

**OFFICIAL COPY**  
**DIVISION OF**  
**CLASS "A" OR "B"**  
**WATER AND SEWER**  
**WATER AND/OR WASTEWATER UTILITIES**  
**Do Not Remove This Notice**  
(Gross Revenue of More Than \$200,000 Each)

**ANNUAL REPORT**

OF

WS638-01-AR

Southlake Utilities, Inc.

Submitted To The

STATE OF FLORIDA



PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2001

SOUTHLAKE UTILITIES, INC.

Southlake Utilities, Inc.  
2001  
Florida Public Service Commission  
Annual Report

Original

RECEIVED  
FLORIDA PUBLIC SERVICE  
COMMISSION  
02 APR 29 AM 11:22  
ECONOMIC REGULATION

16554 Crossings Blvd., Suite 2, Clermont, FL 34711

**SOUTHLAKE UTILITIES, INC.**

April 25, 2002

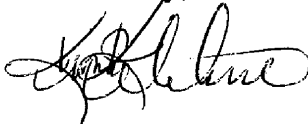
Florida Public Service Commission  
Division of Water and Wasterwater  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Dear Sir,

Enclosed please find one (1) original and two (2) copies of the  
2001 Southlake Utilities, Inc. Annual Report.

Should you require any additional information please do not hesitate  
to contact us.

Sincerely,



Kim Kitchen  
Southlake Utilities, Inc.

16554 Crossings Blvd., Suite 2, Clermont, FL 34711

**CERTIFICATION**

State of Florida

County of Lake

Jeffrey Cagan makes oath  
(Name of Affiant)

and says that he is President  
(Official Title of Affiant)

of Southlake Utilities, Inc.  
(Exact Legal Title or Name of Respondent)

that he/she has examined the foregoing report; that to the best of his knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1, 2001, to and including December 31, 2001.

[Signature]  
(Signature of Affiant)

Subscribed and sworn to before me, a Notary Public

in and for the State and County named, this 25<sup>th</sup> day of

April, 2002.

My commission expires January 28, 2006.

Nancy A. McDonald  
(Signature of oath administer)



Nancy A. McDonald  
MY COMMISSION # DD084674 EXPIRES  
January 28, 2006  
BONDED THRU TROY FAIN INSURANCE, INC.

## General Instructions

1. Prepare this report in conformity with the 1996 National Association of Regulatory Commissioners Uniform System of Accounts for Water and/or Wastewater (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 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 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 32399-0850**

The fourth copy should be retained by the utility.

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CERTIFICATION OF ANNUAL REPORT

YEAR OF REPORT  
DECEMBER 31, 2001

UTILITY NAME: Southlake Utilities, Inc.

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

YES NO

( x ) ( ) 1. The utility is in substantial compliance with the Uniform System of Accounts prescribed Florida Public Service Commission

YES NO

( x ) ( ) 2. The utility is in substantial compliance with all applicable rules and orders of the Florida Public Service Commission

YES NO

( x ) ( ) 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.

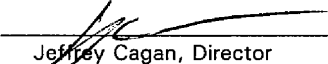
YES NO

( x ) ( ) 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 )

  
Jeffrey Cagan, Director

\*

1. 2. 3. 4.

( ) ( ) ( ) ( )

\*

\* 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:

COUNTY:

Southlake Utilities, Inc.

(Exact Name of Utility)

Lake

Date: December 31, 2001

List below the exact mailing address of the utility for which normal correspondence should be sent:

Southlake Utilities, Inc.

16554 Crossings Boulevard #2

Clermont, Florida 34711

Telephone: (352) 242-2444

Name and address of person to whom correspondence concerning this report should be addressed:

David deNagy

DBN Management

205 Seamist Court

Ponte Vedra Beach, FL 32082

Telephone: (904) 710-2029

List below the address of where the utility's books and records are located:

Southlake Utilities, Inc.

710 Avenida Cuarta No. 204

Clermont, Florida 34711

Telephone: (352) 394-8898

List below any audit groups reviewing records and operations:

Date of original organization of the utility: August 27,

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 percent or more of the voting securities of the utility:

	Name	Percent Ownership
1.	Southlake, Inc.	60.00%
2.	Jeffrey Cagan	15.00%
3.	Richard Driehaus	15.00%
4.	Robert Chapman III	10.00%
5.		
6.		
7.		
8.		
9.		
10.		

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2001
-------------------------------------

DIRECTORY OF PERSONNEL WHO CONTACT THE FLORIDA PUBLIC SERVICE COMMISSION

NAME OF COMPANY REPRESENTATIVE (1)(2)	TITLE OR POSITION	ORGANIZATIONAL UNIT TITLE (3)	USUAL PURPOSE FOR CONTACT WITH COMMISSION
Robert Chapman III	President	Southlake Utilities, Inc.	Operations & Administration
John Guastella (617) 423-3030	Consultant	Guastella Associates, Inc.	Accounting, Engineering, Rates and Regulation
Scott Schildberg (904) 358-8818	Attorney	Ade & Schildberg, P.A.	Legal & Regulatory

(1) Also list appropriate legal counsel, accountants, and others who may not be on general payroll.

(2) Provide individual telephone numbers if the person is not normally reached at the company.

(3) Name of company employed by if not on general payroll.

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT  
DECEMBER 31, 2001

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

Southlake Utilities, Inc. was organized in 1990 for the sole purpose of providing water and wastewater service to the southeast corner of Lake County and the surrounding area. The company has continued to provide safe, adequate service to its customers in a very rapidly growing service area.

The Company's goal is to continue to expand its operations and facilities to meet all regulatory, environmental and service requirements of both the water and wastewater divisions.

The Company currently provides service to 1,059 metered customers. It is anticipated that the company will serve approximately 13,750 housing units by the year 2012 with average annual growth of 900 units over that period.

There are currently two transactions that will have major impacts on the Company's operations and performance. First is the eminent settlement of the connection fee issue brought by D.R. Horton against the utility. Second is the proposed transfer of control from Southlake, Inc. to the minority shareholders, which will serve to strengthen the financial position of the company.

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT  
DECEMBER 31, 2001

PARENT / AFFILIATE ORGANIZATION CHART

Current as of: 12 / 31 / 01

COMPLETE BELOW AN ORGANIZATIONAL CHART THAT SHOWS ALL PARENTS AND SUBSIDIARIES OF THE UTILITY. THIS CHART MUST ALSO SHOW THE RELATIONSHIP BETWEEN THE UTILITY AND THE AFFILIATES LISTED ON E-7, E10(a), AND E-10(b).

Please refer to schedule E-2.

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2001
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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	TITLE	% OF TIME SPENT AS OFFICER OF UTILITY	OFFICERS SALARY
Robert Chapman III	President	90%	\$75,166
Jeffrey Cagan	Secretary	40%	\$25,335
Vicky Patton	Treasurer	20%	\$0

COMPENSATION OF DIRECTORS

For each director, list the number of director meetings attended by each each director and the compensation received as a director from the respondent.			
NAME	TITLE	NUMBER OF DIRECTORS MEETINGS ATTENDED	DIRECTORS SALARY
Robert Chapman III	Director	2	\$ 0
Jeffrey Cagan	Director	2	\$ 0
Ronald Wilson	Director	2	\$ 0

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT December 31, 2001
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**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, partne or organization with which the officer or director is affiliated.			
NAME OF OFFICER, DIRECTOR OR AFFILIATE	IDENTIFICATION OF SERVICE OR PRODUCT	AMOUNT	NAME AND ADDRESS OF AFFILIATED ENTITY
Not Applicable		\$	
<b>Note:</b> The majority shareholders, Southlake, Inc. and Robert Chapman III, have agreed to sell their ownership interest to the minority shareholders, Jeffrey Cagan and Richard Driehaus. A transfer of control application is currently pending before the Florida Public Service Commission.			

\* 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.

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2001
-------------------------------------

AFFILIATION OF OFFICERS AND DIRECTORS

For each of the officials listed on page E-6, list the principle occupation or business affiliation and all affiliations or connections with any other business or financial organization, 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	PRINCIPLE OCCUPATION OR BUSINESS AFFILIATION	AFFILIATION OR CONNECTION	NAME AND ADDRESS OF AFFILIATION OR CONNECTION
Robert Chapman III	Southlake Utilities, Inc. President/Director	Partner	TND Partners, 2525 Lanier Pl Durham, NC 27705
Jeffrey Cagan	Southlake Utilities, Inc. Secretary/Director	Partner	Cagan Mgmt., 3856 Oakton Skokie, IL 60076
Vicky Patton	Southlake Utilities, Inc. Treasurer	Educator	Duke University Durham, NC 27706
Ronald Wilson	Southlake Utilities, Inc. Director	Company Engine	R.H. Wilson & Associates Longwood, FL 32791

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2001
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**BUSINESSES WHICH ARE A BYPRODUCT, 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 sewer 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 revenues and expenses segregated out as nonutility also.

BUSINESS OR	ASSETS		REVENUES		EXPENSES	
CONDUCTED	BOOK COST OF ASSETS	ACCT. NO.	REVENUES GENERATED	ACCT. NO.	EXPENSES INCURRED	ACCT. NO.
None	\$		\$		\$	



UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2001
-------------------------------------

**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 page E-2 and E-6 identifying the parties, amounts, dates and product, asset, or service involved.

