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CLASS "A" OR "B"

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

ANNUAL REPORT

OF

WS638-04-AR
William J. Deas
Southlake Utilities, Inc.
2215 River Blvd.
Jacksonville, FL 32204-4662

Submitted To The

STATE OF FLORIDA



06/01/2005 11:19
EDUCATION

PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED December 31, 2004

EXECUTIVE SUMMARY

CERTIFICATION

State of Florida

County of Lake

Jeffrey Cagan makes oath

(Name of Affiant)

and says that he is President/Director

(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, 2004, to and including December 31, 2004.

(Signature of Affiant)

Subscribed and sworn to before me, a Notary Public

in and for the State and County named, this 19th day of

April, 2005.

My commission expires January 22, 2006.

(Signature of oath administer)

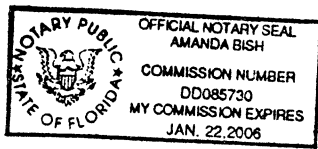


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CERTIFICATION OF ANNUAL REPORT

YEAR OF REPORT
DECEMBER 31, 2004

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 by the 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, President/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: Lake

Southlake Utilities, Inc.
(Exact Name of Utility)

Date: December 31, 2004

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) 394-8898
	Fax Number: (352) 394-8894

Sunshine State One-Call of Florida, Inc. Member Number: SUI476

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.	
16554 Crossings Boulevard #2	
Clermont, Florida 34711	Telephone: (352) 394-8898

List below any groups auditing or reviewing the records and operations:

Date of original organization of the utility: August 27, 1990

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. Jeffrey Cagan	22.38%
2. Richard Driehaus	72.90%
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2004

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
Jeffrey Cagan	President	Soutlake Utilities, Inc.	Operations & Administration
William J. Deas (904) 387-9292	Attorney	William J. Deas, P.A.	Legal & Regulatory
James Ade (904) 358-8818	Attorney	Ade & Schildberg, P.A.	Legal & Regulatory
Randy Corbin (352) 636-8072	Consultant	The Ridgetop Group	Administration & Engineering
David deNagy (904) 710-2029	Consultant	DBN Management	Accounting

(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, 2004

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 2,102 metered customers. It is anticipated that the company will serve approximately 13,750 housing units by the year 2012 with average annual growth of 630 units over that period.

There are currently no transactions pending that will have a major impact on the Company's operations and performance.

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2004

PARENT / AFFILIATE ORGANIZATION CHART

Current as of: December 31, 2004

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, 2004

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
Jeffrey Cagan	President	25%	\$0
William J. Deas	Secretary	Less than 1%	\$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
Jeffrey Cagan	Director	1	\$ 0
William J. Deas	Director	1	\$ 0

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT
December 31, 2004

BUSINESS CONTRACTS WITH OFFICERS, DIRECTORS AND AFFILIATES

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

NAME OF OFFICER, DIRECTOR OR AFFILIATE	IDENTIFICATION OF SERVICE OR PRODUCT	AMOUNT	NAME AND ADDRESS OF AFFILIATED ENTITY
Not Applicable		\$	

* 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, 2004

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
Jeffrey Cagan	Southlake Utilities, Inc. President/Director	Partner	Cagan Management 3856 Oakton Street Skokie, IL 60076
William J. Deas	Southlake Utilities, Inc. Secretary/Director	Attorney	William J. Deas, P.A. 2215 River Boulevard Jacksonville, FL 32204

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2004

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 CONDUCTED	ASSETS		REVENUES		EXPENSES	
	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, 2004

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)
Southlake Development, LTD	Land Lease	1993 (99 years)		Annual Interest

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

- | | |
|--|---|
| <p>1. Enter in this part all transactions relating to the purchase, sale or transfer of assets.</p> <p>2. Below are examples of some types of transactions to include:</p> <ul style="list-style-type: none"> - 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 | <p>3. The columnar instructions follow:</p> <ul style="list-style-type: none"> (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 (a)	DESCRIPTION OF ITEMS (b)	SALE OR PURCHASE PRICE (c)	NET BOOK VALUE (d)	GAIN OR LOSS (e)	FAIR MARKET VALUE (f)

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2004

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
UTILITY PLANT				
101-106	Utility Plant	F-7	7,897,163	9,387,403
108-110	Less: Accumulated Depreciation and Amortization	F-8	1,011,321	1,216,048
	Net Plant		6,885,842	8,171,355
114-115	Utility Plant Acquisition Adjustments (Net)	F-7		0
116	Other Utility Plant Adj.		0	0
	Total Net Utility Plant		6,885,842	8,171,355
OTHER PROPERTY AND INVESTMENTS				
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
CURRENT AND ACCRUED ASSETS				
131	Cash		842,002	1,334,408
132	Special Deposits	F-9	0	0
133	Other Special Deposits	F-9	0	0
134	Working Funds			
135	Temporary Cash Investments		214,408	0
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts	F-11	360,594	392,984
145	Accounts Receivable from Associated Companies	F-12	0	0
146	Notes Receivable from Associated Companies	F-12	0	0
151-153	Material and Supplies			
161	Stores Expense		0	0
162	Prepayments		17,022	0
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	4,398	None
	Total Current and Accrued Assets		1,438,424	1,727,392

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2004

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
EQUITY CAPITAL				
201	Common Stock Issued	F-15	(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 Reacquired Capital Stock		0	0
211	Other Paid-In Capital		(1,620,054)	(3,540,525)
212	Discount on Capital Stock		0	0
213	Capital Stock Expense		0	0
214-215	Retained Earnings	F-16	1,121,350	740,235
216	Reacquired Capital Stock		0	0
218	Proprietary Capital (Proprietorship and Partnership Only)		0	0
Total Equity Capital			(506,204)	(2,807,790)
LONG-TERM DEBT				
221	Bonds	F-15	0	0
222	Reacquired Bonds		0	0
223	Advances from Associated Companies	F-17	0	0
224	Other Long-Term Debt	F-17	(2,140,896)	(756,069)
Total Long-Term Debt			(2,140,896)	(756,069)
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable		(35,154)	(2,746)
232	Notes Payable	F-18	(18,667)	(1,116)
233	Accounts Payable to Associated Co.	F-18	(32,501)	0
234	Notes Payable to Associated Co.	F-18	0	0
235	Customer Deposits		(121,148)	(154,221)
236	Accrued Taxes		(49,510)	(82,307)
237	Accrued Interest	F-19	(10,159)	0
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	(401,993)	(419,437)
Total Current and Accrued Liabilities			(669,133)	(659,827)

