

CLASS "A" OR "B"

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

ANNUAL REPORT

SU299 28
Highlands Utilities Corporation
720 U.S. Highway 27 South
Lake Placid, FL 33852-9515

361-5

Certificate Number(s)

Submitted To The

STATE OF FLORIDA

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MAY 31 2000

Florida Public Service Commission
Division of Water and Wastewater

PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 1999

Williams & Sherman

CERTIFIED PUBLIC ACCOUNTANTS

FRANK L. WILLIAMS, CPA
LISA SHERMAN, CPA

111 PARK AVENUE EAST
LAKE PLACID, FL 33852-0102
(863) 465-2835
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To the Board of Directors
Highlands Utilities Corporation
Lake Placid, Florida

We have compiled the balance sheets of Highlands Utilities Corporation as of December 31, 1999 and 1998, and the related statements of operations and retained earnings for the years then ended and supplementary information included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

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



Williams & Sherman, CPA's

May 26, 2000

GENERAL INSTRUCTIONS

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

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

The fourth copy should be retained by the utility.

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**EXECUTIVE
SUMMARY**

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 1999

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 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, 1999

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, 1999
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**DIRECTORY OF PERSONNEL WHO CONTACT
THE FLORIDA PUBLIC SERVICE COMMISSION**

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

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

COMPANY PROFILE

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

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

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

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 1999

PARENT / AFFILIATE ORGANIZATION CHART

Current as of May 26, 2000

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

YEAR OF REPORT December 31, 1999
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COMPENSATION OF OFFICERS

For each officer, list the time spent on respondent as an officer compared to time spent on total business activities and the compensation received as an officer from the respondent.			
NAME (a)	TITLE (b)	% OF TIME SPENT AS OFFICER OF THE UTILITY (c)	OFFICERS' COMPENSATION (d)
Dixon Pugh	President	95%	\$ 69,884
Sue Pugh	Vice-President	95%	32,626
Lorri Lammie	Sec/Treas	100%	29,085

COMPENSATION OF DIRECTORS

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

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 1999

BUSINESS CONTRACTS WITH OFFICERS, DIRECTORS AND AFFILIATES

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

NAME OF OFFICER, DIRECTOR OR AFFILIATE (a)	IDENTIFICATION OF SERVICE OR PRODUCT (b)	AMOUNT (c)	NAME AND ADDRESS OF AFFILIATED ENTITY (d)
Dixon Pugh	Operations	\$ 14,830	Pugh Septic Tank Service, Inc. 720 U.S. 27 South Lake Placid, FL 33852-9515

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

AFFILIATION OF OFFICERS AND DIRECTORS

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

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

YEAR OF REPORT
December 31, 1999

UTILITY NAME: Highlands Utilities Corporation

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

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

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

BUSINESS TRANSACTIONS WITH RELATED PARTIES

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

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

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

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

UTILITY NAME: Highlands Utilities Corporation

BUSINESS TRANSACTIONS WITH RELATED PARTIES (Cont'd)

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

Part II. Specific Instructions: Sale, Purchase and Transfer of Assets

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
3. The columnar instructions follow:
 - (a) Enter name of related party or company.
 - (b) Describe briefly the type of assets purchased, sold or transferred.
 - (c) Enter the total received or paid. Indicate purchase with "P" and sale with "S".
 - (d) Enter the net book value for each item reported.
 - (e) Enter the net profit or loss for each item reported. (column (c) - column (d))
 - (f) Enter the fair market value for each item reported. In space below or in a supplemental schedule, describe the basis used to calculate fair market value.

**FINANCIAL
SECTION**

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 1999

**COMPARATIVE BALANCE SHEET
ASSETS AND OTHER DEBITS**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
UTILITY PLANT				
101-106	Utility Plant	F-7	\$ 1,660,525	\$ 1,713,963
108-110	Less: Accumulated Depreciation and Amortization	F-8	649,964	730,414
Net Plant			\$ 1,010,561	\$ 983,549
114-115	Utility Plant Acquisition adjustment (Net)	F-7		
116 *	Other Utility Plant Adjustments			
Total Net Utility Plant			\$ 1,010,561	\$ 983,549
OTHER PROPERTY AND INVESTMENTS				
121	Nonutility Property	F-9	\$	\$
122	Less: Accumulated Depreciation and Amortization			
Net Nonutility Property			\$	\$
123	Investment In Associated Companies	F-10		
124	Utility Investments	F-10		
125	Other Investments	F-10		
126-127	Special Funds	F-10		
Total Other Property & Investments			\$	\$
CURRENT AND ACCRUED ASSETS				
131	Cash		\$ 35,543	\$ 23,277
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	26,821	50,982
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			\$ 62,364	\$ 74,259

* Not Applicable for Class B Utilities

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT December 31, 1999
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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)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense	F-13	\$ 4,111	\$ 2,349
182	Extraordinary Property Losses	F-13		
183	Preliminary Survey & Investigation Charges			
184	Clearing Accounts			
185 *	Temporary Facilities			
186	Misc. Deferred Debits	F-14		
187 *	Research & Development Expenditures			
190	Accumulated Deferred Income Taxes			
	Total Deferred Debits		\$ 4,111	\$ 2,349
	TOTAL ASSETS AND OTHER DEBITS		\$ 1,077,036	\$ 1,060,157