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

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

NAME OF COMPANY OR RELATED PARTY  (a)	DESCRIPTION SERVICE AND/OR NAME OF PRODUCT  (b)	CONTRACT OR AGREEMENT EFFECTIVE DATES  (c)	ANNUAL CHARGES	
			(P)urchased or (S)old  (d)	AMOUNT  (e)
R.H. Wilson & Associates  Southlake Development, LTD	Engineering  Land Lease	2001  1993 (99 years)		Hourly Billing  Annual Interest

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
- writeoff 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 cost for each item reported.
- (e) Enter the net profit or loss for each item (column (c) - column (d)).
- (f) Enter the fair value for each item reported. In space below or in a supplemental schedule, describe the basis used to calculate fair market value.

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

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2001
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COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	<b>UTILITY PLANT</b>			
101-106	Utility Plant	F-7	5,716,387	6,148,357
108-110	Less: Accumulated Depreciation and Amortization	F-8	578,554	715,666
	Net Plant		5,137,833	5,432,691
114-115	Utility Plant Acquisition Adjustments (Net)	F-7		0
116	Other Utility Plant Adj.		0	0
	Total Net Utility Plant		5,137,833	5,432,691
	<b>OTHER PROPERTY AND INVESTMENTS</b>			
121	Nonutility Property	F-9	31,186	31,186
122	Less: Accumulated Depreciation and Amortization		0	0
	Net Nonutility Property		31,186	31,186
123	Investment In Associated Companies	F-10	0	0
124	Utility Investments	F-10	0	0
125	Other Investments	F-10	0	0
126-127	Special Funds	F-10	0	0
	Total Other Property & Investments		0	0
	<b>CURRENT AND ACCRUED ASSETS</b>			
131	Cash		410,382	2,073
132	Special Deposits	F-9	0	0
133	Other Special Deposits	F-9	0	0
134	Working Funds			
135	Temporary Cash Investments		206,949	236,022
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts	F-11	334,146	324,343
145	Accounts Receivable from Associated Companies	F-12	15,757	0
146	Notes Receivable from Associated Companies	F-12	0	0
151-153	Material and Supplies			
161	Stores Expense		0	0
162	Prepayments		21,420	17,022
171	Accrued Interest and Dividends Receivable		0	0
172	Rents Receivable		0	0
173	Accrued Utility Revenues			
174	Misc. Current and Accrued Assets	F-12	0	4,398
	Total Current and Accrued Assets		988,654	583,858



UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT  
DECEMBER 31, 2001

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
<b>EQUITY CAPITAL</b>				
201	Common Stock Issued	F-15	7,500	7,500
204	Preferred Stock Issued	F-15	0	0
202,205	Capital Stock Subscribed		0	0
203,206	Capital Stock Liability for Conversion		0	0
207	Premium on Capital Stock		0	0
209	Reduction in Par or Stated Value of Capital Stock		0	0
210	Gain on Resale or Cancellation of Recquired Capital Stock		0	0
211	Other Paid-In Capital		846,993	846,993
212	Discount on Capital Stock		0	0
213	Capital Stock Expense		0	0
214-215	Retained Earnings	F-16	(783,834)	(947,103)
216	Recquired Capital Stock		0	0
218	Proprietary Capital (Proprietorship and Partnership Only)		0	0
	<b>Total Equity Capital</b>		<b>70,659</b>	<b>(92,610)</b>
<b>LONG-TERM DEBT</b>				
221	Bonds	F-15	0	0
222	Recquired Bonds		0	0
223	Advances from Associated Companies	F-17	0	0
224	Other Long-Term Debt	F-17	761,069	1,221,170
	<b>Total Long-Term Debt</b>		<b>761,069</b>	<b>1,221,170</b>
<b>CURRENT AND ACCRUED LIABILITIES</b>				
231	Accounts Payable		99,784	776,486
232	Notes Payable	F-18	246,533	31,100
233	Accounts Payable to Associated Co.	F-18	33,153	40,475
234	Notes Payable to Associated Co.	F-18	0	0
235	Customer Deposits		69,042	62,348
236	Accrued Taxes		82,746	5,000
237	Accrued Interest	F-19	10,163	10,163
238	Accrued Dividends		0	0
239	Matured Long-Term Debt		0	0
240	Matured Interest		0	0
241	Miscellaneous Current and Accrued Liabilities	F-20	822,629	432,520
	<b>Total Current and Accrued Liabilities</b>		<b>1,364,050</b>	<b>1,358,09</b>

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2001
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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)
<b>DEFERRED CREDITS</b>				
251	Unamortized Premium on Debt	F-13	0	0
252	Advances for Construction	F-20	0	0
253	Other Deferred Credits	F-21	0	0
255	Accumulated Deferred Investment Tax Credits		0	0
	FAS 109 Regulatory Liability		0	0
	Total Deferred Credits		0	0
<b>OPERATING RESERVES</b>				
261	Property Insurance Reserve		0	0
262	Injuries and Damages Reserve		0	0
263	Pensions and Benefits Reserve		0	0
265	Miscellaneous Operating Reserves		0	0
	Total Operating Reserves		0	0
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>				
271	Contributions In Aid of Construction	F-22	4,621,752	4,913,150
272	Accumulated Amortization of Contributions In Aid of Construction	F-22	(392,521)	(581,445)
	Total Net C.I.A.C.		4,229,231	4,331,705
<b>ACCUMULATED DEFERRED INCOME TAXES</b>				
281	Accumulated Deferred Income Taxes - Accelerated Depreciation		0	0
282	Accumulated Deferred Income Taxes - Liberalized Depreciation		0	0
283	Accumulated Deferred Income Taxes - Other		0	0
	Total Accum. Deferred Income Taxes		0	0
	<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>		<b>6,425,009</b>	<b>6,818,35</b>

Revised

UTILITY NAME: Southlake Utilities, Inc.  
COMPARATIVE OPERATING STATEMENT

YEAR OF REPORT  
DECEMBER 31, 2001

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (d)	REF. PAGE (c)	CURRENT YEAR (e)	WATER SCHEDULE W-3 (g)	WASTEWATER SCHEDULE S-3 (i)	OTHER THAN REPORTING SYSTEMS (j)
	UTILITY OPERATING INCOME						
400	Operating Revenues	586,132	F-3(b)	788,119	422,851	365,268	0
469,530	Less: Guaranteed Revenue and AFPI	0	F-3(b)	0	0	0	0
	Net Operating Revenues	586,132		788,119	422,851	365,268	0
401	Operating Expenses	483,261	F-3(b)	795,818	424,202	371,616	0
403	Depreciation Expense	119,622		137,112	45,900	91,212	0
	Less: Amortization of CIAC	145,731	F-22	188,924	67,921	121,003	0
	Net Depreciation Expense	(26,109)		(51,812)	(22,021)	(29,791)	0
406	Amortization of Utility Plant Acquisition Adjustment	0	F-3(b)	0	0	0	0
407	Amortization Expense (Other than CIAC)	0	F-3(b)	0	0	0	0
408.1	Taxes Other Than Income	101,184	W/S-3	139,546	73,892	65,654	0
409.1	Current Income Taxes	0	W/S-3	0	0	0	0
410.10	Deferred Federal Income Taxes	0	W/S-3	0	0	0	0
410.11	Deferred State Income Taxes	0	W/S-3	0	0	0	0
411.1	Provision for Deferred Income Taxes - Credit	0	W/S-3	0	0	0	0
412.1	ITCs Deferred to Future Periods	0	W/S-3	0	0	0	0
412.11	ITC Restored to Operating Income	0	W/S-3	0	0	0	0
	Utility Operating Expenses	558,335		883,552	476,073	407,479	0
	Net Utility Operating Income	27,797		(95,433)	(53,222)	(42,211)	0
469,530	Add Back: Guaranteed Revenue and AFPI	0	F-3(b)	0	0	0	0
413	Income from Utility Plant Leased to Others			0	0	0	0
414	Gains (Losses) from Disposition of Utility Property			0	0	0	0
420	Allowance for Funds Used During Construction			0	0	0	0
	Total Utility Operating Income	27,797		(95,433)	(53,222)	(42,211)	0

F-3 (a & b)

UTILITY NAME: Southlake Utilities, Inc.  
 COMPARATIVE OPERATING STATEMENT

YEAR OF REPORT DECEMBER 31, 2001
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ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (d)	REF. PAGE (c)	CURRENT YEAR (e)
	Total Utility Operating Income [From Page F-3(a)]	27,797		(95,433)
	OTHER INCOME AND DEDUCTIONS			
415	Revenues From Merchandising, Jobbing and Contract Deductions	0		0
416	Costs and Expenses of Merchandising, Jobbing and Contract Work	0		0
419	Interest and Dividend Income	27,198		15,039
420	Allowance for Funds Used During Construction	0		0
421	Nonutility Income	21,090		7,583
426	Miscellaneous Nonutility Expense	0		0
	Total Other Income and Deductions	48,288		22,622
	TAXES APPLICABLE TO OTHER INCOME			
408.20	Taxes Other Than Income	0	F-17	0
409.20	Income Taxes	0	F-17	0
410.20	Provision for Deferred Income Taxes	0		0
411.20	Provision for Deferred Income Taxes - Credit	0		0
412.20	Investment Tax Credits - Net	0		0
412.30	Investment Tax Credits Restored to Operating Income	0		0
	Total Taxes Applicable To Other Income	0		0
	Interest Expense			
427	Interest Expense	74,155	F-19	90,460
428	Amortization of Debt Discount & Expense	0	F-13	0
429	Amortization of Premium on Debt	0	F-13	0
	Total Interest Expense	74,155		90,460
	Extraordinary Items			
433	Extraordinary Income	0		0
434	Extraordinary Deductions	0		0
409.30	Income Taxes, Extraordinary Items	0		0
	Total Extraordinary Items	0		0
	NET INCOME	1,930		(163,271)



UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2001
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SCHEDULE OF YEAR END RATE BASE				
ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WATER UTILITY (d)	SEWER UTILITY (e)
101	Utility Plant In Service	F-7	\$ 1,774,673	\$ 2,854,514
	<b>Less:</b> Nonused and Useful Plant (1)			
108	Accumulated Depreciation	F-8	198,048	517,618
110	Accumulated Amortization	F-8	0	0
271	Contributions In Aid of Construction	F-22	2,109,541	2,803,608
252	Advances for Construction	F-20	0	0
	Subtotal		\$ (532,916)	\$ (466,712)
	<b>Additions:</b>			
272	Accumulated Amortization of CIAC	F-22	224,018	357,427
	Subtotal		\$ (308,898)	\$ (109,285)
	<b>Plus or Minus:</b>			
114	Acquisition Adjustments (2)	F-7	0	0
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	0	0
	Working Capital Allowance (3)		53,025	46,452
	Other (Specify):			
	<b>Rate Base</b>		\$ (255,873)	\$ (62,833)
	<b>Utility Operating Income</b>		\$ (53,222)	\$ (42,211)
	<b>Achieved Rate of Return</b>		0.00%	0.00

NOTES :

- (1) Estimated if not known.
- (2) Include only those Acquisition Adj's approved by the Commission.
- (3) Calculation consistent with the last rate proceeding; in the absence of a rate proceeding Class B utilities will use the one-eighth O&M expense method.

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2001
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**SCHEDULE OF 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	76,012	7.84%	13.10%	1.03%
Preferred Stock	0	0.00%	0.00%	0.00%
Long Term Debt	818,725	84.49%	9.50%	8.03%
Customer Deposits	74,272	7.66%	8.00%	0.61%
Short Term Debt	0	0.00%	0.00%	0.00%
Tax Credits-Weighted Cost	0	0.00%	0.00%	0.00%
Deferred Income Taxes	0	0.00%	0.00%	0.00%
Other (Explain):Deferred ITC	0	0.00%	8.55%	0.00%
<b>Total</b>	<b>\$ 969,009</b>	<b>100.00%</b>		<b>9.67</b>

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

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

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

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

**APPROVED RETURN ON EQUITY**

Current Commission approved Return on Equity:	13.11%
Commission order approving Return on Equity:	24564

**APPROVED AFUDC RATE**

Completion only required if AFUDC was charged during year.

Current Commission approved AFUDC rate:	_____
Commission order approving AFUDC rate:	_____

United Waterworks Inc., parent of United Water Florida, provides all capital to United Water Florida and finances its subsidiaries entirely through common equity. Consequently, United Water Florida looks to its parent, United Waterworks Inc., for the sources of it's equity. The result is the above adjusted company's capital structure.

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2001
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**SCHEDULE OF CAPITAL STRUCTURE ADJUSTMENTS  
CONSISTENT WITH THE METHODOLOGY USED IN THE LAST RATE PROCEEDING**

CLASS OF CAPITAL (a)	PER BOOK BALANCE (b)	NON UTILITY ADJUSTS. (c)	NON JURIS. ADJUSTS (d)	OTHER (1) ADJUSTS. (e)	CAPITAL STRUCTURE (f)
Common Equity	\$ 76,012				\$ 76,012
Preferred Stock	0				0
Long Term Debt	818,725				818,725
Customer Deposits	74,272				74,272
Short Term Debt	0				0
Tax Credits-Weighted Co	0				0
Deferred Income Taxes	0				0
ITC	0				0
Other (Explain)	0				
Total	\$ 969,009	\$ -	\$ -	\$ -	\$ 969,009

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




UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT  
DECEMBER 31, 2001

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

(a)	WATER (b)	WASTEWATE (c)	OTHER* (d)	TOTAL (e)
Balance first of year	\$ 152,148	\$ 426,406	\$0	\$ 578,554
Credit during year:				
Accruals charged:				
to Account 108.1 (1)	\$ 45,900	\$ 91,212	\$0	137,112
to Account 108.2 (2)	0	0	0	0
to Account 108.3 (3)	0	0	0	0
Other Accounts (specify):	0	0	0	0
Salvage	0	0	0	0
Other credits (specify):	0	0	0	0
	0	0	0	0
<b>Total credits</b>	<b>\$ 198,048</b>	<b>\$ 517,618</b>	<b>0</b>	<b>\$ 715,666</b>
Debits during year:				
Book cost of plant retired	\$ -	\$ -	0	\$ -
Cost of removal	0	0	0	0
Other debits (specify)	0	0	0	0
Rounding	0	0	0	0
<b>Total debits</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0</b>	<b>\$ -</b>
<b>Balance end of year</b>	<b>\$ 198,048</b>	<b>\$ 517,618</b>	<b>\$ -</b>	<b>\$ 715,666</b>

**ACCUMULATED AMORTIZATION (ACCT. 110)**

	WATER (b)	SEWER (c)	OTHER THAN REPORTING SYSTEMS (d)	TOTAL (e)
Balance first of year	None	None	None	None
Credit during year:				
Accruals charged:				
to Account 110.2 (2)				
Other accounts (specify)				
<b>Total credits</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>
Debits during year:				
Book cost of plant retired				
Other debits (specify)				
<b>Total debits</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>Balance end of year</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>

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

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2001
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**REGULATORY COMMISSION EXPENSE  
AMORTIZATION OF RATE CASE EXPENSE (ACCOUNTS 666 AND 766)**

DESCRIPTION OF CASE (DOCKET NO.) (a)	EXPENSE INCURRED DURING YEAR (b)	CHARGED OFF DURING YEAR	
		ACCT ⊙	AMOUNT (d)
	\$0	0	\$ -
	0	0	-
Total	\$0		\$ -

**NONUTILITY PROPERTY (ACCT. 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 BALANCE (b)	ADDITIONS (c)	REDUCTIONS (d)	ENDING YEAR BALANCE (e)
Well Sites "C" and "E" (Unavailable for service)	31,186			\$ 31,186
				0
				0
				0
Total NonUtility Property	\$ 31,186			<u>\$ 31,186</u>

**SPECIAL DEPOSITS (ACCOUNTS 132 AND 133)**

Description of Special Deposits (a)	Year End Book Cost
Special Deposits (Acct. 132):	
Total Special Deposits	None
Other Special Deposits (Acct 133):	
Total Other Special Deposits:	None

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 20
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**INVESTMENTS AND SPECIAL FUNDS (ACCTS. 123 - 127)**

Report hereunder all investments and special funds carried in Accounts 123 thru 127.		
DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
<b>INVESTMENT IN ASSOCIATED COMPANIES (ACCT. 123):</b>		
	\$ _____	\$ _____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
Total Investment In Associated Companies _____		\$ <u>None</u>
<b>UTILITY INVESTMENTS (ACCT.124):</b>		
	\$ _____	\$ _____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
Total Utility Investments _____		\$ <u>None</u>
<b>OTHER INVESTMENTS (ACCT. 125):</b>		
	\$ _____	\$ _____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
Total Other Investments _____		\$ <u>None</u>
<b>SPECIAL FUNDS (ACCTS. 126 &amp; 127):</b>		
Restricted Cash Deposits _____		\$ None
_____		_____
_____		_____
Total Special Funds _____		\$ <u>None</u>

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2001
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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 Accounts 142 and 144 should be listed individually.	
Description (a)	TOTAL (b)
<b>Accounts Receivable:</b>	
Customer Accounts Receivable (Acct. _____)	
Water	\$ 31,423
Wastewater	\$ 25,710
Total Customer Accounts Receivable	<u>\$ 57,133</u>
<b>Other Accounts Receivable (Acct. 142):</b>	
_____	
\$ -	
Total Other Accounts Receivable	<u>0</u>
<b>Notes Receivable (Acct. 144):</b>	
Summer Bay	41,539
Southlake Dev Ltd	225,671
Total Notes Receivable	<u>267,211</u>
Total Accounts & Notes Receivable	<u>\$ 324,343</u>
<b>Accumulated Provision for Uncollectible Accounts (Acct. 143):</b>	
Balance first of the year	\$ -
Add: Provision for uncollectibles for current year	
Collections of accounts previously written off	
Utility accounts	
Others	
Total Additions	\$ -
Deduct accounts written off during year:	
Utility accounts	\$ -
Others	
Total accounts written off	\$ -
Balance at the end of the year	<u>\$ -</u>
Total Accounts and Notes Receivable - Net	<u>\$ 324,343</u>



UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2001
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**ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES (ACCT. 145)**

Report each account receivable from associated companies seperately.	
DESCRIPTION (a)	TOTAL (b)
Total	\$ <u>          None</u>

**NOTES RECEIVABLE FROM ASSOCIATED COMPANIES (ACCT. 146)**

Report each note receivable from associated compnaies seperately.		
DESCRIPTION (a)	INTEREST RATE (b)	TOTAL (c)
	_____ %	
	_____ %	
	_____ %	
	_____ %	
	_____ %	
Total		\$ <u>          None</u>

**MISCELLANEOUS CURRENT AND ACCRUED ASSETS - ACCOUNT 174**

DESCRIPTION - Provide itemized listing (a)	Balance End of Year (b)
Miscellaneous accruals	\$ 4,398
Total Miscellaneous Current and Accrued Assets	\$ <u>          4,398</u>

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2001
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**UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM ON DEBT (ACCTS. 181 & 251)**

Report the net discount and expense or premium separately for each security issue.		
(a)	AMOUNT WRITTEN OFF DURING YEAR (b)	YEAR END BALANCE (c)
Unamortized Debt Discount and Expense (Acct. 181):		
FUNB - 11/28/98		\$ 652
FUNB - 01/26/99		2,093
FUNB - 12/30/99		860
FUNB - 01/01/01		2,908
Total Unamortized Debt Discount and Expense	0	\$ 6,513
Unamortized Premium on Debt (Acct. 251):		
Total Unamortized Premium on Debt	None	None

**EXTRAORDINARY PROPERTY LOSSES (ACCT. 182)**

Report each item separately.	
Description (a)	TOTAL (b)
Extraordinary Property Losses (Acct. 182):	
Total Extraordinary Property Losses	None

UTILITY NAME: Southlake Utilities, Inc.

