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(Gross Revenue of More Than \$200,000 Each)

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MAR 10 2003

Florida Public Service Commission  
Division of Water and Wastewater

ANNUAL REPORT

OF  
SU299-02-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, 2002

RECEIVED  
FLORIDA PUBLIC SERVICE  
COMMISSION  
DIVISION OF  
ECONOMIC REGULATION  
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# *Williams & Sherman*

CERTIFIED PUBLIC ACCOUNTANTS

FRANK L. WILLIAMS, CPA  
LISA SHERMAN, CPA

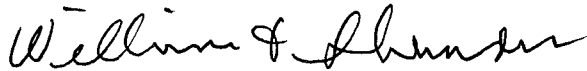
111 PARK AVENUE EAST  
LAKE PLACID, FL 33852-6362  
(863) 465-2835  
FAX (863) 465-3323

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

We have compiled the comparative balance sheets of Highlands Utilities Corporation as of December 31, 2002 and 2001, and the related comparative 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 and supplementary information 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.



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Williams & Sherman, CPA's

March 3, 2003

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# **EXECUTIVE SUMMARY**

**CERTIFICATION OF ANNUAL REPORT**

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

- |   |                          |    |                                     |                          |   |
|---|--------------------------|----|-------------------------------------|--------------------------|---|
| <table border="0"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table> | YES                      | NO | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <p>1. The utility is in substantial compliance with the Uniform System of Accounts prescribed by the Florida Public Service Commission.</p>   |
| YES   | NO                       |    |                                     |                          |   |
| <input checked="" type="checkbox"/>   | <input type="checkbox"/> |    |                                     |                          |   |
| <table border="0"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table> | YES                      | NO | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <p>2. The utility is in substantial compliance with all applicable rules and orders of the Florida Public Service Commission.</p>   |
| YES   | NO                       |    |                                     |                          |   |
| <input checked="" type="checkbox"/>   | <input type="checkbox"/> |    |                                     |                          |   |
| <table border="0"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table> | YES                      | NO | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <p>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.</p>  |
| YES   | NO                       |    |                                     |                          |   |
| <input checked="" type="checkbox"/>   | <input type="checkbox"/> |    |                                     |                          |   |
| <table border="0"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table> | YES                      | NO | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <p>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.</p> |
| YES   | NO                       |    |                                     |                          |   |
| <input checked="" type="checkbox"/>   | <input type="checkbox"/> |    |                                     |                          |   |

Items Certified

1.	2.	3.	4.
X	X	X	X

1.	2.	3.	4.
X	X	X	X

  
 \_\_\_\_\_  
 (Signature of Chief Executive Officer of the utility) \*

  
 \_\_\_\_\_  
 (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, 2002

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, 2002

### 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 wastewater collection and treatment in both Sebring and Lake Placid, Florida.
- C. To give customers quality wastewater service at the lowest possible price while at the same time maintain company profitability.
- D. Only one division.
- E. Expansion as needed.

**PARENT / AFFILIATE ORGANIZATION CHART**

Current as of March 3, 2003

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

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2002
--

**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%	39,513

**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)
			\$

**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.

<b>NAME OF OFFICER, DIRECTOR OR AFFILIATE (a)</b>	<b>IDENTIFICATION OF SERVICE OR PRODUCT (b)</b>	<b>AMOUNT (c)</b>	<b>NAME AND ADDRESS OF AFFILIATED ENTITY (d)</b>
Dixon Pugh	Operations	\$ 18,698	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

UTILITY NAME: Highlands Utilities Corporation

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

BUSINESS OR SERVICE CONDUCTED (a)	ASSETS		REVENUES		EXPENSES	
	BOOK COST OF ASSETS (b)	ACCOUNT NUMBER (c)	REVENUES GENERATED (d)	ACCOUNT NUMBER (e)	EXPENSES INCURRED (f)	ACCOUNT NUMBER (g)
	\$		\$		\$	

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.

**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

**YEAR OF REPORT**  
 December 31, 2002

UTILITY NAME: Highlands Utilities Corporation

**BUSINESS TRANSACTIONS WITH RELATED PARTIES (Cont'd)**

**Part II. Specific Instructions: Sale, Purchase and Transfer of Assets**  
 3. The columnar instructions follow:

(a) Enter name of related party or company.  
 (b) Describe briefly the type of assets purchased, sold or transferred.  
 (c) Enter the total received or paid. Indicate purchase with "P" and sale with "S".  
 (d) Enter the net book value for each item reported.  
 (e) Enter the net profit or loss for each item 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.

