

**CLASS "A" OR "B"**

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

**ANNUAL REPORT**

OF

SU299-05-AR  
Dixon Pugh  
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, 2005

# *Williams & Sherman*

CERTIFIED PUBLIC ACCOUNTANTS

FRANK L. WILLIAMS, CPA  
LISA SHERMAN, CPA


111 EAST PARK STREET  
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, 2005 and 2004, 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.



Williams & Sherman, CPA's

July 21, 2006

## TABLE OF CONTENTS

SCHEDULE	PAGE	SCHEDULE	PAGE
<b>EXECUTIVE SUMMARY</b>			
Certification	E-1	Business Contracts with Officers, Directors and Affiliates	E-7
General Information	E-2	Affiliation of Officers and Directors	E-8
Directory of Personnel Who Contact the FPSC	E-3	Businesses which are a Byproduct, Coproduct or Joint Product Result of Providing Service	E-9
Company Profile	E-4	Business Transactions with Related Parties. Part I and II	E-10
Parent / Affiliate Organization Chart	E-5		
Compensation of Officers & Directors	E-6		
<b>FINANCIAL SECTION</b>			
Comparative Balance Sheet - Assets and Other Debits	F-1	Unamortized Debt Discount / Expense / Premium	F-13
Comparative Balance Sheet - Equity Capital and Liabilities	F-2	Extraordinary Property Losses	F-13
Comparative Operating Statement	F-3	Miscellaneous Deferred Debits	F-14
Year End Rate Base	F-4	Capital Stock	F-15
Year End Capital Structure	F-5	Bonds	F-15
Capital Structure Adjustments	F-6	Statement of Retained Earnings	F-16
Utility Plant	F-7	Advances from Associated Companies	F-17
Utility Plant Acquisition Adjustments	F-7	Other Long Term Debt	F-17
Accumulated Depreciation	F-8	Notes Payable	F-18
Accumulated Amortization	F-8	Accounts Payable to Associated Companies	F-18
Regulatory Commission Expense - Amortization of Rate Case Expense	F-9	Accrued Interest and Expense	F-19
Nonutility Property	F-9	Miscellaneous Current & Accrued Liabilities	F-20
Special Deposits	F-9	Advances for Construction	F-20
Investments and Special Funds	F-10	Other Deferred Credits	F-21
Accounts and Notes Receivable - Net	F-11	Contributions In Aid of Construction	F-22
Accounts Receivable from Associated Companies	F-12	Accumulated Amortization of CIAC	F-22
Notes Receivable from Associated Companies	F-12	Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	F-23
Miscellaneous Current & Accrued Assets	F-12		

## TABLE OF CONTENTS

SCHEDULE	PAGE	SCHEDULE	PAGE
<b>WATER OPERATION SECTION</b>			
Water Listing of System Groups	W-1	CIAC Additions / Amortization	W-8
Year End Water Rate Base	W-2	Water Operating Revenue	W-9
Water Operating Statement	W-3	Water Utility Expense Accounts	W-10
Water Utility Plant Accounts	W-4	Pumping and Purchased Water Statistics, Source Supply	W-11
Basis for Water Depreciation Charges	W-5	Water Treatment Plant Information	W-12
Analysis of Entries in Water Depreciation Reserve	W-6	Calculation of ERC's	W-13
Contributions In Aid of Construction	W-7	Other Water System Information	W-14
<b>WASTEWATER OPERATION SECTION</b>			
Wastewater Listing of System Groups	S-1	Contributions In Aid of Construction	S-7
Year End Wastewater Rate Base	S-2	CIAC Additions / Amortization	S-8
Wastewater Operating Statement	S-3	Wastewater Operating Revenue	S-9
Wastewater Utility Plant Accounts	S-4	Wastewater Utility Expense Accounts	S-10
Basis for Wastewater Depreciation Charges	S-5	Calculation of ERC's	S-11
Analysis of Entries in Wastewater Depreciation Reserve	S-6	Wastewater Treatment Plant Information	S-12
		Other Wastewater System Information	S-13