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**MISCELLANEOUS DEFERRED DEBITS - ACCOUNT 186**

Description - Provide Itemized Listing (a)	Amount Written-Off During Year (b)	Year-End Balance (c)
Deferred Rate Case Expense (Class A Utilities:Account 186.1)	\$ -	
	-	
	-	
	-	
<b>Total Deferred Rate Case Expense</b>	<b>\$ -</b>	<b>\$ -</b>
Other Deferred Debits (Acct. 186.2)		
Deferred AFPI Project Costs	\$ -	\$ 762,180
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
<b>Total Other Deferred Debits</b>	<b>\$ -</b>	<b>\$ 762,180</b>
Regulatory Assets (Class A Utilities: Account 186.3)		
Regulatory Assets	\$ -	\$ 1,928
	-	-
	-	-
	-	-
	-	-
	-	-
<b>Total Regulatory Assets</b>	<b>\$ -</b>	<b>\$ 1,928</b>
<b>Total Miscellaneous Deferred Debits</b>	<b>\$ -</b>	<b>\$ 764,108</b>

UTILITY NAME: Southlake Utilities, Inc.

<b>YEAR OF REPORT</b> <b>DECEMBER 31, 2001</b>
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**CAPITAL STOCK (ACCTS. 201 and 204)**

DESCRIPTION (a)	Rate (b)	Total (c)
<b>COMMON STOCK</b>		
Par or stated value per share	\$ 1	\$ 7,500
Shares authorized	-	7,500
Shares issued and outstanding	-	7,500
Total par value of stock issued		\$ 7,500
Dividends declared per share for year	None	None
<b>PREFERRED STOCK</b>		
Par or stated value per share	None	None
Shares authorized	None	None
Shares issued and outstanding	None	None
Total par value of stock issued	None	None
Dividends declared per share for year	None	None

ount 204 not applicable for Class B utili

**BONDS - ACCOUNT 221**

Description of Obligation (Including Date of Issue and Date of Maturity) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (d)
	RATE (b)	FIXED OR VARIABLE * (c)	
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
Total			None
* For variable rate obligations, provide the basis for the rate ( e.g., prime + 2%, etc.).			

**STATEMENT OF RETAINED EARNINGS**

	1. Dividends should be shown for each class and series of capital stock. Show amounts of dividends per share. 2. Show separately the state and federal income tax effect of items shown in Account No. 439.		
ACCT. NO. (a)	(b)	Description	AMOUNTS (c)
215	Unappropriated Retained Earnings:		
	Balance beginning of year		\$ (783,833)
	Changes to account:		
439	Adjustments to Retained Earnings (requires Commission approval prior to use):		
	Credits:		
	Rounding		1
	Total Credits		\$ 1
	Debits:		
	Total Debits		\$ -
435	Balance transferred from Income		(163,271)
436	Appropriations of Retained Earnings:		
	Total Appropriations of Retained Earnings		\$ -
	Dividends Declared:		
437	Preferred Stock Dividends Declared		\$ -
438	Common Stock Dividends Declared		0
	Rounding		
	Total Dividends Declared		\$ -
215	Balance end of year		\$ (947,103)
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):		
214	Total Appropriated Retained Earnings		\$ -
	Total Retained Earnings		\$ (947,103)
	Notes to Statement of Retained Earnings:		



UTILITY NAME: Southlake Utilities, Inc.

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**NOTES PAYABLE (ACCTS. 232 and 234)**

DESCRIPTION OF OBLIGATION (INCLUDING DATE OF ISSUE AND DATE OF MATUR  (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (f)
	ANNUAL RATE (d)	FIXED OR VARIABLE * (e)	
Account 232 - Notes Payable:			
FUNB - 12/30/99	9.50%		\$ 21,440
FUNB - 12/17/99	9.50%		9,659
<b>Total Account 232</b>			<b>\$ 31,100</b>
Account 234 - Notes Payable To Associated Companies:			
Advances from Parent Company			
<b>Total Account 234</b>			<b>None</b>

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

**ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (ACCOUNT 233)**

Report each account payable seperately.

DESCRIPTION (a)	TOTAL (b)
SLDG	\$ 19,676
SLCF	14,829
SL Inc.	5,114
RLC III	(11,702)
Cagan	12,559
<b>Total</b>	<b>\$ 40,475</b>

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2001
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**ACCRUED INTEREST AND EXPENSE ACCOUNTS 237 AND 427**

DESCRIPTION OF DEBT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR		INTEREST PAID DURING YEAR (e)	BALANCE END OF YEAR (f)
		ACCT. DEBIT (c)	AMOUNT (d)		
ACCOUNT NO.237.1- Accrued Interest on Long Term Debt:	10,163	237.1	90,460	90,460	10,163
<b>TOTAL ACCOUNT 237.1</b>	<b>10,163</b>		<b>90,460</b>	<b>90,460</b>	<b>10,163</b>
ACCOUNT NO.237.2 Accrued Interest on other liabilities:					
Customer Deposits					
<b>TOTAL ACCOUNT 237.2</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL ACCOUNT NO. 237 (1)</b>	<b>\$ 10,163</b>		<b>\$ 90,460</b>	<b>\$ 90,460</b>	<b>10,163</b>
INTEREST EXPENSED: TOTAL ACCRUAL ACCOUNT 237		237	\$ 90,460	(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.	
Less: CAPITALIZED INTEREST PORTION OF AFUDC:					
<b>NET INTEREST EXPENSED TO ACCOUNT NO. 427 (2)</b>			<b>\$ 90,460</b>		



*Period*

UTILITY NAME: Southlake Utilities, Inc.

Year of Report DECEMBER 31, 2001
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**MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (241)**

Description - Provide itemized listing	Balance End Of Year
Payroll FICA	\$ 3,881
Payroll Medicare	908
Payroll FIT	3,921
Prepaid CIAC - Water	123,121
Prepaid CIAC - WasteWater	295,893
AFPI - Subject to Refund (WasteWater)	4,796
<b>Total Miscellaneous Current And Accrued Liabilities</b>	<b>\$ 432,520</b>

**ADVANCES FOR CONSTRUCTION (ACCT.252)**

NAME OF PAYOR (a)	BALANCE BEGINNING OF YEAR (b)	ACCT. DEBIT (c)	AMOUNT (d)	CREDITS (e)	BALANCE END OF YEAR (f)
<b>Water</b>					
<b>Total Water</b>	\$0		\$0	\$0	\$0
<b>Wastewater</b>					
<b>Total Wastewater</b>	\$0		\$0	\$0	\$0
<b>TOTAL</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

*Typed*

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT  
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**OTHER DEFERRED CREDITS (ACCOUNT 253)**

Description - Provide itemized listing (a)	Amount Written-off During Year (b)	Year-End Balance (c)
Regulatory Liabilities (Class A Utilities: Account 253.1):		
	0	0
	0	0
	0	0
	0	0
Total Regulatory Liabilities	0	\$0
Other Deferred Liabilities (Class A Utilities: Account 253.2):		
Total Other Deferred Liabilities		0
Total Other Deferred Credits		\$0

Revised

UTILITY NAME: Southlake Utilities, Inc.

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**CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCOUNT 271)**

Description (a)	Water (W-7) (b)	Wastewater (S-7) (c)	W & WW Other Than Reporting System (d)	Total (e)
Balance first of year:	2,015,905	2,605,847	-	4,621,752
Add credits during year:	93,636	197,761	-	291,397
Less debits charged during the year:				
Total Contributions in Aid of Construction	\$ 2,109,541	\$ 2,803,608	\$ -	\$ 4,913,149

**ACCUMULATED AMORTIZATION OF CIAC (Acct. 272)**

Description (a)	Water (W-8(a)) (b)	Wastewater (S-8(a)) (c)	W & WW Other Than Reporting System (d)	Total (e)
Balance first of year	156,097	236,424		392,521
Debits during year:	67,921	121,003		188,924
Credits during year:				
Total Accumulated Amortization of CIAC	\$ 224,018	\$ 357,427	\$ -	\$ 581,445

Amended

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT  
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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES  
(UTILITY OPERATIONS)**

1. The reconciliation should include the same detail as furnished on Schedule M-1 of the federal tax return for the year. The reconciliation shall be submitted even even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount and show the computation 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, assignment, or sharing of the consolidated tax among the group members.

