

OFFICIAL COPY  
DIVISION OF  
WATER AND SEWER  
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CLASS "A" OR "B"

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

# ANNUAL REPORT

OF

SU299-03-AR  
Highlands Utilities Corporation  
720 U.S. Highway 27 South  
Lake Placid, FL 33852-9515

Submitted To The

STATE OF FLORIDA



PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2003

ACCEPTED  
FLORIDA PUBLIC SERVICE  
COMMISSION  
04 MAR 19 PM 4: 17  
DIVISION OF  
ECONOMIC REGULATION

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

**Company:** Highlands Utilities Corporation  
**For the Year Ended December 31, 2003**

(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>598,665</u>	<u>598,665</u>	_____
Revenues from Public Authorities (523)	_____	_____	_____
Revenues from Other Systems (524)	_____	_____	_____
Interdepartmental Revenues (525)	_____	_____	_____
Total Other Wastewater Revenues (530 - 536)	<u>6,041</u>	<u>6,041</u>	_____
Reclaimed Water Sales (540.1 - 544)	_____	_____	_____
<b>Total Wastewater Operating Revenue</b>	<b>\$ 604,706</b>	<b>\$ 604,706</b>	<b>\$ _____</b>
<b>LESS: Expense for Purchased Wastewater from FPSC-Regulated Utility</b>	_____	_____	_____
<b>Net Wastewater Operating Revenues</b>	<b>\$ 604,706</b>	<b>\$ 604,706</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).

# *Williams & Sherman*

CERTIFIED PUBLIC ACCOUNTANTS

FRANK L. WILLIAMS, CPA  
LISA SHERMAN, CPA

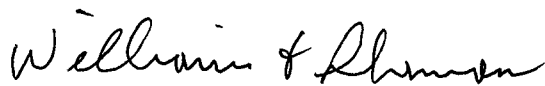
111 EAST PARK AVENUE  
LAKE PLACID, FL 33852-6362  
(863) 465-2835  
FAX (863) 465-3323

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, 2003 and 2002, 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

February 23, 2004

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# **EXECUTIVE SUMMARY**

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT  
December 31, 2003

**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.
X	X	X	X

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

*Dwight W. Gough*  
 (Signature of Chief Executive Officer of the utility) \*

*Terri 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, 2003

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

<b>YEAR OF REPORT</b> December 31, 2003
--

**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.

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2003
--

**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.

<ul style="list-style-type: none"><li>A. Company incorporated July 24, 1981.</li><li>B. Commercial and residential wastewater collection and treatment in both Sebring and Lake Placid, Florida.</li><li>C. To give customers quality wastewater service at the lowest possible price while at the same time maintain company profitability.</li><li>D. Only one division.</li><li>E. Expansion as needed.</li></ul>
--

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT  
December 31, 2003

**PARENT / AFFILIATE ORGANIZATION CHART**

Current as of February 23, 2004

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, 2003
--

**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	100%	\$ 85,860
Sue Pugh	Vice-President	100%	43,990
Lorri Lammie	Sec/Treas	100%	46,375

**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)
			\$

UTILITY NAME: Highlands Utilities Corporation

**YEAR OF REPORT**  
December 31, 2003

**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>
None		\$	

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

**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

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

<p><b>Part II. Specific Instructions: Sale, Purchase and Transfer of Assets</b></p> <p>3. The columnar instructions follow:</p> <p>(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.</p>					
<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>
1. Enter in this part all transactions relating to the purchase, sale, or transfer of assets.		\$	\$	\$	\$
2. Below are examples of some types of transactions to include: -purchase, sale or transfer of equipment -purchase, sale or transfer of land and structures -purchase, sale or transfer of securities -noncash transfers of assets -noncash dividends other than stock dividends -write-off of bad debts or loans					

