\$ 62,178
Credits during the year (specify):	\$ _____
_____	_____
Total credits	\$ _____
Balance end of year	\$ 603,251

UTILITY NAME: Highlands utilities Corporation

YEAR OF REPORT December 31, 2001
--

SYSTEM NAME / COUNTY : Highlands

WASTEWATER OPERATING REVENUE

ACCT. NO. (a)	DESCRIPTION (b)	BEGINNING YEAR NO. CUSTOMERS * (c)	YEAR END NUMBER OF CUSTOMERS * (d)	AMOUNTS (e)
WASTEWATER SALES				
521.1	Flat Rate Revenues: Residential Revenues			\$
521.2	Commercial Revenues			
521.3	Industrial Revenues			
521.4	Revenues From Public Authorities			
521.5	Multiple Family Dwelling Revenues			
521.6	Other Revenues			
521	Total Flat Rate Revenues			\$
522.1	Measured Revenues: Residential Revenues	1,216	1,248	279,187
522.2	Commercial Revenues	133	150	262,577
522.3	Industrial Revenues			
522.4	Revenues From Public Authorities			
522.5	Multiple Family Dwelling Revenues	13	13	33,125
522	Total Measured Revenues	1,362	1,411	\$ 574,889
523	Revenues From Public Authorities			
524	Revenues From Other Systems			
525	Interdepartmental Revenues			
Total Wastewater Sales		<u>1,362</u>	<u>1,411</u>	\$ <u>574,889</u>
OTHER WASTEWATER REVENUES				
530	Guaranteed Revenues			\$
531	Sale of Sludge			
532	Forfeited Discounts			
534	Rents From Wastewater Property			
535	Interdepartmental Rents			
536	Other Wastewater Revenues (Including Allowance for Funds Prudently Invested or AFPI)			4,322
Total Other Wastewater Revenues				\$ 4,322

* Customer is defined by Rule 25-30.210(1), Florida Administrative Code.

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT December 31, 2001
--

SYSTEM NAME / COUNTY : Highlands

WASTEWATER OPERATING REVENUE

ACCT. NO. (a)	DESCRIPTION (b)	BEGINNING YEAR NO. CUSTOMERS * (c)	YEAR END NUMBER OF CUSTOMERS * (d)	AMOUNTS (e)
RECLAIMED WATER SALES				
540.1	Flat Rate Reuse Revenues: Residential Reuse Revenues			\$ _____
540.2	Commercial Reuse Revenues			_____
540.3	Industrial Reuse Revenues			_____
540.4	Reuse Revenues From Public Authorities			_____
540.5	Other Revenues			_____
540	Total Flat Rate Reuse Revenues			\$ _____
541.1	Measured Reuse Revenues: Residential Reuse Revenues			_____
541.2	Commercial Reuse Revenues			_____
541.3	Industrial Reuse Revenues			_____
541.4	Reuse Revenues From Public Authorities			_____
541	Total Measured Reuse Revenues			\$ _____
544	Reuse Revenues From Other Systems			_____
Total Reclaimed Water Sales				\$ _____
Total Wastewater Operating Revenues				\$ <u>579,211</u>

* Customer is defined by Rule 25-30.210(1), Florida Administrative Code.