# **EXECUTIVE SUMMARY**

UTILITY NAME: Highlands Utilities Corporation

**YEAR OF REPORT**  
December 31, 2005

**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

  
(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, 2005

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, 2005

### 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.

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

**PARENT / AFFILIATE ORGANIZATION CHART**

Current as of January 1, 2006

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, 2005
--

**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%	\$ 91,106
Sue Pugh	Vice-President	100%	46,678
Lorri Lammie	Sec/Treas	100%	49,208

**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)
			\$













**FINANCIAL  
SECTION**

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

**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	\$ 2,017,784	\$ 2,030,913
108-110	Less: Accumulated Depreciation and Amortization	F-8	1,156,131	1,239,078
Net Plant			\$ 861,653	\$ 791,835
114-115	Utility Plant Acquisition adjustment (Net)	F-7		
116 *	Other Utility Plant Adjustments			
Total Net Utility Plant			\$ 861,653	\$ 791,835
<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		\$ 6,636	\$ (10,095)
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	56,716	55,020
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	Miscellaneous Current and Accrued Assets	F-12		
Total Current and Accrued Assets			\$ 63,352	\$ 44,925

\* Not Applicable for Class B Utilities

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

**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	\$ 6,057	\$ 5,337
182	Extraordinary Property Losses	F-13		
183	Preliminary Survey & Investigation Charges			
184	Clearing Accounts			
185 *	Temporary Facilities			
186	Miscellaneous Deferred Debits	F-14		
187 *	Research & Development Expenditures			
190	Accumulated Deferred Income Taxes			
	Total Deferred Debits		\$ 6,057	\$ 5,337
	TOTAL ASSETS AND OTHER DEBITS		\$ 931,062	\$ 842,097

\* Not Applicable for Class B Utilities

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

UTILITY NAME: Highlands Utilities Corporation

**YEAR OF REPORT**  
December 31, 2005

**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	(777,969)	(880,831)
216	Reacquired Capital Stock			
218	Proprietary Capital (Proprietorship and Partnership Only)			
Total Equity Capital			\$ (700,219)	\$ (803,081)
<b>LONG TERM DEBT</b>				
221	Bonds	F-15		
222 *	Reacquired Bonds			
223	Advances from Associated Companies	F-17	260,869	265,490
224	Other Long Term Debt	F-17		
Total Long Term Debt			\$ 260,869	\$ 265,490
<b>CURRENT AND ACCRUED LIABILITIES</b>				
231	Accounts Payable		19,767	20,998
232	Notes Payable	F-18	668,897	714,486
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	16,619	24,071
237	Accrued Interest	F-19	320,930	339,339
238	Accrued Dividends			
239	Matured Long Term Debt			
240	Matured Interest			
241	Miscellaneous Current & Accrued Liabilities	F-20		
Total Current & Accrued Liabilities			\$ 1,026,713	\$ 1,099,394

\* Not Applicable for Class B Utilities

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

**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	\$ 1,138,339	\$ 1,138,339
272	Accumulated Amortization of Contributions in Aid of Construction	F-22	794,640	858,045
Total Net C.I.A.C.			\$ 343,699	\$ 280,294
<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>			\$ 931,062	\$ 842,097

UTILITY NAME: Highlands Utilities Corporation

**YEAR OF REPORT**  
December 31, 2005

**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)	\$ 634,209	\$ 638,388
469, 530	Less: Guaranteed Revenue and AFPI	F-3(b)		
Net Operating Revenues			\$ 634,209	\$ 638,388
401	Operating Expenses	F-3(b)	\$ 532,866	\$ 586,467
403	Depreciation Expense:	F-3(b)	\$ 109,534	\$ 110,710
	Less: Amortization of CIAC	F-22	63,861	63,405
Net Depreciation Expense			\$ 45,673	\$ 47,305
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	57,783	67,072
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			\$ 636,322	\$ 700,844
Net Utility Operating Income			\$ (2,113)	\$ (62,456)
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)]			\$ (2,113)	\$ (62,456)