# **FINANCIAL SECTION**

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2003
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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)
<b>UTILITY PLANT</b>				
101-106	Utility Plant	F-7	\$ 1,923,194	\$ 1,984,387
108-110	Less: Accumulated Depreciation and Amortization	F-8	(952,905)	1,046,597
Net Plant			\$ 970,289	\$ 937,790
114-115	Utility Plant Acquisition adjustment (Net)	F-7		
116 *	Other Utility Plant Adjustments			
Total Net Utility Plant			\$ 970,289	\$ 937,790
<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		\$ (4,357)	\$ (5,782)
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	55,035	55,445
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			\$ 50,678	\$ 49,663

\* Not Applicable for Class B Utilities

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2003
--

**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	\$ 3,984	\$ 6,776
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			\$ 3,984	\$ 6,776
TOTAL ASSETS AND OTHER DEBITS			\$ 1,024,951	\$ 994,229

\* Not Applicable for Class B Utilities

<p><b><u>NOTES TO THE BALANCE SHEET</u></b></p> <p>The space below is provided for important notes regarding the balance sheet.</p>
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UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2003
--

**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	(635,764)	(716,877)
216	Reacquired Capital Stock			
218	Proprietary Capital (Proprietorship and Partnership Only)			
Total Equity Capital			\$ (558,014)	\$ (639,127)
<b>LONG TERM DEBT</b>				
221	Bonds	F-15		
222 *	Reacquired Bonds			
223	Advances from Associated Companies	F-17	263,195	272,595
224	Other Long Term Debt	F-17		
Total Long Term Debt			\$ 263,195	\$ 272,595
<b>CURRENT AND ACCRUED LIABILITIES</b>				
231	Accounts Payable		22,497	30,602
232	Notes Payable	F-18	553,312	615,022
233	Accounts Payable to Associated Companies	F-18		
234	Notes Payable to Associated Companies	F-18		
235	Customer Deposits		500	500
236	Accrued Taxes	W/S-3	6,634	7,735
237	Accrued Interest	F-19	271,269	305,105
238	Accrued Dividends			
239	Matured Long Term Debt			
240	Matured Interest			
241	Miscellaneous Current & Accrued Liabilities	F-20		
Total Current & Accrued Liabilities			\$ 854,212	\$ 958,964

\* Not Applicable for Class B Utilities

UTILITY NAME: Highlands Utilities Corporation

**YEAR OF REPORT**  
December 31, 2003

**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	667,015	730,779
Total Net C.I.A.C.			\$ 465,558	\$ 401,794
<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>			\$ 1,024,951	\$ 994,226

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2003
--

**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)	\$ 586,682	\$ 604,706
469, 530	Less: Guaranteed Revenue and AFPI	F-3(b)		
Net Operating Revenues			\$ 586,682	\$ 604,706
401	Operating Expenses	F-3(b)	\$ 460,886	\$ 521,420
403	Depreciation Expense:	F-3(b)	\$ 103,164	\$ 106,595
	Less: Amortization of CIAC	F-22	63,764	63,764
Net Depreciation Expense			\$ 39,400	\$ 42,831
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	58,426	58,005
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			\$ 558,712	\$ 622,256
Net Utility Operating Income			\$ 27,970	\$ (17,550)
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)]			\$ 27,970	\$ (17,550)

\* 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)
\$ _____	\$ 604,706	\$ _____
\$ _____	\$ 604,706	\$ _____
\$ _____	\$ 521,420	\$ _____
_____	106,595	_____
_____	63,764	_____
\$ _____	\$ 42,831	\$ _____
_____	58,005	_____
_____	_____	_____
_____	_____	_____
\$ _____	\$ 622,256	\$ _____
\$ _____	\$ (17,550)	\$ _____
_____	_____	_____
_____	_____	_____
\$ _____	\$ (17,550)	\$ _____

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



UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2003
--

**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)]			\$ 27,970	\$ (17,550)
<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		146	99
421	Nonutility Income		-	-
426	Miscellaneous Nonutility Expenses		(941)	(258)
Total Other Income and Deductions			\$ (795)	\$ (159)
<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	\$ 63,326	\$ 59,000
428	Amortization of Debt Discount & Expense	F-13	223	4,404
429	Amortization of Premium on Debt	F-13	_____	_____
Total Interest Expense			\$ 63,549	\$ 63,404
<b>EXTRAORDINARY ITEMS</b>				
433	Extraordinary Income		\$ _____	\$ _____
434	Extraordinary Deductions		_____	_____
409.30	Income Taxes, Extraordinary Items		_____	_____
Total Extraordinary Items			\$ _____	\$ _____
<b>NET INCOME</b>			<b>\$ (36,374)</b>	<b>\$ (81,113)</b>