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2004

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
DEFERRED CREDITS				
251	Unamortized Premium on Debt	F-13	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
OPERATING RESERVES				
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
CONTRIBUTIONS IN AID OF CONSTRUCTION				
271	Contributions In Aid of Construction	F-22	(6,844,420)	(7,799,267)
272	Accumulated Amortization of Contributions In Aid of Construction	F-22	1,011,681	1,305,163
	Total Net C.I.A.C.		(5,832,739)	(6,494,105)
ACCUMULATED DEFERRED INCOME TAXES				
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
	TOTAL EQUITY CAPITAL AND LIABILITIES		(9,148,973)	(10,717,791)

F-2 (b)

UTILITY NAME: Southlake Utilities, Inc.
COMPARATIVE OPERATING STATEMENT

YEAR OF REPORT
DECEMBER 31, 2004

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	(989,113)	F-3(b)	(1,263,885)	(700,335)	(563,549)	0
469.530	Less: Guaranteed Revenue and AFPI	0	F-3(b)	0	0	0	0
	Net Operating Revenues	(989,113)		(1,263,885)	(700,335)	(563,549)	0
401	Operating Expenses	920,075	F-3(b)	926,633	365,113	561,519	0
403	Depreciation Expense	156,212		204,727	91,843	112,885	0
	Less: Amortization of CIAC	(227,211)	F-22	(282,958)	(99,081)	(183,877)	0
	Net Depreciation Expense	(70,999)		(78,231)	(7,239)	(70,992)	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	103,621	W/S-3	120,033	63,094	56,939	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	952,697		968,435	420,969	547,466	0
	Net Utility Operating Income	(36,416)		(295,450)	(279,367)	(16,083)	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			(100,956)	(100,956)	0	0
420	Allowance for Funds Used During Construction			0	0	0	0
	Total Utility Operating Income	(36,416)		(396,406)	(380,323)	(16,083)	0

UTILITY NAME: Southlake Utilities, Inc.
 COMPARATIVE OPERATING STATEMENT

YEAR OF REPORT DECEMBER 31, 2004

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (d)	REF. PAGE (c)	CURRENT YEAR (e)
	Total Utility Operating Income [From Page F-3(a)]	(36,416)		(396,406)
	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	(26)		(7,043)
420	Allowance for Funds Used During Construction	0		0
421	Nonutility Income	0		0
426	Miscellaneous Nonutility Expense	5,470		0
	Total Other Income and Deductions	5,444		(7,043)
	TAXES APPLICABLE TO OTHER INCOME			
408.20	Taxes Other Than Income	0		0
409.20	Income Taxes	0		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	0	F-19	24,588
428	Amortization of Debt Discount & Expense	0	F-13	0
429	Amortization of Premium on Debt	0	F-13	0
	Total Interest Expense	0		24,588
	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	(30,972)		(378,861)

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2004

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	\$ 3,602,071	\$ 4,027,007
	Less: Nonused and Useful Plant (1)			
108	Accumulated Depreciation	F-8	395,100	820,948
110	Accumulated Amortization	F-8	0	0
271	Contributions In Aid of Construction	F-22	(3,334,362)	(4,464,906)
252	Advances for Construction	F-20	0	0
	Subtotal		\$ (127,391)	\$ (1,258,847)
	Additions:			
272	Accumulated Amortization of CIAC	F-22	483,627	821,536
	Subtotal		\$ 356,236	\$ (437,311)
	Plus or Minus:			
114	Acquisition Adjustments (2)	F-7	0	0
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	0	0
	Working Capital Allowance (3)		244,547	218,138
	Other (Specify):			
	Rate Base		\$ 600,783	\$ (219,173)
	Utility Operating Income		\$ (380,323)	\$ (16,083)
	Achieved Rate of Return		63.30%	0.00%

NOTES :

- (1) Estimate based on the methodology used in the last rate proceeding.
- (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 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, 2004

**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	2,807,790	75.49%	13.11%	9.90%
Preferred Stock	0	0.00%	0.00%	0.00%
Long Term Debt	756,069	20.33%	6.25%	1.27%
Customer Deposits	154,221	4.15%	6.00%	0.25%
Short Term Debt	1,116	0.03%	12.92%	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%	0.00%	0.00%
Total	\$ 3,719,196	100.00%		11.42%

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

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

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

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

APPROVED RETURN ON EQUITY

Current Commission 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:	_____

If any utility capitalized any charge in lieu of AFUDC (such as interest only), state the basis of the charge, an explanation as to why AFUDC was not charged and the percentage capitalized.

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2004

**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	\$ 2,807,790				\$ 2,807,790
Preferred Stock	0				0
Long Term Debt	756,069				756,069
Customer Deposits	154,221				154,221
Short Term Debt	1,116				1,116
Tax Credits-Weighted Cost	0				0
Deferred Income Taxes	0				0
ITC	0				0
Other (Explain)	0				
Total	\$ 3,719,196	\$ -	\$ -	\$ -	\$ 3,719,196

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

UTILITY PLANT (ACCTS. 101 - 106)

ACCT. NO. (a)	(b)	WATER (c)	WASTEWATER (d)	OTHER THAN REPORTING SYSTEMS (e)	TOTAL (f)
	Plant Accounts:				
101	Utility Plant In Service	\$ 3,602,071	\$ 4,027,007		\$ 7,629,078
102	Utility Plant Leased to Others	0	0		\$ -
103	Property Held for Future Use	0	0		\$ -
104	Utility Plant Purchased or Sold	0	0		\$ -
105	Construction Work In Progress	604,253	1,154,072		\$ 1,758,325
106	Completed Construction Not Classified	0	0		\$ -
	Rounding				\$ -
	Total Utility Plant	\$ 4,206,324	\$ 5,181,079	\$ -	\$ 9,387,403

UTILITY PLANT ACQUISITION ADJUSTMENTS (ACCTS. 114 - 115)

Report each acquisition adjustment and related accumulated amortization separately. For any acquisition adjustment approved by the Commission, include the Order Number.				
(a)	WATER (b)	WASTEWATER (c)	OTHER (d)	TOTAL (e)
Acquisition Adjustments (114):				
				0
				0
				0
				0
				0
				0
				0
				0
Total Plant Acquisition Adjs.	\$ -	\$ -		\$ -
Accumulated Amortization (115):				
				0
				0
				0
				0
				0
				0
				0
Total Accumulated Amortization	\$ -	\$ -		\$ -
Net Acquisition Adjustments	\$ -	\$ -		\$ -