DESCRIPTION (a)	REF (b)	AMOUNT (c)
Net Income for the Year	F-3c	\$ (163,271)
Reconciling items for the year:		
<b>Taxable income not reported on books:</b>		
<b>Deductions recorded on books not deducted for return:</b>		
		0
<b>Income recorded on books not included in return:</b>		
<b>Deduction on return not charged against book income:</b>		
		0
Federal Tax Net Income		(163,271)
State Income Tax Expense		0
<b>Computation of tax:</b>		
Federal Income Tax Expense		0
Investment Tax Credit		0
Deferred Federal Income Tax Expense		0
Total Federal Income Tax Expense		0

# **WATER OPERATION SECTION**



**SCHEDULE OF YEAR END WATER RATE BASE**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WATER UTILITY (d)
101	Utility Plant In Service	W-4(b)	1,774,673
	<b>Less:</b>		
	Nonused and Useful Plant (1)		
108	Accumulated Depreciation	W-6(b)	198,048
110	Accumulated Amortization		-
271	Contributions In Aid of Construction	W-7	2,109,541
252	Advances for Construction	F-20	-
	Subtotal		\$ (532,916)
	<b>Adds:</b>		
272	Accumulated Amortization of CIAC	W-8(a)	224,018
	Subtotal		\$ (308,898)
	<b>Plus or Minus:</b>		
114	Acquisition Adjustments (2)	F-7	0
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	0
	Working Capital Allowance (3)		53,025
	Other (Specify):		
	<b>Water Rate Base</b>		\$ (255,873)
	<b>Water Operating Income</b>	W-3	\$ (53,222)
	<b>Achieved Rate of Return</b>		0.00%

**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 the last rate proceeding. In the absence of a rate proceeding, Class A utilities will use the Balance Sheet method and Class B utilities will use the one-eighth O&M expense method.

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT  
DECEMBER 31, 2001

**WATER OPERATING STATEMENT**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME		
400	Operating Revenues	W-9	422,851
469	Less: Guaranteed Revenue and AFPI	W-9	0
	Net Operating Revenues		\$ 422,851
401	Operating Expenses	W-10(a)	\$ 424,202
403	Depreciation Expense		45,900
	Less: Amortization of CIAC	W-8(a)	67,921
	Net Depreciation Expense		\$ (22,021)
406	Amortization of Utility Plant Acquisition Adjustment	F-7	0
407	Amortization Expense (Other than CIAC)	F-8	0
	Taxes Other Than Income:		
408.10	Utility Regulatory Assessment Fee		19,028
408.11	Property Taxes		44,842
408.12	Payroll Taxes		10,022
408.13	Other Taxes and Licenses		0
408	Total Taxes Other Than Income		\$ 73,892
409.10	Income Taxes		0
410.10	Deferred Federal Income Taxes		0
410.11	Deferred State Income Taxes		0
411.10	Provision for Deferred Income Taxes - Credit		0
412.10	ITCs Deferred to Future Periods		0
412.11	ITC Restored to Operating Income		0
	Utility Operating Expenses		\$ 476,073
	Net Utility Operating Income		\$ (53,222)
	Add Back:		
469	Guaranteed Revenue and AFPI	W-9	0
413	Income from Utility Plant Leased to Others		0
414	Gains (Losses) from Disposition of Utility Property		0
420	Allowance for Funds Used During Construction		0
	Total Utility Operating Income		\$ (53,222)



Revised

YEAR OF REPORT  
DECEMBER 31, 2001

UTILITY NAME: Southlake Utilities, Inc.

WATER UTILITY PLANT ACCOUNTS

WATER UTILITY PLANT MATRIX

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	ADJUSTMENTS	CURRENT YEAR (f)	(1) INTANGIBLE PLANT (g)	(2) SOURCE OF SUPPLY AND PUMPING PLANT (h)	(3) WATER TREATMENT PLANT (i)	(4) TRANSMISSION AND DISTRIBUTION PLANT (j)	(5) GENERAL PLANT (k)
	Misc. Intangible Plant	0	0	0	0	0	0				
301	Organization	250	0	0	0	250	250				
302	Franchises	62,993	0	0	0	62,993	62,993				
303	Land and Land Rights	156,108	0	0	0	156,108		22,821	133,287	0	0
304	Structures and Improvements	11,223	0	0	0	11,223		0	11,223	0	0
305	Collecting and Impounding Reservoirs	0	0	0	0	0		0			
306	Lake River and Other Intakes	0	0	0	0	0					
307	Wells and Springs	89,019	0	0	0	89,019		89,019			
	Infiltration Galleries and Tunnels	0	0	0	0	0		0			
308	Supply Mains	0	0	0	0	0		0			
309	Power Generation Equipment	18,985	0	0	0	18,985		18,985			
310	Pumping Equipment	53,978	0	0	0	53,978		0	53,978	0	
311	Water Treatment Equipment	5,362	0	0	0	5,362		0	5,362		
320	Distribution Reservoirs and Standpipes	31,414	0	0	0	31,414				31,414	
331	Mains	928,434	0	0	0	928,434				928,434	
333	Services	79,679	0	0	0	79,679				79,679	
334	Meters and Meter Installations	124,232	47,305	0	0	171,537				171,537	
335	Hydrants	143,940	0	0	0	143,940				143,940	
339	Other Plant and Miscellaneous Equipment	7,467	0	0	0	7,467				7,467	
340	Office Furniture and Equip.	12,797	0	0	0	12,797					12,797
341	Transportation Equipment	0	0	0	0	0					0
342	Stores Equipment	0	0	0	0	0					0
343	Tools, Shop and Garage Equip.	679	0	0	0	679					679
344	Laboratory Equipment	0	0	0	0	0					0
345	Power Operated Equipment	236	0	0	0	236					236
346	Communication Equipment	0	0	0	0	0					0
347	Miscellaneous Equipment	0	0	0	0	0					0
348	Other Tangible Plant	570	0	0	0	570					570
	Property Held For Future Use	0	0	0	0	0					0
	Rounding	0	0	0	0	0					0
	Unclassified Plant	0	0	0	0	0					0
	Total Water Plant	1,727,366	47,305	0	0	1,774,673	63,243	130,825	203,851	1,362,471	14,282

W-4(a & b)

Revised

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT  
DECEMBER 31, 2001

**BASIS FOR WATER 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)
304	Structures and Improvements	33		3.03%
305	Collecting and Impounding Reservoirs			
306	Lake River and Other Intakes			
307	Wells and Springs	30		3.33%
308	Infiltration Galleries and Tunnels			
309	Supply Mains			
310	Power Generation Equipment	20		5.00%
311	Pumping Equipment	20		5.00%
320	Water Treatment Equipment	22		4.55%
330	Distribution Reservoirs and Standpipes	37		2.70%
331	Transmission and Distribution Mains	43		2.33%
333	Services	40		2.50%
334	Meters and Meter Installations	20		5.00%
335	Hydrants	45		2.22%
339	Other Plant and Miscellaneous Equipment	25		4.00%
340	Office Furniture and Equipment	15		6.67%
341	Transportation Equipment			
342	Stores Equipment			
343	Tools, Shop and Garage Equipment	16		6.25%
344	Laboratory Equipment			
345	Power Operated Equipment	12		8.33%
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	10		10.00%
*	Water Plant Composite Depreciation Rate			

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

Revised

YEAR OF REPORT  
DECEMBER 31, 2001

UTILITY NAME: Southlake Utilities, Inc.

ANALYSIS OF ENTRIES IN WATER DEPRECIATION RESERVE

ANALYSIS OF ENTRIES IN WATER DEPRECIATION RESERVE

ACCT. NO. (a)	ACCOUNT NAME (b)	RESERVE BALANCE AT BEGINNING OF YEAR (c)	ACCURALS BOOKED TO RESERVE (d)	OTHER CREDITS TO RESERVE * (e)	TOTAL CREDITS TO RESERVE (d + e) (f)	PLANT RETIRED (g)	SALVAGE AND INSURANCE (h)	COST OF REMOVAL (i)	OTHER CHARGES TO RESERVE * (j)	TOTAL CHARGES TO RESERVE (g+h+i+j) (k)	RESERVE BALANCE AT END OF YEAR (c+f-k) (l)
301	Organization	-	-	-	0	0	0	0	0	0	0
302	Franchises	-	-	-	0	0	0	0	0	0	0
304	Structures and Improvements	2,140	340	-	340	0	0	0	0	0	2,480
305	Collecting and Impounding Reservoirs	-	-	-	0	0	0	0	0	0	0
306	Lake River and Other Intakes	-	-	-	0	0	0	0	0	0	0
307	Wells and Springs	18,522	2,964	-	2,964	0	0	0	0	0	21,486
308	Infiltration Galleries and Tunnels	-	-	-	0	0	0	0	0	0	0
309	Supply Mains	-	-	-	0	0	0	0	0	0	0
310	Power Generation Equipment	6,025	949	-	949	0	0	0	0	0	6,974
311	Pumping Equipment	16,411	2,699	-	2,699	0	0	0	0	0	19,110
320	Water Treatment Equipment	705	244	-	244	0	0	0	0	0	949
330	Distribution Reservoirs and Standpipes	5,032	848	-	848	0	0	0	0	0	5,880
331	Transmission and Distribution Mains	67,385	21,633	-	21,633	0	0	0	0	0	89,018
333	Services	6,416	1,992	-	1,992	0	0	0	0	0	8,408
334	Meters and Meter Installation	12,688	9,764	-	9,764	0	0	0	0	0	22,452
335	Hydrants	11,757	3,195	-	3,195	0	0	0	0	0	14,952
339	Other Plant and Miscellaneous Equipment	1,914	299	-	299	0	0	0	0	0	2,213
340	Office Furniture and Equip.	2,724	854	-	854	0	0	0	0	0	3,578
341	Transportation Equipment	-	-	-	0	0	0	0	0	0	0
342	Stores Equipment	-	-	-	0	0	0	0	0	0	0
343	Tools, Shop and Garage Equip.	170	42	-	42	0	0	0	0	0	212
344	Laboratory Equipment	-	-	-	0	0	0	0	0	0	0
345	Power Operated Equipment	126	20	-	20	0	0	0	0	0	146
346	Communication Equipment	-	-	-	0	0	0	0	0	0	0
347	Miscellaneous Equipment	-	-	-	0	0	0	0	0	0	0
348	Other Tangible Plant	133	57	-	57	0	0	0	0	0	190
	Total Depreciable Water Plant In Service	152,148	45,900	0	45,900	0	0	0	0	0	198,048

W-6 (a & b)



Revised

UTILITY NAME: Southlake Utilities, Inc.