Explain Extraordinary Income:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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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	\$	\$ 1,984,387
	Less:			
	Nonused and Useful Plant (1)			
108	Accumulated Depreciation	F-8		1,046,597
110	Accumulated Amortization	F-8		
271	Contributions In Aid of Construction	F-22		1,132,573
252	Advances for Construction	F-20		
Subtotal			\$	\$ (194,783)
272	Add: Accumulated Amortization of Contributions in Aid of Construction	F-22		730,779
Subtotal			\$	\$ 535,996
114	Plus or Minus: Acquisition Adjustments (2)	F-7		
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7		
	Working Capital Allowance (3)			65,178
	Other (Specify): _____ _____ _____			
RATE BASE			\$	\$ 601,174
NET UTILITY OPERATING INCOME			\$	\$ (17,550)
ACHIEVED RATE OF RETURN (Operating Income / Rate Base)				(2.92%)

**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) Notes- Assoc	272,595	30.71%	7.00%	2.15%
Notes Payable	615,022	69.29%	6.38%	4.42%
<b>Total</b>	\$ <u>887,617</u>	<u>100.00%</u>		<u>6.57%</u>

(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**

Return on Equity:	<u>Unknown</u> %
Return on Equity:	<u>PSC-94-1234-FOF-SU (11.34%)</u>

**APPROVED AFUDC RATE**

COMPLETION ONLY REQUIRED IF AFUDC WAS CHARGED DURING YEAR

AFUDC rate:	_____ %
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:

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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	\$	\$	\$	\$	\$	\$
Preferred Stock						
Long Term Debt						
Customer Deposits						
Tax Credits - Zero Cost						
Tax Credits - Weighted Cost						
Deferred Inc. Taxes						
Other (Explain) Notes-Assoc	272,595					272,595
Notes Payable	615,022					615,022
Total	\$ 887,617	\$	\$	\$	\$	\$ 887,617

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

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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	\$ 1,984,387	\$ _____	\$ _____	\$ 1,984,387
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	_____	_____	_____	_____
	<b>Total Utility Plant</b>	<b>\$ 1,984,387</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ 1,984,387</b>

**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	\$ _____	\$ _____	\$ _____	\$ _____
		_____	_____	_____	_____
		_____	_____	_____	_____
		_____	_____	_____	_____
	<b>Total Plant Acquisition Adjustments</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
115	Accumulated Amortization	\$ _____	\$ _____	\$ _____	\$ _____
		_____	_____	_____	_____
		_____	_____	_____	_____
		_____	_____	_____	_____
	<b>Total Accumulated Amortization</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
	<b>Net Acquisition Adjustments</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

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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	\$	\$ 952,905	\$	\$ 952,905
Credit during year:				
Accruals charged to:				
Account 108.1 (1)	\$	\$ 106,595	\$	\$ 106,595
Account 108.2 (2)				
Account 108.3 (2)				
Other Accounts (specify):				
Salvage		20,885		20,885
Other Credits (Specify):				
Total Credits	\$	\$ 127,480	\$	\$ 127,480
Debits during year:				
Book cost of plant retired		33,788		33,788
Cost of Removal				
Other Debits (specify):				
Total Debits	\$	\$ 33,788	\$	\$ 33,788
Balance end of year	\$	\$ 1,046,597	\$	\$ 1,046,597
<b>ACCUMULATED AMORTIZATION</b>				
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.