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2004

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

(a)	WATER (b)	WASTEWATER (c)	OTHER* (d)	TOTAL (e)
Balance first of year	\$ 303,258	\$ 708,063	\$0	\$ 1,011,321
Credit during year:				
Accruals charged:				
to Account 108.1 (1)	\$ 91,843	\$ 112,885	\$0	204,727
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
Total credits	\$ 395,100	\$ 820,948	0	\$ 1,216,048
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
Total debits	\$ -	\$ -	0	\$ -
Balance end of year	\$ 395,100	\$ 820,948	\$ -	\$ 1,216,048

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)				
Total credits	None	None	None	None
Debits during year:				
Book cost of plant retired				
Other debits (specify)				
Total debits	None	None	None	None
Balance end of year	None	None	None	None

- (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, 2004

**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 (c)	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 site "C" (unavailable for service)	\$ 31,186			\$ 31,186
				0
				0
				0
Total NonUtility Property	\$ 31,186			\$ 31,186

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, 2004

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)
INVESTMENT IN ASSOCIATED COMPANIES (ACCT. 123):		
	\$ _____	\$ _____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
Total Investment In Associated Companies _____		\$ <u>None</u>
UTILITY INVESTMENTS (ACCT. 124):		
	\$ _____	\$ _____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
Total Utility Investments _____		\$ <u>None</u>
OTHER INVESTMENTS (ACCT. 125):		
	\$ _____	\$ _____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
Total Other Investments _____		\$ <u>None</u>
SPECIAL FUNDS (ACCTS. 126 & 127):		
Restricted Cash Deposits		\$ <u>None</u>

Total Special Funds _____		\$ <u>None</u>

UTILITY NAME: Southlake Utilities, Inc.

<p>YEAR OF REPORT DECEMBER 31, 2004</p>

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)
Accounts Receivable:	
Customer Accounts Receivable (Acct. 141)	
Water	\$ 69,175
Wastewater	\$ 56,598
Total Customer Accounts Receivable	<u>\$ 125,773</u>
Other Accounts Receivable (Acct. 142):	
	\$ -
Total Other Accounts Receivable	<u>0</u>
Notes Receivable (Acct. 144):	
Summer Bay	41,539
Southlake Dev Ltd	225,671
Total Notes Receivable	<u>267,211</u>
Total Accounts & Notes Receivable	<u>\$ 392,984</u>
Accumulated Provision for Uncollectible Accounts (Acct. 143):	
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>\$ 392,984</u>

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2004

ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES (ACCT. 145)

Report each account receivable from associated companies seperately.	
DESCRIPTION (a)	TOTAL (b)
Total	

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)
Total Miscellaneous Current and Accrued Assets	

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2004

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):		
Total Unamortized Debt Discount and Expense	0	\$ -
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.

YEAR OF REPORT DECEMBER 31, 2004

MISCELLANEOUS DEFERRED DEBITS - ACCOUNT 186

Description - Provide Itemized Listing (a)	Amount Written-Off During Year (b)	Year-End Balance (c)
Deferred Rate Case Expense (Class A Utilities: Account 186.1)		
	\$ -	
Total Deferred Rate Case Expense	\$ -	\$ -
Other Deferred Debits (Acct. 186.2)		
Deferred AFPI Project Costs	\$ -	\$ 785,930
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
Total Other Deferred Debits	\$ -	\$ 785,930
Regulatory Assets (Class A Utilities: Account 186.3)		
Regulatory Assets	\$ -	\$ 1,928
Total Regulatory Assets	\$ -	\$ 1,928
Total Miscellaneous Deferred Debits	\$ -	\$ 787,858

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2004

CAPITAL STOCK (ACCTS. 201 and 204)

DESCRIPTION (a)	Rate (b)	Total (c)
COMMON STOCK		
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
PREFERRED STOCK		
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

count 204 not applicable for Class B utilities.

BONDS - ACCOUNT 221

Description of Obligation (Including Date of Issue and Date of Maturity) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (d)
	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

ACCT. NO. (a)	(b) Description	AMOUNTS (c)
	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.	
215	Unappropriated Retained Earnings:	
	Balance beginning of year	\$ 1,121,350
439	Changes to account:	
	Adjustments to Retained Earnings (requires Commission approval prior to use):	
	Credits:	
	Rounding	0
	Total Credits	\$ (2,254)
	Debits:	
	Total Debits	\$ -
435	Balance transferred from Income	(378,861)
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	\$ 740,235
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	
214	Total Appropriated Retained Earnings	\$ -
	Total Retained Earnings	\$ 740,235
	Notes to Statement of Retained Earnings:	

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2004

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 - 12/17/99	12.92%		(1,116)
Total Account 232			\$ (1,116)
Account 234 - Notes Payable To Associated Companies:			
Advances from Parent Company			
Total Account 234			None

* 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)
Total	\$ -

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2004

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	0	24,592	
rounding	4			(4)	
TOTAL ACCOUNT 237.1	(10,159)		0	24,588	0
ACCOUNT NO.237.2 Accrued Interest on other liabilities:					
Customer Deposits					
TOTAL ACCOUNT 237.2	\$ -		\$0	\$0	\$ -
TOTAL ACCOUNT NO. 237 (1)	\$ (10,159)		\$0	\$24,588	0
INTEREST EXPENSED: TOTAL ACCRUAL ACCOUNT 237		237	\$0		
Less: CAPITALIZED INTEREST PORTION OF AFUDC:					
NET INTEREST EXPENSED TO ACCOUNT NO. 427 (2)			\$24,588		

(1) Must agree to F-2(a), Beginning and Ending balance of accrued interest.

(2) Must agree to F-3(c), current year interest expense.

UTILITY NAME: Southlake Utilities, Inc.

