

CLASS "A" OR "B"

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

ANNUAL REPORT

WS638-06-AR
Southlake Utilities, Inc.
2215 River Blvd.
Jacksonville, FL 32204-4647

Certificate Number(s)

Submitted To The

STATE OF FLORIDA



PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2006

RECEIVED
PUBLIC SERVICE
COMMISSION
07 APR 19 PM 3:49
DIVISION OF
ECONOMIC REGULATION

CERTIFICATION

State of Florida

County of Lake

Jeff 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, 2006, to and including December 31, 2006.

[Signature]
(Signature of Affiant)

Subscribed and sworn to before me, a NOTARY PUBLIC
in and for the State and County named, this 16th day of
APRIL, 2007.

My commission expires JUNE 11, 2010.

[Signature]
(Signature of oath administrator)

NOTARY PUBLIC-STATE OF FLORIDA
Kimberly L. Kitchen
Commission # DD562060
Expires: JUNE 11, 2010
BONDED THRU ATLANTIC BONDING CO., INC.

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EXECUTIVE SUMMARY

CERTIFICATION OF ANNUAL REPORT

YEAR OF REPORT
DECEMBER 31, 2006

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) _____ *

~~Jeff 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

Date: December 31, 2006

Southlake Utilities, Inc.
(Exact Name of Utility)

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

Southlake Utilities, Inc.	
16554 Cagan Crossings Boulevard Suite #2	
Clermont, Florida 34714	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 Cagan Crossings Boulevard Suite #2	
Clermont, Florida 34714	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. Richard Driehaus	73.43%
2. Jeffrey Cagan	22.54%

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2006

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) 858-0123	Attorney	James L. Ade, 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, 2006

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 2,454 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, 2006

PARENT / AFFILIATE ORGANIZATION CHART

Current as of: December 31, 2006

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, 2006

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, 2006

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, 2006

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, 2006

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, 2006

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:

<ul style="list-style-type: none"> - management, legal and accounting services - computer services - engineering & construction services - repairing and servicing of equipment 	<ul style="list-style-type: none"> - 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

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 (a)	DESCRIPTION OF ITEMS (b)	SALE OR PURCHASE PRICE (c)	NET BOOK VALUE (d)	GAIN OR LOSS (e)	FAIR MARKET VALUE (f)

FINANCIAL

SECTION

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2006

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	12,948,837	14,776,845
108-110	Less: Accumulated Depreciation and Amortization	F-8	1,515,165	1,889,062
	Net Plant		11,433,672	12,887,783
114-115	Utility Plant Acquisition Adjustments (Net)	F-7	0	0
116	Other Utility Plant Adj.		0	0
	Total Net Utility Plant		11,433,672	12,887,783
	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		199,275	164,434
132	Special Deposits	F-9	0	0
133	Other Special Deposits	F-9	0	0
134	Working Funds			
135	Temporary Cash Investments		0	0
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts	F-11	443,712	471,952
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		0	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	0	0
	Total Current and Accrued Assets		642,987	636,387

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2006

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense	F-13	0	0
182	Extraordinary Property Losses	F-13	0	0
183	Preliminary Survey & Investigation Chgs		0	0
	FAS 109 Regulatory Assets		0	0
184	Clearing Accounts		0	0
185	Temporary Facilities		0	0
186	Misc. Deferred Debits	F-14	787,858	787,858
187	Research & Development Expenditures		0	0
190	Accumulated Deferred Income Taxes		0	0
	Total Deferred Debits		787,858	787,858
	TOTAL ASSETS AND OTHER DEBITS		12,895,703	14,343,214
NOTES TO THE BALANCE SHEET				
The space below is provided for important notes regarding the balance sheet.				