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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		\$ _____



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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	53,745	
Other		
Total Customer Accounts Receivable	\$	53,745
OTHER ACCOUNTS RECEIVABLE ( Account 142):		
Employee advances	\$ 1,700	
Total Other Accounts Receivable	\$	1,700
NOTES RECEIVABLE (Account 144 ):		
Total Notes Receivable	\$	
Total Accounts and Notes Receivable	\$	55,445
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	\$	
<b>TOTAL ACCOUNTS AND NOTES RECEIVABLE - NET</b>	<b>\$</b>	<b>55,445</b>

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**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):	\$ 4,404	\$ 6,776
<b>Total Unamortized Debt Discount and Expense</b>	\$ <u>4,404</u>	\$ <u>6,776</u>
UNAMORTIZED PREMIUM ON DEBT (Account 251):	\$	\$
<b>Total Unamortized Premium on Debt</b>	\$ <u>          </u>	\$ <u>          </u>

**EXTRAORDINARY PROPERTY LOSSES  
ACCOUNT 182**

Report each item separately.

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

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

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**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)	
	%		\$
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
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	\$ (635,764)
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	\$ (81,113)
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	\$ (716,877)
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end): _____ _____	_____ _____
214	Total Appropriated Retained Earnings	\$ _____
Total Retained Earnings		\$ (716,877)
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.	\$ 272,595
Total	\$ 272,595

**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):			
Chrysler	0.00 %	Fixed	\$ 32,371
Dixon Pugh	10.00 %	Fixed	268,517
Highlands Independent Bank	4.25 %	Fixed	287,954
GMAC	0.90 %	Fixed	13,626
GMAC	0.00 %	Fixed	12,554
	%		
	%		
	%		
Total Account 232			\$ <u>615,022</u>
NOTES PAYABLE TO ASSOC. COMPANIES (Account 234):			
	%		\$
	%		
	%		
	%		
	%		
	%		
	%		
	%		
Total Account 234			\$ <u>                    </u>

\* 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	\$ <u>                    </u>



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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.	\$ 179,933	427.1	\$ 18,725	\$ 8,992	\$ 189,666
Total Account 237.1	\$ 179,933		\$ 18,725	\$ 8,992	\$ 189,666
ACCOUNT NO. 237.2 - Accrued Interest on Other Liabilities Customer Deposits Notes Payable - Account 232 - Various	\$ 91,336	427 427.2	\$ 40,275	\$ 16,172	\$ 115,439
Total Account 237.2	\$ 91,336		\$ 40,275	\$ 16,172	\$ 115,439
Total Account 237 (1)	\$ 271,269		\$ 59,000	\$ 25,164	\$ 305,105
INTEREST EXPENSED: Total accrual Account 237 Less Capitalized Interest Portion of AFUDC:		237	\$ 59,000		
Net Interest Expensed to Account No. 427 (2)			\$ 59,000		

(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

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**MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES  
ACCOUNT 241**

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

**ADVANCES FOR CONSTRUCTION  
ACCOUNT 252**

NAME OF PAYOR * (a)	BALANCE BEGINNING OF YEAR (b)	DEBITS		CREDITS (e)	BALANCE END OF YEAR (f)
		ACCT. DEBIT (c)	AMOUNT (d)		
\$					
Total	\$				\$

\* Report advances separately by reporting group, designating water or wastewater in column (a).

UTILITY NAME: Highlands Utilities Corporation

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**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	\$ _____	\$ _____
<b>TOTAL OTHER DEFERRED CREDITS</b>	\$ _____	\$ _____

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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	\$ _____	\$ 667,015	\$ _____	\$ 667,015
Debits during the year:	\$ _____	\$ 63,764	\$ _____	\$ 63,764
Credits during the year	\$ _____	\$ _____	\$ _____	\$ _____
Total Accumulated Amortization of Contributions In Aid of Construction	\$ _____	\$ 730,779	\$ _____	\$ 730,779

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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)	\$ (81,113)
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>		7,816
<u>Interest accrual to related party</u>		24,103
<u>Penalties</u>		258
Income recorded on books not included in return:		
<u>Amortization of CIAC</u>		(63,764)
<u>Accounts receivable adjustment</u>		(210)
Deduction on return not charged against book income:		
<u>Net operating loss carryforward</u>		(306,628)
Federal tax net income		\$ (408,524)