<b>NAME OF COMPANY OR RELATED PARTY (a)</b>	<b>DESCRIPTION OF ITEMS (b)</b>	<b>SALE OR PURCHASE PRICE (c)</b>	<b>NET BOOK VALUE (d)</b>	<b>GAIN OR LOSS (e)</b>	<b>FAIR MARKET VALUE (f)</b>
		\$	\$	\$	\$



# **FINANCIAL SECTION**

UTILITY NAME: Highlands Utilities Corporation

**YEAR OF REPORT**  
December 31, 2002

**COMPARATIVE BALANCE SHEET  
ASSETS AND OTHER DEBITS**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
<b>UTILITY PLANT</b>				
101-106	Utility Plant	F-7	\$ 1,862,254	\$ 1,923,194
108-110	Less: Accumulated Depreciation and Amortization	F-8	849,741	(952,905)
Net Plant			\$ 1,012,513	\$ 970,289
114-115	Utility Plant Acquisition adjustment (Net)	F-7		
116 *	Other Utility Plant Adjustments			
Total Net Utility Plant			\$ 1,012,513	\$ 970,289
<b>OTHER PROPERTY AND INVESTMENTS</b>				
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			\$	\$
<b>CURRENT AND ACCRUED ASSETS</b>				
131	Cash		\$ 27,158	\$ (4,357)
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	50,135	55,035
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			\$ 77,293	\$ 50,678

\* Not Applicable for Class B Utilities

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2002
--

**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	\$ 4,207	\$ 3,984
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		\$ 4,207	\$ 3,984
	TOTAL ASSETS AND OTHER DEBITS		\$ 1,094,013	\$ 1,024,951

\* Not Applicable for Class B Utilities

**NOTES TO THE BALANCE SHEET**

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

**COMPARATIVE BALANCE SHEET  
EQUITY CAPITAL AND LIABILITIES**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
<b>EQUITY CAPITAL</b>				
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	(599,393)	(635,764)
216	Reacquired Capital Stock			
218	Proprietary Capital (Proprietorship and Partnership Only)			
Total Equity Capital			\$ (521,643)	\$(558,014)
<b>LONG TERM DEBT</b>				
221	Bonds	F-15		
222 *	Reacquired Bonds			
223	Advances from Associated Companies	F-17	232,697	263,195
224	Other Long Term Debt	F-17		
Total Long Term Debt			\$ 232,697	\$ 263,195
<b>CURRENT AND ACCRUED LIABILITIES</b>				
231	Accounts Payable		14,128	22,497
232	Notes Payable	F-18	584,145	553,312
233	Accounts Payable to Associated Companies	F-18		
234	Notes Payable to Associated Companies	F-18		
235	Customer Deposits			500
236	Accrued Taxes	W/S-3	8,490	6,634
237	Accrued Interest	F-19	246,874	271,269
238	Accrued Dividends			
239	Matured Long Term Debt			
240	Matured Interest			
241	Miscellaneous Current & Accrued Liabilities	F-20		
Total Current & Accrued Liabilities			\$ 853,637	\$ 854,212

\* Not Applicable for Class B Utilities

**COMPARATIVE BALANCE SHEET  
EQUITY CAPITAL AND LIABILITIES**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
<b>DEFERRED CREDITS</b>				
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			\$ _____	\$ _____
<b>OPERATING RESERVES</b>				
261	Property Insurance Reserve		\$ _____	\$ _____
262	Injuries & Damages Reserve		_____	_____
263	Pensions and Benefits Reserve		_____	_____
265	Miscellaneous Operating Reserves		_____	_____
Total Operating Reserves			\$ _____	\$ _____
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>				
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	603,251	667,015
Total Net C.I.A.C.			\$ 529,322	\$ 465,558
<b>ACCUMULATED DEFERRED INCOME TAXES</b>				
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			\$ -	\$ -
<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>			\$ 1,094,013	\$ 1,024,951

**COMPARATIVE OPERATING STATEMENT**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR * (e)
<b>UTILITY OPERATING INCOME</b>				
400	Operating Revenues	F-3(b)	\$ 579,211	\$ 586,682
469, 530	Less: Guaranteed Revenue and AFPI	F-3(b)		
Net Operating Revenues			\$ 579,211	\$ 586,682
401	Operating Expenses	F-3(b)	\$ 460,064	\$ 460,886
403	Depreciation Expense:	F-3(b)	\$ 94,870	\$ 103,164
	Less: Amortization of CIAC	F-22	62,178	63,764
Net Depreciation Expense			\$ 32,692	\$ 39,400
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	53,657	58,426
409	Current Income Taxes	W/S-3		
410.10	Deferred Federal Income Taxes	W/S-3		
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			\$ 546,413	\$ 558,712
Net Utility Operating Income			\$ 32,798	\$ 27,970
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)]			\$ 32,798	\$ 27,970

