

CLASS "C"

WATER AND/OR WASTEWATER UTILITIES

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

ANNUAL REPORT

OF

WS551-05-AR
Lisa Davis
Damon Utilities, Inc.
47 Lake Damon Drive
Avon Park, FL 33825-8902

Submitted To The

STATE OF FLORIDA



PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2005

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ECONOMIC REGULATION
PUBLIC SERVICE COMMISSION

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FINANCIAL SECTION

REPORT OF

DAMON UTILITIES, INC.

(EXACT NAME OF UTILITY)

47 LAKE DAMON DRIVE AVON PARK, FLORIDA 33825-8902	47 LAKE DAMON DRIVE AVON PARK, FLORIDA 33825-8902
Mailing Address	Street Address County
Telephone Number <u>(863) 453-0773</u>	Date Utility First Organized <u>01/23/86</u>
Fax Number <u>(863) 453-7269</u>	E-mail Address <u>damonutilities@earthlink.net</u>
Sunshine State One-Call of Florida, Inc. Member No. <u>DU1055</u>	

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

Individual
 Sub Chapter S Corporation
 1120 Corporation
 Partnership

Name, Address and phone where records are located: Same As Above

Name of subdivisions where services are provided: River Greens Golf Course Area and Casa Del Lago Condominiums

CONTACTS:

Name	Title	Principle Business Address	Salary Charged Utility
Person to send correspondence: <u>Deborah B. Crews</u>	<u>Bookkeeper</u>	<u>47 Lake Damon Drive Avon Park, FL 33825</u>	\$ <u>0</u>
Person who prepared this report: <u>Deborah B. Crews</u>	<u>Bookkeeper</u>	<u>47 Lake Damon Drive Avon Park, FL 33825</u>	\$ <u>0</u>
Officers and Managers: <u>J. A. Harstine</u>	<u>President</u>	<u>47 Lake Damon Drive</u>	\$ <u>0</u>
<u>Rodney A. Davis</u>	<u>Secretary/Treasurer</u>	<u>47 Lake Damon Drive</u>	\$ <u>0</u>
<u>George Davis</u>	<u>Vice President</u>	<u>47 Lake Damon Drive</u>	\$ <u>0</u>
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

Report every corporation or person owning or holding directly or indirectly 5 percent or more of the voting securities of the reporting utility:

Name	Percent Ownership in Utility	Principle Business Address	Salary Charged Utility
<u>J. A. Harstine</u>	<u>33 1/3</u>	<u>47 Lake Damon Drive</u>	\$ <u>0</u>
<u>Rodney A. Davis</u>	<u>33 1/3</u>	<u>47 Lake Damon Drive</u>	\$ <u>0</u>
<u>George Davis</u>	<u>33 1/3</u>	<u>47 Lake Damon Drive</u>	\$ <u>0</u>
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

INCOME STATEMENT

Account Name	Ref. Page	Water	Wastewater	Other	Total Company
Gross Revenue:					
Residential_ _ _ _ _		\$ 45,145	\$ 33,854	\$ _____	\$ 78,999
Commercial_ _ _ _ _		549	1,953	_____	2,502
Industrial_ _ _ _ _		_____	_____	_____	_____
Multiple Family_ _ _ _ _		_____	_____	_____	_____
Unmetered Revenues_ _ _ _ _		18	_____	_____	18
Late Payment Fee_ _ _ _ _		491	39	_____	530
Connection Fees_ _ _ _ _		368	97	_____	465
Total Gross Revenue_ _ _ _ _		\$ 46,571	\$ 35,943	\$ _____	\$ 82,514
Operation Expense (Must tie to pages W-3 and S-3)	W-3 S-3	\$ 33,035	\$ 21,800	\$ _____	\$ 54,835
Depreciation Expense_ _ _ _ _	F-5	5,497	3,880	_____	9,377
CIAC Amortization Expense_ _ _ _ _	F-8	(2,513)	(1,105)	_____	(3,618)
Taxes Other Than Income_ _ _ _ _	F-7	4,226	1,954	_____	6,180
Income Taxes_ _ _ _ _	F-7	0	0	_____	0
Total Operating Expense		\$ 40,245	\$ 26,529	\$ _____	\$ 66,774
Net Operating Income (Loss)		\$ 6,326	\$ 9,414	\$ _____	\$ 15,740
Other Income:					
Nonutility Income_ _ _ _ _		\$ 0	\$ 0	\$ _____	\$ 0
_____		_____	_____	_____	_____
_____		_____	_____	_____	_____
Other Deductions:					
Miscellaneous Nonutility Expenses_ _ _ _ _		\$ 0	\$ 0	\$ _____	\$ 0
Interest Expense_ _ _ _ _		0	0	_____	3,239
Bank Loan		2,429	810	_____	3,239
_____		_____	_____	_____	0
_____		_____	_____	_____	_____
Net Income (Loss)		\$ 3,897	\$ 8,604	\$ _____	\$ 12,501

UTILITY NAME Damon Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2005

GROSS UTILITY PLANT

Plant Accounts: (101 - 107) inclusive	Water	Wastewater	Plant other Than Reporting Systems	Total
Utility Plant in Service (101) _____	\$ <u>130,849</u>	\$ <u>229,549</u>	\$ <u>0</u>	\$ <u>360,398</u>
Construction Work in Progress (105) _____	_____	_____	_____	_____
Other (Specify) _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Utility Plant _____	\$ <u>130,849</u>	\$ <u>229,549</u>	\$ _____	\$ <u>360,398</u>