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

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

**COMPARATIVE OPERATING STATEMENT (Cont'd)**

WATER SCHEDULE W-3 * (f)	WASTEWATER SCHEDULE S-3 * (g)	OTHER THAN REPORTING SYSTEMS (h)
\$ _____	\$ 638,388	\$ _____
\$ _____	\$ 638,388	\$ _____
\$ _____	\$ 586,467	\$ _____
_____	110,710 63,405	_____
\$ _____	\$ 47,305	\$ _____
_____	67,072	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
\$ _____	\$ 700,844	\$ _____
\$ _____	\$ (62,456)	\$ _____
_____	_____	_____
_____	_____	_____
\$ _____	\$ (62,456)	\$ _____

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

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

**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)]			\$ (2,113)	\$ (62,456)
<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		41	6
421	Nonutility Income		-	-
426	Miscellaneous Nonutility Expenses		(5,000)	(1,164)
Total Other Income and Deductions			\$ (4,959)	\$ (1,158)
<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	\$ 26,088	\$ 38,528
428	Amortization of Debt Discount & Expense	F-13	720	720
429	Amortization of Premium on Debt	F-13	_____	_____
Total Interest Expense			\$ 26,808	\$ 39,248
<b>EXTRAORDINARY ITEMS</b>				
433	Extraordinary Income		\$ _____	\$ _____
434	Extraordinary Deductions		_____	_____
409.30	Income Taxes, Extraordinary Items		_____	_____
Total Extraordinary Items			\$ _____	\$ _____
<b>NET INCOME</b>			<u>\$ (33,880)</u>	<u>\$ (102,862)</u>

Explain Extraordinary Income:

---



---



---



---



UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

**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	\$	\$ 2,030,913
	Less:			
	Nonused and Useful Plant (1)			
108	Accumulated Depreciation	F-8		1,239,078
110	Accumulated Amortization	F-8		
271	Contributions in Aid of Construction	F-22		1,138,339
252	Advances for Construction	F-20		
Subtotal			\$	\$ (346,504)
272	Add: Accumulated Amortization of Contributions in Aid of Construction	F-22		858,045
Subtotal			\$	\$ 511,541
114	Plus or Minus: Acquisition Adjustments (2)	F-7		
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7		
	Working Capital Allowance (3)			73,308
	Other (Specify): _____ _____ _____			
RATE BASE			\$	\$ 584,849
NET UTILITY OPERATING INCOME			\$	\$ (62,456)
ACHIEVED RATE OF RETURN (Operating Income / Rate Base)				(10.68%)

**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, 2005
--

**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) Notes-Assoc	265,490	27.09%	1.75%	.47%
Notes Payable	714,486	72.91%	4.89%	3.56%
<b>Total</b>	<b>\$ 979,976</b>	<b>100.00%</b>		<b>4.04%</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>PSC-94-1234-FOF-SU (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

<b>YEAR OF REPORT</b> December 31, 2005
--

**UTILITY PLANT  
ACCOUNTS 101 - 106**

ACCT. NO. (a)	DESCRIPTION (b)	WATER (c)	WASTEWATER (d)	OTHER THAN REPORTING SYSTEMS (e)	TOTAL (f)
101	Plant Accounts: Utility Plant In Service	\$ 2,030,913	\$ _____	\$ _____	\$ 2,030,913
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>	\$ <u>2,030,913</u>	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u>2,030,913</u>

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

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

ACCT. NO. (a)	DESCRIPTION (b)	WATER (c)	WASTEWATER (d)	OTHER THAN REPORTING SYSTEMS (e)	TOTAL (f)
114	Acquisition Adjustment	\$ _____	\$ _____	\$ _____	\$ _____
		_____	_____	_____	_____
		_____	_____	_____	_____
		_____	_____	_____	_____
	<b>Total Plant Acquisition Adjustments</b>	\$ _____	\$ _____	\$ _____	\$ _____
115	Accumulated Amortization	\$ _____	\$ _____	\$ _____	\$ _____
		_____	_____	_____	_____
		_____	_____	_____	_____
		_____	_____	_____	_____
	<b>Total Accumulated Amortization</b>	\$ _____	\$ _____	\$ _____	\$ _____
	<b>Net Acquisition Adjustments</b>	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u>_____</u>