YEAR ENDING:  
DECEMBER 31, 2001

**WATER CIAC SCHEDULE "A"**

Additions to CIAC received during the year from capacity, main extension and customer connection charges.

DESCRIPTION OF CHARGE (a)	NUMBER OF CONNECTIONS (b)	CHARGE PER CONNECTION (c)	AMOUNT (d)
Plant Capacity Charges	134	\$ 420.00	\$ 56,412
Meter Fees			37,224
<b>Total Credits</b>			<b>\$ 93,636</b>

**ACCUMULATED AMORTIZATION OF WATER CIAC (Acct. 272)**

Description (a)	Water (W-8(a)) (b)
Balance first of year	156,097
Debits during year:	
Accruals charged to Account 272	67,921
Other debits (specify):	
<b>Total Debits:</b>	<b>67,921</b>
Credits during the year(specify):	
<b>Total Credits:</b>	<b>\$ -</b>
Balance end of Year	<b>\$ 224,018</b>

**W-8(a)**



UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT  
DECEMBER 31, 2001

**WATER OPERATING REVENUE**

ACCT. NO. (a)	(b)	BEGINNING YEAR NO. CUSTOMERS * (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNT (e)
460	Water Sales: Unmetered Water Revenue			
	Metered Water Revenue:			
461.1	Sales to Residential Customers	531	573	\$ 117,580
461.2	Sales to Commercial Customers	443	486	290,920
461.3	Sales to Industrial Customers	0	0	0
461.4	Sales to Public Authorities	0	0	0
461.5	Sales to Multiple Family Dwellings			
	Total Metered Sales	974	1,059	408,500
	Fire Protection Revenue:			
462.1	Public Fire Protection			
462.2	Private Fire Protection	0	0	4,572
	Total Fire Protection Revenue	0	0	4,572
464	Other Sales To Public Authorities			
465	Sales To Irrigation Customers			
466	Sales For Resale			0
467	Interdepartmental Sales			
	Total Sales Of Water	974	1,059	413,072
	Other Water Revenues:			
469	Guaranteed Revenues (including Allowance for Funds Prudently Invested - AFPI)			0
470	Forefeited Discounts			
471	Miscellaneous Service Revenues			9,779
472	Rents From Water Property			
473	Interdepartmental Rents			
474	Other Water Revenues			0
	Total Other Water Revenues			9,779
	Total Water Operating Revenues			\$ 422,851

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

Revised

UTILITY NAME: Southlake Utilities, Inc.  
**WATER UTILITY EXPENSE ACCOUNTS**  
 YEAR OF REPORT  
 DECEMBER 31, 2001

WATER EXPENSE ACCOUNT MATRIX

ACCT. NO.	ACCOUNT NAME (b)	CURRENT YEAR (c)	1 SOURCE OF SUPPLY AND OPERATIONS EXPENSES (d)	2 SOURCE OF SUPPLY AND MAINTENANCE EXPENSES (e)	3 WATER TREATMENT OPERATIONS EXPENSES (f)	4 WATER TREATMENT EXPENSES - MAINTENANCE (g)	5 T&D EXPENSES - OPERATIONS (h)	6 T&D EXPENSES - MAINTENANCE (i)	7 CUSTOMER ACCOUNTS EXPENSE (j)	8 A&G EXPENSES (k)
601	Salaries and Wages - Employees	42,386	6,237	6,237	6,237	6,237	6,237	6,237		4,961
603	Salaries/Wages Officers, Directors and Others	53,035	4,023	4,023	4,023	4,023	4,023	4,023	4,023	24,878
604	Employee Pensions and Benefits	8,082								8,082
610	Purchased Water	0	0	0	0	0	0	0	0	0
615	Purchased Power	13,455	0	0	13,455	0	0	0	0	0
616	Fuel for Power Purchased	0	0	0	0	0	0	0	0	0
618	Chemicals	9,578	0	0	9,578	0	0	0	0	0
620	Materials and Supplies	3,593	456	456	456	456	456	456	0	854
631	Contractual Services - Eng.	8,121								8,121
632	Contractual Services - Acct.	36,378								36,378
633	Contractual Services - Legal	198,706								198,706
634	Contractual Services - Management Fees	0								0
635	Contractual Services - Other	12,021	0	0	475	0	0	0	5,773	5,773
641	Rental of Building/Real Property	1,442								1,442
642	Rental of Equipment	0	0	0	0	0	0	0	0	0
650	Transportation Expenses	5,080	0	0	0	0	0	0	0	5,080
656	Insurance - Vehicle	0								0
657	Insurance - General Liability	0								0
658	Insurance - Worker's Compensation	4,854								4,854
659	Insurance - Other	0								0
660	Advertising Expense	0								0
666	Regulatory Commission Expenses (Amortization of Rate Case Expense)	0								0
667	Regulatory Commission Expenses - Other	0								0
670	Bad Debt Expense	0							0	0
675	Miscellaneous Expenses	27,470	0	0	0	0	0	0	0	27,470
	Rounding	0								0
	Total Water Utility Expenses	\$ 424,202	\$ 10,716	\$ 10,716	\$ 34,225	\$ 10,716	\$ 10,716	\$ 10,716	\$ 9,796	\$ 326,599

W-10(a & b)



Utility Name: Southlake Utilities, Inc.  
 System Name/County: Lake County

Year of Report:  
 December 31, 2001

Month (a)	Water Purchased for Resale (Omit 000's) (b)	Finished Water Pumped from Well's (Omit 000's) (c)	Water Used for Line Flushing, Fighting, Fires, Etc. (d)	Total Water Pumped and Purchased (Omit 000's) [(b)+(c)-(d)] (e)	Water Sold to Customers (Omit 000's) (f)
January		24,624		24,624	29,995
February		25,007		25,007	23,729
March		27,781		27,781	21,439
April		24,245		24,245	23,705
May		26,529		26,529	24,028
June		26,109		26,109	28,239
July		23,401		23,401	24,969
August		26,868		26,868	22,030
September		26,846		26,846	25,379
October		22,249		22,249	24,336
November		21,087		21,087	25,149
December		22,056		22,056	23,118
Total for Year	-	296,802	-	296,802	296,116

If water is purchased for resale, indicate the following:

Vendor	Not applicable.
Point of Delivery	Not applicable.

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

Not applicable.

List for each source of supply:	Capacity of Well	Gallons Per Day from Source	Type of Source
Well B (1994)	1.728 mgd	.358 mgd	Ground
Well D (1994)	1.008 mgd	.358 mgd	Ground

W-11

Group	
System	

Utility Name:  
System Name/County:

Southlake Utilities, Inc.  
Lake

Year of Report:  
#####

**Water Treatment Plant Information**

(Provide a separate sheet for each water treatment facility)

Permitted Capacity of Plant (GPD): 1,075,000

Location of measurement of capacity  
(I.e., wellhead, Storage Tank): Wells with limiting factor of water retention for chlorine contact time.

Type of Treatment (reverse osmosis, sedimentation, chemical, aerated, etc.): Gas chlorination.

**Lime Treatment**

Unit Rating (I.e., GPM. Pounds per Gallon): Not applicable.  
Manufacturer: Not applicable.

**Filtration**

Type & Size of Area: Not applicable.

Pressure (in square feet): Not applicable.      Manufacturer: Not applicable.

Gravity (in GPM/square feet): Not applicable.      Manufacturer: Not applicable.