\* 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)
	\$ 586,682	\$
\$	\$ 586,682	\$
\$	\$ 460,886	\$
	103,164 63,764	
\$	\$ 39,400	\$
	58,426	
\$	\$ 558,712	\$
\$	\$ 27,970	\$
\$	\$ 27,970	\$

\* 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)]			\$ 32,798	\$ 27,970
<b>OTHER INCOME AND DEDUCTIONS</b>				
415	Revenues-Merchandising, Jobbing, and Contract Deductions		\$	\$
416	Costs & Expenses of Merchandising Jobbing, and Contract Work			
419	Interest and Dividend Income		297	146
421	Nonutility Income		351	-
426	Miscellaneous Nonutility Expenses		(500)	(941)
Total Other Income and Deductions			\$ 148	\$ (795)
<b>TAXES APPLICABLE TO OTHER INCOME</b>				
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			\$	\$
<b>INTEREST EXPENSE</b>				
427	Interest Expense	F-19	\$ 59,136	\$ 63,326
428	Amortization of Debt Discount & Expense	F-13	729	223
429	Amortization of Premium on Debt	F-13		
Total Interest Expense			\$ 59,865	\$ 63,549
<b>EXTRAORDINARY ITEMS</b>				
433	Extraordinary Income		\$	\$
434	Extraordinary Deductions			
409.30	Income Taxes, Extraordinary Items			
Total Extraordinary Items			\$	\$
NET INCOME			\$ (26,919)	\$ (36,374)

Explain Extraordinary Income:

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UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2002
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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	\$	\$ 1,923,194
	Less:			
	Nonused and Useful Plant (1)			
108	Accumulated Depreciation	F-8		952,905
110	Accumulated Amortization	F-8		
271	Contributions In Aid of Construction	F-22		1,132,573
252	Advances for Construction	F-20		
Subtotal			\$	\$ (162,284)
272	Add: Accumulated Amortization of Contributions in Aid of Construction	F-22		667,015
Subtotal			\$	\$ 504,731
114	Plus or Minus: Acquisition Adjustments (2)	F-7		
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7		
	Working Capital Allowance (3)			57,611
	Other (Specify): _____ _____ _____			
RATE BASE			\$	\$ 562,342
NET UTILITY OPERATING INCOME			\$	\$ 27,970
ACHIEVED RATE OF RETURN (Operating Income / Rate Base)				4.97%

**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)**

<b>CLASS OF CAPITAL (a)</b>	<b>DOLLAR AMOUNT (2) (b)</b>	<b>PERCENTAGE OF CAPITAL (c)</b>	<b>ACTUAL COST RATES (3) (d)</b>	<b>WEIGHTED COST (c x d) (e)</b>
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)	263,195	32.23%	7.00%	2.26%
	553,312	67.77%	8.19%	5.55%
<b>Total</b>	<b>\$ 816,507</b>	<b>100.00%</b>		<b>7.81%</b>

(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.



UTILITY NAME: Highlands Utilities Corporation

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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	\$ 1,923,194	\$ _____	\$ _____	\$ 1,923,194
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	\$ 1,923,194	\$ _____	\$ _____	\$ 1,923,194

**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	\$ _____	\$ _____	\$ _____	\$ _____
115	Accumulated Amortization	\$ _____	\$ _____	\$ _____	\$ _____
		_____	_____	_____	_____
		_____	_____	_____	_____
	Total Accumulated Amortization	\$ _____	\$ _____	\$ _____	\$ _____
	Net Acquisition Adjustments	\$ _____	\$ _____	\$ _____	\$ _____