UTILITY NAME: Highlands Utilities Corporation

**YEAR OF REPORT**  
December 31, 2005

**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	\$	\$ 1,156,131	\$	\$ 1,156,131
Credit during year:				
Accruals charged to:				
Account 108.1 (1)	\$	\$ 110,710	\$	\$ 110,710
Account 108.2 (2)				
Account 108.3 (2)				
Other Accounts (specify):				
Salvage				
Other Credits (Specify):				
<b>Total Credits</b>	\$	\$ 110,710	\$	\$ 110,710
Debits during year:				
Book cost of plant retired		27,763		27,763
Cost of Removal				
Other Debits (specify):				
<b>Total Debits</b>	\$	\$ 27,763	\$	\$ 27,763
Balance end of year	\$	\$ 1,239,078	\$	\$ 1,239,078
<b>ACCUMULATED AMORTIZATION</b>				
Account 110				
Balance first of year	\$	\$	\$	\$
Credit during year:				
Accruals charged to:				
Account 110.2 (3)	\$	\$	\$	\$
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

<b>YEAR OF REPORT</b> December 31, 2005
--

**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	\$ _____

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

**INVESTMENTS AND SPECIAL FUNDS**

**ACCOUNTS 123 - 127**

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

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

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

**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	52,620	
Other	_____	
Total Customer Accounts Receivable		\$ 52,620
OTHER ACCOUNTS RECEIVABLE ( Account 142):		
_____	\$ 2,400	
_____	_____	
_____	_____	
Total Other Accounts Receivable		\$ 2,400
NOTES RECEIVABLE (Account 144):		
_____	\$ _____	
_____	_____	
_____	_____	
Total Notes Receivable		\$ 55,020
Total Accounts and Notes Receivable		\$ _____
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>\$ 55,020</b>





UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

**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):	\$ 720	\$ 5,337
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>Total Unamortized Debt Discount and Expense</b>	\$ <u>720</u>	\$ <u>5,337</u>
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>	\$ _____

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

**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>

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

**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

<b>YEAR OF REPORT</b> December 31, 2005
--

**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	\$ (777,969)
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	\$ (102,862)
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	\$ (880,831)
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end): _____	_____
214	Total Appropriated Retained Earnings	\$ _____
	Total Retained Earnings	\$ <u>(880,831)</u>
Notes to Statement of Retained Earnings:		

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

**ADVANCES FROM ASSOCIATED COMPANIES  
ACCOUNT 223**

Report each advance separately.

DESCRIPTION (a)	TOTAL (b)
Advances from Pugh Septic Tank Service, Inc.	\$ 265,490
Total	\$ 265,490

**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

**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	\$ 194,226	427.1	\$ 4,548	\$ -	\$ 198,774
Total Account 237.1	\$ 194,226		\$ 4,548	\$ -	\$ 198,774
ACCOUNT NO. 237.2 - Accrued Interest on Other Liabilities Customer Deposits	\$ 126,704	427			
Notes Payable - Account 232 - Various		427.2	33,980	20,119	140,565
Total Account 237.2	\$ 126,704		\$ 33,980	\$ 20,119	\$ 140,565
Total Account 237 (1)	\$ 320,930		\$ 38,528	\$ 20,119	\$ 339,339
INTEREST EXPENSED:					
Total accrual Account 237		237	38,528		
Less Capitalized Interest Portion of AFUDC:					
Net Interest Expensed to Account No. 427 (2)			\$ 38,528		

(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





UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

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

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

**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	\$ _____	\$ <u>1,138,339</u>	\$ _____	\$ <u>1,138,339</u>
Add credits during year:	\$ _____	\$ _____	\$ _____	\$ _____
Less debit charged during the year	\$ _____	\$ _____	\$ _____	\$ _____
Total Contribution In Aid of Construction	\$ _____	\$ <u>1,138,339</u>	\$ _____	\$ <u>1,138,339</u>

**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	\$ _____	\$ <u>794,640</u>	\$ _____	\$ <u>794,640</u>
Debits during the year:	\$ _____	\$ <u>63,405</u>	\$ _____	\$ <u>63,405</u>
Credits during the year	\$ _____	\$ _____	\$ _____	\$ _____
Total Accumulated Amortization of Contributions In Aid of Construction	\$ _____	\$ <u>858,045</u>	\$ _____	\$ <u>858,045</u>