**W-12**  
Group:  
System:

Utility Name: Southlake Utilities, Inc.  
 System Name/County: Lake

Year of Report:  
 December 31, 2001

Calculation of the Water System Meter Equivalents

Meter Size (a)	Type of Meter (b)	Equivalent Factor (c)	Number of Meters (d)	Total Number of Meter Equivalents (cxd) (e)
<b>All Residential</b>		1.0		-
5/8"	Displacement	1.0	939	939.0
3/4"	Displacement	1.5		-
1"	Displacement	2.5	51	127.5
1 1/2"	Displacement or Turbine	5.0	11	55.0
2"	Displacement, Compound or Turbine	8.0	52	416.0
3"	Displacement	15.0		-
3"	Compound	16.0		-
3"	Turbine	17.5		-
4"	Displacement or Compound	25.0	3	75.0
4"	Turbine	30.0		-
6"	Displacement or Compound	50.0	3	150.0
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 Water System Meter Equivalents				1,762.5

Calculation of the Water System Equivalent Residential Connections

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

Use one of the following methods:

(a) If the 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:

$$ERC = (\text{Total SFR gallons sold (omit ,000)} / 365 \text{ days} / 350 \text{ gallons per day})$$

<b>ERC Calculation:</b>	296,116,000 Annual Demand (Gals)
	365 Days
	811,277 Gals/Day
	350 Gals/ERC
	2,318 ERCs

W-13

Group: \_\_\_\_\_  
 System: \_\_\_\_\_

Utility Name:  
System Name/County:

Southlake Utilities, Inc.  
Lake

Year of Report:  
December 31, 2001

OTHER WATER SYSTEM INFORMATION

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

- 1. Present ERC's \* the system can efficiently serve. 1,365
- 2. Maximum number of ERC's \* which can be served. 1,365
- 3. Present system connection capacity (in ERC's \*) using existing lines. 3,000
- 4. Future connection capacity (in ERC's \*) upon service area buildout. 10,971
- 5. Estimated annual increase in ERC's\*. 793
- 6. Is the utility required to have fire flow capacity?  
If so, how much capacity is required? Yes  
1,500 gpm - 4 hrs.
- 7. Attach a description of the fire fighting facilities. Hydrants and private fire lines.
- 8. Describe any plans and estimated completion dates for any enlargements or improvements of this system.  
Expansion Phase I - 2.448 mgd (2002), Phase 2 - 3.456 mgd (2003), Phase 4 - 5.184 mgd (2006)  
Phase 5 - 6.912 mgd (2008), Phase 6 - 8.640 (2009)
- 9. When did the company last file a capacity analysis report with the DEP? 2000
- 10. 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. Upgrade 10 " well by 500 gpm; install 108,000 gals. Of ground storage; install 375 h.p. HS pump; install 175 kw generator; and install chlorine injection system.
  - b. Have these plans been approved by DEP? Yes
  - c. When will construction begin? Began in 1998.
  - d. Attach plans for funding the required upgrading. Project cost \$479,250 with \$328,992 paid and balance to be acquired debt.
  - e. Is this system under any Consent Order with DEP? No
- 11. Department of Environmental Protection ID# 3354916
- 12. Water Management District Consumptive Use Permit # WC35-251071
  - a. Is the system in compliance with the requirements of the CUP? Yes
  - b. If not, what are the utility's plans to gain compliance? N/A

\* An ERC is determined based on the calculation n the bottom of page W-13.

**WASTEWATER  
OPERATION  
SECTION**



**SCHEDULE OF YEAR END WASTEWATER RATE BASE**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WATER UTILITY (d)
101	Utility Plant In Service	S-4(a)	2,854,514
	<b>Less:</b>		
	Nonused and Useful Plant (1)		
108	Accumulated Depreciation	S-6(b)	517,618
110	Accumulated Amortization		-
271	Contributions In Aid of Construction	S-7	2,803,608
252	Advances for Construction	F-20	-
	<b>Subtotal</b>		\$ (466,712)
	<b>Adds:</b>		
272	Accumulated Amortization of CIAC	S-8(a)	357,427
	<b>Subtotal</b>		\$ (109,285)
	<b>Plus or Minus:</b>		
114	Acquisition Adjustments (2)	F-7	0
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	0
	Working Capital Allowance (3)		46,452
	Other (Specify):		
	<b>Wastewater Rate Base</b>		\$ (62,833)
	<b>Wastewater Operating Income</b>	S-3	\$ (42,211)
	<b>Achieved Rate of Return</b>		0.00%

**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 the last rate proceeding. In the absence of a rate proceeding, Class A utilities will use the Balance Sheet method and Class B utilities will use the one-eighth O&M expense method.

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT  
DECEMBER 31, 200

**WASTEWATER OPERATING STATEMENT**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME		
400	Operating Revenues	S-9(a)	365,268
530	Less: Guaranteed Revenue and AFPI	S-9(a)	0
	Net Operating Revenues		\$ 365,268
401	Operating Expenses	S-10(a)	\$ 371,616
403	Depreciation Expense	S-6(a)	91,212
	Less: Amortization of CIAC	S-8(a)	121,003
	Net Depreciation Expense		\$ (29,791)
406	Amortization of Utility Plant Acquisition Adjustment	F-7	0
407	Amortization Expense (Other than CIAC)	F-8	0
	Taxes Other Than Income:		
408.10	Utility Regulatory Assessment Fee		16,963
408.11	Property Taxes		38,953
408.12	Payroll Taxes		9,738
408.13	Other Taxes and Licenses		0
408	Total Taxes Other Than Income		\$ 65,654
409.10	Income Taxes		0
410.10	Deferred Federal Income Taxes		0
410.11	Deferred State Income Taxes		0
411.10	Provision for Deferred Income Taxes - Credit		0
412.10	ITCs Deferred to Future Periods		0
412.11	ITC Restored to Operating Income		0
	Utility Operating Expenses		\$ 407,479
	Net Utility Operating Income		\$ (42,211)
	Add Back:		
530	Guaranteed Revenue and AFPI	S-9(a)	0
413	Income from Utility Plant Leased to Others		0
414	Gains (Losses) from Disposition of Utility Property		0
420	Allowance for Funds Used During Construction		0
	Total Utility Operating Income		\$ (42,211)



Revised

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT  
DECEMBER 31, 2001

WASTEWATER UTILITY PLANT ACCOUNTS

WASTEWATER UTILITY PLANT MATRIX

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	ADJUSTMENTS (f)	CURRENT YEAR (g)	INTANGIBLE PLANT (h)	COLLECTION PLANT (i)	SYSTEM PUMPING PLANT (j)	TREATMENT AND DISPOSAL PLANT (k)	GENERAL PLANT (l)
	Misc. Intangible Plant	\$ 250	\$ 0	\$ 0	\$ 0	0	\$ 250				
351	Organization	50,438	0	0	0	50,438	50,438				
352	Franchises	507,861	0	0	0	507,861				507,861	
353	Land and Land Rights	17,451	0	0	0	17,451					0
354	Structures and Improvements	1,40,030	1,40,030	0	0	157,481		0	0	157,481	0
360	Collection Sewers - Force	168,312	0	0	0	168,312	168,312				
361	Collection Sewers - Gravity	730,308	0	0	0	730,308	730,308				
362	Special Collecting Structures	212,454	0	0	0	212,454	212,454				
363	Services to Customers	71,819	0	0	0	71,819	71,819				
364	Flow Measuring Devices	0	0	0	0	0	0				
365	Flow Measuring Installations	0	0	0	0	0	0				
370	Receiving Wells	0	0	0	0	0	0				
371	Pumping Equipment	599	23,190	0	0	23,789			23,789		
375	Reuse Mains	0	0	0	0	0					
380	Treatment and Disposal Equip.	901,203	0	0	0	901,203				901,203	
381	Plant Sewers	0	0	0	0	0					
382	Outfall Sewer Lines	0	0	0	0	0					
389	Other Plant and Miscellaneous Equipment	187	16,561	0	0	16,748				16,748	
390	Office Furniture and Equip.	12,540	0	0	0	12,540					12,540
391	Transportation Equipment	0	0	0	0	0					0
392	Stores Equipment	0	0	0	0	0					0
393	Tools, Shop and Garage Equip.	0	0	0	0	0					0
394	Laboratory Equipment	0	0	0	0	0					0
395	Power Operated Equipment	236	0	0	0	236					236
396	Communication Equipment	0	0	0	0	0					0
397	Miscellaneous Equipment	0	0	0	0	0					0
398	Other Tangible Plant	1,075	0	0	0	1,075					1,075
	Unclassified Plant	0	0	0	0	0					0
	Rounding	0	0	0	0	0					0
	Total Sewer Plant	\$ 2,674,733	\$ 179,781	\$ 0	\$ 0	\$ 2,854,514	\$ 50,688	\$ 1,182,893	\$ 23,789	\$ 1,583,292	\$ 13,851

S-4 (a & b)

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2001
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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%
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			
365	Flow Measuring Installations			
370	Receiving Wells			
371	Pumping Equipment	25		4.00%
80	Treatment and Disposal Equipment	18		5.56%
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Miscellaneous Equipment	18		5.56%
390	Office Furniture and Equipment	15		6.67%
391	Transportation Equipment			
392	Stores Equipment			
393	Tools, Shop and Garage Equipment			
394	Laboratory Equipment			
395	Power Operated Equipment	12		8.33%
396	Communication Equipment			
397	Miscellaneous Equipment			
398	Other Tangible Plant	10		10.00%
*	Sewer Plant Composite Depreciation Rate			

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

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT  
DECEMBER 31, 2001

ANALYSIS OF ENTRIES IN WASTEWATER ACCUMULATED DEPRECIATION

ACCT. NO. (a)	ACCOUNT NAME (b)	RESERVE BALANCE AT BEGINNING OF YEAR (c)	ACCRUALS BOOKED TO RESERVE (d)	OTHER CREDITS TO RESERVE * (e)	TOTAL CREDITS TO RESERVE (d + e) (f)	PLANT RETIRED (g)	SALVAGE AND INSURANCE (h)	COST OF REMOVAL (i)	OTHER CHARGES TO RESERVE * (j)	TOTAL CHARGES TO RESERVE (g-h+i+j) (k)	RESERVE BALANCE AT END OF YEAR (c+f-k) (l)
	Miscellaneous Intangible Plant				0						0
352	Franchises				0				0	0	0
354	Structures and Improvements	3,458	8,010		8,010	0		0	0	0	11,468
360	Collection Sewers - Force	22,633	5,605		5,605			0	0	0	28,238
361	Collection Sewers - Gravity	53,871	16,213		16,213				0	0	70,084
362	Special Collecting Structures	21,072	5,311		5,311				0	0	26,383
363	Services to Customers	6,095	1,889		1,889				0	0	7,984
364	Flow Measuring Devices		0		0				0	0	0
365	Flow Measuring Installations		0		0				0	0	0
370	Receiving Wells		0		0				0	0	0
371	Pumping Equipment	50	1,299		1,299	0		0	0	0	1,349
375	Reuse Mains		0		0				0	0	0
380	Treatment and Disposal Equip.	316,122	50,107		50,107	0		0	0	0	366,229
381	Plant Sewers		0		0	0			0	0	0
382	Outfall Sewer Lines		0		0				0	0	0
389	Other Plant and Miscellaneous Equipment	67	1,814		1,814	0		0	0	0	1,881
390	Office Furniture and Equip.	2,648	836		836	0		0	0	0	3,484
391	Transportation Equipment		0		0	0			0	0	0
392	Stores Equipment		0		0	0			0	0	0
393	Tools, Shop and Garage Equip.		0		0	0			0	0	0
394	Laboratory Equipment		0		0	0			0	0	0
395	Power Operated Equipment	126	20		20	0		0	0	0	146
396	Communication Equipment		0		0	0			0	0	0
397	Miscellaneous Equipment		0		0	0			0	0	0
398	Other Tangible Plant	264	108		108	0		0	0	0	372
	Total Depreciable Sewer Plant In Service	\$ 426,406	\$ 91,212	\$	\$ 91,212	\$	\$	\$	\$	\$	\$ 517,618

S-6 (a & b)



UTILITY NAME: Southlake Utilities, Inc.