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)
<b>ACCUMULATED DEPRECIATION</b>				
Account 108				
Balance first of year	\$	\$ 849,741	\$	\$ 849,741
Credit during year:				
Accruals charged to:				
Account 108.1 (1)	\$	\$ 103,164	\$	\$ 103,164
Account 108.2 (2)				
Account 108.3 (2)				
Other Accounts (specify):				
Salvage				
Other Credits (Specify):				
<b>Total Credits</b>	\$	\$ 103,164	\$	\$ 103,164
Debits during year:				
Book cost of plant retired				
Cost of Removal				
Other Debits (specify):				
<b>Total Debits</b>	\$	\$	\$	\$
Balance end of year	\$	\$ 952,905	\$	\$ 952,905
<b>ACCUMULATED AMORTIZATION</b>				
Account 110				
Balance first of year	\$	\$	\$	\$
Credit during year:				
Accruals charged to:				
Account 110.2 (2)	\$	\$	\$	\$
Other Accounts (specify):				
<b>Total credits</b>	\$	\$	\$	\$
Debits during year:				
Book cost of plant retired				
Other debits (specify):				
<b>Total Debits</b>	\$	\$	\$	\$
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): <hr/> <hr/> <hr/> <hr/> <hr/>	\$ _____ _____ _____ _____ _____	\$ _____ _____ _____ _____ _____
Total Investment in Associated Companies		\$ _____
UTILITY INVESTMENTS (Account 124): <hr/> <hr/> <hr/> <hr/> <hr/>	\$ _____ _____ _____ _____ _____	\$ _____ _____ _____ _____ _____
Total Utility Investment		\$ _____
OTHER INVESTMENTS (Account 125): <hr/> <hr/> <hr/> <hr/> <hr/>	\$ _____ _____ _____ _____ _____	\$ _____ _____ _____ _____ _____
Total Other Investment		\$ _____
SPECIAL FUNDS (Class A Utilities: Accounts 126 and 127; Class B Utilities: Account 127): <hr/> <hr/> <hr/> <hr/> <hr/>	\$ _____ _____ _____ _____ _____	\$ _____ _____ _____ _____ _____
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	53,535	
Other		
<b>Total Customer Accounts Receivable</b>		\$ 53,535
OTHER ACCOUNTS RECEIVABLE ( Account 142):		
Employee advances	\$ 1,500	
<b>Total Other Accounts Receivable</b>		\$ 1,500
NOTES RECEIVABLE (Account 144):		
	\$	
<b>Total Notes Receivable</b>		\$
<b>Total Accounts and Notes Receivable</b>		\$ 55,035
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		
<b>Total Additions</b>	\$	
Deduct accounts written off during year:		
Utility Accounts		
Others		
<b>Total accounts written off</b>	\$	
<b>Balance end of year</b>		\$
<b>TOTAL ACCOUNTS AND NOTES RECEIVABLE - NET</b>		\$ 55,035



**ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES  
ACCOUNT 145**

Report each account receivable from associated companies separately.

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

**NOTES RECEIVABLE FROM ASSOCIATED COMPANIES  
ACCOUNT 146**

Report each note receivable from associated companies separately.

DESCRIPTION (a)	INTEREST RATE (b)	TOTAL (c)
	%	\$ _____
	%	\$ _____
	%	\$ _____
	%	\$ _____
	%	\$ _____
	%	\$ _____
	%	\$ _____
	%	\$ _____
	%	\$ _____
	%	\$ _____
	%	\$ _____
Total		\$ _____

**MISCELLANEOUS CURRENT AND ACCRUED ASSETS  
ACCOUNT 174**

DESCRIPTION - Provide itemized listing (a)	BALANCE END OF YEAR (b)
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
Total Miscellaneous Current and Accrued Liabilities	\$ _____

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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):	\$ 223	\$ 3,984
<b>Total Unamortized Debt Discount and Expense</b>	\$ 223	\$ 3,984
UNAMORTIZED PREMIUM ON DEBT (Account 251):	\$	\$
<b>Total Unamortized Premium on Debt</b>	\$	\$

**EXTRAORDINARY PROPERTY LOSSES  
ACCOUNT 182**

Report each item separately.

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

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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)	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>Total Deferred Rate Case Expense</b>	\$ <u>_____</u>	\$ <u>_____</u>
OTHER DEFERRED DEBITS (Class A Utilities: Account 186.2):	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>Total Other Deferred Debits</b>	\$ <u>_____</u>	\$ <u>_____</u>
REGULATORY ASSETS (Class A Utilities: Account. 186.3):	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>Total Regulatory Assets</b>	\$ <u>_____</u>	\$ <u>_____</u>
<b>TOTAL MISCELLANEOUS DEFERRED DEBITS</b>	\$ <u>_____</u>	\$ <u>-</u>

**CAPITAL STOCK  
ACCOUNTS 201 AND 204\***

DESCRIPTION (a)	RATE (b)	TOTAL (c)
<b>COMMON STOCK</b>		
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
<b>PREFERRED STOCK</b>		
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)	
	%		\$
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
<b>Total</b>			\$

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

**STATEMENT OF RETAINED EARNINGS**

- Dividends should be shown for each class and series of capital stock. Show amounts as dividends per share.
- 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	\$ (599,390)
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	\$ (36,374)
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	\$ (635,764)
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	_____
214	Total Appropriated Retained Earnings	\$ _____
	Total Retained Earnings	\$ (635,764)
Notes to Statement of Retained Earnings:		