Computation of tax :

Taxable Income - Above	\$ (408,524)
Federal Tax	\$ - 0 -
State Tax	\$ - 0 -

**WASTEWATER  
OPERATION  
SECTION**

UTILITY NAME:

Highlands Utilities Corporation

**YEAR OF REPORT**  
December 31, 2003

### WASTEWATER LISTING OF SYSTEM GROUPS

List below the name of each reporting system and its certificate number. Those systems which have been consolidated under the same tariff should be assigned a group number. Each individual system which has not been consolidated should be assigned its own group number.

The wastewater financial schedules (S-2 through S-10) should be filed for the group in total.

The wastewater engineering schedules (S-11 and S-12) must be filed for each system in the group.

All of the following wastewater pages (S-2 through S-12) should be completed for each group and arranged by group number.

SYSTEM NAME / COUNTY	CERTIFICATE NUMBER	GROUP NUMBER
Highlands Utilities Corporation	361-S	N/A

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2003
--

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)	\$ 1,984,387
	Less:		
	Nonused and Useful Plant (1)		
108	Accumulated Depreciation	S-6(b)	1,046,597
110	Accumulated Amortization		
271	Contributions In Aid of Construction	S-7	1,132,573
252	Advances for Construction	F-20	
Subtotal			\$ (194,783)
	Add:		
272	Accumulated Amortization of Contributions in Aid of Construction	S-8(a)	\$ 730,779
Subtotal			\$ 535,996
	Plus or Minus:		
114	Acquisition Adjustments (2)	F-7	
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	
	Working Capital Allowance (3)		65,178
	Other (Specify):		
WASTEWATER RATE BASE			\$ <u>601,174</u>
WASTEWATER OPERATING INCOME		S-3	\$ <u>(17,550)</u>
ACHIEVED RATE OF RETURN (Wastewater Operating Income / Wastewater Rate Base)			<u>(2.92%)</u>

- 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

<b>YEAR OF REPORT</b> December 31, 2003
--

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)	\$ 604,706
530	Less: Guaranteed Revenue (and AFPI)	S-9(a)	
Net Operating Revenues			\$ 604,706
401	Operating Expenses	S-10(a)	\$ 521,420
403	Depreciation Expense	S-6(a)	106,595
	Less: Amortization of CIAC	S-8(a)	63,764
Net Depreciation Expense			\$ 42,831
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		26,401
408.11	Property Taxes		13,213
408.12	Payroll Taxes		15,875
408.13	Other Taxes and Licenses		2,516
408	Total Taxes Other Than Income		\$ 58,005
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			\$ 622,256
Utility Operating Income			\$ (17,550)
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			\$ (17,550)

UTILITY NAME: Highlands Utilities Corporation  
 SYSTEM NAME / COUNTY: Highlands

YEAR OF REPORT  
 December 31, 2003

WASTEWATER UTILITY PLANT ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)
351	Organization	\$ 1,355	0	0	\$ 1,355
352	Franchises	11,337	0	0	11,337
353	Land and Land Rights	30,833	0	0	30,833
354	Structures and Improvements	120,509	8,908	0	129,417
355	Power Generation Equipment				
360	Collection Sewers - Force	230,266	1,000	0	231,266
361	Collection Sewers - Gravity	250,052	0	0	250,052
362	Special Collecting Structures	1,333	0	0	1,333
363	Services to Customers	1,724	317	0	2,041
364	Flow Measuring Devices	6,554	0	0	6,554
365	Flow Measuring Installations	1,965	0	0	1,965
366	Reuse Services				
367	Reuse Meters and Meter Installations				
370	Receiving Wells	69,753	0	0	69,753
371	Pumping Equipment	291,341	32,284	0	323,625
374	Reuse Distribution Reservoirs				
375	Reuse Transmission and Distribution System				
380	Treatment and Disposal Equipment	678,992	1,816	0	680,808
381	Plant Sewers	5,582	0	0	5,582
382	Outfall Sewer Lines				
389	Other Plant Miscellaneous Equipment	9,756	0	0	9,756
390	Office Furniture and Equipment	26,679	7,175	0	33,854
391	Transportation Equipment	141,405	39,561	33,788	147,178
392	Stores Equipment	1,607	0	0	1,607
393	Tools, Shop and Garage Equipment	13,301	220	0	13,521
394	Laboratory Equipment				
395	Power Operated Equipment	1,749	0	0	1,749
396	Communication Equipment	649	0	0	649
397	Miscellaneous Equipment	6,514	3,700	0	10,214
398	Other Tangible Plant	19,938	0	0	19,938
	Total Wastewater Plant	\$ 1,923,194	\$ 94,981	\$ 33,788	\$ 1,984,387