Year of Report DECEMBER 31, 2004

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (241)

Description - Provide itemized listing	Balance End Of Year
Payroll FICA	\$ (23)
Payroll Medicare	6
Payroll FIT	(406)
Prepaid CIAC - Water	(123,121)
Prepaid CIAC - WasteWater	(295,893)
Total Miscellaneous Current And Accrued Liabilities	\$ (419,437)

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)
Water					
Total Water	\$0		\$0	\$0	\$0
Wastewater					
Total Wastewater	\$0		\$0	\$0	\$0
TOTAL	\$0		\$0	\$0	\$0

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

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2004

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

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2004

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:	(2,872,205)	(3,972,214)	-	(6,844,419)
Add credits during year:	(462,157)	(492,692)	-	(954,849)
Less debits charged during the year:	-	-	-	-
Total Contributions in Aid of Construction	\$ (3,334,362)	\$ (4,464,906)	\$ -	\$ (7,799,268)

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	374,024	637,659	-	1,011,683
Debits during year:	109,603	183,877	-	293,480
Credits during year:	-	-	-	-
Total Accumulated Amortization of CIAC	\$ 483,627	\$ 821,536	\$ -	\$ 1,305,163

**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	\$ (378,861)
Reconciling items for the year:		
Taxable income not reported on books:		
Deductions recorded on books not deducted for return:		
		0
Income recorded on books not included in return:		
Deduction on return not charged against book income:		
		0
Federal Tax Net Income		(378,861)
State Income Tax Expense		0
Computation of tax:		
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)	3,602,071
	Less:		
	Nonused and Useful Plant (1)		
108	Accumulated Depreciation	W-6(b)	395,100
110	Accumulated Amortization		-
271	Contributions In Aid of Construction	W-7	(3,334,362)
252	Advances for Construction	F-20	-
	Subtotal		\$ (127,391)
	Adds:		
272	Accumulated Amortization of CIAC	W-8(a)	483,627
	Subtotal		\$ 356,236
	Plus or Minus:		
114	Acquisition Adjustments (2)	F-7	0
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	0
	Working Capital Allowance (3)		244,547
	Other (Specify):		
	Water Rate Base		\$ 600,783
	Water Operating Income	W-3	\$ (380,323)
	Achieved Rate of Return		63.30%

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.
System Name/County: Lake

YEAR OF REPORT DECEMBER 31, 2004

WATER OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME		
400	Operating Revenues	W-9	(700,335)
469	Less: Guaranteed Revenue and AFPI	W-9	0
	Net Operating Revenues		\$ (700,335)
401	Operating Expenses	W-10(a)	\$ 365,113
403	Depreciation Expense		91,843
	Less: Amortization of CIAC	W-8(a)	(99,081)
	Net Depreciation Expense		\$ (7,239)
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		31,515
408.11	Property Taxes		26,160
408.12	Payroll Taxes		5,419
408.13	Other Taxes and Licenses		0
408	Total Taxes Other Than Income		\$ 63,094
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		\$ 420,969
	Net Utility Operating Income		\$ (279,367)
	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		(100,956)
420	Allowance for Funds Used During Construction		0
	Total Utility Operating Income		\$ (380,323)

YEAR OF REPORT
DECEMBER 31, 2004

UTILITY NAME: Southlake Utilities, Inc.
System Name/County: Lake
WATER UTILITY PLANT ACCOUNTS

WATER UTILITY PLANT MATRIX

ACCT. NO.	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)
301	Misc. Intangible Plant	0	0	0	0	0	0	0	0	0	0
302	Organization	250	0	0	0	250	250	0	0	0	0
303	Franchises	62,993	0	0	0	62,993	62,993	0	0	0	0
304	Land and Land Rights	156,108	0	22,822	0	133,286	0	133,286	0	0	0
305	Structures and Improvements	671,622	10,468	0	0	682,090	0	682,090	0	0	0
306	Collecting and Impounding	0	0	0	0	0	0	0	0	0	0
307	Reservoirs	0	0	0	0	0	0	0	0	0	0
308	Lake River and Other Intakes	0	0	0	0	0	0	0	0	0	0
309	Wells and Springs	379,442	0	0	0	379,442	379,442	0	0	0	0
310	Infiltration Galleries and Tunnels	0	0	0	0	0	0	0	0	0	0
311	Supply Mains	0	0	0	0	0	0	0	0	0	0
312	Power Generation Equipment	18,985	0	0	0	18,985	18,985	0	0	0	0
313	Pumping Equipment	72,390	0	0	0	72,390	0	72,390	0	0	0
314	Water Treatment Equipment	14,860	0	0	0	14,860	0	14,860	0	0	0
315	Distribution Reservoirs and Standpipes	31,414	0	0	0	31,414	0	0	0	31,414	0
316	Transmission and Distribution	1,348,809	189,728	0	0	1,538,537	0	0	0	1,538,537	0
317	Mains	119,459	67,114	0	0	186,573	0	0	0	186,573	0
318	Services	229,343	35,036	0	0	264,380	0	0	0	264,380	0
319	Meters and Meter Installations	185,049	0	0	0	185,049	0	0	0	185,049	0
320	Hydrants	0	0	0	0	0	0	0	0	0	0
321	Other Plant and Miscellaneous Equipment	7,467	715	0	0	8,182	0	0	0	8,182	0
322	Office Furniture and Equip.	21,871	281	0	0	22,152	0	0	0	22,152	0
323	Transportation Equipment	0	0	0	0	0	0	0	0	0	0
324	Stores Equipment	0	0	0	0	0	0	0	0	0	0
325	Tools, Shop and Garage Equip	679	0	0	0	679	0	0	0	679	0
326	Laboratory Equipment	0	0	0	0	0	0	0	0	0	0
327	Power Operated Equipment	236	0	0	0	236	0	0	0	236	0
328	Communication Equipment	0	0	0	0	0	0	0	0	0	0
329	Miscellaneous Equipment	0	0	0	0	0	0	0	0	0	0
330	Other Tangible Plant	570	0	0	0	570	0	0	0	570	0
331	Property Held For Future Use	0	0	0	0	0	0	0	0	0	0
332	Rounding	0	1	0	0	1	0	0	0	0	1
333	Unclassified Plant	0	0	0	0	0	0	0	0	0	0
334	Total Water Plant	3,321,548	303,344	22,822	0	3,602,071	63,243	398,427	902,627	2,214,135	23,638

UTILITY NAME: Southlake Utilities, Inc.
 System Name/County: Lake

YEAR OF REPORT DECEMBER 31, 2004

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.