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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.	\$ 263,195
Total	\$ 263,195

**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.)

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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):			
Heartland National Bank	7.00 %	Fixed	\$ 20,885
Dixon Pugh	10.00 %	Fixed	213,017
SunTrust	9.00 %	Fixed	148,027
GMAC	0.90 %	Fixed	20,648
Dixon Pugh	7.25 %	Fixed	124,724
GMAC	0.00 %	Fixed	25,109
Radio Shack	0.00 %	Fixed	552
ASI Acceptance	0.00 %	Fixed	350
Total Account 232			\$ <u>553,312</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 Svcs, Inc.	\$ 175,478	427.1	\$ 16,268	\$ 11,813	\$ 179,933
Total Account 237.1	\$ 175,478		\$ 16,268	\$ 11,813	\$ 179,933
ACCOUNT NO. 237.2 - Accrued Interest on Other Liabilities Customer Deposits	\$ 71,396	427	\$ 47,058	\$ 27,118	\$ 91,336
Notes Payable - Account 232 - Various		427.2			
Total Account 237.2	\$ 71,396		\$ 47,058	\$ 27,118	\$ 91,336
Total Account 237 (1)	\$ 246,874		\$ 63,326	\$ 38,931	\$ 271,269
INTEREST EXPENSED:					
Total accrual Account 237		237	\$ 63,326		
Less Capitalized Interest Portion of AFUDC:					
Net Interest Expensed to Account No. 427 (2)			\$ 63,326		

(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):		
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
<b>Total Regulatory Liabilities</b>	\$ _____	\$ _____
OTHER DEFERRED LIABILITIES (Class A Utilities: Account 253.2):		
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>Total Other Deferred Liabilities</b>	\$ _____	\$ _____
<b>TOTAL OTHER DEFERRED CREDITS</b>	\$ _____	\$ _____

**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	\$ _____	\$ 603,251	\$ _____	\$ 603,251
Debits during the year:	\$ _____	\$ 63,764	\$ _____	\$ 63,764
Credits during the year	\$ _____	\$ _____	\$ _____	\$ _____
Total Accumulated Amortization of Contributions In Aid of Construction	\$ _____	\$ 667,015	\$ _____	\$ 667,015

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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)	\$ (36,374)
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>		869
<u>Interest accrual to related party</u>		19,941
_____		
Income recorded on books not included in return:		
<u>Amortization of CIAC</u>		(63,764)
<u>Accounts receivable adjustment</u>		(4,900)
_____		
Deduction on return not charged against book income:		
<u>Net operating loss carryforward</u>		(234,357)
_____		
_____		
Federal tax net income		\$ (307,571)

Computation of tax :

Taxable Income - Above	\$ (307,571)
Federal Tax	\$ - 0 -
State Tax	\$ - 0 -

N/A

**WATER  
OPERATION  
SECTION**

**WASTEWATER  
OPERATION  
SECTION**



UTILITY NAME: Highlands Utilities Corporation

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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)	\$ 1,923,194
	Less:		
	Nonused and Useful Plant (1)		
108	Accumulated Depreciation	S-6(b)	952,905
110	Accumulated Amortization		
271	Contributions In Aid of Construction	S-7	1,132,573
252	Advances for Construction	F-20	
Subtotal			\$ (162,284)
272	Add: Accumulated Amortization of Contributions in Aid of Construction	S-8(a)	\$ 667,015
Subtotal			\$ 504,731
	Plus or Minus:		
114	Acquisition Adjustments (2)	F-7	
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	
	Working Capital Allowance (3)		57,611
	Other (Specify):		
WASTEWATER RATE BASE			\$ 562,342
WASTEWATER OPERATING INCOME		S-3	\$ 27,970
ACHIEVED RATE OF RETURN (Wastewater Operating Income / Wastewater Rate Base)			4.97%

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.



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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)	\$ 586,682
530	Less: Guaranteed Revenue (and AFPI)	S-9(a)	
	Net Operating Revenues		\$ 586,682
401	Operating Expenses	S-10(a)	\$ 460,886
403	Depreciation Expense	S-6(a)	103,164
	Less: Amortization of CIAC	S-8(a)	63,764
	Net Depreciation Expense		\$ 39,400
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		26,064
408.11	Property Taxes		12,625
408.12	Payroll Taxes		15,215
408.13	Other Taxes and Licenses		4,522
408	Total Taxes Other Than Income		\$ 58,426
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		\$ 558,712
	Utility Operating Income		\$ 27,970
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		\$ 27,970