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

**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)	\$ (102,862)
Reconciling items for the year:		
Taxable income not reported on books:		
<u>Amortization of prior CIAC</u>		<u>10,655</u>
_____		_____
_____		_____
Deductions recorded on books not deducted for return:		
<u>Excess of Book over Tax Depreciation</u>		<u>41,035</u>
<u>Interest accrual to related party</u>		<u>24,103</u>
<u>Penalties</u>		<u>1,164</u>
_____		_____
Income recorded on books not included in return:		
<u>Amortization of CIAC</u>		<u>(63,405)</u>
<u>Accounts receivable adjustment</u>		<u>(210)</u>
_____		_____
Deduction on return not charged against book income:		
<u>Net operating loss carryforward</u>		<u>(480,033)</u>
_____		_____
_____		_____
Federal tax net income		\$ <u>(569,553)</u>

Computation of tax :

Taxable Income - Above	\$ (569,553)
Federal Tax	\$ - 0 -
State Tax	\$ - 0 -

# **WATER OPERATING SECTION**

**Note:** This utility is a wastewater only service; therefore, Pages W-1 through W-14 have been omitted from this report.

**WASTEWATER  
OPERATION  
SECTION**



UTILITY NAME: Highlands Utilities Corporation

**YEAR OF REPORT**  
December 31, 2005

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)	\$ 2,030,913
	Less:		
	Nonused and Useful Plant (1)		
108	Accumulated Depreciation	S-6(b)	1,239,078
110	Accumulated Amortization		
271	Contributions in Aid of Construction	S-7	1,138,339
252	Advances for Construction	F-20	
Subtotal			\$ (346,504)
272	Add: Accumulated Amortization of Contributions in Aid of Construction	S-8(a)	\$ 858,045
Subtotal			\$ 511,541
	Plus or Minus:		
114	Acquisition Adjustments (2)	F-7	
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	
	Working Capital Allowance (3)		73,308
	Other (Specify):		
WASTEWATER RATE BASE			\$ 584,849
WASTEWATER OPERATING INCOME		S-3	\$ (62,456)
ACHIEVED RATE OF RETURN (Wastewater Operating Income / Wastewater Rate Base)			<u>(10.68%)</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, 2006
--

SYSTEM NAME / COUNTY : \_\_\_\_\_

**WASTEWATER OPERATING STATEMENT**

ACCT. NO. (a)	ACCOUNT NAME (b)	REFERENCE PAGE (c)	WASTEWATER UTILITY (d)
	UTILITY OPERATING INCOME		
400	Operating Revenues	S-9(a)	\$ 638,388
530	Less: Guaranteed Revenue (and AFPI)	S-9(a)	
	Net Operating Revenues		\$ 638,388
401	Operating Expenses	S-10(a)	\$ 586,467
403	Depreciation Expense	S-6(a)	110,710
	Less: Amortization of CIAC	S-8(a)	63,405
	Net Depreciation Expense		\$ 47,305
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		28,728
408.11	Property Taxes		17,353
408.12	Payroll Taxes		17,446
408.13	Other Taxes and Licenses		3,545
408	Total Taxes Other Than Income		\$ 67,072
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		\$ 700,844
	Utility Operating Income		\$ (62,456)
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		\$ (62,456)

YEAR OF REPORT  
December 31, 2005

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	30,833			30,833
354	Structures and Improvements	129,417	749		130,166
355	Power Generation Equipment				
360	Collection Sewers - Force	231,266	79		231,345
361	Collection Sewers - Gravity	250,052	294		250,346
362	Special Collecting Structures	1,333			1,333
363	Services to Customers	2,041			2,041
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	347,903	29,506		377,409
374	Reuse Distribution Reservoirs				
375	Reuse Transmission and Distribution System				
380	Treatment and Disposal Equipment	680,808	5,046		685,854
381	Plant Sewers	5,582			5,582
382	Outfall Sewer Lines				
389	Other Plant Miscellaneous Equipment	9,756			9,756
390	Office Furniture and Equipment	38,583	1,558	17,996	22,145
391	Transportation Equipment	147,178			147,178
392	Stores Equipment	1,607			1,607
393	Tools, Shop and Garage Equipment	15,335		1,016	14,319
394	Laboratory Equipment				
395	Power Operated Equipment	1,749		1,749	0
396	Communication Equipment	916		916	0
397	Miscellaneous Equipment	12,523	3,660	6,086	10,097
398	Other Tangible Plant	19,938			19,938
	Total Wastewater Plant	\$ 2,017,784	\$ 40,892	\$ 27,763	\$ 2,030,913