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2006

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		(5,040,540)	(6,540,575)
212	Discount on Capital Stock		0	0
213	Capital Stock Expense		0	0
214-215	Retained Earnings	F-16	433,748	371,689
216	Reacquired Capital Stock		0	0
218	Proprietary Capital (Proprietorship and Partnership Only)		0	0
Total Equity Capital			(4,614,292)	(6,176,385)
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	(756,069)	(756,069)
Total Long-Term Debt			(756,069)	(756,069)
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable		(52,930)	(40,532)
232	Notes Payable	F-18	0	0
233	Accounts Payable to Associated Co.	F-18	0	0
234	Notes Payable to Associated Co.	F-18	0	0
235	Customer Deposits		(183,322)	(202,310)
236	Accrued Taxes		(121,520)	(118,927)
237	Accrued Interest	F-19	0	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	(419,435)	(419,437)
Total Current and Accrued Liabilities			(777,207)	(781,206)

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2006

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	(8,362,347)	(8,571,955)
272	Accumulated Amortization of Contributions In Aid of Construction	F-22	1,614,213	1,942,403
	Total Net C.I.A.C.		(6,748,134)	(6,629,553)
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		(12,895,703)	(14,343,214)

UTILITY NAME: Southlake Utilities, Inc.
COMPARATIVE OPERATING STATEMENT

YEAR OF REPORT
DECEMBER 31, 2006

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (d)	REF. PAGE (c)	CURRENT YEAR (e)	WATER SCHEDULE W-3 (f)	WASTEWATER SCHEDULE S-3 (g)	OTHER THAN REPORTING SYSTEMS (h)
	UTILITY OPERATING INCOME						
400	Operating Revenues	(1,588,178)	F-3(b)	(1,650,365)	(948,992)	(701,373)	0
469,530	Less: Guaranteed Revenue and AFPI	0	F-3(b)	0	0	0	0
	Net Operating Revenues	(1,588,178)		(1,650,365)	(948,992)	(701,373)	0
401	Operating Expenses	1,126,073	F-3(b)	1,351,267	516,854	834,413	0
403	Depreciation Expense	299,117		398,513	165,369	233,144	0
	Less: Amortization of CIAC	(309,050)	F-22	(328,189)	(115,774)	(212,415)	0
	Net Depreciation Expense	(9,933)		70,324	49,596	20,728	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	Taxes Other Than Income	157,134	W/S-3	159,084	85,114	73,970	0
409	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
411.10	Provision for Deferred Income Taxes - Credit	0	W/S-3	0	0	0	0
412.10	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	1,273,274		1,580,675	651,564	929,112	0
	Net Utility Operating Income	(314,905)		(69,689)	(297,428)	227,739	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	0
414	Gains (Losses) from Disposition of Utility Property	0		0	0	0	0
420	Allowance for Funds Used During Construction	0		0	0	0	0
	Total Utility Operating Income	(314,905)		(69,689)	(297,428)	227,739	0

UTILITY NAME: Southlake Utilities, Inc.
 COMPARATIVE OPERATING STATEMENT

YEAR OF REPORT DECEMBER 31, 2006

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (d)	REF. PAGE (c)	CURRENT YEAR (e)
	Total Utility Operating Income [From Page F-3(a)]	(314,905)		(69,689)
	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	0		0
420	Allowance for Funds Used During Construction	0		0
421	Nonutility Income	0		0
426	Miscellaneous Nonutility Expense	0		0
	Total Other Income and Deductions	0		0
	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	8,418	F-19	7,630
428	Amortization of Debt Discount & Expense	0	F-13	0
429	Amortization of Premium on Debt	0	F-13	0
	Total Interest Expense	8,418		7,630
	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	(306,487)		(62,059)

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2006

SCHEDULE OF YEAR END RATE BASE				
ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WATER UTILITY (d)	SEWER UTILITY (e)
101/107	Utility Plant In Service (4)	F-7	\$ 7,458,970	\$ 7,317,876
	Less: Nonused and Useful Plant (1)			
108	Accumulated Depreciation	F-8	684,295	1,204,767
110	Accumulated Amortization	F-8	0	0
271	Contributions In Aid of Construction	F-22	(3,625,646)	(4,946,309)
252	Advances for Construction	F-20	0	0
	Subtotal		\$ 3,149,029	\$ 1,166,800
	Additions:			
272	Accumulated Amortization of CIAC	F-22	709,333	1,233,069
	Subtotal		\$ 3,858,362	\$ 2,399,869
	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)		248,149	154,347
	Other (Specify):			
	Rate Base		\$ 4,106,511	\$ 2,554,215
	Utility Operating Income		\$ (297,428)	\$ 227,739
	Achieved Rate of Return		7.24%	-8.92%

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.
- (4) CWIP included; Southlake does not capitalize interest.