**YEAR OF REPORT**  
December 31, 2002

**UTILITY NAME:** Highlands Utilities Corporation

**SYSTEM NAME / COUNTY:** Highlands

**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	334		30,833
354	Structures and Improvements	91,502	29,007		120,509
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	272,921			272,921
374	Reuse Distribution Reservoirs		18,420		18,420
375	Reuse Transmission and Distribution System				
380	Treatment and Disposal Equipment	678,425	567		678,992
381	Plant Sewers	4,152	1,430		5,582
382	Outfall Sewer Lines				
389	Other Plant Miscellaneous Equipment	9,756			9,756
390	Office Furniture and Equipment	19,735	6,944		26,679
391	Transportation Equipment	139,398	2,007		141,405
392	Stores Equipment	1,607			1,607
393	Tools, Shop and Garage Equipment	11,070	2,231		13,301
394	Laboratory Equipment				
395	Power Operated Equipment	1,749			1,749
396	Communication Equipment	649			649
397	Miscellaneous Equipment	6,514			6,514
398	Other Tangible Plant	19,938			19,938
	Total Wastewater Plant	\$ 1,862,254	\$ 60,940	\$	\$ 1,923,194

**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 (b)	.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		30,833					
354	Structures and Improvements		120,509					
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			291,341				
374	Reuse Distribution Reservoirs				678,992			
375	Reuse Transmission and Distribution System				5,582			
380	Treatment and Disposal Equipment							26,679
381	Plant Sewers							141,405
382	Outfall Sewer Lines							1,607
389	Other Plant Miscellaneous Equipment				9,756			13,301
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	\$ 643,236	\$ 361,094	\$ 694,330	\$	\$	\$ 211,842

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, 2002

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, 2002

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	ACCUALS	OTHER CREDITS *	TOTAL CREDITS (d+e)
(a)	(b)	(c)	(d)	(e)	(f)
354	Structures and Improvements	\$ 20,712	\$ 3,318		\$ 3,318
355	Power Generation Equipment				
360	Collection Sewers - Force	105,516	7,668		7,668
361	Collection Sewers - Gravity	123,380	5,551		5,551
362	Special Collecting Structures	521	33		33
363	Services to Customers	665	45		45
364	Flow Measuring Devices	7,865	1,311		1,311
365	Flow Measuring Installations	1,279	52		52
366	Reuse Services				
367	Reuse Meters and Meter Installations				
370	Receiving Wells	37,944	2,323		2,323
371	Pumping Equipment	117,718	15,686		15,686
375	Reuse Transmission and Distribution System				
380	Treatment and Disposal Equipment	370,816	37,736		37,736
381	Plant Sewers	1,684	139		139
382	Outfall Sewer Lines				
389	Other Plant Miscellaneous Equipment	6,761	542		542
390	Office Furniture and Equipment	11,849	1,548		1,548
391	Transportation Equipment	18,664	23,405		23,405
392	Stores Equipment	1,277	89		89
393	Tools, Shop and Garage Equipment	(941)	762		762
394	Laboratory Equipment				
395	Power Operated Equipment	(1,742)	146		146
396	Communication Equipment	697	65		65
397	Miscellaneous Equipment	6,940	434		434
398	Other Tangible Plant	15,444	1,994		1,994
351 & 352	Organization & Franchise	2,692	317		317
	Total Depreciable Wastewater Plant in Service	\$ 849,741	\$ 103,164		\$ 103,164

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

S-6(a)  
GROUP \_\_\_\_\_

**YEAR OF REPORT**  
December 31, 2002

**UTILITY NAME:** Highlands Utilities Corporation

**SYSTEM NAME / COUNTY :** Highlands

**ANALYSIS OF ENTRIES IN WASTEWATER ACCUMULATED DEPRECIATION**

ACCT. NO.	ACCOUNT NAME (b)	PLANT RETIRED (g)	SALVAGE AND INSURANCE (h)	COST OF REMOVAL AND OTHER CHARGES (i)	TOTAL CHARGES (g-h+i)	BALANCE AT END OF YEAR (c+f-j) (k)
(a)						
354	Structures and Improvements	\$	\$	\$	\$	\$ 24,030
355	Power Generation Equipment					
360	Collection Sewers - Force					113,184
361	Collection Sewers - Gravity					128,931
362	Special Collecting Structures					554
363	Services to Customers					710
364	Flow Measuring Devices					9,176
365	Flow Measuring Installations					1,331
366	Reuse Services					
367	Reuse Meters and Meter Installations					
370	Receiving Wells					40,267
371	Pumping Equipment					133,404
375	Reuse Transmission and Distribution System					
380	Treatment and Disposal Equipment					408,552
381	Plant Sewers					1,823
382	Outfall Sewer Lines					
389	Other Plant Miscellaneous Equipment					7,303
390	Office Furniture and Equipment					13,397
391	Transportation Equipment					42,069
392	Stores Equipment					1,366
393	Tools, Shop and Garage Equipment					(179)
394	Laboratory Equipment					
395	Power Operated Equipment					(1,596)
396	Communication Equipment					762
397	Miscellaneous Equipment					7,374
398	Other Tangible Plant					17,438
<b>351 &amp; 352 Organization &amp; Franchise Total Depreciable Wastewater Plant in Service</b>						\$ 3,009
						\$ 952,905