UTILITY NAME: Southlake Utilities, Inc.
System Name/County: Lake

YEAR OF REPORT
DECEMBER 31, 2004

ANALYSIS OF ENTRIES IN WATER DEPRECIATION RESERVE

ANALYSIS OF ENTRIES IN WATER DEPRECIATION RESERVE

ACCT. NO.	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)
301	Organization	0	0	0	0	0	0	0	0	0	0
302	Franchises	0	0	0	0	0	0	0	0	0	0
304	Structures and Improvements	13,035	20,468	0	20,468	0	0	0	0	0	33,503
305	Collecting and Impounding										
	Reservoirs	0	0	0	0	0	0	0	0	0	0
306	Lake River and Other Intakes	0	0	0	0	0	0	0	0	0	0
307	Wells and Springs	27,817	12,636	0	12,636	0	0	0	0	0	40,453
308	Infiltration Galleries and Tunnels	0	0	0	0	0	0	0	0	0	0
309	Supply Mains	0	0	0	0	0	0	0	0	0	0
310	Power Generation Equipment	8,872	949	0	949	0	0	0	0	0	9,822
311	Pumping Equipment	24,705	3,619	0	3,619	0	0	0	0	0	28,324
320	Water Treatment Equipment	1,895	676	0	676	0	0	0	0	0	2,572
330	Distribution Reservoirs and Standpipes	7,576	848	0	848	0	0	0	0	0	8,424
331	Transmission and Distribution Mains	132,741	31,611	0	31,611	0	0	0	0	0	164,352
333	Services	12,402	3,056	0	3,056	0	0	0	0	0	15,458
334	Meters and Meter Installation	42,990	11,986	0	11,986	0	0	0	0	0	54,976
335	Hydrants	21,393	4,109	0	4,109	0	0	0	0	0	25,502
339	Other Plant and Miscellaneous Equipment	2,811	302	0	302	0	0	0	0	0	3,113
340	Office Furniture and Equip.	6,234	1,462	0	1,462	0	0	0	0	0	7,696
341	Transportation Equipment	0	0	0	0	0	0	0	0	0	0
342	Stores Equipment	0	0	0	0	0	0	0	0	0	0
343	Tools, Shop and Garage Equip.	296	43	0	43	0	0	0	0	0	339
344	Laboratory Equipment	0	0	0	0	0	0	0	0	0	0
345	Power Operated Equipment	186	19	0	19	0	0	0	0	0	205
346	Communication Equipment	0	0	0	0	0	0	0	0	0	0
347	Miscellaneous Equipment	0	0	0	0	0	0	0	0	0	0
348	Other Tangible Plant	304	57	0	57	0	0	0	0	0	361
	Total Depreciable Water Plant In Service	303,258	91,843	0	91,843	0	0	0	0	0	395,100

UTILITY NAME: Southlake Utilities, Inc.
 System Name/County: Lake

YEAR ENDING: DECEMBER 31, 2004

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	(267)	\$ 433.00	\$ (115,757)
Meter Fees			(70,376)
Mains/Other			(19,181)
Total Credits			\$ (205,314)

ACCUMULATED AMORTIZATION OF WATER CIAC (Acct. 272)

Description (a)	Water (W-8(a)) (b)
Balance first of year	374,024
Debits during year:	
Accruals charged to Account 272	99,081
Other debits (specify):	
Capacity fee coded to amort correction	10,522
Total Debits:	109,603
Credits during the year(specify):	
Total Credits:	\$ -
Balance end of Year	\$ 483,627

W-8(a)

UTILITY NAME: Southlake Utilities, Inc.
 System Name/County: Lake

YEAR OF REPORT DECEMBER 31, 2004

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	1,014	1,441	\$ (285,457)
461.2	Sales to Commercial Customers	592	609	(366,259)
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	1,606	2,050	(651,716)
	Fire Protection Revenue:			
462.1	Public Fire Protection			
462.2	Private Fire Protection	50	52	(32,901)
	Total Fire Protection Revenue	50	52	(32,901)
464	Other Sales To Public Authorities			
465	Sales To Irrigation Customers			
466	Sales For Resale			0
467	Interdepartmental Sales			
	Total Sales Of Water	1,656	2,102	(684,617)
	Other Water Revenues:			
469	Guaranteed Revenues (including Allowance for Funds Prudently Invested - AFPI)			0
470	Forefeited Discounts			
471	Miscellaneous Service Revenues			(15,718)
472	Rents From Water Property			
473	Interdepartmental Rents			
474	Other Water Revenues			0
	Total Other Water Revenues			(15,718)
	Total Water Operating Revenues			\$ (700,335)
* customer is defined by Rule 25-30.210(1), Florida Administrative Code.				

UTILITY NAME: Southlake Utilities, Inc. System Name/County: Lake

WATER UTILITY EXPENSE ACCOUNTS

YEAR OF REPORT
DECEMBER 31, 2004

WATER EXPENSE ACCOUNT MATRIX

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	.1 SOURCE OF SUPPLY AND EXPENSES - OPERATIONS (d)	.2 SOURCE OF SUPPLY AND EXPENSES - MAINTENANCE (e)	.3 WATER TREATMENT EXPENSES - OPERATIONS (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	60,793	8,685	8,685	8,685	8,685	8,685	8,685	0	8,685
603	Salaries/Wages Officers, Directors and Others	0	0	0	0	0	0	0	0	0
604	Employee Pensions and Benefits	0	0	0	0	0	0	0	0	0
610	Purchased Water	53,336	0	0	53,336	0	0	0	0	0
615	Purchased Power	2,631	0	0	2,631	0	0	0	0	0
616	Fuel for Power Purchased	12,056	0	0	12,056	0	0	0	0	0
618	Chemicals	2,446	306	306	306	306	306	306	306	306
620	Materials and Supplies	1,494	0	0	0	0	0	0	0	1,494
631	Contractual Services - Eng.	12,622	0	0	0	0	0	0	0	12,622
632	Contractual Services - Acct.	36,713	0	0	0	0	0	0	0	36,713
633	Contractual Services - Legal	57,250	0	0	0	0	0	0	0	57,250
634	Contractual Services - Management Fees	6,720	0	0	6,720	0	0	0	0	0
635	Contractual Services - Testing	31,920	0	0	0	0	0	0	0	31,920
636	Contractual Services - Other	15,378	0	0	0	0	0	0	0	15,378
641	Rental of Building/Real Property	0	0	0	0	0	0	0	0	0
642	Rental of Equipment	3,862	0	0	0	0	0	0	0	3,862
650	Transportation Expenses	0	0	0	0	0	0	0	0	0
656	Insurance - Vehicle	0	0	0	0	0	0	0	0	0
657	Insurance - General Liability	0	0	0	0	0	0	0	0	0
658	Insurance - Worker's Compensation	9,074	0	0	0	0	0	0	0	9,074
659	Insurance - Other	0	0	0	0	0	0	0	0	0
660	Advertising Expense	0	0	0	0	0	0	0	0	0
666	Regulatory Commission Expenses (Amortization of Rate Case Expense)	0	0	0	0	0	0	0	0	0
667	Regulatory Commission Expenses - Other	3,890	0	0	0	0	0	0	3,890	0
670	Bad Debt Expense	54,929	37,555	0	0	0	0	0	0	17,374
675	Miscellaneous Expenses	0	0	0	0	0	0	0	0	0
	Rounding									
	Total Water Utility Expenses	\$ 365,113	\$ 46,546	\$ 8,990	\$ 83,733	\$ 8,990	\$ 8,990	\$ 8,990	\$ 4,196	\$ 194,677