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

S-4(a)  
GROUP \_\_\_\_\_

UTILITY NAME: Highlands Utilities Corporation

SYSTEM NAME / COUNTY: Highlands

WASTEWATER UTILITY PLANT MATRIX

ACCT. NO. (a)	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 (i)	.6 RECLAIMED WASTEWATER DISTRIBUTION PLANT (j)	.7 GENERAL PLANT (k)
351	Organization	\$ 1,355						
352	Franchises	11,337						
353	Land and Land Rights		30,833					
354	Structures and Improvements		130,166					
355	Power Generation Equipment							
360	Collection Sewers - Force		231,345					
361	Collection Sewers - Gravity		250,346					
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			69,753				
370	Receiving Wells			377,409				
371	Pumping Equipment							
374	Reuse Distribution Reservoirs							
375	Reuse Transmission and Distribution System							
380	Treatment and Disposal Equipment				685,854			
381	Plant Sewers				5,582			
382	Outfall Sewer Lines				9,756			
389	Other Plant Miscellaneous Equipment							22,145
390	Office Furniture and Equipment							147,178
391	Transportation Equipment							1,607
392	Stores Equipment							14,319
393	Tools, Shop and Garage Equipment							-
394	Laboratory Equipment							-
395	Power Operated Equipment							10,097
396	Communication Equipment							19,938
397	Miscellaneous Equipment							
398	Other Tangible Plant							
	Total Wastewater Plant	\$ 12,692	\$ 654,583	\$ 447,162	\$ 701,192	\$	\$	\$ 215,284

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

S-4(b)  
GROUP \_\_\_\_\_

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

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

**ANALYSIS OF ENTRIES IN WASTEWATER ACCUMULATED DEPRECIATION**

ACCT. NO. (a)	ACCOUNT NAME (b)	BALANCE AT BEGINNING OF YEAR (c)	ACCRUALS (d)	OTHER CREDITS * (e)	TOTAL CREDITS (d + e) (f)
354	Structures and Improvements	\$ 31,992	\$ 4,062	\$	\$ 4,062
355	Power Generation Equipment				
360	Collection Sewers - Force	128,570	7,702		7,702
361	Collection Sewers - Gravity	140,033	5,554		5,554
362	Special Collecting Structures	620	33		33
363	Services to Customers	814	54		54
364	Flow Measuring Devices	11,798	1,311		1,311
365	Flow Measuring Installations	1,435	52		52
366	Reuse Services				
367	Reuse Meters and Meter Installations				
370	Receiving Wells	44,913	2,323		2,323
371	Pumping Equipment	169,168	20,164		20,164
375	Reuse Transmission and Distribution System				
380	Treatment and Disposal Equipment	484,207	37,993		37,993
381	Plant Sewers	2,143	160		160
382	Outfall Sewer Lines				
389	Other Plant Miscellaneous Equipment	8,387	542		542
390	Office Furniture and Equipment	17,832	2,025		2,025
391	Transportation Equipment	77,754	24,535		24,535
392	Stores Equipment	1,544	89		89
393	Tools, Shop and Garage Equipment	1,561	927		927
394	Laboratory Equipment				
395	Power Operated Equipment	(1,304)	73		73
396	Communication Equipment	905	46		46
397	Miscellaneous Equipment	8,690	754		754
398	Other Tangible Plant	21,426	1,994		1,994
351 & 352	Organization & Franchise	3,643	317		317
	Total Depreciable Wastewater Plant in Service	\$ 1,156,131	\$ 110,710	\$	\$ 110,710