ACCUMULATED DEPRECIATION (A/D) AND CIAC AMORTIZATION OF UTILITY PLANT

Account 108	Water	Wastewater	A/D & CIAC AM. Other Than Reporting Systems	Total
Balance First of Year _____	\$ <u>74,007</u>	\$ <u>160,189</u>	\$ _____	\$ <u>234,196</u>
Add Credits During Year:				
Accruals charged to depreciation account _____	\$ <u>5,497</u>	\$ <u>3,880</u>	\$ _____	\$ <u>9,377</u>
Salvage _____	_____	_____	_____	_____
Other Credits (specify) _____	_____	_____	_____	_____
Total Credits _____	\$ <u>5,497</u>	\$ <u>3,880</u>	\$ _____	\$ <u>9,377</u>
Deduct Debits During Year:				
Book cost of plant retired _____	\$ _____	\$ _____	\$ _____	\$ _____
Cost of removal _____	_____	_____	_____	_____
Other debits (specify) _____	_____	_____	_____	_____
Total Debits _____	\$ _____	\$ _____	\$ _____	\$ _____
Balance End of Year _____	\$ <u>79,504</u>	\$ <u>164,069</u>	\$ _____	\$ <u>243,573</u>

UTILITY NAME Damon Utilities, Inc.

<p>YEAR OF REPORT DECEMBER 31, 2005</p>

CAPITAL STOCK (201 - 204)

	Common Stock	Preferred Stock
Par or stated value per share _____	\$1.00	N/A
Shares authorized _____	600	_____
Shares issued and outstanding _____	600	_____
Total par value of stock issued _____	\$600.00	_____
Dividends declared per share for year _____	0	_____

RETAINED EARNINGS (215)

	Appropriated	Un-Appropriated
Balance first of year _____	\$ _____	\$ (19,256)
Changes during the year (Specify):		
Adjustments _____	_____	(4,026)
_____	_____	12,501
_____	_____	_____
Balance end of year _____	\$ _____	\$ (10,781)

PROPRIETARY CAPITAL (218)

	Proprietor Or Partner	Partner
Balance first of year _____ N/A _____	\$ _____	\$ _____
Changes during the year (Specify):		
_____	_____	_____
_____	_____	_____
Balance end of year _____	\$ _____	\$ _____

LONG TERM DEBT (224)

Description of Obligation (Including Nominal Date of Issue and Date of Maturity):	Interest		Principal per Balance Sheet Date
	Rate	# of Pymts	
<u>Highlands Independent Bank (Variable Rate)</u>	7.75%	60	\$ 44,857
_____	_____	_____	_____
_____	_____	_____	_____
Total _____			\$ 44,857

TAX EXPENSE

(a)	Water (b)	Wastewater (c)	Other (d)	Total (e)
Income Taxes:				
Federal income tax _____	\$ _____	_____	_____	_____
State income tax _____	_____	_____	_____	_____
Taxes Other Than Income: _____	_____	_____	_____	_____
State ad valorem tax _____	_____	_____	_____	_____
Local property tax _____	1,527	170	_____	1,697
Regulatory assessment fee _____	2,096	1,617	_____	3,713
Other (Specify)Occupational _____	81	9	_____	90
Corporation Annual Report _____	135	15	_____	150
Annual Maintenance _____	360	40	_____	400
Fire Inspection _____	27	3	_____	30
DEP Revised Permit _____	_____	100	_____	100
Total Tax Expense _____	\$ 4,226	\$ 1,954	\$ 0	\$ 6,180

PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES

Report all information concerning outside rate, management, construction, advertising, labor relations, public relations, or other similar professional services rendered the respondent for which aggregate payments during the year to any corporation, partnership, individual, or organization of any kind whatever amounting to \$500 or more.			
Name of Recipient	Water Amount	Wastewater Amount	Description of Service
NONE	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____

UTILITY NAME: Damon Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2005

CONTRIBUTIONS IN AID OF CONSTRUCTION (271)

(a)	Water (b)	Wastewater (c)	Total (d)
1) Balance first of year_____	\$ <u>59,766</u>	\$ <u>64,348</u>	\$ <u>124,114</u>
2) Add credits during year_____	<u>3,656</u>	<u>552</u>	<u>4,208</u>
3) Total_____	\$ <u>63,422</u>	\$ <u>64,900</u>	\$ <u>128,322</u>
4) Deduct charges during the year_____			
5) Balance end of year_____	<u>63,422</u>	<u>64,900</u>	<u>128,322</u>
6) Less Accumulated Amortization_____	<u>34,441</u>	<u>29,938</u>	<u>64,379</u>
7) Net CIAC_____	\$ <u>28,981</u>	\$ <u>34,962</u>	\$ <u>63,943</u>

ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION DURING YEAR (CREDITS)