UTILITY NAME: Highlands Utilities Corporation

SYSTEM NAME / COUNTY: Highlands

YEAR OF REPORT
December 31, 2001

WASTEWATER UTILITY EXPENSE ACCOUNT MATRIX

ACCT. NO.	ACCOUNT NAME	CURRENT YEAR	1 COLLECTION EXPENSES- OPERATIONS	2 COLLECTION EXPENSES- MAINTENANCE	3 PUMPING EXPENSES - OPERATIONS	4 PUMPING EXPENSES - MAINTENANCE	5 TREATMENT & DISPOSAL EXPENSES - OPERATIONS	6 TREATMENT & DISPOSAL EXPENSES - MAINTENANCE
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
701	Salaries and Wages - Employees	\$ 22,669					\$ 15,415	\$
703	Directors and Majority Stockholders	160,759					79,989	
704	Employee Pensions and Benefits	2,328						
710	Purchased Sewage Treatment							
711	Sludge Removal Expense	15,157					15,157	
715	Purchased Power	56,584			20,686		32,575	
716	Fuel for Power Purchased						17,730	
718	Chemicals	17,730					77	
720	Materials and Supplies	33,437		1,619	42	4,415		11,707
731	Contractual Services-Engineering	3,668						
732	Contractual Services - Accounting	10,044						
733	Contractual Services - Legal	2,540						
734	Contractual Services - Mgt. Fees							
735	Contractual Services - Testing							
736	Contractual Services - Other	64,570		4,946	150	5,827	19,840	748
741	Rental of Building/Real Property	15,325						
742	Rental of Equipment	2,205						
750	Transportation Expenses	13,478						
756	Insurance - Vehicle	6,238						
757	Insurance - General Liability							
758	Insurance - Workman's Comp.	3,546						
759	Insurance - Other	19,554						
760	Advertising Expense	801						
766	Regulatory Commission Expenses							
767	- Amortization of Rate Case Expense							
770	Regulatory Commission Exp.-Other							
775	Bad Debt Expense	3,403						
	Miscellaneous Expenses	6,028					106	
	Total Wastewater Utility Expenses	\$ 460,064	\$	\$ 6,565	\$ 20,878	\$ 10,242	\$ 180,889	\$ 12,455

UTILITY NAME: Highlands Utilities Corporation

SYSTEM NAME / COUNTY : Highlands

YEAR OF REPORT
December 31, 2001

WASTEWATER UTILITY EXPENSE ACCOUNT MATRIX

ACCT. NO.	ACCOUNT NAME	7 CUSTOMER ACCOUNTS EXPENSE	8 ADMIN. & GENERAL EXPENSES	9 RECLAIMED WATER TREATMENT EXPENSES- OPERATIONS	10 RECLAIMED WATER TREATMENT EXPENSES- MAINTENANCE	11 RECLAIMED WATER DISTRIBUTION EXPENSES- OPERATIONS	12 RECLAIMED WATER DISTRIBUTION EXPENSES- MAINTENANCE
(a)	(b)	(j)	(k)	(l)	(m)	(n)	(o)
701	Salaries and Wages - Employees		7,254				
703	Salaries and Wages - Officers, Directors and Majority Stockholders		80,770				
704	Employee Pensions and Benefits		2,328				
710	Purchased Sewage Treatment						
711	Sludge Removal Expense		3,323				
715	Purchased Power						
716	Fuel for Power Purchased						
718	Chemicals						
720	Materials and Supplies		15,577				
731	Contractual Services-Engineering		3,668				
732	Contractual Services - Accounting		10,044				
733	Contractual Services - Legal		2,540				
734	Contractual Services - Mgt. Fees						
735	Contractual Services - Testing		33,059				
736	Contractual Services - Other		15,325				
741	Rental of Building/Real Property		2,205				
742	Rental of Equipment		13,478				
750	Transportation Expenses		6,238				
756	Insurance - Vehicle						
757	Insurance - General Liability						
758	Insurance - Workman's Comp.		3,546				
759	Insurance - Other		19,554				
760	Advertising Expense		801				
766	Regulatory Commission Expenses - Amortization of Rate Case Expense						
767	Regulatory Commission Exp-Other						
770	Bad Debt Expense	3,403					
775	Miscellaneous Expenses		5,922				
Total Wastewater Utility Expenses		\$ 3,403	\$ 225,632	\$	\$	\$	\$