YEAR ENDING:  
DECEMBER 31, 2001

**WASTEWATER CIAC SCHEDULE "A"**

Additions to CIAC received during the year from capacity, main extension and cust connection charges.

DESCRIPTION OF CHARGE (a)	NUMBER OF CONNECTIONS (b)	CHARGE PER CONNECTION (c)	AMOUNT (d)
Plant Capacity Charges	255	\$ 775.00	\$ 197,761
			-
<b>Total Credits</b>			<b>\$ 197,761</b>

**ACCUMULATED AMORTIZATION OF WASTEWATER CIAC (Acct. 272)**

Description (a)	Water (W-8(a)) (b)
Balance first of year	236,424
Debits during year:	
Accruals charged to Account 272	121,003
Other debits (specify):	
<b>Total Debits:</b>	<b>121,003</b>
Credits during the year(specify):	
<b>Total Credits:</b>	<b>\$ -</b>
<b>Balance end of Year</b>	<b>\$ 357,427</b>



UTILITY NAME: Southlake Utilities, Inc.

SEWER OPERATING REVENUE

YEAR OF REPORT DECEMBER 31, 1998
-------------------------------------

ACCT. NO. (a)	(b)	BEGINNING YEAR NO. CUSTOMERS (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNTS (e)
	Operating Revenues:			
	Flat Rate Revenues:			
521.1	Residential Revenues			
521.2	Commercial Revenues			
521.3	Industrial Revenues			
521.4	Revenues From Public Authorities			
521.5	Multiple Family Dwelling Revenues			
521.6	Other Revenues			
	Total Flat Rate Revenues	0	0	0
	Measured Revenues:			
522.1	Residential Revenues	531	573	\$ 93,160
522.2	Commercial Revenues	441	486	272,108
522.3	Industrial Revenues			
522.4	Revenues From Public Authorities			
522.5	Multiple Family Dwelling Revenues			
	Total Measured Revenues	972	1,059	365,268
523	Revenues From Public Authorities			
524	Revenues From Other Systems			
525	Interdepartmental Revenues			
	Totals	972	1,059	365,268
	Other Sewer Revenues:			
530	Guaranteed Revenues			
532	Forfeited Discounts			
534	Rents From Sewer Property			
535	Interdepartmental Rents			
536	Other Sewer Revenues (Unbilled Revenue)			
	Total Other Wastewater Revenues			0
	Total Wastewater Operating Revenues			\$ 365,268

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2001
-------------------------------------

**WASTEWATER OPERATING REVENUE**

ACCT. NO. (a)	(b)	BEGINNING YEAR NO. CUSTOMERS (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNT (e)
	Reclaimed Water Sales			
	Flat Rate Reuse Revenues:			
540.1	Residential Reuse Revenues			
540.2	Commercial Reuse Revenues			
540.3	Industrial Reuse Revenues			
540.4	Public Authorities Reuse Revenues			
540.5	Other Revenues			
540	Total Flat Rate Revenues			
	Measured Reuse Revenues:			
541.1	Residential Reuse Revenues			
541.2	Commercial Reuse Revenues			
541.3	Industrial Reuse Revenues			
541.4	Public Authorities Reuse Revenues			
541	Total Measured Reuse Revenues			
544	Reuse Revenues from Other Systems			
	Total Reclaimed Water Sales			
	Total Other WasteWater Revenues			0
	Total WasteWater Operating Revenues			\$ 365,268
* customer is defined by Rule 25-30.210(1), Florida Administrative Code.				



UTILITY NAME: Southlake Utilities, Inc.  
SEWER UTILITY EXPENSE ACCOUNTS

YEAR OF REPORT  
DECEMBER 31, 2001

SEWER EXPENSE ACCOUNT MATRIX

ACCT. NO.	ACCOUNT NAME (b)	CURRENT YEAR (c)	.1 COLLECTION EXPENSES - OPERATIONS (d)	.2 COLLECTION EXPENSES - MAINTENANCE (e)	.3 PUMPING EXPENSES - OPERATIONS (f)	.4 PUMPING EXPENSES - MAINTENANCE (g)	.5 TREATMENT & DISPOSAL EXPENSES - OPERATIONS (h)	.6 TREATMENT & DISPOSAL EXPENSES - MAINTENANCE (i)	.7 CUSTOMER ACCOUNTS EXPENSE (j)	.8 A&G EXPENSES (k)
701	Salaries and Wages - Employees	42,386	6,237	6,237	6,237	6,237	6,237	6,237		4,961
702	Salaries and Wages Collection Maint		0	0	0	0	0	0		
703	Salaries and Wages - Officers, Directors and Majority Stockholders	53,035	4,023	4,023	4,023	4,023	4,023	4,023	4,023	24,878
704	Employee Pensions and Benefits	8,081					0			8,081
710	Purchased Sewage Treatment						83,100			
711	Sludge Removal Expense						51,250			
715	Purchased Power									
716	Fuel for Purchased Power									
718	Chemicals	6,715					6,715			
720	Materials and Supplies	2,609					435	435		
731	Contractual Services - Engineering	7,639								7,639
732	Contractual Services - Accounting	36,925								36,925
733	Contractual Services - Legal	2,540								2,540
734	Contractual Services - Management Fees									0
735	Contractual Services - Other	41,020	0	0	0	0	911	0	20,055	20,054
741	Rental of Building and Real Property	3,818								3,818
742	Rental of Equipment									0
750	Transportation Expenses	5,080								5,080
756	Insurance - Vehicle	0								0
757	Insurance - General Liability									4,854
758	Insurance - Worker's Compensation	4,854								0
759	Insurance - Other									0
760	Advertising Expense									0
766	Amortization of Rate Case Expense									0
767	Regulatory Commission Expenses - Other								0	0
770	Bad Debt Expense									
775	Miscellaneous Expenses	22,564								22,564
	Rounding									
	Total Sewer Utility Expenses	\$ 371,616	\$ 10,695	\$ 10,695	\$ 10,695	\$ 10,695	\$ 152,671	\$ 10,695	\$ 24,078	\$ 141,394

\* NOTE: Southlake Utilities, Inc. did not incur any reclaimed water treatment or distribution expenses.

S-10 (a & b)

Harold

Utility Name: Southlake Utilities, Inc.  
 System Name/County: Lake

Year of Report:  
 December 31, 2001

**Calculation of the Water System Meter Equivalents**

Meter Size (a)	Type of Meter (b)	Equivalent Factor (c)	Number of Meters (d)	Total Number of Meter Equivalents (cxd)
<b>All Residential</b>		1.0		-
5/8"	Displacement	1.0	938	938.0
3/4"	Displacement	1.5		-
1"	Displacement	2.5	51	127.5
1 1/2"	Displacement or Turbine	5.0	11	55.0
2"	Displacement, Compound or Turbine	8.0	52	416.0
3"	Displacement	15.0		-
3"	Compound	16.0		-
3"	Turbine	17.5		-
4"	Displacement or Compound	25.0	3	75.0
4"	Turbine	30.0		-
6"	Displacement or Compound	50.0	3	150.0
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				1,761.5

**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 the 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:

$$ERC = (\text{Total SFR gallons sold (omit ,000)} / 365 \text{ days} / 280 \text{ gallons per day})$$

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

<b>ERC Calculation:</b>	91,476,270 Annual Demand (Gals)
	365 Days
	250,620 Gals/Day
	280 Gals/ERC
	895 ERCs

S-11

Group: \_\_\_\_\_  
 System: \_\_\_\_\_

Revised

Utility Name:  
System Name/County:

Southlake Utilities, Inc.  
Lake

Year of Report:  
December 31, 2001

**WASTEWATER TREATMENT PLANT INFORMATION**

Provide a separate sheet for each wastewater treatment facility.

Permitted Capacity	.300 mgd
Basis of Permit Capacity (1)	AADF
Manufacturer	Sanitair
Type (2)	Extended Aeration
Hydraulic Capacity	
Average Daily Flow	250,620
Total Gallons of Wastewater Treated	91,476,270
Method of Effluent Disposal	Perc 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.

S-12

Group: \_\_\_\_\_  
System: \_\_\_\_\_