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

UTILITY NAME: Highlands Utilities Corporation

**YEAR OF REPORT**  
**December 31, 2002**

SYSTEM NAME / COUNTY: Highlands

**CONTRIBUTIONS IN AID OF CONSTRUCTION  
ACCOUNT 271**

DESCRIPTION (a)	REFERENCE (b)	WASTEWATER (c)
Balance first of year		\$ 1,132,573
Add credits during year:		
Contributions received from Capacity, Main Extension and Customer Connection Charges	S-8(a)	\$
Contributions received from Developer or Contractor Agreements in cash or property	S-8(b)	
Total Credits		\$
Less debits charged during the year (All debits charged during the year must be explained below)		\$
Total Contributions In Aid of Construction		\$ 1,132,573

Explain all debits charged to Account 271 during the year below:

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UTILITY NAME: Highlands Utilities Corporation

**YEAR OF REPORT**  
December 31, 2002

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	\$ 603,251
Debits during the year:	
Accruals charged to Account 272	\$ 63,764
Other debits (specify):	_____
_____	_____
Total debits	\$ 63,764
Credits during the year (specify):	\$ _____
_____	_____
Total credits	\$ _____
Balance end of year	\$ 667,015





UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2002
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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)
<b>WASTEWATER SALES</b>				
	Flat Rate Revenues:			
521.1	Residential Revenues			\$
521.2	Commercial Revenues			
521.3	Industrial Revenues			
521.4	Revenues From Public Authorities			
521.5	Multiple Family Dwelling Revenues			
521.6	Other Revenues			
521	Total Flat Rate Revenues			\$
	Measured Revenues:			
522.1	Residential Revenues	1,248	1,265	288,361
522.2	Commercial Revenues	150	150	255,458
522.3	Industrial Revenues			
522.4	Revenues From Public Authorities			
522.5	Multiple Family Dwelling Revenues	13	13	36,727
522	Total Measured Revenues	1,411	1,428	\$ 580,546
523	Revenues From Public Authorities			
524	Revenues From Other Systems			
525	Interdepartmental Revenues			
Total Wastewater Sales		1,411	1,428	\$ 580,546
<b>OTHER WASTEWATER REVENUES</b>				
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)			6,136
Total Other Wastewater Revenues				\$ 6,136

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

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2002
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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>586,682</u>

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

UTILITY NAME: Highlands Utilities Corporation

SYSTEM NAME / COUNTY: Highlands

WASTEWATER UTILITY EXPENSE ACCOUNT MATRIX

ACCT. NO.	ACCOUNT NAME	CURRENT YEAR	.1 COLLECTION EXPENSES- OPERATIONS (d)	.2 COLLECTION EXPENSES- MAINTENANCE (e)	.3 PUMPING EXPENSES- OPERATIONS (f)	.4 PUMPING EXPENSES- MAINTENANCE (g)	.5 TREATMENT & DISPOSAL EXPENSES - OPERATIONS (h)	.6 TREATMENT & DISPOSAL EXPENSES - MAINTENANCE (i)
701	Salaries and Wages - Employees	\$ 34,561						
703	Salaries and Wages - Officers, Directors and Majority Stockholders	160,395						
704	Employee Pensions and Benefits	2,544						
710	Purchased Sewage Treatment	14,846						
711	Sludge Removal Expense	50,070			20,173			
715	Purchased Power							
716	Fuel for Power Purchased							
718	Chemicals	18,996						
720	Materials and Supplies	24,802		830		299		6,356
731	Contractual Services-Engineering							
732	Contractual Services - Accounting	12,997						
733	Contractual Services - Legal	4,198						
734	Contractual Services - Mgt. Fees							
735	Contractual Services - Testing							
736	Contractual Services - Other	64,820						
741	Rental of Building/Real Property	15,371		2,728		3,299		3,054
742	Rental of Equipment	2,364						
750	Transportation Expenses	15,446						
756	Insurance - Vehicle	3,692						
757	Insurance - General Liability							
758	Insurance - Workman's Comp.	5,378						
759	Insurance - Other	23,187						
760	Advertising Expense	1,031						
766	Regulatory Commission Expenses							
	- Amortization of Rate Case Expense							
767	Regulatory Commission Exp.-Other							
770	Bad Debt Expense	2,305						
775	Miscellaneous Expenses	3,883						
	Total Wastewater Utility Expenses	\$ 460,886	\$	\$ 3,558	\$ 20,263	\$ 3,598	\$ 183,759	\$ 9,410