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2006

**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	6,176,385	86.57%	13.11%	11.35%
Preferred Stock	0	0.00%	0.00%	0.00%
Long Term Debt	756,069	10.60%	6.25%	0.66%
Customer Deposits	202,310	2.84%	6.00%	0.17%
Short Term Debt	0	0.00%	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	\$ 7,134,764	100.00%		12.18%

(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, 2006

**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	\$ 6,176,385				\$ 6,176,385
Preferred Stock	0				0
Long Term Debt	756,069				756,069
Customer Deposits	202,310				202,310
Short Term Debt	0				0
Tax Credits-Weighted Cos	0				0
Deferred Income Taxes	0				0
ITC	0				0
Other (Explain)	0				
Total	\$ 7,134,764	\$ -	\$ -	\$ -	\$ 7,134,764

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

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2006

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	\$ 6,078,589	\$ 7,317,876		\$ 13,396,464
	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	1,380,381	0		\$ 1,380,381
	106	Completed Construction Not Classified	0	0		\$ -
		Rounding				\$ -
		Total Utility Plant	\$ 7,458,970	\$ 7,317,876	\$ -	\$ 14,776,845

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, 2006

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

(a)	WATER (b)	WASTEWATER (c)	OTHER* (d)	TOTAL (e)
Balance first of year	\$ 523,651	\$ 991,514	\$0	\$ 1,515,165
Credit during year:				
Accruals charged:				
to Account 108.1 (1)	\$ 165,369	\$ 233,144	\$0	398,513
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	\$ 689,021	\$ 1,224,657	0	\$ 1,913,678
Debits during year:				
Book cost of plant retired	\$ 4,726	\$ 19,890	0	\$ 24,616
Cost of removal	0	0	0	0
Other debits (specify)	0	0	0	0
Rounding	0	0	0	0
Total debits	\$ 4,726	\$ 19,890	0	\$ 24,616
Balance end of year	\$ 684,295	\$ 1,204,767	\$ -	\$ 1,889,062

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, 2006

**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 seperately 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, 2006

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 (Class A Utilities: Accounts 126 and 127; Class B Utilities: Account 127):		
_____	\$ _____	None
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total Special Funds _____		\$ <u>None</u>

UTILITY NAME: Southlake Utilities, Inc.

<p>YEAR OF REPORT DECEMBER 31, 2006</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	\$ 107,817
Wastewater	\$ 96,925
Total Customer Accounts Receivable	\$ 204,742
Other Accounts Receivable (Acct. 142):	
	\$ -
Total Other Accounts Receivable	0
Notes Receivable (Acct. 144):	
Summer Bay	41,539
Southlake Dev Ltd	225,671
Total Notes Receivable	267,211
Total Accounts & Notes Receivable	\$ 471,952
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	\$ -
Total Accounts and Notes Receivable - Net	\$ 471,952

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2006

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)
Total Miscellaneous Current and Accrued Assets	\$ <u> None</u>

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2006

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, 2006

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, 2006

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

Account 204 not applicable for Class B utilities.

BONDS - ACCOUNT 221

Description of Obligation (Including Date of Issue and Date of Maturity) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (d)
	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 _____	\$ 433,748
439	Changes to account: Adjustments to Retained Earnings (requires Commission approval prior to use):	
	Credits:	\$ -
	Rounding _____	0
	Total Credits _____	\$ -
	Debits:	
	Total Debits _____	\$ -
435	Balance transferred from Income _____	(62,059)
436	Appropriations of Retained Earnings:	
	Total Appropriations of Retained Earnings _____	\$ -
437	Dividends Declared: Preferred Stock Dividends Declared _____	\$ -
438	Common Stock Dividends Declared _____	0
	Rounding _____	
	Total Dividends Declared _____	\$ -
215	Balance end of year _____	\$ 371,689
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	
	Total Appropriated Retained Earnings _____	\$ -
	Total Retained Earnings _____	\$ 371,689
	Notes to Statement of Retained Earnings:	