Report below all developers or contractors agreements from which cash or property was received during the year.	Indicate "Cash" or "Property"	Water	Wastewater
<u>N/A</u>			
Sub-total_____		\$ _____	\$ _____
Report below all capacity charges, main extension charges and customer connection charges received during the year.			
Description of Charge	Number of Connections	Charge per Connection	
Meter Installation	<u>8</u>	\$ <u>155</u>	\$ <u>1,240</u>
Main Extension	<u>8</u>	<u>228</u>	<u>1,824</u>
Plant Capacity	<u>8</u>	<u>74</u>	<u>592</u>
Main Extension	<u>8</u>	<u>138</u>	<u>552</u>
Total Credits During Year (Must agree with line # 2 above.)_____			\$ <u>3,656</u>

ACCUMULATED AMORTIZATION OF CIAC (272)

	Water	Wastewater	Total
Balance First of Year_____	\$ <u>31,928</u>	\$ <u>28,833</u>	\$ <u>60,761</u>
Add Credits During Year:_____	<u>2,513</u>	<u>1,105</u>	<u>3,618</u>
Deduct Debits During Year:_____			
Balance End of Year (Must agree with line #6 above.)	\$ <u>34,441</u>	\$ <u>29,938</u>	\$ <u>64,379</u>

REVISED 3/31/2006

**** COMPLETION OF SCHEDULE REQUIRED ONLY IF AFUDC WAS CHARGED DURING YEAR ****

UTILITY NAME: Damon Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2005

SCHEDULE "A"

SCHEDULE OF COST OF CAPITAL USED FOR AFUDC CALCULATION (1)

Class of Capital (a)	Dollar Amount (b)	Percentage of Capital (c)	Actual Cost Rates (d)	Weighted Cost [c x d] (e)
Common Equity	\$ _____	_____ %	_____ %	_____ %
Preferred Stock	_____	_____ %	_____ %	_____ %
Long Term Debt	_____	_____ %	_____ %	_____ %
Customer Deposits	_____	_____ %	_____ %	_____ %
Tax Credits - Zero Cost	_____	_____ %	0.00 %	_____ %
Tax Credits - Weighted Cost	_____	_____ %	_____ %	_____ %
Deferred Income Taxes	_____	_____ %	_____ %	_____ %
Other (Explain)	_____	_____ %	_____ %	_____ %
Total	\$ _____	100.00 %		N/A %

(1) Must be calculated using the same methodology used to calculate AFUDC rate approved by the Commission.

APPROVED AFUDC RATE

Current Commission approved AFUDC rate:	_____ %
Commission Order approving AFUDC rate:	_____

**WATER
OPERATING
SECTION**

UTILITY NAME: Damon Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2005

WATER UTILITY PLANT ACCOUNTS

Acct. No. (a)	Account Name (b)	Previous Year (c)	Additions (d)	Retirements (e)	Current Year (f)
301	Organization_____	\$ 6,226	\$ _____	\$ _____	\$ 6,226
302	Franchises_____	_____	_____	_____	_____
303	Land and Land Rights_____	_____	_____	_____	_____
304	Structures and Improvements_____	3,681	_____	_____	3,681
305	Collecting and Impounding Reservoirs_____	_____	_____	_____	_____
306	Lake, River and Other Intakes_____	_____	_____	_____	_____
307	Wells and Springs_____	6,285	_____	_____	6,285
308	Infiltration Galleries and Tunnels_____	_____	_____	_____	_____
309	Supply Mains_____	1,126	_____	_____	1,126
310	Power Generation Equipment_____	10,703	_____	_____	10,703
311	Pumping Equipment_____	8,032	_____	_____	8,032
320	Water Treatment Equipment_____	10,105	_____	_____	10,105
330	Distribution Reservoirs and Standpipes_____	_____	_____	_____	_____
331	Transmission and Distribution Lines_____	54,286	_____	_____	54,286
333	Services_____	_____	_____	_____	_____
334	Meters and Meter Installations_____	24,861	1,634	_____	26,495
335	Hydrants_____	_____	_____	_____	_____
336	Backflow Prevention Devices_____	_____	_____	_____	_____
339	Other Plant and Miscellaneous Equipment_____	_____	_____	_____	_____
340	Office Furniture and Equipment_____	1,250	_____	_____	1,250
341	Transportation Equipment_____	_____	_____	_____	_____
342	Stores Equipment_____	_____	_____	_____	_____
343	Tools, Shop and Garage Equipment_____	2,660	_____	_____	2,660
344	Laboratory Equipment_____	_____	_____	_____	_____
345	Power Operated Equipment_____	_____	_____	_____	_____
346	Communication Equipment_____	_____	_____	_____	_____
347	Miscellaneous Equipment_____	_____	_____	_____	_____
348	Other Tangible Plant_____	_____	_____	_____	_____
	Total Water Plant_____	\$ 129,215	\$ 1,634	\$ _____	\$ 130,849