* Not Applicable for Class B Utilities

<p>NOTES TO THE BALANCE SHEET</p> <p>The space below is provided for important notes regarding the balance sheet.</p>
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**COMPARATIVE BALANCE SHEET
EQUITY CAPITAL AND LIABILITIES**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
EQUITY CAPITAL				
201	Common Stock Issued	F-15	\$ 760	\$ 760
204	Preferred Stock Issued	F-15		
202,205 *	Capital Stock Subscribed			
203,206 *	Capital Stock Liability for Conversion			
207 *	Premium on Capital Stock			
209 *	Reduction in Par or Stated Value of Capital Stock			
210 *	Gain on Resale or Cancellation of Reacquired Capital Stock			
211	Other Paid - In Capital		76,990	76,990
212	Discount On Capital Stock			
213	Capital Stock Expense			
214-215	Retained Earnings	F-16	(501,996)	(531,199)
216	Reacquired Capital Stock			
218	Proprietary Capital (Proprietorship and Partnership Only)			
Total Equity Capital			\$ (424,246)	\$ (453,449)
LONG TERM DEBT				
221	Bonds	F-15		
222 *	Reacquired Bonds			
223	Advances from Associated Companies	F-17		179,560
224	Other Long Term Debt	F-17		
Total Long Term Debt			\$	\$ 179,560
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable		31,126	24,824
232	Notes Payable	F-18	471,225	464,563
233	Accounts Payable to Associated Companies	F-18	155,330	
234	Notes Payable to Associated Companies	F-18		
235	Customer Deposits		194	178
236	Accrued Taxes	W/S-3	16,839	21,423
237	Accrued Interest	F-19	194,160	203,076
238	Accrued Dividends			
239	Matured Long Term Debt			
240	Matured Interest			
241	Miscellaneous Current & Accrued Liabilities	F-20		
Total Current & Accrued Liabilities			\$ 868,874	\$ 714,064

* Not Applicable for Class B Utilities

**COMPARATIVE BALANCE SHEET
EQUITY CAPITAL AND LIABILITIES**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
DEFERRED CREDITS				
251	Unamortized Premium On Debt	F-13	\$ _____	\$ _____
252	Advances For Construction	F-20	_____	_____
253	Other Deferred Credits	F-21	_____	_____
255	Accumulated Deferred Investment Tax Credits		_____	_____
Total Deferred Credits			\$ _____	\$ _____
OPERATING RESERVES				
261	Property Insurance Reserve		\$ _____	\$ _____
262	Injuries & Damages Reserve		_____	_____
263	Pensions and Benefits Reserve		_____	_____
265	Miscellaneous Operating Reserves		_____	_____
Total Operating Reserves			\$ _____	\$ _____
CONTRIBUTIONS IN AID OF CONSTRUCTION				
271	Contributions in Aid of Construction	F-22	\$ 1,056,123	\$ 1,101,973
272	Accumulated Amortization of Contributions in Aid of Construction	F-22	427,739	482,066
Total Net C.I.A.C.			\$ 628,384	\$ 619,907
ACCUMULATED DEFERRED INCOME TAXES				
281	Accumulated Deferred Income Taxes - Accelerated Depreciation		\$ _____	\$ _____
282	Accumulated Deferred Income Taxes - Liberalized Depreciation		513	13
283	Accumulated Deferred Income Taxes - Other		3,511	62
Total Accumulated Deferred Income Tax			\$ 4,024	\$ 75
TOTAL EQUITY CAPITAL AND LIABILITIES			\$ 1,077,036	\$ 1,060,157

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT December 31, 1999
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COMPARATIVE OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR * (e)
UTILITY OPERATING INCOME				
400	Operating Revenues	F-3(b)	\$ 526,655	\$ 551,730
469.530	Less: Guaranteed Revenue and AFPI	F-3(b)		
Net Operating Revenues			\$ 526,655	\$ 551,730
401	Operating Expenses	F-3(b)	\$ 419,589	\$ 447,969
403	Depreciation Expense:	F-3(b)	\$ 81,456	\$ 80,450
	Less: Amortization of CIAC	F-22	54,179	54,327
Net Depreciation Expense			\$ 27,277	\$ 26,123
406	Amortization of Utility Plant Acquisition Adjustment	F-3(b)		
407	Amortization Expense (Other than CIAC)	F-3(b)		
408	Taxes Other Than Income	W/S-3	50,358	53,885
409	Current Income Taxes	W/S-3		
410.10	Deferred Federal Income Taxes	W/S-3	(4,353)	(3,034)
410.11	Deferred State Income Taxes	W/S-3		(915)
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			\$ 492,871	\$ 524,028
Net Utility Operating Income			\$ 33,784	\$ 27,702
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)]			\$ 33,784	\$ 27,702

* 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)
	\$ 551,730	\$
\$	\$ 551,730	\$
\$	\$ 447,969	\$
	80,450	
	54,327	
\$	\$ 26,123	\$
	53,885	
	(3,034)	
	(915)	
\$	\$ 524,028	\$
\$	\$ 27,702	\$
\$	\$ 27,702	\$