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2006

ADVANCES FROM ASSOCIATED COMPANIES (ACCOUNT 223)

Report each advance separately.	TOTAL (b)
DESCRIPTION (a)	
Total	None

OTHER LONG-TERM DEBT (ACCOUNT 224)

Description of Obligation (Including Date of Issue and Date of Maturity) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (f)
	ANNUAL RATE (d)	FIXED OR VARIABLE * (e)	
Land Lease Obligation	6.25%	Plus GDPD Index	\$ (756,069)
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
		Total	\$ (756,069)

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

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2006

NOTES PAYABLE (ACCTS. 232 and 234)

DESCRIPTION OF OBLIGATION (INCLUDING DATE OF ISSUE AND DATE OF MATURITY) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (f)
	ANNUAL RATE (d)	FIXED OR VARIABLE * (e)	
Account 232 - Notes Payable:			-
Total Account 232			\$ -
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, 2006

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:	0	237.1	0	0	0
TOTAL ACCOUNT 237.1	0		0	0	0
ACCOUNT NO.237.2 Accrued Interest on other liabilities: Customer Deposits					
TOTAL ACCOUNT 237.2	\$ -		\$0	\$0	\$0
TOTAL ACCOUNT NO. 237 (1)	\$ -		\$0	\$0	\$0
INTEREST EXPENSED: TOTAL ACCRUAL ACCOUNT 237		237	\$0		
Less: CAPITALIZED INTEREST PORTION OF AFUDC:					
NET INTEREST EXPENSED TO ACCOUNT NO. 427 (2)			7,630		

(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, 2006

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (241)

Description - Provide itemized listing	Balance End Of Year
Payroll FICA	(\$23)
Payroll Medicare	6
Payroll FIT	(495)
Payroll 401K PreTax W/H	89
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, 2006

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, 2006

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:	(3,542,449)	(4,819,899)	-	(8,362,348)
Add credits during year:	(83,197)	(126,410)	-	(209,607)
Less debits charged during the year:	-	-	-	-
Total Contributions in Aid of Construction	\$ (3,625,646)	\$ (4,946,309)	\$ -	\$ (8,571,955)

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	593,560	1,020,654		1,614,213
Debits during year:	115,774	212,415		328,189
Credits during year:	-	-		-
Total Accumulated Amortization of CIAC	\$ 709,333	\$ 1,233,069	\$ -	\$ 1,942,403

**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	\$ (62,059)
Reconciling items for the year:		
Taxable income not reported on books:		
Deductions recorded on books not deducted for return:		
Income recorded on books not included in return:		
Deduction on return not charged against book income:		
Federal Tax Net Income		(62,059)
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**

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

YEAR OF REPORT DECEMBER 31, 2006

SCHEDULE OF YEAR END WATER RATE BASE

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WATER UTILITY (d)
101	Utility Plant In Service (4)	W-4(b)	6,078,589
107	Construction Work-in-Process	F-7	1,380,381
	Less:		
	Nonused and Useful Plant (1)		
108	Accumulated Depreciation	W-6(b)	684,295
110	Accumulated Amortization		-
271	Contributions In Aid of Construction	W-7	(3,625,646)
252	Advances for Construction	F-20	-
	Subtotal		\$ 3,149,029
	Adds:		
272	Accumulated Amortization of CIAC	W-8(a)	709,333
	Subtotal		\$ 3,858,362
	Plus or Minus:		
114	Acquisition Adjustments (2)	F-7	0
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	0
	Working Capital Allowance (3)		248,149
	Other (Specify):		
	Water Rate Base		\$ 4,106,511
	Water Operating Income	W-3	\$ (297,428)
	Achieved Rate of Return		7.24%

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.
- (4) CWIP included; Southlake does not capitalize interest.