UTILITY NAME: Damon Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2005

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - WATER

Acct. No. (a)	Account (b)	Average Service Life in Years (c)	Average Salvage in Percent (d)	Depr. Rate Applied (e)	Accumulated Depreciation Balance Previous Year (f)	Debits (g)	Credits (h)	Accum. Depr. Balance End of Year (f-g+h=i) (i)
301	Organization_	40	%	2.500 %	\$ 2,892	\$	\$ 156	\$ 3,048
304	Structures and Improvements_	28	%	3.570 %	2,148		131	2,279
305	Collecting and Impounding Reservoirs_		%					
306	Lake, River and Other Intakes_		%					
307	Wells and Springs_	27	%	3.700 %	4,003		233	4,236
308	Infiltration Galleries & Tunnels_		%					
309	Supply Mains_	32	%	3.130 %	409		35	444
310	Power Generating Equipment_	17	%	5.880 %	4,405		629	5,034
311	Pumping Equipment_	17	%	5.880 %	7,522		472	7,994
320	Water Treatment Equipment_	17	%	5.880 %	9,020		594	9,614
330	Distribution Reservoirs & Standpipes_		%					
331	Trans. & Dist. Mains_	38	%	2.630 %	24,524		1,428	25,952
333	Services_		%					
334	Meter & Meter Installations_	17	%	5.880 %	16,804		1,559	18,363
335	Hydrants_		%					
339	Other Plant and Miscellaneous Equipment_		%					
340	Office Furniture and Equipment_	15	%	6.670 %	646		83	729
341	Transportation Equipment_		%					
342	Stores Equipment_		%					
343	Tools, Shop and Garage Equipment_	15	%	6.670 %	1,634		177	1,811
344	Laboratory Equipment_		%					
345	Power Operated Equipment_		%					
346	Communication Equipment_		%					
347	Miscellaneous Equipment_		%					
348	Other Tangible Plant_		%					
	Totals_				\$ 74,007	\$ 0	\$ 5,497	\$ 79,504 *

* This amount should tie to Sheet F-5.

WATER OPERATION AND MAINTENANCE EXPENSE

Acct. No.	Account Name	Amount
601	Salaries and Wages - Employees_____	\$ 12,912
603	Salaries and Wages - Officers, Directors, and Majority Stockholders_____	0
604	Employee Pensions and Benefits_____	0
610	Purchased Water_____	0
615	Purchased Power_____	1,889
616	Fuel for Power Production_____	0
618	Chemicals_____	3,073
620	Materials and Supplies_____	2,470
630	Contractual Services:	
	Billing_____ #630	945
	Professional_____ #631	469
	Testing_____ #635	2,100
	Other_____ #636 Contract Labor	4,236
640	Rents_____	3,000
650	Transportation Expense_____	905
655	Insurance Expense_____	755
665	Regulatory Commission Expenses (Amortized Rate Case Expense)_____	281
670	Bad Debt Expense_____	
675	Miscellaneous Expenses_____	
	Total Water Operation And Maintenance Expense_____	\$ 33,035 *

* This amount should tie to Sheet F-3.

WATER CUSTOMERS

Description (a)	Type of Meter ** (b)	Equivalent Factor (c)	Number of Active Customers		Total Number of Meter Equivalents (c x e) (f)
			Start of Year (d)	End of Year (e)	
5/8"	D	1.0	261	269	269
3/4"	D	1.5			
1"	D	2.5			
1 1/2"	D,T	5.0			
2"	D,C,T	8.0			
3"	D	15.0			
3"	C	16.0			
3"	T	17.5			
4"	D,C	25.0			
4"	T	30.0			
6"	D,C	50.0			
6"	T	62.5			
Unmetered Customers					
Other (Specify):					
** D = Displacement C = Compound T = Turbine			Total	261	269
				269	269

PUMPING AND PURCHASED WATER STATISTICS

(a)	(b)	(c)	(d)	(e)	(f)
	Water Purchased For Resale (Omit 000's)	Finished Water From Wells (Omit 000's)	Recorded Accounted For Loss Through Line Flushing Etc. (Omit 000's)	Total Water Pumped And Purchased (Omit 000's) [(b)+(c)-(d)]	Water Sold To Customers (Omit 000's)
January_____	_____	1,063	51	1,012	1,012
February_____	_____	981	69	912	912
March_____	_____	1,016	86	930	930
April_____	_____	973	83	890	890
May_____	_____	1,105	108	997	997
June_____	_____	787	64	723	723
July_____	_____	855	91	764	764
August_____	_____	941	42	899	899
September_____	_____	801	93	708	708
October_____	_____	857	97	760	760
November_____	_____	1,132	111	1,021	1,021
December_____	_____	988	110	878	878
Total for Year_____	_____	11,499	1,005	10,494	10,494

If water is purchased for resale, indicate the following:

Vendor _____ N/A

Point of delivery _____

If water is sold to other water utilities for redistribution, list names of such utilities below:

_____ N/A

MAINS (FEET)

Kind of Pipe (PVC, Cast Iron, Coated Steel, etc.)	Diameter of Pipe	First of Year	Added	Removed or Abandoned	End of Year
PVC	6 IN	825 LF	-	-	825 LF
PVC	4 IN	7782 LF	-	-	7782 LF
PVC	2 IN	3410 LF	-	-	3410 LF
PVC	1 IN	160 LF	-	-	160 LF
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

UTILITY NAME: _____ Damon Utilities, Inc.