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

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 1999

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)]			\$ 33,784	\$ 27,702
OTHER INCOME AND DEDUCTIONS				
415	Revenues-Merchandising, Jobbing, and Contract Deductions		\$	\$
416	Costs & Expenses of Merchandising Jobbing, and Contract Work			
419	Interest and Dividend Income		620	891
421	Nonutility Income		3,074	1,276
426	Miscellaneous Nonutility Expenses		(3,000)	(3,000)
Total Other Income and Deductions			\$ 694	\$ (833)
TAXES APPLICABLE TO OTHER INCOME				
408.20	Taxes Other Than Income		\$	\$
409.20	Income Taxes			
410.20	Provision for Deferred Income Taxes			
411.20	Provision for Deferred Income Taxes - Credit			
412.20	Investment Tax Credits - Net			
412.30	Investment Tax Credits Restored to Operating Income			
Total Taxes Applicable To Other Income			\$	\$
INTEREST EXPENSE				
427	Interest Expense	F-19	\$ 53,486	\$ 54,310
428	Amortization of Debt Discount & Expense	F-13	1,762	1,762
429	Amortization of Premium on Debt	F-13		
Total Interest Expense			\$ 55,248	\$ 56,072
EXTRAORDINARY ITEMS				
433	Extraordinary Income		\$	\$
434	Extraordinary Deductions			
409.30	Income Taxes, Extraordinary Items			
Total Extraordinary Items			\$	\$
NET INCOME			\$ (20,770)	\$ (29,203)

Explain Extraordinary Income:

.....

.....

.....

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	\$	\$ 1,713,963
	Less:			
	Nonused and Useful Plant (1)			
108	Accumulated Depreciation	F-8		730,414
110	Accumulated Amortization	F-8		
271	Contributions In Aid of Construction	F-22		1,101,973
252	Advances for Construction	F-20		
Subtotal			\$	\$ (118,424)
272	Add: Accumulated Amortization of Contributions in Aid of Construction	F-22		482,066
Subtotal			\$	\$ 363,642
114	Plus or Minus: Acquisition Adjustments (2)	F-7		
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7		
	Working Capital Allowance (3)			55,996
	Other (Specify): _____ _____			
RATE BASE			\$	\$ 419,638
NET UTILITY OPERATING INCOME			\$	\$ 27,702
ACHIEVED RATE OF RETURN (Operating Income / Rate Base)				6.60%

NOTES :

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

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 1999

**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	178	0.03%	6.00%	0.00%
Tax Credits - Zero Cost				
Tax Credits - Weighted Cost				
Deferred Income Taxes	75	0.01%	0.00%	0.00%
Other (Explain) A/C 223 Debt	179,560	27.86%	7.00%	1.95%
A/C 232 (S-T) Debt	464,563	72.10%	9.23%	6.65%
Total	\$ 644,376	100.00%		8.60%

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

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

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

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

APPROVED RETURN ON EQUITY

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

APPROVED AFUDC RATE

COMPLETION ONLY REQUIRED IF AFUDC WAS CHARGED DURING YEAR

Current Commission Approved AFUDC rate:	<u> </u> %
Commission order approving AFUDC rate:	<u> </u>

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

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

CLASS OF CAPITAL (a)	PER BOOK BALANCE (b)	NON-UTILITY ADJUSTMENTS (c)	NON-JURISDICTIONAL ADJUSTMENTS (d)	OTHER (1) ADJUSTMENTS SPECIFIC (e)	OTHER (1) ADJUSTMENTS PRO RATA (f)	CAPITAL STRUCTURE (g)
Common Equity	\$ 0	\$	\$	\$	\$	\$ 0
Preferred Stock						
Long Term Debt	178					178
Customer Deposits						
Tax Credits - Zero Cost						
Tax Credits - Weighted Cost	75					75
Deferred Inc. Taxes	179,560					179,560
Other (Explain) A/C 223	464,563					464,563
A/C 232 S-T Debt						
Total	\$ 644,376	\$	\$	\$	\$	\$ 644,376

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

--	--

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 1999

**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	\$ _____	\$ 1,713,963	\$ _____	\$ 1,713,963
102	Utility Plant Leased to Other	_____	_____	_____	_____
103	Property Held for Future Use	_____	_____	_____	_____
104	Utility Plant Purchased or Sold	_____	_____	_____	_____
105	Construction Work in Progress	_____	_____	_____	_____
106	Completed Construction Not Classified	_____	_____	_____	_____
	Total Utility Plant	\$ _____	\$ 1,713,963	\$ _____	\$ 1,713,963