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		30,833					
354	Structures and Improvements		129,417					
355	Power Generation Equipment							
360	Collection Sewers - Force		231,266					
361	Collection Sewers - Gravity		250,052					
362	Special Collecting Structures		1,333					
363	Services to Customers		2,041					
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			323,625				
374	Reuse Distribution Reservoirs							
375	Reuse Transmission and Distribution System				680,808			
					5,582			
380	Treatment and Disposal Equipment				9,756			
381	Plant Sewers							33,854
382	Outfall Sewer Lines							147,178
389	Other Plant Miscellaneous Equipment							1,607
390	Office Furniture and Equipment							13,521
391	Transportation Equipment							1,749
392	Stores Equipment							649
393	Tools, Shop and Garage Equipment							10,214
394	Laboratory Equipment							19,938
395	Power Operated Equipment							
396	Communication Equipment							
397	Miscellaneous Equipment							
398	Other Tangible Plant							
	Total Wastewater Plant	\$ 12,692	\$ 653,461	\$ 393,378	\$ 696,146	\$	\$	\$ 228,710

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, 2003
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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 Wastewater Plant Composite Depreciation Rate *	40 N/A		2.50% N/A

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

UTILITY NAME: Highlands Utilities Corporation

SYSTEM NAME / COUNTY: Highlands

YEAR OF REPORT  
December 31, 2003

ANALYSIS OF ENTRIES IN WASTEWATER ACCUMULATED DEPRECIATION

ACCT. NO.	ACCOUNT NAME (b)	BALANCE AT BEGINNING OF YEAR (c)	ACCRUALS (d)	OTHER CREDITS * (e)	TOTAL CREDITS (d+e) (f)
(a)		\$ 24,030	\$ 3,911	\$ 0	\$ 23,911
354	Structures and Improvements				
355	Power Generation Equipment				
360	Collection Sewers - Force	113,184	7,685		120,869
361	Collection Sewers - Gravity	128,931	5,551		134,482
362	Special Collecting Structures	554	33		587
363	Services to Customers	710	50		760
364	Flow Measuring Devices	9,176	1,311		10,487
365	Flow Measuring Installations	1,331	52		1,383
366	Reuse Services				
367	Reuse Meters and Meter Installations				
370	Receiving Wells	40,267	2,323		42,590
371	Pumping Equipment	133,404	17,096		150,500
375	Reuse Transmission and Distribution System				
380	Treatment and Disposal Equipment	408,552	37,802		446,354
381	Plant Sewers	1,823	160		1,983
382	Outfall Sewer Lines				
389	Other Plant Miscellaneous Equipment	7,303	542		7,845
390	Office Furniture and Equipment	13,397	2,019		15,416
391	Transportation Equipment	42,069	24,053		66,122
392	Stores Equipment	1,366	89		1,455
393	Tools, Shop and Garage Equipment	(179)	838		659
394	Laboratory Equipment				
395	Power Operated Equipment	(1,596)	146		(1,450)
396	Communication Equipment	762	65		827
397	Miscellaneous Equipment	7,374	558		7,932
398	Other Tangible Plant	17,438	1,994		19,432
351 & 351	Organization & Franchise	3,009	317		3,326
	Total Depreciable Wastewater Plant in Service	\$ 952,905	\$ 106,595	\$ 0	\$ 1,059,500