<p>YEAR OF REPORT DECEMBER 31, 2005</p>

SYSTEM NAME: _____

**WELLS AND WELL PUMPS
(If Available)**

(a)	(b)	(c)	(d)	(e)
Year Constructed _____	<u>1986</u>	<u>1987</u>	_____	_____
Types of Well Construction and Casing _____	<u>Steel & Concrete</u>	<u>Steel & Concrete</u>	_____	_____
_____	_____	_____	_____	_____
Depth of Wells _____	<u>500 FT</u>	<u>500 FT</u>	_____	_____
Diameters of Wells _____	<u>4 IN</u>	<u>4 IN</u>	_____	_____
Pump - GPM _____	<u>100</u>	<u>100</u>	_____	_____
Motor - HP _____	<u>5 HP</u>	<u>5 HP</u>	_____	_____
Motor Type * _____	<u>Submersible</u>	<u>Submersible</u>	_____	_____
Yields of Wells in GPD _____	<u>130,000</u>	<u>130,000</u>	_____	_____
Auxiliary Power _____	<u>N/A</u>	<u>N/A</u>	_____	_____
* Submersible, centrifugal, etc.				

RESERVOIRS

(a)	(b)	(c)	(d)	(e)
Description (steel, concrete)	<u>Steel</u>	<u>Steel</u>	_____	_____
Capacity of Tank _____	<u>2,000</u>	<u>2,000</u>	_____	_____
Ground or Elevated _____	<u>Ground</u>	<u>Ground</u>	_____	_____

HIGH SERVICE PUMPING

(a)	(b)	(c)	(d)	(e)
Motors				
Manufacturer _____	<u>Sta-Rite</u>	<u>Sta-Rite</u>	_____	_____
Type _____	<u>Submersible</u>	<u>Submersible</u>	_____	_____
Rated Horsepower _____	<u>5 HP</u>	<u>5 HP</u>	_____	_____
Pumps				
Manufacturer _____	<u>Sta-Rite</u>	<u>Sta-Rite</u>	_____	_____
Type _____	<u>Submersible</u>	<u>Submersible</u>	_____	_____
Capacity in GPM _____	<u>100</u>	<u>100</u>	_____	_____
Average Number of Hours Operated Per Day _____	<u>2 1/2</u>	<u>2 1/2</u>	_____	_____
Auxiliary Power _____	<u>N/A</u>	<u>N/A</u>	_____	_____

UTILITY NAME: _____ Damon Utilities, Inc. _____

YEAR OF REPORT DECEMBER 31, 2005

SOURCE OF SUPPLY

List for each source of supply (Ground, Surface, Purchased Water etc.)			
Permitted Gals per day _ _	14,560 Each	_____	_____
Type of Source_ _ _ _ _	2 Deep Wells	_____	_____

WATER TREATMENT FACILITIES

List for each Water Treatment Facility:			
Type_ _ _ _ _	Wallace & Tierman	_____	_____
Make_ _ _ _ _	V-100	_____	_____
Gals. per day capacity_ _ _	130,000	_____	_____
High service pumping	N/A	_____	_____
Gallons per minute_ _ _	N/A	_____	_____
Reverse Osmosis_ _ _ _ _	N/A	_____	_____
Lime Treatment			
Unit Rating_ _ _ _ _	N/A	_____	_____
Filtration			
Pressure Sq. Ft._ _ _ _	N/A	_____	_____
Gravity GPD/Sq.Ft._ _ _	N/A	_____	_____
Disinfection			
Chlorinator_ _ _ _ _	Gas	_____	_____
Ozone_ _ _ _ _	N/A	_____	_____
Other_ _ _ _ _	N/A	_____	_____
Auxiliary Power_ _ _ _ _	Generator	_____	_____
	(Portable)	_____	_____

GENERAL WATER SYSTEM INFORMATION

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

1. Present ERCs * now being served 236
2. Maximum ERCs ** that system can efficiently serve 294
3. Present system connection capacity (in ERC's) using existing lines _____
4. Future connection capacity (in ERC's) upon service area buildout _____
5. Estimated annual increase in ERCs: * 9
6. Is the utility required to have fire flow capacity? _____
If so, how much capacity is required? 2 @ 150 GPM
7. Attach a description of the fire fighting facilities.
8. Describe any plans and estimated completion dates for any enlargements or improvements of this system.
None at this time
9. When did the company last file a capacity analysis report with the DEP? _____
10. If the present system does not meet the requirements of DEP rules, submit the following:
 - 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? _____
11. Department of Environmental Protection ID # 6284078
12. Water Management District Consumptive Use Permit # NONE
 - a. Is the system in compliance with the requirements of the CUP? _____
 - b. If not, what are the utility's plans to gain compliance? _____

* An ERC is determined based on 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 residents (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 = (Total SRF Gallons Sold(omit 000 / 365 days / 350 Gallons Per Day).

**WASTEWATER
OPERATING
SECTION**

UTILITY NAME: Damon Utilities, Inc.