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

YEAR OF REPORT DECEMBER 31, 2006

WATER OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME		
400	Operating Revenues	W-9	(948,992)
469	Less: Guaranteed Revenue and AFPI	W-9	0
	Net Operating Revenues		\$ (948,992)
401	Operating Expenses	W-10(a)	\$ 516,854
403	Depreciation Expense	W-6(a)	165,369
	Less: Amortization of CIAC	W-8(a)	(115,774)
	Net Depreciation Expense		\$ 49,596
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		42,705
408.11	Property Taxes		35,236
408.12	Payroll Taxes		7,173
408.13	Other Taxes and Licenses		0
408	Total Taxes Other Than Income		\$ 85,114
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		\$ 651,564
	Net Utility Operating Income		\$ (297,428)
	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		\$ (297,428)

YEAR OF REPORT
DECEMBER 31, 2006

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

WATER UTILITY PLANT MATRIX

ACCT. NO.	ACCOUNT NAME (a) (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	ADJUSTMENTS	CURRENT YEAR (f)	INTANGIBLE PLANT (g)	SOURCE OF SUPPLY AND PUMPING PLANT (h)	WATER TREATMENT PLANT (i)	TRANSMISSION AND DISTRIBUTION PLANT (j)	GENERAL PLANT (k)
301	Organization	\$ 250	0	0	0	250	250				
302	Franchises	\$ 62,993	0	0	0	62,993	62,993				
303	Land and Land Rights	\$ 133,286	0	0	0	133,286		0	133,286	0	0
304	Structures and Improvements	\$ 682,090	0	0	0	682,090		0	682,090	0	0
	Collecting & Impounding										
305	Reservoirs	\$ -	0	0	0	0		0			
306	Lake River and Other Intakes	\$ -	0	0	0	0		0			
307	Wells and Springs	\$ 1,335,482	98,377	0	0	1,433,859		1,433,859			
308	Infiltration Galleries & Tunnels	\$ -	0	0	0	0		0			
309	Supply Mains	\$ -	0	0	0	0		0			
310	Power Generation Equipment	\$ 18,985	0	0	0	18,985		18,985			
311	Pumping Equipment	\$ 72,390	0	0	0	72,390		0	72,390	0	0
320	Water Treatment Equipment	\$ 14,860	0	0	0	14,860		0	14,860		
	Distribution Reservoirs & Standpipes										
330	Transmission & Distribution	\$ 867,064	230,559	0	0	1,097,623				1,097,623	
331	Mains	\$ 1,660,496	177,872	4,726	0	1,833,642				1,833,642	
333	Services	\$ 191,105	0	0	0	191,105				191,105	
334	Meters and Meter Installations	\$ 295,311	15,574	0	0	310,885				310,885	
335	Hydrants	\$ 185,049	0	0	0	185,049				185,049	
339	Other Plant & Misc. Equipment	\$ 8,182	0	0	0	8,182	0	0	0	8,182	
340	Office Furniture and Equip.	\$ 22,152	530	0	0	22,682					22,682
341	Transportation Equipment	\$ -	0	0	0	0					0
342	Stores Equipment	\$ -	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
345	Power Operated Equipment	\$ 236	9,221	0	0	9,457					9,457
346	Communication Equipment	\$ -	0	0	0	0					0
347	Miscellaneous Equipment	\$ -	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
	Rounding	\$ 1	0	0	0	1					1
	Unclassified Plant	\$ -	0	0	0	0					0
	Total Water Plant	\$ 5,551,182	532,133	4,726	0	6,078,589	63,243	1,452,844	902,627	3,626,486	33,389

UTILITY NAME: Southlake Utilities, Inc.

System Name/County: Lake

BASIS FOR WATER DEPRECIATION CHARGES

YEAR OF REPORT DECEMBER 31, 2006

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.