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

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

YEAR OF REPORT  
December 31, 2003

UTILITY NAME: Highlands Utilities Corporation

SYSTEM NAME / COUNTY : Highlands

ANALYSIS OF ENTRIES IN WASTEWATER ACCUMULATED DEPRECIATION

ACCT. NO. (a)	ACCOUNT NAME (b)	PLANT RETIRED (g)	SALVAGE AND INSURANCE (h)	COST OF REMOVAL AND OTHER CHARGES (i)	TOTAL CHARGES (g-h+i) (f)	BALANCE AT END OF YEAR (c+f-j) (k)
354	Structures and Improvements	\$	\$	\$	\$	\$ 27,941
355	Power Generation Equipment					
360	Collection Sewers - Force					120,869
361	Collection Sewers - Gravity					134,482
362	Special Collecting Structures					587
363	Services to Customers					760
364	Flow Measuring Devices					10,487
365	Flow Measuring Installations					1,383
366	Reuse Services					
367	Reuse Meters and Meter Installations					
370	Receiving Wells					
371	Pumping Equipment					42,590
375	Reuse Transmission and Distribution System					150,500
380	Treatment and Disposal Equipment					
381	Plant Sewers					446,354
382	Outfall Sewer Lines					1,983
389	Other Plant Miscellaneous Equipment					7,845
390	Office Furniture and Equipment					15,416
391	Transportation Equipment	33,788	20,885		12,903	53,219
392	Stores Equipment					1,455
393	Tools, Shop and Garage Equipment					659
394	Laboratory Equipment					
395	Power Operated Equipment					(1,450)
396	Communication Equipment					827
397	Miscellaneous Equipment					7,932
398	Other Tangible Plant					19,432
<b>351 &amp; 352 Organization &amp; Franchise</b>						3,326
Total Depreciable Wastewater Plant in Service		\$ 33,788	\$ 20,885	\$	\$ 12,903	\$ 1,046,597

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

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

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2003
--

SYSTEM NAME / COUNTY : Highlands

**CONTRIBUTIONS IN AID OF CONSTRUCTION  
ACCOUNT 271**

<b>DESCRIPTION (a)</b>	<b>REFERENCE (b)</b>	<b>WASTEWATER (c)</b>
Balance first of year		\$ <u>1,132,573</u>
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		\$ <u>1,132,573</u>

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

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UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2003
--

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	\$ 667,015
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	\$ 730,779



UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2003
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SYSTEM NAME / COUNTY: Highlands

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

DESCRIPTION (a)	INDICATE CASH OR PROPERTY (b)	AMOUNT (c)
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
Total Credits		\$ _____

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2003
--

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>				
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	1,265	1,304	298,966
522.2	Commercial Revenues	150	154	263,604
522.3	Industrial Revenues			
522.4	Revenues From Public Authorities			
522.5	Multiple Family Dwelling Revenues	13	12	36,095
522	Total Measured Revenues	1,428	1,470	\$ 598,665
523	Revenues From Public Authorities			
524	Revenues From Other Systems			
525	Interdepartmental Revenues			
Total Wastewater Sales		1,428	1,470	\$ 598,665
<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)			6,041
Total Other Wastewater Revenues				\$ 6,041