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

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

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

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 1999

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

DESCRIPTION (a)	WATER (b)	WASTEWATER (c)	OTHER THAN REPORTING SYSTEMS (d)	TOTAL (e)
ACCUMULATED DEPRECIATION Account 108				
Balance first of year	\$	\$ 649,964	\$	\$ 649,964
Credit during year:				
Accruals charged to:				
Account 108.1 (1)	\$	\$ 80,450	\$	\$ 80,450
Account 108.2 (2)				
Account 108.3 (2)				
Other Accounts (specify):				
Salvage				
Other Credits (Specify):				
Total Credits	\$	\$ 80,450	\$	\$ 80,450
Debits during year:				
Book cost of plant retired				
Cost of Removal				
Other Debits (specify):				
Total Debits	\$	\$	\$	\$
Balance end of year	\$	\$ 730,414	\$	\$ 730,414
ACCUMULATED AMORTIZATION Account 110				
Balance first of year	\$	\$	\$	\$
Credit during year:				
Accruals charged to:				
Account 110.2 (2)	\$	\$	\$	\$
Other Accounts (specify):				
Total credits	\$	\$	\$	\$
Debits during year:				
Book cost of plant retired				
Other debits (specify):				
Total Debits	\$	\$	\$	\$
Balance end of year	\$	\$	\$	\$

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

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 1999

**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

YEAR OF REPORT December 31, 1999
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**INVESTMENTS AND SPECIAL FUNDS
ACCOUNTS 123 - 127**

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

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

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
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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	49,457	
Other		
		49,457
Total Customer Accounts Receivable		\$
OTHER ACCOUNTS RECEIVABLE (Account 142):		
Employee advances	\$ 1,525	
		1,525
Total Other Accounts Receivable		\$
NOTES RECEIVABLE (Account 144):		
	\$	
Total Notes Receivable		\$
Total Accounts and Notes Receivable		\$ 50,982
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		\$
TOTAL ACCOUNTS AND NOTES RECEIVABLE - NET		\$

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 1999

**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):	\$ 1,762	\$ 2,349
Total Unamortized Debt Discount and Expense	\$ 1,762	\$ 2,349
UNAMORTIZED PREMIUM ON DEBT (Account 251):	\$	\$
Total Unamortized Premium on Debt	\$	\$

**EXTRAORDINARY PROPERTY LOSSES
ACCOUNT 182**

Report each item separately.

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

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT December 31, 1999
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**MISCELLANEOUS DEFERRED DEBITS
ACCOUNT 186**

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

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT December 31, 1999
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**CAPITAL STOCK
ACCOUNTS 201 AND 204***

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

* Account 204 not applicable for Class B utilities.

**BONDS
ACCOUNT 221**

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

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

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	\$ (501,996)
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	\$ (29,203)
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	\$ (531,199)
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	_____
	_____	_____
	_____	_____
214	Total Appropriated Retained Earnings	\$ _____
	Total Retained Earnings	\$ (531,199)
Notes to Statement of Retained Earnings:		

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT December 31, 1999
--

**ADVANCES FROM ASSOCIATED COMPANIES
ACCOUNT 223**

Report each advance separately.

DESCRIPTION (a)	TOTAL (b)
Advances from Pugh Septic Tank Service, Inc.	\$ 179,560
Total	\$ 179,560

**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

YEAR OF REPORT
December 31, 1999

**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):			
NationsBank	8.38%	Fixed	\$ 5,686
Dixon Pugh	10.00%	Fixed	129,038
NationsBank	9.66%	Fixed	9,060
Huntington	8.90%	Fixed	246,764
GMAC	9.00%	Fixed	19,939
K. Michael Knox	8.00%	Fixed	926
Huntington Bank	9.00%	Variable	53,150
	%		
Total Account 232			\$ 464,563
NOTES PAYABLE TO ASSOC. COMPANIES (Account 234):			\$
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
Total Account 234			\$

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

**ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES
ACCOUNT 233**

Report each account payable separately.

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

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 1999

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 (c)	BALANCE END OF YEAR (f)
		ACCT. DEBIT (c)	AMOUNT (d)		
ACCOUNT NO. 237.1 - Accrued Interest on Long Term Debt Account 223 - Advances from Pugh Septic Tank Services, Inc.	\$ 167,424	427.1	\$ 11,175	\$ 14,178	\$ 164,421
Total Account 237.1	\$		\$	\$	
ACCOUNT NO. 237.2 - Accrued Interest on Other Liabilities Customer Deposits Notes Payable - Account 232 - Various	\$ 26,736	427 427.2	\$ 43,135	\$ 31,216	\$ 38,655
Total Account 237.2	\$ 26,736		\$ 43,135	\$ 31,216	\$ 38,655
Total Account 237 (1)	\$ 194,160		\$ 54,310	\$ 45,394	\$ 203,076
INTEREST EXPENSED:					
Total accrual Account 237		237	\$ 54,310		
Less Capitalized Interest Portion of AFUDC:					
Net Interest Expensed to Account No. 427 (2)			\$ 54,310		

(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

YEAR OF REPORT
December 31, 1999

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).