S-10(b)
GROUP

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT December 31, 2001
--

SYSTEM NAME / COUNTY: Highlands

CALCULATION OF THE WASTEWATER SYSTEM METER EQUIVALENTS

WATER METER SIZE (a)	TYPE OF WATER METER (b)	EQUIVALENT FACTOR (c)	NUMBER OF WATER METERS (d)	TOTAL NUMBER OF METER EQUIVALENTS (c x d) (e)
All Residential		1.0	1,350	1,350.00
5/8"	Displacement	1.0		
3/4"	Displacement	1.5		
1"	Displacement	2.5	21	52.50
1 1/2"	Displacement or Turbine	5.0	9	45.00
2"	Displacement, Compound or Turbine	8.0	20	160.00
3"	Displacement	15.0	8	120.00
3"	Compound	16.0		
3"	Turbine	17.5		
4"	Displacement or Compound	25.0	3	75.00
4"	Turbine	30.0		
6"	Displacement or Compound	50.0		
6"	Turbine	62.5		
8"	Compound	80.0		
8"	Turbine	90.0		
10"	Compound	115.0		
10"	Turbine	145.0		
12"	Turbine	215.0		
Total Wastewater System Meter Equivalents				<u>1,802.50</u>

CALCULATION OF THE WASTEWATER SYSTEM EQUIVALENT RESIDENTIAL CONNECTIONS

Provide a calculation used to determine the value of one wastewater equivalent residential connection (ERC).

Use one of the following methods:

(a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365 days.

(b) If no historical flow data are available, use:

$$ERC = (\text{Total SFR gallons treated (Omit 000)} / 365 \text{ days} / 280 \text{ gallons per day})$$

For wastewater only utilities:

Subtract all general use and other non residential customer gallons from the total gallons treated.

Divide the remainder (SFR customers) by 365 days to reveal single family residence customer gallons per day.

NOTE: Total gallons treated includes both treated and purchased treatment.

<p>ERC Calculation:</p> $30,545 \div 1,129.60 \div 365 = .0741 \text{ ERC's}$

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 2001

SYSTEM NAME / COUNTY: Highlands - Western Boulevard

WASTEWATER TREATMENT PLANT INFORMATION

Provide a separate sheet for each wastewater treatment facility

Permitted Capacity	0.20 MGD		
Basis of Permit Capacity (1)	0.20 MGD		
Manufacturer	Defiance/Pugh		
Type (2)	Extended Aeration		
Hydraulic Capacity	0.200 MGD		
Average Daily Flow	0.1558 MGD		
Total Gallons of Wastewater Treated	58.5330 MG		
Method of Effluent Disposal	Percolation 2 Ponds		

(1) Basis of permitted capacity as stated on the Florida DEP WWTP Operating Permit
(i.e. average annual daily flow, etc.)

(2) Contact stabilization, advanced treatment, etc.

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 2001

SYSTEM NAME / COUNTY: Highlands - Clearview Plant

WASTEWATER TREATMENT PLANT INFORMATION

Provide a separate sheet for each wastewater treatment facility

Permitted Capacity	0.0350 MGD		
Basis of Permit Capacity (1)	0.0350 MGD		
Manufacturer	Defiance/Pugh		
Type (2)	Extended Aeration		
Hydraulic Capacity	0.0350 MGD		
Average Daily Flow	0.0243 MGD		
Total Gallons of Wastewater Treated	8,977 MG		
Method of Effluent Disposal	Percolation 2 Ponds		

(1) Basis of permitted capacity as stated on the Florida DEP WWTP Operating Permit
(i.e. average annual daily flow, etc.)

(2) Contact stabilization, advanced treatment, etc.

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 2001

SYSTEM NAME / COUNTY: Highlands - Brunners

WASTEWATER TREATMENT PLANT INFORMATION

Provide a separate sheet for each wastewater treatment facility

Permitted Capacity	0.0150 MGD		
Basis of Permit Capacity (1)	0.0150 MGD		
Manufacturer	Defiance/Pugh		
Type (2)	Extended Aeration		
Hydraulic Capacity	0.015 MGD		
Average Daily Flow	0.0065 MGD		
Total Gallons of Wastewater Treated	2.7790 MG		
Method of Effluent Disposal	Percolation 2 Ponds		

(1) Basis of permitted capacity as stated on the Florida DEP WWTP Operating Permit
(i.e. average annual daily flow, etc.)