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

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

**YEAR OF REPORT**  
December 31, 2005

**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) (j)	BALANCE AT END OF YEAR (c+f-j) (k)
354	Structures and Improvements	\$	\$	\$	\$	\$ 36,054
355	Power Generation Equipment					
360	Collection Sewers - Force					136,272
361	Collection Sewers - Gravity					145,587
362	Special Collecting Structures					653
363	Services to Customers					868
364	Flow Measuring Devices					13,109
365	Flow Measuring Installations					1,487
366	Reuse Services					
367	Reuse Meters and Meter Installations					
370	Receiving Wells					47,236
371	Pumping Equipment					189,332
375	Reuse Transmission and Distribution System					
380	Treatment and Disposal Equipment					522,200
381	Plant Sewers					2,303
382	Outfall Sewer Lines					
389	Other Plant Miscellaneous Equipment					8,929
390	Office Furniture and Equipment	17,996			17,996	1,861
391	Transportation Equipment					102,289
392	Stores Equipment					1,633
393	Tools, Shop and Garage Equipment	1,016			1,016	1,472
394	Laboratory Equipment					
395	Power Operated Equipment	1,749			1,749	(2,980)
396	Communication Equipment	916			916	35
397	Miscellaneous Equipment	6,086			6,086	3,358
398	Other Tangible Plant					23,420
351 & 352	Organization & Franchise	27,763			27,763	3,960
	Total Depreciable Wastewater Plant in Service	\$ 27,763	\$	\$	\$ 27,763	\$ 1,239,078

\* 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, 2005
--

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	\$ 794,640
Debits during the year:	
Accruals charged to Account 272	\$ 63,405
Other debits (specify) :	_____
_____	_____
_____	_____
Total debits	\$ 63,405
Credits during the year (specify) :	
_____	\$ _____
_____	_____
Total credits	\$ _____
Balance end of year	\$ 858,045





UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

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	1,314	1,323	313,143
522.2	Commercial Revenues	166	169	280,514
522.3	Industrial Revenues			_____
522.4	Revenues From Public Authorities			_____
522.5	Multiple Family Dwelling Revenues	12	12	42,531
522	Total Measured Revenues	1,492	1,504	\$ 636,188
523	Revenues From Public Authorities			_____
524	Revenues From Other Systems			_____
525	Interdepartmental Revenues			_____
Total Wastewater Sales		<u>1,492</u>	<u>1,504</u>	\$ <u>636,188</u>
<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)			2,200
Total Other Wastewater Revenues				\$ <u>2,200</u>

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

UTILITY NAME: Highlands Utilities Corporation

<b>YEAR OF REPORT</b> December 31, 2005
--

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>638,388</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. (a)	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	\$ 36,154	\$	\$	\$	\$	\$	\$
703	Salaries and Wages - Officers, Directors and Majority Stockholders	186,992					27,792	
704	Employee Pensions and Benefits	793					91,106	
710	Purchased Sewage Treatment	15,023					15,023	
711	Sludge Removal Expense	48,273			26,458		19,745	
715	Purchased Power	33,524					33,524	
716	Fuel for Power Production	49,340						
718	Chemicals	2,116						
720	Materials and Supplies	11,350				10,282		14,062
731	Contractual Services-Engineering	1,164						
732	Contractual Services - Accounting							
733	Contractual Services - Legal							
734	Contractual Services - Mgt. Fees							
735	Contractual Services - Testing							
736	Contractual Services - Other	98,727						
741	Rental of Building/Real Property	16,655		3,505			33,120	2,803
742	Rental of Equipment	93						
750	Transportation Expenses	25,809						
756	Insurance - Vehicle	7,711						
757	Insurance - General Liability							
758	Insurance - Workman's Comp.	4,970						
759	Insurance - Other	41,197						
760	Advertising Expense	930						
766	Regulatory Commission Expenses - Amortization of Rate Case Expense							
767	Regulatory Commission Exp.-Other							
770	Bad Debt Expense	1,456						
775	Miscellaneous Expenses	4,190						
	Total Wastewater Utility Expenses	\$ 586,467	\$	\$ 3,505	\$ 26,458	\$ 24,628	\$ 220,310	\$ 16,865