**OTHER DEFERRED CREDITS
ACCOUNT 253**

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

**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	\$ _____	\$ 1,056,123	\$ _____	\$ 1,056,123
Add credits during year:	\$ _____	\$ 45,850	\$ _____	\$ 45,850
Less debit charged during the year	\$ _____	\$ _____	\$ _____	\$ _____
Total Contribution In Aid of Construction	\$ _____	\$ 1,101,973	\$ _____	\$ 1,101,973

**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	\$ _____	\$ 427,739	\$ _____	\$ 427,739
Debits during the year:	\$ _____	\$ 54,327	\$ _____	\$ 54,327
Credits during the year	\$ _____	\$ _____	\$ _____	\$ _____
Total Accumulated Amortization of Contributions In Aid of Construction	\$ _____	\$ 482,066	\$ _____	\$ 482,066

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)	\$ (29,203)
Reconciling items for the year:		
Taxable income not reported on books:		
Amortization of prior CIAC		11,014
CIAC collected		45,850
Deductions recorded on books not deducted for return:		
Excess of Book over Tax Depreciation		12,765
Interest accrual to related party		12,145
DEP penalty		3,000
Income recorded on books not included in return:		
Amortization at CIAC		(54,327)
Income Tax - Deferred		(3,949)
Accounts receivable adjustment		(22,636)
Deduction on return not charged against book income:		
Net operating loss carryforward		(146,761)
Federal tax net income		\$ (172,102)

Computation of tax :

Taxable Income - Above	\$ (172,102)
Federal Tax	\$ - 0 -
State Tax	\$ - 0 -

**WASTEWATER
OPERATION
SECTION**

UTILITY NAME:

Highlands Utilities Corporation

YEAR OF REPORT December 31, 1999
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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

YEAR OF REPORT
December 31, 1999

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)	\$ 1,713,963
	Less:		
	Nonused and Useful Plant (1)		
108	Accumulated Depreciation	S-6(b)	730,414
110	Accumulated Amortization		
271	Contributions In Aid of Construction	S-7	1,101,973
252	Advances for Construction	F-20	
Subtotal			\$ (118,424)
272	Add: Accumulated Amortization of Contributions in Aid of Construction	S-8(a)	\$ 482,066
Subtotal			\$ 363,642
	Plus or Minus:		
114	Acquisition Adjustments (2)	F-7	
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	
	Working Capital Allowance (3)		55,996
	Other (Specify):		
WASTEWATER RATE BASE			\$ 419,638
WASTEWATER OPERATING INCOME		S-3	\$ 27,702
ACHIEVED RATE OF RETURN (Wastewater Operating Income / Wastewater Rate Base)			6.60%

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

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

(3) Calculation consistent with last rate proceeding.

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

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 1999

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)	\$ 551,730
530	Less: Guaranteed Revenue (and AFPI)	S-9(a)	
	Net Operating Revenues		\$ 551,730
401	Operating Expenses	S-10(a)	\$ 447,969
403	Depreciation Expense	S-6(a)	80,450
	Less: Amortization of CIAC	S-8(a)	54,327
	Net Depreciation Expense		\$ 26,123
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		23,699
408.11	Property Taxes		15,705
408.12	Payroll Taxes		12,478
408.13	Other Taxes and Licenses		2,003
408	Total Taxes Other Than Income		\$ 53,885
409.1	Income Taxes		
410.10	Deferred Federal Income Taxes		(3,034)
410.11	Deferred State Income Taxes		(915)
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		\$ 524,028
	Utility Operating Income		\$ 27,702
530	Add Back: Guaranteed Revenue (and AFPI)	S-9(a)	\$
413	Income From Utility Plant Leased to Others		
414	Gains (losses) From Disposition of Utility Property		
420	Allowance for Funds Used During Construction		
	Total Utility Operating Income		\$ 27,702

YEAR OF REPORT
December 31, 1999

UTILITY NAME: Highlands Utilities Corporation

SYSTEM NAME / COUNTY: Highlands

WASTEWATER UTILITY PLANT ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)
351	Organization	\$ 1,355	\$	\$	\$ 1,355
352	Franchises	11,337			11,337
353	Land and Land Rights	30,499			30,499
354	Structures and Improvements	62,809	1,350		64,159
355	Power Generation Equipment				
360	Collection Sewers - Force	224,698			224,698
361	Collection Sewers - Gravity	239,551	10,501		250,052
362	Special Collecting Structures	1,333			1,333
363	Services to Customers	1,724			1,724
364	Flow Measuring Devices	5,618			5,618
365	Flow Measuring Installations	1,965			1,965
366	Reuse Services				
367	Reuse Meters and Meter Installations				
370	Receiving Wells	69,310			69,310
371	Pumping Equipment	179,574	30,638		210,212
374	Reuse Distribution Reservoirs				
375	Reuse Transmission and Distribution System				
380	Treatment and Disposal Equipment	676,775	1,650		678,425
381	Plant Sewers	2,922			2,922
382	Outfall Sewer Lines				
389	Other Plant Miscellaneous Equipment	9,756			9,756
390	Office Furniture and Equipment	30,441			30,441
391	Transportation Equipment	51,438	9,299		60,737
392	Stores Equipment	1,607			1,607
393	Tools, Shop and Garage Equipment	14,071			14,071
394	Laboratory Equipment				
395	Power Operated Equipment	7,224			7,224
396	Communication Equipment	10,494			10,494
397	Miscellaneous Equipment	6,086			6,086
398	Other Tangible Plant	19,938			19,938
	Total Wastewater Plant	\$ 1,660,525	\$ 53,438	\$	\$ 1,713,963