<p>YEAR OF REPORT DECEMBER 31, 2005</p>

WASTEWATER UTILITY PLANT ACCOUNTS

Acct. No. (a)	Account Name (b)	Previous Year (c)	Additions (d)	Retirements (e)	Current Year (f)
351	Organization_____	\$ 17,504	\$ _____	\$ _____	\$ 17,504
352	Franchises_____	_____	_____	_____	_____
353	Land and Land Rights_____	_____	_____	_____	_____
354	Structures and Improvements_____	1,958	_____	_____	1,958
360	Collection Sewers - Force_____	17,337	_____	_____	17,337
361	Collection Sewers - Gravity_____	64,706	_____	_____	64,706
362	Special Collecting Structures_____	_____	_____	_____	_____
363	Services to Customers_____	_____	_____	_____	_____
364	Flow Measuring Devices_____	_____	_____	_____	_____
365	Flow Measuring Installations_____	_____	_____	_____	_____
370	Receiving Wells_____	1,642	_____	_____	1,642
371	Pumping Equipment_____	_____	_____	_____	_____
380	Treatment and Disposal Equipment_____	93,875	_____	_____	93,875
381	Plant Sewers_____	9,051	_____	_____	9,051
382	Outfall Sewer Lines_____	21,652	_____	_____	21,652
389	Other Plant and Miscellaneous Equipment_____	_____	_____	_____	_____
390	Office Furniture and Equipment_____	1,250	_____	_____	1,250
391	Transportation Equipment_____	_____	_____	_____	_____
392	Stores Equipment_____	_____	_____	_____	_____
393	Tools, Shop and Garage Equipment_____	574	_____	_____	574
394	Laboratory Equipment_____	_____	_____	_____	_____
395	Power Operated Equipment_____	_____	_____	_____	_____
396	Communication Equipment_____	_____	_____	_____	_____
397	Miscellaneous Equipment_____	_____	_____	_____	_____
398	Other Tangible Plant_____	_____	_____	_____	_____
	Total Wastewater Plant_____	\$ 229,549	\$ _____	\$ _____	\$ 229,549 *

* This amount should tie to sheet F-5.

UTILITY NAME: Damon Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2005

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - WASTEWATER

Acct. No. (a)	Account (b)	Average Service Life in Years (c)	Average Salvage in Percent (d)	Depr. Rate Applied (e)	Accumulated Depreciation Balance Previous Year (f)	Debits (g)	Credits (h)	Accum. Depr. Balance End of Year (f-g+h=i) (i)
351	Organization_	40	2.500 %	%	\$ 8,152	\$	\$ 438	\$ 8,590
354	Structures and Improvements_	27	3.700 %	%	\$ 1,360	\$	\$ 73	\$ 1,433
360	Collection Sewers - Force_	27	3.700 %	%	8,505		642	9,147
361	Collection Sewers - Gravity_	40	2.500 %	%	27,243		1,618	28,861
362	Special Collecting Structures_		%	%				
363	Services to Customers_		%	%				
364	Flow Measuring Devices_		%	%				
365	Flow Measuring Installations_		%	%				
370	Receiving Wells_	25	4.000 %	%	1,194		66	1,260
371	Pumping Equipment_		%	%				
380	Treatment and Disposal Equipment_	15	0.000 %	%	93,875		0	93,875
381	Plant Sewers_	32	3.130 %	%	4,606		283	4,889
382	Outfall Sewer Lines_	30	3.330 %	%	13,603		722	14,325
389	Other Plant and Miscellaneous Equipment_		%	%				
390	Office Furniture and Equipment_	15	6.670 %	%	1,250		0	1,250
391	Transportation Equipment_		%	%				
392	Stores Equipment_		%	%				
393	Tools, Shop and Garage Equipment_	15	6.670 %	%	401		38	439
394	Laboratory Equipment_		%	%				
395	Power Operated Equipment_		%	%				
396	Communication Equipment_		%	%				
397	Miscellaneous Equipment_		%	%				
398	Other Tangible Plant_		%	%				
	Totals_				\$ 160,189	\$	\$ 3,880	\$ 164,069 *

* This amount should tie to Sheet F-5.

UTILITY NAME: Damon Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2005

WASTEWATER OPERATION AND MAINTENANCE EXPENSE

Acct. No.	Account Name	Amount
701	Salaries and Wages - Employees _____	\$ <u>4,304</u>
703	Salaries and Wages - Officers, Directors, and Majority Stockholders _____	_____
704	Employee Pensions and Benefits _____	_____
710	Purchased Wastewater Treatment _____	_____
711	Sludge Removal Expense _____	<u>1,050</u>
715	Purchased Power _____	<u>2,457</u>
716	Fuel for Power Production _____	_____
718	Chemicals _____	<u>3,303</u>
720	Materials and Supplies _____	<u>487</u>
730	Contractual Services:	
	Billing - #730 _____	<u>315</u>
	Professional - #731 _____	<u>156</u>
	Testing - #735 _____	<u>2,843</u>
	Contract Labor - #736 _____	<u>3,752</u>
740	Rents _____	<u>2,100</u>
750	Transportation Expense _____	<u>604</u>
755	Insurance Expense _____	<u>293</u>
765	Regulatory Commission Expenses (Amortized Rate Case Expense) _____	<u>136</u>
770	Bad Debt Expense _____	_____
775	Miscellaneous Expenses _____	_____
	Total Wastewater Operation And Maintenance Expense _____	\$ <u>21,800</u> *

* This amount should tie to Sheet F-3.