YEAR OF REPORT  
December 31, 2002

UTILITY NAME: Highlands Utilities Corporation

SYSTEM NAME / COUNTY: Highlands

WASTEWATER UTILITY EXPENSE ACCOUNT MATRIX

ACCT. NO.	ACCOUNT NAME	.7 (i)	.8 (k)	.9 (l)	.10 (m)	.11 (n)	.12 (o)
(a)	(b)	CUSTOMER ACCOUNTS EXPENSE	ADMIN. & GENERAL EXPENSES	RECLAIMED WATER TREATMENT EXPENSES- OPERATIONS	RECLAIMED WATER TREATMENT EXPENSES- MAINTENANCE	RECLAIMED WATER DISTRIBUTION EXPENSES- OPERATIONS	RECLAIMED WATER DISTRIBUTION EXPENSES- MAINTENANCE
		(i)	(k)	(l)	(m)	(n)	(o)
701	Salaries and Wages - Employees		\$ 10,667				
703	Salaries and Wages - Officers, Directors and Majority Stockholders		80,407				
704	Employee Pensions and Benefits		2,544				
710	Purchased Sewage Treatment						
711	Sludge Removal Expense						
715	Purchased Power		3,626				
716	Fuel for Power Purchased						
718	Chemicals						
720	Materials and Supplies		17,022				
731	Contractual Services-Engineering						
732	Contractual Services - Accounting		12,997				
733	Contractual Services - Legal		4,198				
734	Contractual Services - Mgt. Fees						
735	Contractual Services - Testing						
736	Contractual Services - Other						
741	Rental of Building/Real Property		36,180				
742	Rental of Equipment		15,371				
750	Transportation Expenses		2,364				
756	Insurance - Vehicle		15,446				
757	Insurance - General Liability		3,692				
758	Insurance - Workman's Comp.						
759	Insurance - Other		5,378				
760	Advertising Expense		23,187				
766	Regulatory Commission Expenses - Amortization of Rate Case Expense		1,031				
767	Regulatory Commission Exp.-Other						
770	Bad Debt Expense						
775	Miscellaneous Expenses		3,883				
	Total Wastewater Utility Expenses	\$ 2,305	\$ 237,993	\$	\$	\$	\$

S-10(b)  
GROUP

UTILITY NAME: Highlands Utilities Corporation

**YEAR OF REPORT**  
December 31, 2002

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	1,265	1,265.00
5/8"	Displacement	1.0	102	102.00
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>1,819.50</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.

ERC Calculation:

$$30,656,000 \div 1,256.50 \div 365 = 66.84$$

UTILITY NAME: Highlands Utilities Corporation

**YEAR OF REPORT**  
December 31, 2002

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	2.6590 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, 2002

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	0.0000 MGD		
Total Gallons of Wastewater Treated	0.000 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, 2002

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 3,469
2. Maximum number of ERCs\* which can be served 4,638
3. Present system connection capacity (in ERCs\*) using existing lines 4,638
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? N/A
  - c. When will construction begin? N/A
  - d. Attach plans for funding the required upgrading.
  - e. Is this system under any Consent Order with DEP? N/A
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.

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

**Company:**

**For the Year Ended December 31, 2002**

(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)	<u>580,546</u>	<u>580,546</u>	_____
Revenues from Public Authorities (523)	_____	_____	_____
Revenues from Other Systems (524)	_____	_____	_____
Interdepartmental Revenues (525)	_____	_____	_____
Total Other Wastewater Revenues (530 - 536)	<u>6,136</u>	<u>6,136</u>	_____
Reclaimed Water Sales (540.1 - 544)	_____	_____	_____
<b>Total Wastewater Operating Revenue</b>	<b>\$ 586,682</b>	<b>\$ 586,682</b>	<b>\$ _____</b>
<b>LESS: Expense for Purchased Wastewater from FPSC-Regulated Utility</b>	_____	_____	_____
<b>Net Wastewater Operating Revenues</b>	<b>\$ 586,682</b>	<b>\$ 586,682</b>	<b>\$ _____</b>

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).