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.	ACCOUNT NAME	.1 INTANGIBLE PLANT	.2 COLLECTION PLANT	.3 SYSTEM PUMPING PLANT	.4 TREATMENT AND DISPOSAL	.5 RECLAIMED WASTEWATER TREATMENT PLANT	.6 RECLAIMED WASTEWATER DISTRIBUTION PLANT	.7 GENERAL PLANT
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
351	Organization	\$ 1,355						
352	Franchises	11,337						
353	Land and Land Rights		30,499					
354	Structures and Improvements		64,159					
355	Power Generation Equipment		224,698					
360	Collection Sewers - Force		250,052					
361	Collection Sewers - Gravity		1,333					
362	Special Collecting Structures		1,724					
363	Services to Customers		5,618					
364	Flow Measuring Devices		1,965					
365	Flow Measuring Installations							
366	Reuse Services							
367	Reuse Meters and Meter Installations			69,310				
370	Receiving Wells			210,212				
371	Pumping Equipment							
374	Reuse Distribution Reservoirs							
375	Reuse Transmission and Distribution System				678,425			
380	Treatment and Disposal Equipment				2,922			
381	Plant Sewers							
382	Outfall Sewer Lines							
389	Other Plant Miscellaneous Equipment				9,756			30,441
390	Office Furniture and Equipment							60,737
391	Transportation Equipment							1,607
392	Stores Equipment							14,071
393	Tools, Shop and Garage Equipment							7,224
394	Laboratory Equipment							10,494
395	Power Operated Equipment							6,086
396	Communication Equipment							19,938
397	Miscellaneous Equipment							
398	Other Tangible Plant							
	Total Wastewater Plant	\$ 12,692	\$ 580,048	\$ 279,522	\$ 691,103	\$	\$	\$ 150,598

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, 1999

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.	ACCOUNT NAME	BALANCE AT BEGINNING OF YEAR (c)	ACCRUALS (d)	OTHER CREDITS * (e)	TOTAL CREDITS (d + e) (f)
(a)	(b)	(c)	(d)	(e)	(f)
354	Structures and Improvements	\$ 13,951	\$ 1,987		\$ 15,938
355	Power Generation Equipment				
360	Collection Sewers - Force	82,791	7,482		90,273
361	Collection Sewers - Gravity	106,843	5,435		112,278
362	Special Collecting Structures	422	33		455
363	Services to Customers	530	45		575
364	Flow Measuring Devices	4,561	1,124		5,685
365	Flow Measuring Installations	1,123	52		1,175
366	Reuse Services				
367	Reuse Meters and Meter Installations				
370	Receiving Wells	30,998	2,308		33,306
371	Pumping Equipment	79,298	10,836		90,134
375	Reuse Transmission and Distribution System				
380	Treatment and Disposal Equipment	257,701	37,675		295,376
381	Plant Sewers	1,380	84		1,464
382	Outfall Sewer Lines				
389	Other Plant Miscellaneous Equipment	5,135	542		5,677
390	Office Furniture and Equipment	22,084	2,030		24,114
391	Transportation Equipment	2,594	9,350		11,944
392	Stores Equipment	1,010	89		1,099
393	Tools, Shop and Garage Equipment	7,191	879		8,070
394	Laboratory Equipment				
395	Power Operated Equipment	2,155	602		2,757
396	Communication Equipment	11,421	(927)		10,494
397	Miscellaneous Equipment	7,573	(1,487)		6,086
398	Other Tangible Plant	9,462	1,994		11,456
351 & 352	Organization & Franchise	1,741	317		2,058
	Total Depreciable Wastewater Plant in Service	\$ 649,964	\$ 80,450	\$	\$ 730,414

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

YEAR OF REPORT
December 31, 1999

UTILITY NAME: Highlands Utilities Corporation

SYSTEM NAME / COUNTY: Highlands

ANALYSIS OF ENTRIES IN WASTEWATER ACCUMULATED DEPRECIATION

ACCT. NO.	ACCOUNT NAME	PLANT RETIRED (g)	SALVAGE AND INSURANCE (h)	COST OF REMOVAL AND OTHER CHARGES (i)	TOTAL CHARGES (g-h+i)	BALANCE AT END OF YEAR (c+f-j) (k)
(a)	(b)	(g)	(h)	(i)	(i)	(k)
354	Structures and Improvements	\$	\$	\$	\$	\$ 15,938
355	Power Generation Equipment					90,273
360	Collection Sewers - Force					112,278
361	Collection Sewers - Gravity					455
362	Special Collecting Structures					575
363	Services to Customers					5,685
364	Flow Measuring Devices					1,175
365	Flow Measuring Installations					
366	Reuse Services					
367	Reuse Meters and Meter Installations					
370	Receiving Wells					33,306
371	Pumping Equipment					90,134
375	Reuse Transmission and Distribution System					
380	Treatment and Disposal Equipment					295,376
381	Plant Sewers					1,464
382	Outfall Sewer Lines					
389	Other Plant Miscellaneous Equipment					5,677
390	Office Furniture and Equipment					24,114
391	Transportation Equipment					11,944
392	Stores Equipment					1,099
393	Tools, Shop and Garage Equipment					8,070
394	Laboratory Equipment					
395	Power Operated Equipment					2,757
396	Communication Equipment					10,494
397	Miscellaneous Equipment					6,086
398	Other Tangible Plant					11,456
351 & 352	Organization & Franchise					2,058
	Total Depreciable Wastewater Plant in Service	\$	\$	\$	\$	\$ 730,414