W-10(a & b)

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

Year of Report:
 December 31, 2004

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		33,356	354	33,002	32,818
February		31,187	354	30,833	31,798
March		37,181	354	36,827	30,232
April		40,622	354	40,268	40,044
May		42,105	354	41,751	37,467
June		38,833	354	38,479	40,811
July		43,289	354	42,935	41,310
August		39,743	354	39,389	37,978
September		33,705	398	33,307	35,027
October		44,899	505	44,394	40,939
November		47,636	572	47,064	43,662
December		51,231	606	50,625	48,932
*** Total for Year	-	483,787	4,913	478,874	461,018

*** Total finished water includes 2.291 MG pumped from Well "A" which is untreated. This water is used for irrigation only and is not interconnected to finished water supply system.

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 A (1992)	1.500 mgd	.063 mgd	Ground
Well B-R (2004)	4.000 mgd	.453 mgd	Ground
Well D (1994)	1.008 mgd	1.263 mgd	Ground
Well F (2005)	UNDER CONSTRUCTION		Ground

Utility Name:
System Name/County:

Southlake Utilities, Inc.
Lake

Year of Report:
December 31, 2004

Water Treatment Plant Information

(Provide a separate sheet for each water treatment facility)

Permitted Capacity of Plant (GPD): 2,916,000

Location of measurement of capacity
(i.e., wellhead, Storage Tank): Between wells and storage.

Type of Treatment (reverse osmosis, sedimentation, chemical, aerated, etc.): Disinfection using liquid chlorine

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.

Calculation of the Water System Meter Equivalents

Meter Size (a)	Type of Meter (b)	Equivalent Factor (c)	Number of Meters Beginning of Year (d)	Number of Meters Installed in Year (e)	Number of Meters End of Year (f)	Total Number of Meter Equivalents (cxf) (g)
All Residential						
5/8"	Displacement	1.0				
3/4"	Displacement	1.0	1,444	316	1,760	1,760.0
1"	Displacement	1.5				
1 1/2"	Displacement	2.5	56	3	59	147.5
2"	Displacement or Turbine	5.0	16	2	18	90.0
3"	Displacement, Compound or Turbine	8.0	57	7	64	512.0
3"	Displacement	15.0	2	1	3	45.0
3"	Compound	16.0				
3"	Turbine	17.5				
4"	Displacement or Compound	25.0	3	-	3	75.0
4"	Turbine	30.0				
6"	Displacement or Compound	50.0	3	-	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				
			1,581	329	1,910	2,779.5

Total Water System Meter Equivalents

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:

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

ERC Calculation:

461,018,000 Annual Demand (Gals)
365 Days
1,263,063 Gals/Day
350 Gals/ERC
3,609 ERCs

Utility Name:
System Name/County:

Southlake Utilities, Inc.
Lake

Year of Report:
December 31, 2004

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. 3,609
2. Maximum number of ERC's * which can be served. 11,000
3. Present system connection capacity (in ERC's *) using existing lines. 8,000
4. Future connection capacity (in ERC's *) upon service area buildout. 7,379
5. Estimated annual increase in ERC's*. 400
6. Is the utility required to have fire flow capacity? Yes
If so, how much capacity is required? 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.

A 1.0 MGD Crom GST has been constructed and will be placed into service in May 2005. Future plans are to construct a second 1.0 MGD GST in 2008/2009.

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.

b. Have these plans been approved by DEP? _____

c. When will construction begin? _____

d. Attach plans for funding the required upgrading.
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 on the bottom of page W-13.

**WASTEWATER
OPERATION
SECTION**

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2004

WASTEWATER LISTING OF SYSTEM GROUPS

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

The wastewater financial schedules (S-2 through S-10) should be filed for the group in total. The water engineering schedules (S-11 through S-12) must be filed for each system in the group. All of the following water pages (S-2 through S-12) should be completed for each group and arranged by group number.

SYSTEM NAME/COUNTY	CERTIFICATE NUMBER	GROUP NUMBER
Southlake Utilities, Inc./Lake County	464-S	

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)	4,027,007
	Less:		
	Nonused and Useful Plant (1)		
108	Accumulated Depreciation	S-6(b)	820,948
110	Accumulated Amortization		-
271	Contributions In Aid of Construction	S-7	(4,464,906)
252	Advances for Construction	F-20	-
	Subtotal		\$ (1,258,847)
	Adds:		
272	Accumulated Amortization of CIAC	S-8(a)	821,536
	Subtotal		\$ (437,311)
	Plus or Minus:		
114	Acquisition Adjustments (2)	F-7	0
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	0
	Working Capital Allowance (3)		218,138
	Other (Specify):		
	Wastewater Rate Base		\$ (219,173)
	Wastewater Operating Income	S-3	\$ (16,083)
	Achieved Rate of Return		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.
System Name/County: Lake

YEAR OF REPORT DECEMBER 31, 2004

WASTEWATER OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME		
400	Operating Revenues	S-9(a)	(563,549)
530	Less: Guaranteed Revenue and AFPI	S-9(a)	0
	Net Operating Revenues		\$ (563,549)
401	Operating Expenses	S-10(a)	\$ 561,519
403	Depreciation Expense	S-6(a)	112,885
	Less: Amortization of CIAC	S-8(a)	(183,877)
	Net Depreciation Expense		\$ (70,992)
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		25,360
408.11	Property Taxes		26,160
408.12	Payroll Taxes		5,419
408.13	Other Taxes and Licenses		
408	Total Taxes Other Than Income		\$ 56,939
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		\$ 547,466
	Net Utility Operating Income		\$ (16,083)
	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		\$ (16,083)

UTILITY NAME: Southlake Utilities, Inc.
 System Name/County: Lake
 WASTEWATER UTILITY PLANT ACCOUNTS