UTILITY NAME: Highlands Utilities Corporation

SYSTEM NAME / COUNTY: Highlands

**WASTEWATER UTILITY EXPENSE ACCOUNT MATRIX**

ACCT. NO. (a)	ACCOUNT NAME (b)	.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	\$	\$ 8,362	\$	\$	\$	\$
703	Salaries and Wages - Officers, Directors and Majority Stockholders		95,886				
704	Employee Pensions and Benefits		793				
710	Purchased Sewage Treatment						
711	Sludge Removal Expense						
715	Purchased Power		2,070				
716	Fuel for Power Purchased						
718	Chemicals						
720	Materials and Supplies		24,996				
731	Contractual Services-Engineering		2,116				
732	Contractual Services - Accounting		11,350				
733	Contractual Services - Legal		1,164				
734	Contractual Services - Mgt. Fees						
735	Contractual Services - Testing						
736	Contractual Services - Other		44,953				
741	Rental of Building/Real Property		16,655				
742	Rental of Equipment		93				
750	Transportation Expenses		25,809				
756	Insurance - Vehicle		7,711				
757	Insurance - General Liability						
758	Insurance - Workman's Comp.		4,970				
759	Insurance - Other		41,197				
760	Advertising Expense		930				
766	Regulatory Commission Expenses - Amortization of Rate Case Expense						
767	Regulatory Commission Exp.-Other						
770	Bad Debt Expense	1,456					
775	Miscellaneous Expenses		4,190				
	Total Wastewater Utility Expenses	\$ 1,456	\$ 293,245	\$	\$	\$	\$

UTILITY NAME: Highlands Utilities Corporation

**YEAR OF REPORT**  
December 31, 2005

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	1,323	1,323.00
5/8"	Displacement	1.0	118	118.00
3/4"	Displacement	1.5		
1"	Displacement	2.5	23	57.50
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	2	50.00
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>1,878.50</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:

$$32,113,000 \div 1,325.00 \div 365 = 66.41$$

UTILITY NAME: Highlands Utilities Corporation

**YEAR OF REPORT**  
December 31, 2005

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	0.00697 MGD		
Total Gallons of Wastewater Treated	2.557 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, 2005

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	0.079550 MGD		
Total Gallons of Wastewater Treated	29,036 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, 2005

SYSTEM NAME / COUNTY: Highlands - Western Boulevard

**WASTEWATER TREATMENT PLANT INFORMATION**

Provide a separate sheet for each wastewater treatment facility

Permitted Capacity	0.200 MGD		
Basis of Permit Capacity (1)	0.200 MGD		
Manufacturer	Defiance/Pugh		
Type (2)	Extended Aeration		
Hydraulic Capacity	0.200 MGD		
Average Daily Flow	0.16213 MGD		
Total Gallons of Wastewater Treated	59.27 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.

S-12  
GROUP \_\_\_\_\_  
SYSTEM \_\_\_\_\_

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT

December 31,2005

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.

S-12

GROUP \_\_\_\_\_

SYSTEM \_\_\_\_\_

UTILITY NAME: Highlands Utilities Corporation

**YEAR OF REPORT**  
December 31, 2005

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 3,750

2. Maximum number of ERCs\* which can be served 4,668

3. Present system connection capacity (in ERCs\*) using existing lines 4,668

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:** Highlands Utilities Corporation  
**For the Year Ended December 31, 2005**

(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)	636,188	636,188	
Revenues from Public Authorities (523)	_____	_____	
Revenues from Other Systems (524)	_____	_____	
Interdepartmental Revenues (525)	_____	_____	
Total Other Wastewater Revenues (530 - 536)	2,200	2,200	
Reclaimed Water Sales (540.1 - 544)	_____	_____	
<b>Total Wastewater Operating Revenue</b>	<b>\$ 638,388</b>	<b>\$ 638,388</b>	<b>\$ _____</b>
<b>LESS: Expense for Purchased Wastewater from FPSC-Regulated Utility</b>	_____	_____	_____
<b>Net Wastewater Operating Revenues</b>	<b>\$ 638,388</b>	<b>\$ 638,388</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).