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

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT December 31, 1999
--

SYSTEM NAME / COUNTY : Highlands

**CONTRIBUTIONS IN AID OF CONSTRUCTION
ACCOUNT 271**

DESCRIPTION (a)	REFERENCE (b)	WASTEWATER (c)
Balance first of year		\$ 1,056,123
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)	45,850
Total Credits		\$ 45,850
Less debits charged during the year (All debits charged during the year must be explained below)		\$ _____
Total Contributions In Aid of Construction		\$ 1,101,973

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

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 1999

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	\$ 427,739
Debits during the year:	
Accruals charged to Account 272	\$ 54,327
Other debits (specify):	
Total debits	\$ 54,327
Credits during the year (specify):	
	\$ _____
Total credits	\$ _____
Balance end of year	\$ 482,066

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT December 31, 1999
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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)
Southern Centers Assoc. (Eckerds)	Cash	\$ 21,500
Lakeshore Car Wash	Cash	16,000
Pizza Hut	Cash	8,350
Total Credits		\$ 45,850

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 1999

SYSTEM NAME / COUNTY : Highlands

WASTEWATER OPERATING REVENUE

ACCT. NO. (a)	DESCRIPTION (b)	BEGINNING YEAR NO. CUSTOMERS * (c)	YEAR END NUMBER OF CUSTOMERS * (d)	AMOUNTS (e)
WASTEWATER SALES				
521.1	Flat Rate Revenues: Residential Revenues			\$
521.2	Commercial Revenues			
521.3	Industrial Revenues			
521.4	Revenues From Public Authorities			
521.5	Multiple Family Dwelling Revenues			
521.6	Other Revenues			
521	Total Flat Rate Revenues			\$
522.1	Measured Revenues: Residential Revenues	1,169	1,200	265,949
522.2	Commercial Revenues	130	134	244,208
522.3	Industrial Revenues			
522.4	Revenues From Public Authorities			
522.5	Multiple Family Dwelling Revenues	13	13	35,627
522	Total Measured Revenues	1,312	1,347	\$ 545,784
523	Revenues From Public Authorities			
524	Revenues From Other Systems			
525	Interdepartmental Revenues			
Total Wastewater Sales		1,312	1,347	\$ 545,784
OTHER WASTEWATER REVENUES				
530	Guaranteed Revenues			\$
531	Sale of Sludge			
532	Forfeited Discounts			
534	Rents From Wastewater Property			
535	Interdepartmental Rents			
536	Other Wastewater Revenues (Including Allowance for Funds Prudently Invested or AFPI)			5,946
Total Other Wastewater Revenues				\$ 5,946

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

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 1999

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>551,730</u>

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

YEAR OF REPORT
December 31, 1999

UTILITY NAME: Highlands Utilities Corporation

SYSTEM NAME / COUNTY : Highlands

WASTEWATER UTILITY EXPENSE ACCOUNT MATRIX

ACCT. NO.	ACCOUNT NAME	CURRENT YEAR	.1 COLLECTION EXPENSES- OPERATIONS	.2 COLLECTION EXPENSES- MAINTENANCE	.3 PUMPING EXPENSES- OPERATIONS	.4 PUMPING EXPENSES- MAINTENANCE	.5 TREATMENT & DISPOSAL EXPENSES - OPERATIONS	.6 TREATMENT & DISPOSAL EXPENSES - MAINTENANCE
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
701	Salaries and Wages - Employees	\$ 26,163					\$ 18,364	
703	Salaries and Wages - Officers, Directors and Majority Stockholders	131,595					69,884	
704	Employee Pensions and Benefits	3,289						
710	Purchased Sewage Treatment	13,009					13,009	
711	Sludge Removal Expense	52,762			16,654		34,004	
715	Purchased Power							
716	Fuel for Power Purchased							
718	Chemicals	18,338						
720	Materials and Supplies	41,365		300	704		18,338	10,657
731	Contractual Services-Engineering							
732	Contractual Services - Accounting	13,925						
733	Contractual Services - Legal	1,226						
734	Contractual Services - Mgt. Fees							
735	Contractual Services - Testing							
736	Contractual Services - Other			5,638	775		27,623	
741	Rental of Building/Real Property	86,011						
742	Rental of Equipment	15,157						
750	Transportation Expenses	1,736						
756	Insurance - Vehicle	15,153						
757	Insurance - General Liability	7,338						
758	Insurance - Workman's Comp	3,971						
759	Insurance - Other	13,933						
760	Advertising Expense	258						
766	Regulatory Commission Expenses - Amortization of Rate Case Expense							
767	Regulatory Commission Exp -Other							
770	Bad Debt Expense							
775	Miscellaneous Expenses	2,740						
	Total Wastewater Utility Expenses	\$ 447,969	\$	\$ 5,938	\$ 18,133	\$ 19,976	\$ 181,222	\$ 27,815