YEAR OF REPORT
 DECEMBER 31, 2004

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	0	0	0	0	0	\$ -				
351	Organization	250	0	0	0	250	250				
352	Franchises	50,438	0	0	0	50,438	50,438				
353	Land and Land Rights	507,861	0	0	0	507,861	0	0	0	507,861	0
354	Structures and Improvements	630,728	15,299	0	0	646,027	0	0	0	646,027	0
360	Collection Sewers - Force	197,988	0	0	0	197,988	197,988				
361	Collection Sewers - Gravity	890,405	203,769	0	0	1,094,174	1,094,174				
362	Special Collecting Structures	333,056	2,084	0	0	335,140	335,140				
363	Services to Customers	150,986	68,627	0	0	219,613	219,613				
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		0		
371	Pumping Equipment	25,685	0	0	0	25,685			25,685		
375	Reuse Mains	0	0	0	0	0				0	
380	Treatment and Disposal Equip.	905,893	0	0	0	905,893				905,893	
381	Plant Sewers	0	0	0	0	0				0	
382	Outfall Sewer Lines	0	0	0	0	0				0	
389	Other Plant and Miscellaneous Equipment	20,629	749	0	0	21,378		0		21,378	
390	Office Furniture and Equip.	20,969	281	0	0	21,250					21,250
391	Transportation Equipment	0	0	0	0	0					
392	Stores Equipment	0	0	0	0	0					
393	Tools, Shop and Garage Equip.	0	0	0	0	0					
394	Laboratory Equipment	0	0	0	0	0					
395	Power Operated Equipment	236	0	0	0	236					236
396	Communication Equipment	0	0	0	0	0					
397	Miscellaneous Equipment	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					
	Rounding	0	(1)	0	0	(1)					(1)
	Total Sewer Plant	3,736,200	290,807	0	0	4,027,007	\$ 50,688	\$ 1,846,915	\$ 25,685	\$ 2,081,159	\$ 22,560

UTILITY NAME: Southlake Utilities, Inc.

System Name/County: Lake

BASIS FOR WASTEWATER DEPRECIATION CHARGES

YEAR OF REPORT DECEMBER 31, 2004

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%
380	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.
System Name/County: Lake

YEAR OF REPORT
DECEMBER 31, 2004

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	0	0	0	0	0	0	0	0
352	Franchises	0	0	0	0	0	0	0	0	0	0
354	Structures and Improvements	36,763	19,927	0	19,927	0	0	0	0	0	56,691
360	Collection Sewers - Force	39,554	6,593	0	6,593	0	0	0	0	0	46,147
361	Collection Sewers - Gravity	102,523	19,956	0	19,956	0	0	0	0	0	122,479
362	Special Collecting Structures	37,005	8,350	0	8,350	0	0	0	0	0	45,355
363	Services to Customers	11,762	3,971	0	3,971	0	0	0	0	0	15,733
364	Flow Measuring Devices	0	0	0	0	0	0	0	0	0	0
365	Flow Measuring Installations	0	0	0	0	0	0	0	0	0	0
370	Receiving Wells	0	0	0	0	0	0	0	0	0	0
371	Pumping Equipment	3,256	1,027	0	1,027	0	0	0	0	0	4,283
375	Reuse Mains	0	0	0	0	0	0	0	0	0	0
380	Treatment and Disposal Equip.	466,709	50,367	0	50,367	0	0	0	0	0	517,076
381	Plant Sewers	0	0	0	0	0	0	0	0	0	0
382	Outfall Sewer Lines	0	0	0	0	0	0	0	0	0	0
389	Other Plant and Miscellaneous Equipment	3,752	1,165	0	1,165	0	0	0	0	0	4,917
390	Office Furniture and Equip.	5,967	1,401	0	1,401	0	0	0	0	0	7,369
391	Transportation Equipment	0	0	0	0	0	0	0	0	0	0
392	Stores Equipment	0	0	0	0	0	0	0	0	0	0
393	Tools, Shop and Garage Equip.	0	0	0	0	0	0	0	0	0	0
394	Laboratory Equipment	0	0	0	0	0	0	0	0	0	0
395	Power Operated Equipment	186	19	0	19	0	0	0	0	0	205
396	Communication Equipment	0	0	0	0	0	0	0	0	0	0
397	Miscellaneous Equipment	0	0	0	0	0	0	0	0	0	0
398	Other Tangible Plant	588	107	0	107	0	0	0	0	0	695
	Rounding	(2)	2	0	2	0	0	0	0	0	0
	Total Depreciable Sewer Plant In Service	708,063	112,885	0	112,885	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 820,948

S-6 (a & b)

UTILITY NAME: Southlake Utilities, Inc.
 System Name/County: Lake

YEAR ENDING:
 DECEMBER 31, 2004

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCOUNT 271)

DESCRIPTION (a)	REFERENCE (b)	WATER (c)
Balance first of Year		\$ (3,972,214)
Add Credits During Year:		
Contributions received from capacity, Main extension and customer connection charges	S-8(a)	\$ (220,296)
Contributions received from developer or contractor agreements in cash or property	S-8(b)	\$ (272,396)
Total Credits		\$ (492,692)
Less Debits Charged During the Year: (All debits charged during the year must be explained below)		\$ -
Total Contributions in Aid of Construction		\$ (4,464,906)
If any prepaid CIAC has been collected, provide a supporting schedule showing how the amount is determined.		
Explain below all debits charged to Account 271 during the year:		

UTILITY NAME: Southlake Utilities, Inc.
 System Name/County: Lake

YEAR ENDING: DECEMBER 31, 2004

WASTEWATER 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	(222)	\$ 970.00	\$ (215,111)
Collection Mains/Other			(5,185)
Total Credits			\$ (220,296)

ACCUMULATED AMORTIZATION OF WASTEWATER CIAC (Acct. 272)

Description (a)	Water (W-8(a)) (b)
Balance first of year	637,659
Debits during year:	
Accruals charged to Account 272	183,877
Other debits (specify):	
Total Debits:	183,877
Credits during the year(specify):	
Total Credits:	\$ -
Balance end of Year	\$ 821,536

UTILITY NAME: Southlake Utilities, Inc.
 System Name/County: Lake
 WASTEWATER OPERATING REVENUE

YEAR OF REPORT DECEMBER 31, 2004

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	976	1,402	\$ (206,889)
522.2	Commercial Revenues	465	473	(356,661)
522.3	Industrial Revenues			
522.4	Revenues From Public Authorities			
522.5	Multiple Family Dwelling Revenues			
	Total Measured Revenues	1,441	1,875	(563,549)
523	Revenues From Public Authorities			
524	Revenues From Other Systems			
525	Interdepartmental Revenues			
	Totals	1,441	1,875	(563,549)
	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			\$ (563,549)

UTILITY NAME: Southlake Utilities, Inc.
 System Name/County: Lake

YEAR OF REPORT
 DECEMBER 31, 2004

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			\$ (563,549)
* customer is defined by Rule 25-30.210(1), Florida Administrative Code.				