WASTEWATER CUSTOMERS

Description (a)	Type of Meter ** (b)	Equivalent Factor (c)	Number of Active Customers		Total Number of Meter Equivalents (c x e) (f)
			Start of Year (d)	End of Year (e)	
5/8"	D	1.0	<u>90</u>	<u>94</u>	<u>94</u>
3/4"	D	1.5	_____	_____	_____
1"	D	2.5	_____	_____	_____
1 1/2"	D,T	5.0	_____	_____	_____
2"	D,C,T	8.0	_____	_____	_____
3"	D	15.0	_____	_____	_____
3"	C	16.0	_____	_____	_____
3"	T	17.5	_____	_____	_____
4"	D,C	25.0	_____	_____	_____
4"	T	30.0	_____	_____	_____
6"	D,C	50.0	_____	_____	_____
6"	T	62.5	_____	_____	_____
Other (Specify): _____ _____	_____ _____	_____ _____	_____ _____	_____ _____	_____ _____
Unmetered Customers			_____	_____	_____
** D = Displacement C = Compound T = Turbine			Total	90	94
			<u>90</u>	<u>94</u>	<u>94</u>

UTILITY NAME: Damon Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2005

PUMPING EQUIPMENT

Lift Station Number _____	<u>1</u>	<u>2</u>	<u>3</u>	_____	_____	_____
Make or Type and nameplate data on pump _____	<u>2</u>	<u>2</u>	<u>2</u>	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
Year installed _____	<u>1986</u>	<u>1994</u>	<u>1989</u>	_____	_____	_____
Rated capacity _____	<u>190 GPM</u>	<u>117 GPM</u>	<u>117 GPM</u>	_____	_____	_____
Size _____	<u>2-3 HP</u>	<u>3 HP</u>	<u>3 HP</u>	_____	_____	_____
Power:						
Electric _____	<u>X</u>	<u>X</u>	<u>X</u>	_____	_____	_____
Mechanical _____	_____	_____	_____	_____	_____	_____
Nameplate data of motor _____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

SERVICE CONNECTIONS

Size (inches) _____	<u>6 IN</u>	_____	_____	_____	_____	_____
Type (PVC, VCP, etc.) _____	<u>PVC</u>	_____	_____	_____	_____	_____
Average length _____	<u>30 FT</u>	_____	_____	_____	_____	_____
Number of active service connections _____	_____	_____	_____	_____	_____	_____
Beginning of year _____	_____	_____	_____	_____	_____	_____
Added during year _____	_____	_____	_____	_____	_____	_____
Retired during year _____	_____	_____	_____	_____	_____	_____
End of year _____	_____	_____	_____	_____	_____	_____
Give full particulars concerning inactive connections _____	<u>0</u>	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

COLLECTING AND FORCE MAINS

	Collecting Mains			Force Mains			
Size (inches) _____	<u>8 IN</u>	<u>4 IN</u>	<u>8 IN</u>	_____	_____	_____	_____
Type of main _____	<u>PVC</u>	<u>PVC</u>	<u>PVC</u>	_____	_____	_____	_____
Length of main (nearest foot) _____	<u>2,814</u>	<u>30</u>	<u>1,100</u>	_____	_____	_____	_____
Beginning of year _____	<u>2,814</u>	<u>30</u>	<u>1,100</u>	_____	_____	_____	_____
Added during year _____	<u>0</u>	<u>0</u>	<u>0</u>	_____	_____	_____	_____
Retired during year _____	<u>0</u>	<u>0</u>	<u>0</u>	_____	_____	_____	_____
End of year _____	<u>2,814</u>	<u>30</u>	<u>1,100</u>	_____	_____	_____	_____

MANHOLES

Size (inches) _____	<u>36 IN</u>	_____	<u>36 IN</u>	_____
Type of Manhole _____	<u>Concrete</u>	_____	<u>Concrete</u>	_____
Number of Manholes:				
Beginning of year _____	<u>10</u>	_____	<u>4</u>	_____
Added during year _____	<u>0</u>	_____	<u>0</u>	_____
Retired during year _____	<u>0</u>	_____	<u>0</u>	_____
End of Year _____	<u>10</u>	_____	<u>4</u>	_____

UTILITY NAME: _____ Damon Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2005

SYSTEM NAME: _____

TREATMENT PLANT

Manufacturer _____	Davco Defiance _____	_____	_____
Type _____	6131.73 _____	_____	_____
"Steel" or "Concrete" _____	Concrete _____	_____	_____
Total Capacity _____	50,000 Gallons _____	_____	_____
Average Daily Flow _____	7,294 Gallons _____	_____	_____
Effluent Disposal _____	Drainfield _____	_____	_____
Total Gallons of Wastewater treated _____	_____	_____	_____

MASTER LIFT STATION PUMPS

Manufacturer _____	N/A _____	_____	_____	_____	_____	_____
Capacity (GPM's) _____	_____	_____	_____	_____	_____	_____
Motor:						
Manufacturer _____	_____	_____	_____	_____	_____	_____
Horsepower _____	_____	_____	_____	_____	_____	_____
Power (Electric or Mechanical) _____	_____	_____	_____	_____	_____	_____

PUMPING WASTEWATER STATISTICS

Months	Gallons of Treated Wastewater	Effluent Reuse Gallons to Customers	Effluent Gallons Disposed of on site
January _____	257,000 _____	0 _____	257,000 _____
February _____	264,000 _____	0 _____	264,000 _____
March _____	285,000 _____	0 _____	285,000 _____
April _____	246,000 _____	0 _____	246,000 _____
May _____	187,000 _____	0 _____	187,000 _____
June _____	187,000 _____	0 _____	187,000 _____
July _____	188,000 _____	0 _____	188,000 _____
August _____	225,000 _____	0 _____	225,000 _____
September _____	197,000 _____	0 _____	197,000 _____
October _____	210,000 _____	0 _____	210,000 _____
November _____	275,000 _____	0 _____	275,000 _____
December _____	247,000 _____	0 _____	247,000 _____
Total for year _____	2,768,000 _____	0 _____	2,768,000 _____

If Wastewater Treatment is purchased, indicate the vendor: _____

UTILITY NAME: Damon Utilities, Inc.