(2) Contact stabilization, advanced treatment, etc.

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 2001

SYSTEM NAME / COUNTY: Highlands - South Plant

WASTEWATER TREATMENT PLANT INFORMATION

Provide a separate sheet for each wastewater treatment facility

Permitted Capacity	0.060 MGD		
Basis of Permit Capacity (1)	0.060 MGD		
Manufacturer	Defiance/Pugh		
Type (2)	Extended Aeration		
Hydraulic Capacity	0.060 MGD		
Average Daily Flow	0.0657 MGD		
Total Gallons of Wastewater Treated	24,4390 MG		
Method of Effluent Disposal	Percolation 2 Ponds		

(1) Basis of permitted capacity as stated on the Florida DEP WWTP Operating Permit
(i.e. average annual daily flow, etc.)

(2) Contact stabilization, advanced treatment, etc.

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT

December 31, 2001

SYSTEM NAME / COUNTY : Highlands

OTHER WASTEWATER SYSTEM INFORMATION

Furnish information below for each system. A separate page should be supplied where necessary.

1. Present number of ERCs* now being served 1,248

2. Maximum number of ERCs* which can be served 1,127.26

3. Present system connection capacity (in ERCs*) using existing lines 1,127.26

4. Future connection capacity (in ERCs*) upon service area buildout N/A

5. Estimated annual increase in ERCs* N/A

6. Describe any plans and estimated completion dates for any enlargements or improvements of this system
None

7. If the utility uses reuse as a means of effluent disposal, attach a list of the reuse end users and the amount of reuse provided to each, if known. N/A

8. If the utility does not engage in reuse, has a reuse feasibility study been completed? No

If so, when? _____

9. Has the utility been required by the DEP or water management district to implement reuse? No

If so, what are the utility's plans to comply with this requirement? _____

10. When did the company last file a capacity analysis report with the DEP? N/A

11. If the present system does not meet the requirements of DEP rules:

a. Attach a description of the plant upgrade necessary to meet the DEP rules.

b. Have these plans been approved by DEP? _____

c. When will construction begin? _____

d. Attach plans for funding the required upgrading.

e. Is this system under any Consent Order with DEP? _____

12. Department of Environmental Protection ID # FLA 014369, FLA 014353, FLA 014394, FLA 014328

* An ERC is determined based on the calculation on S-11.

S-13

GROUP _____

SYSTEM _____

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**Reconciliation of Revenue to
Regulatory Assessment Fee Revenue
Wastewater Operations
Class A & B**

Company:
For the Year Ended December 31, 2001

(a)	(b)	(c)	(d)
Accounts	Gross Wastewater Revenues Per Sch. S-9	Gross Wastewater Revenues Per RAF Return	Difference (b) - (c)
Gross Revenue:			
Total Flat-Rate Revenues (521.1 - 521.6)	\$ _____	\$ _____	\$ _____
Total Measured Revenues (522.1 - 522.5)	574,889	574,889	
Revenues from Public Authorities (523)	_____	_____	
Revenues from Other Systems (524)	_____	_____	
Interdepartmental Revenues (525)	_____	_____	
Total Other Wastewater Revenues (530 - 536)	4,322	4,322	
Reclaimed Water Sales (540.1 - 544)	_____	_____	
Total Wastewater Operating Revenue	\$ 579,211	\$ 579,211	\$
LESS: Expense for Purchased Wastewater from FPSC-Regulated Utility	_____	_____	_____
Net Wastewater Operating Revenues	\$ 579,211	\$ 579,211	\$

Explanations:

Instructions:

For the current year, reconcile the gross wastewater revenues reported on Schedule S-9 with the gross wastewater revenues reported on the company's regulatory assessment fee return. Explain any differences reported in column (d).