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

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2003
--

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>604,706</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 (b)	CURRENT YEAR (c)	.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	\$ 32,154	\$	\$	\$	\$	\$ 25,890	\$
703	Salaries and Wages - Officers, Directors and Majority Stockholders	176,225					85,860	
704	Employee Pensions and Benefits	2,706						
710	Purchased Sewage Treatment							
711	Sludge Removal Expense	16,570					16,570	
715	Purchased Power	52,957			22,536		27,419	
716	Fuel for Power Production							
718	Chemicals	19,864					19,864	
720	Materials and Supplies	32,755				699		8,862
731	Contractual Services-Engineering							
732	Contractual Services - Accounting	13,900						
733	Contractual Services - Legal	1,668						
734	Contractual Services - Mgt. Fees							
735	Contractual Services - Testing							
736	Contractual Services - Other	89,448		8,075			27,166	455
741	Rental of Building/Real Property	16,547						
742	Rental of Equipment	2,507					21	
750	Transportation Expenses	16,398						
756	Insurance - Vehicle	3,899						
757	Insurance - General Liability							
758	Insurance - Workman's Comp.	6,043						
759	Insurance - Other	29,737						
760	Advertising Expense	326						
766	Regulatory Commission Expenses - Amortization of Rate Case Expense							
767	Regulatory Commission Exp.-Other							
770	Bad Debt Expense	2,356						
775	Miscellaneous Expenses	5,360						
	Total Wastewater Utility Expenses	\$ 521,420	\$	\$ 8,075	\$ 22,536	\$ 10,177	\$ 202,790	\$ 9,317

UTILITY NAME: Highlands Utilities Corporation

SYSTEM NAME / COUNTY: Highlands

WASTEWATER UTILITY EXPENSE ACCOUNT MATRIX

ACCT. NO.	ACCOUNT NAME	.7 CUSTOMER ACCOUNTS EXPENSE (j)	.8 ADMIN. & GENERAL EXPENSES (k)	.9 RECLAIMED WATER TREATMENT EXPENSES- OPERATIONS (l)	.10 RECLAIMED WATER TREATMENT EXPENSES- MAINTENANCE (m)	.11 RECLAIMED WATER DISTRIBUTION EXPENSES- OPERATIONS (n)	.12 RECLAIMED WATER DISTRIBUTION EXPENSES- MAINTENANCE (o)
701	Salaries and Wages - Employees	\$	\$ 6,264	\$	\$	\$	\$
703	Salaries and Wages - Officers, Directors and Majority Stockholders		90,365				
704	Employee Pensions and Benefits		2,706				
710	Purchased Sewage Treatment						
711	Sludge Removal Expense		3,002				
715	Purchased Power						
716	Fuel for Power Purchased						
718	Chemicals						
720	Materials and Supplies		23,194				
731	Contractual Services-Engineering						
732	Contractual Services - Accounting		13,900				
733	Contractual Services - Legal		1,668				
734	Contractual Services - Mgt. Fees						
735	Contractual Services - Testing						
736	Contractual Services - Other		44,274				
741	Rental of Building/Real Property		16,547				
742	Rental of Equipment		2,486				
750	Transportation Expenses		16,398				
756	Insurance - Vehicle		3,899				
757	Insurance - General Liability						
758	Insurance - Workman's Comp.		6,043				
759	Insurance - Other		29,737				
760	Advertising Expense		326				
766	Regulatory Commission Expenses						
767	- Amortization of Rate Case Expense						
770	Regulatory Commission Exp.-Other						
775	Bad Debt Expense						
	Miscellaneous Expenses		5,360				
	Total Wastewater Utility Expenses	\$ 2,356	\$ 266,169	\$	\$	\$	\$

UTILITY NAME: Highlands Utilities Corporation

**YEAR OF REPORT**  
December 31, 2003

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	1,304	1,304.00
5/8"	Displacement	1.0	105	105.00
3/4"	Displacement	1.5		
1"	Displacement	2.5	22	55.00
1 1/2"	Displacement or Turbine	5.0	10	50.00
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>1,869.00</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:

$$31,322,000 \div 1,284.50 \div 365 = 66.81$$

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT  
December 31, 2003

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	0.0068 MGD		
Total Gallons of Wastewater Treated	2,4870 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, 2003

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	0.0727 MGD		
Total Gallons of Wastewater Treated	26,551 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, 2003

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	0.1580 MGD		
Total Gallons of Wastewater Treated	57.7000 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.

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GROUP \_\_\_\_\_

SYSTEM \_\_\_\_\_

UTILITY NAME: Highlands Utilities Corporation

**YEAR OF REPORT**  
December 31, 2003

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, 2003

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 3,564

2. Maximum number of ERCs\* which can be served 4,640

3. Present system connection capacity (in ERCs\*) using existing lines 4,640

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.