YEAR OF REPORT
December 31, 2005

SYSTEM NAME: _____

GENERAL WASTEWATER SYSTEM INFORMATION

Furnish information below for each system not physically connected with another facility. A separate page should be supplied where necessary.

1. Present number ERCs * now being served. 73
2. Maximum number of ERCs * which can be served. 94
3. Present system connection capacity (in ERC's) using existing lines. _____
4. Future connection capacity (in ERC's) upon service area buildout _____
5. Estimated annual increase in ERCs * 2
6. Describe any plans and estimated completion dates for any enlargements of this system.
None at this time
7. If the utility uses reuse as a means of effluent disposal, provide 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? _____
11. If the present system does not meet the requirements of DEP rules, submit the following:
 - 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# _____

* An ERC is determined based on 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 residents (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 = Total SFR gallons sold (omit 000/365 days/280 gallons per day).

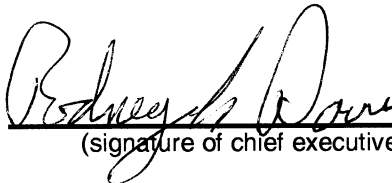
CERTIFICATION OF ANNUAL REPORT

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

- | | | |
|--|--------------------------------|---|
| YES
<input checked="" type="checkbox"/> | NO
<input type="checkbox"/> | 1. The utility is in substantial compliance with the Uniform System of Accounts prescribed by the Florida Public Service Commission in Rule 25-30.115 (1), Florida Administrative Code. |
| YES
<input checked="" type="checkbox"/> | NO
<input type="checkbox"/> | 2. The utility is in substantial compliance with all applicable rules and orders of the Florida Public Service Commission. |
| YES
<input checked="" type="checkbox"/> | NO
<input type="checkbox"/> | 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 financial statement of the utility. |
| YES
<input checked="" type="checkbox"/> | NO
<input type="checkbox"/> | 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.
<input checked="" type="checkbox"/> | 2.
<input checked="" type="checkbox"/> | 3.
<input checked="" type="checkbox"/> | 4.
<input checked="" type="checkbox"/> |
|---|---|---|---|


 Rodney A. Davis *
 (signature of chief executive officer of the utility)

- | | | | |
|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| 1.
<input type="checkbox"/> | 2.
<input type="checkbox"/> | 3.
<input type="checkbox"/> | 4.
<input type="checkbox"/> |
|--------------------------------|--------------------------------|--------------------------------|--------------------------------|

_____ *
 (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.

**Reconciliation of Revenue to
Regulatory Assessment Fee Revenue
Wastewater Operations
Class C**

Company:

For the Year Ended December 31, 2005

(a)	(b)	(c)	(d)
Accounts	Gross Wastewater Revenues Per Sch. F-3	Gross Wastewater Revenues Per RAF Return	Difference (b) - (c)
Gross Revenue:			
Residential	\$ 33854.	\$ 33853.85	\$ ±.15
Commercial	1953.	1952.78	+.22
Industrial			
Multiple Family			
Guaranteed Revenues			
Other	136.	136.50	-.50
Total Wastewater Operating Revenue	\$ 35943.	\$ 35943.13	\$ -.13
LESS: Expense for Purchased Wastewater from FPSC-Regulated Utility			
Net Wastewater Operating Revenues	\$ 35943.	\$ 35943.13	\$ -.13

Explanations:

Difference due to rounding up and down.

Instructions:

For the current year, reconcile the gross wastewater revenues reported on Schedule F-3 with the gross wastewater revenues reported on the company's regulatory assessment fee return. Explain any differences reported in column (d).

**Reconciliation of Revenue to
Regulatory Assessment Fee Revenue
Water Operations
Class C**

Company:

For the Year Ended December 31, 2005

(a)	(b)	(c)	(d)
Accounts	Gross Water Revenues Per Sch. F-3	Gross Water Revenues Per RAF Return	Difference (b) - (c)
Gross Revenue:			
Residential	\$ 45145.	\$ 45145.22	\$ -.22
Commercial	549.	549.29	-.29
Industrial			
Multiple Family			
Guaranteed Revenues			
Other	877.	876.62	+.38
Total Water Operating Revenue	\$ 46571.	\$ 46571.13	\$ -.13
LESS: Expense for Purchased Water from FPSC-Regulated Utility	-	-	-
Net Water Operating Revenues	\$ 46571.	\$ 46571.13	\$ -.13

Explanations:

Difference due to rounding of up and down.

Instructions:

For the current year, reconcile the gross water revenues reported on Schedule F-3 with the gross water revenues reported on the company's regulatory assessment fee return. Explain any differences reported in column (d).