S-9(b)

UTILITY NAME: Southlake Utilities, Inc. System Name/County: Lake

YEAR OF REPORT
DECEMBER 31, 2004

WASTEWATER UTILITY EXPENSE ACCOUNT MATRIX

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	.1	.2	.3	.4	.5	.6	.7	.8	0.9	0.10	0.11	0.12
			COLLECTION EXPENSES - OPERATIONS (d)	COLLECTION EXPENSES - MAINTENANCE (e)	PUMPING EXPENSES - OPERATIONS (f)	PUMPING EXPENSES - MAINTENANCE (g)	TREATMENT & DISPOSAL EXPENSES - OPERATIONS (h)	TREATMENT & DISPOSAL EXPENSES - MAINTENANCE (i)	CUSTOMER ACCOUNTS EXPENSE (j)	A&G EXPENSES (k)	Reclaimed Water Treatment Expenses Operations (l)	Reclaimed Water Treatment Expenses Maintenance (m)	Reclaimed Water Distribution Expenses Operations (n)	Reclaimed Water Distribution Expenses Maintenance (o)
701	Salaries and Wages - Employees	60,793	8,685	8,685	8,685	8,685	8,685	8,685	0	8,685	0	0	0	0
703	Salaries and Wages - Officers, Directors and Majority Stockholders	0	0	0	0	0	0	0	0	0	0	0	0	0
704	Employee Pensions and Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0
710	Purchased Sewage Treatment	0												
711	Sludge Removal Expense	148,712					148,712							
715	Purchased Power	55,147					55,147							
716	Fuel for Purchased Power	0												
718	Chemicals	8,303					8,303							
720	Materials and Supplies	4,745	791	791	791	791	791	791						
731	Contractual Services - Engineering	1,919								1,919				
732	Contractual Services - Accounting	12,622								12,622				
733	Contractual Services - Legal	36,713								36,713				
734	Contractual Services - Management Fees	52,250								52,250				
735	Contractual Services - Testing	950	0	0	0	0	950	0	0	0	0	0	0	0
735	Contractual Services - Other	83,848	0	0	0	2,610	68,881	0	0	12,356	0	0	0	0
741	Rental of Building and Real Property	48,899								48,899				
742	Rental of Equipment	0								0				
750	Transportation Expenses	3,895								3,895				
756	Insurance - Vehicle	0								0				
757	Insurance - General Liability	0								0				
758	Insurance - Worker's Compensation	9,074								9,074				
759	Insurance - Other	0								0				
760	Advertising Expense	0								0				
766	Amortization of Rate Case Expense	0								0				
767	Regulatory Commission Expenses - Other	0								0				
770	Bad Debt Expense	3,890							3,890					
775	Miscellaneous Expenses	29,762	0	0	0	0	10,740	0	0	19,022	0	0	0	0
	Rounding	0												
	Total Sewer Utility Expenses	\$ 561,519	\$ 9,475	\$ 9,475	\$ 9,475	\$ 12,086	\$ 302,209	\$ 9,475	\$ 3,890	\$ 205,433	\$ -	\$ -	\$ -	\$ -

Calculation of the Water System Meter Equivalents

Meter Size (a)	Type of Meter (b)	Equivalent Factor (c)	Number of Meters Beginning of Year (d)	Number of Meters Installed in Year (e)	Number of Meters End of Year (f)	Total Number of Meter Equivalents (cxf) (g)
All Residential						
5/8"	Displacement	1.0				
3/4"	Displacement	1.0	1,444	316	1,760	1,760.0
1"	Displacement	1.5				
1 1/2"	Displacement or Turbine	2.5	56	3	59	147.5
2"	Displacement, Compound or Turbine	5.0	16	2	18	90.0
3"	Displacement	8.0	57	7	64	512.0
3"	Compound	15.0	2	1	3	45.0
3"	Turbine	16.0				
3"	Compound	17.5				
4"	Displacement or Compound	25.0	3	-	3	75.0
4"	Turbine	30.0				
6"	Displacement or Compound	50.0	3	-	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						2,779.5

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:
 $ERC = (Total\ SFR\ gallons\ sold\ (omit\ ,000) / 365\ days) / 300\ gallons\ per\ day$

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

ERC Calculation:

213,826,000 Annual Demand (Gals)
 365 Days
 585,825 Gals/Day
 300 Gals/ERC
 1,953 ERCs

Utility Name:
System Name/County:

Southlake Utilities, Inc.
Lake

Year of Report:
December 31, 2004

WASTEWATER TREATMENT PLANT INFORMATION

Provide a separate sheet for each wastewater treatment facility.

Permitted Capacity	.600 mgd
Basis of Permit Capacity (1)	AADF
Manufacturer	Sanitair
Type (2)	Extended Aeration
Hydraulic Capacity	
Average Daily Flow	585,825
Total Gallons of Wastewater Treated	213,826,000
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.

Utility Name:
System Name/County:

Southlake Utilities, Inc.
Lake

Year of Report:
December 31, 2004

OTHER WASTEWATER 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.	<u>1,953</u>
2. Maximum number of ERC's * which can be served.	<u>11,000</u>
3. Present system connection capacity (in ERC's *) using existing lines.	<u>8,000</u>
4. Future connection capacity (in ERC's *) upon service area buildout.	<u>9,047</u>
5. Estimated annual increase in ERC's*.	<u>400</u>
6. Describe any plans and estimated completion dates for any enlargements or improvements of this system. <u>Expansion Phase I - 600 mgd (2002 - Completed), Phase 2 - 1.115 mgd AADF (2005) Under construction - to be completed in July 2005.</u>	
7. If the utility uses reuse as a means of effluent disposal, attach a list of the reuse end users and the amount of reuse provided to each, if known.	
8. If the utility does not engage in reuse, has a reuse feasibility study been completed?	<u>No</u>
If so, when? _____	
9. Has the utility been required by the DEP or water management district to implement reuse?	<u>No</u>
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?	<u>2002</u>
11. If the present system does not meet the requirements of DEP rules:	
a. Attach a description of the plant upgrade necessary to meet the DEP rules.	_____
b. Have these plans been approved by DEP?	_____
c. When will construction begin?	_____
d. Attach plans for funding the required upgrading.	_____
e. Is this system under any Consent Order with DEP?	<u>No.</u>
12. Department of Environmental Protection ID#	<u>FLA010634</u>

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