UTILITY NAME: Highlands Utilities Corporation

SYSTEM NAME / COUNTY: Highlands

WASTEWATER UTILITY EXPENSE ACCOUNT MATRIX

ACCT. NO.	ACCOUNT NAME	.7 (i)	.8 (k)	.9 (l)	.10 (m)	.11 (n)	.12 (o)
		CUSTOMER ACCOUNTS EXPENSE	ADMIN. & GENERAL EXPENSES	RECLAIMED WATER TREATMENT EXPENSES- OPERATIONS	RECLAIMED WATER TREATMENT EXPENSES- MAINTENANCE	RECLAIMED WATER DISTRIBUTION EXPENSES- OPERATIONS	RECLAIMED WATER DISTRIBUTION EXPENSES- MAINTENANCE
701	Salaries and Wages - Employees	\$	\$ 7,799	\$	\$	\$	\$
703	Salaries and Wages - Officers, Directors and Majority Stockholders		61,711				
704	Employee Pensions and Benefits		3,289				
710	Purchased Sewage Treatment						
711	Sludge Removal Expense						
715	Purchased Power		2,104				
716	Fuel for Power Purchased						
718	Chemicals						
720	Materials and Supplies		19,528				
731	Contractual Services-Engineering		13,925				
732	Contractual Services - Accounting		1,226				
733	Contractual Services - Legal						
734	Contractual Services - Mgt. Fees						
735	Contractual Services - Testing		25,017				
736	Contractual Services - Other		15,157				
741	Rental of Building/Real Property		1,736				
742	Rental of Equipment		15,153				
750	Transportation Expenses		7,338				
756	Insurance - Vehicle						
757	Insurance - General Liability		3,971				
758	Insurance - Workman's Comp.		13,933				
759	Insurance - Other		258				
760	Advertising Expense						
766	Regulatory Commission Expenses						
767	- Amortization of Rate Case Expense						
770	Regulatory Commission Exp.-Other						
775	Bad Debt Expense		2,740				
	Miscellaneous Expenses						
	Total Wastewater Utility Expenses	\$	\$ 194,885	\$	\$	\$	\$

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 1999

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	1,288	1,288.00
5/8"	Displacement	1.0		
3/4"	Displacement	1.5		
1"	Displacement	2.5	21	52.50
1 1/2"	Displacement or Turbine	5.0	10	50.00
2"	Displacement, Compound or Turbine	8.0	20	160.00
3"	Displacement	15.0	5	75.00
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				1,700.50

CALCULATION OF THE WASTEWATER SYSTEM EQUIVALENT RESIDENTIAL CONNECTIONS

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

Use one of the following methods:

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

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

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

For wastewater only utilities:

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

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

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

ERC Calculation:

$$30,965 \div 1,185 \div 365 = .072 \text{ ERC's}$$

UTILITY NAME: Highlands Utilities Corporation

YEAR OF REPORT
December 31, 1999

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	0.080 MGD		
Average Daily Flow	0.0765 MGD		
Total Gallons of Wastewater Treated	27.92 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, 1999

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	Pugh		
Type (2)	Extended Aeration		
Hydraulic Capacity	0.3 MGD		
Average Daily Flow	0.132 MGD		
Total Gallons of Wastewater Treated	48.325 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, 1999

SYSTEM NAME / COUNTY: Highlands - Brunner Plant

WASTEWATER TREATMENT PLANT INFORMATION

Provide a separate sheet for each wastewater treatment facility

Permitted Capacity	0.015 MGD		
Basis of Permit Capacity (1)	0.015 MGD		
Manufacturer	Defiance/Pugh		
Type (2)	Extended Aeration		
Hydraulic Capacity	0.015 MGD		
Average Daily Flow	0.0084 MGD		
Total Gallons of Wastewater Treated	3.058 MG		
Method of Effluent Disposal	Percolation 1 Pond		

(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, 1999

SYSTEM NAME / COUNTY: Highlands - Clearview Plant

WASTEWATER TREATMENT PLANT INFORMATION

Provide a separate sheet for each wastewater treatment facility

Permitted Capacity	0.038 MGD		
Basis of Permit Capacity (1)	0.038 MGD		
Manufacturer	Defiance/Pugh		
Type (2)	Extended Aeration		
Hydraulic Capacity	0.038 MGD		
Average Daily Flow	0.026 MGD		
Total Gallons of Wastewater Treated	9.632 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

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 6.048
2. Maximum number of ERCs* which can be served 53.57
3. Present system connection capacity (in ERCs*) using existing lines 6.12
4. Future connection capacity (in ERCs*) upon service area buildout 6.12
5. Estimated annual increase in ERCs* 0
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.
8. If the utility does not engage in reuse, has a reuse feasibility study been completed? No
If so, when? _____
9. Has the utility been required by the DEP or water management district to implement reuse? No
If so, what are the utility's plans to comply with this requirement? _____
10. When did the company last file a capacity analysis report with the DEP? N/A
11. If the present system does not meet the requirements of DEP rules:
 - a. Attach a description of the plant upgrade necessary to meet the DEP rules.
 - b. Have these plans been approved by DEP? _____
 - c. When will construction begin? _____
 - d. Attach plans for funding the required upgrading.
 - e. Is this system under any Consent Order with DEP? _____
12. Department of Environmental Protection ID # FLA 014369

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