YEAR OF REPORT
DECEMBER 31, 2006

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

ANALYSIS OF ENTRIES IN WATER DEPRECIATION RESERVE

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)
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	54,170	20,667	0	20,667	0	0	0	0	0	74,838
	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	68,957	45,938	0	45,938	0	0	0	0	0	114,895
308	Infiltration Galleries & 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	10,771	949	0	949	0	0	0	0	0	11,720
311	Pumping Equipment	31,944	3,620	0	3,620	0	0	0	0	0	35,564
320	Water Treatment Equipment	3,248	676	0	676	0	0	0	0	0	3,924
	Distribution Reservoirs & Standpipes	20,546	26,523	0	26,523	0	0	0	0	0	47,069
330	Transmission & Distribution	201,620	41,107	0	41,107	4,726	0	0	0	(4,726)	238,001
333	Services	20,179	4,778	0	4,778	0	0	0	0	0	24,957
334	Meters and Meter Installation	68,969	15,061	0	15,061	0	0	0	0	0	84,030
335	Hydrants	29,610	4,108	0	4,108	0	0	0	0	0	33,718
339	Other Plant & Misc. Equipment	3,440	327	0	327	0	0	0	0	0	3,767
340	Office Furniture and Equip.	9,174	1,495	0	1,495	0	0	0	0	0	10,669
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.	382	42	0	42	0	0	0	0	0	424
344	Laboratory Equipment	0	0	0	0	0	0	0	0	0	0
345	Power Operated Equipment	225	20	0	20	0	0	0	0	0	244
346	Communication Equipment	0	0	0	0	0	0	0	0	0	0
347	Miscellaneous Equipment	418	57	0	57	0	0	0	0	0	475
348	Other Tangible Plant	0	0	0	0	0	0	0	0	0	0
	Total Depreciable Water Plant In Service	523,651	165,369	0	165,369	4,726	0	0	0	(4,726)	684,295

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

YEAR ENDING:
DECEMBER 31, 2006

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCOUNT 271)

DESCRIPTION (a)	REFERENCE (b)	WATER (c)
Balance first of Year		\$ (3,542,449)
Add Credits During Year:		
Contributions received from capacity, Main extension and customer connection charges	W-8(a)	\$ (83,197)
Contributions received from Developer or Contractor Agreements in cash or property	W-8(b)	\$ -
Total Credits		\$ (83,197)
Less Debits Charged During the Year: (All debits charged during the year must be explained below)		\$ -
Total Contributions in Aid of Construction		\$ (3,625,646)
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, 2006

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	144	\$ 433.00	(62,436.29)
Meter Fees			(8,422.00)
Mains/Other			(12,338.83)
Total Credits			\$ (83,197)

ACCUMULATED AMORTIZATION OF WATER CIAC (Acct. 272)

Description (a)	Water W-8(a) (b)
Balance first of year	593,560
Debits during year:	
Accruals charged to Account 272	115,774
Other debits (specify):	
	-
Total Debits:	115,774
Credits during the year(specify):	
Total Credits:	\$ -
Balance end of Year	\$ 709,333

W-8(a)

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

YEAR OF REPORT DECEMBER 31, 2006

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	1,757	1,758	\$ (454,122)
461.2	Sales to Commercial Customers	640	644	(442,490)
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	2,397	2,402	(896,612)
	Fire Protection Revenue:			
462.1	Public Fire Protection			
462.2	Private Fire Protection	52	52	(35,975)
	Total Fire Protection Revenue	52	52	(35,975)
464	Other Sales To Public Authorities			
465	Sales To Irrigation Customers			
466	Sales For Resale			0
467	Interdepartmental Sales			
	Total Sales Of Water	2,449	2,454	(932,587)
	Other Water Revenues:			
469	Guaranteed Revenues (including Allowance for Funds Prudently Invested - AFPI)			0
470	Forefeited Discounts			
471	Miscellaneous Service Revenues			(16,405)
472	Rents From Water Property			
473	Interdepartmental Rents			
474	Other Water Revenues			0
	Total Other Water Revenues			(16,405)
	Total Water Operating Revenues			\$ (948,992)
* 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, 2006

WATER EXPENSE ACCOUNT MATRIX

ACCT. NO. (a)	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 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	83,098	11,871	11,871	11,871	11,871	11,871	11,871	0	11,871
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	0	0	0	0	0	0	0	0	0
615	Purchased Power	85,920	0	0	85,920	0	0	0	0	0
616	Fuel for Power Purchased	1,708	0	0	1,708	0	0	0	0	0
618	Chemicals	25,939	0	0	25,939	0	0	0	0	0
620	Materials and Supplies	4,723	675	675	675	675	675	675	0	675
631	Contractual Services - Eng.	17,604	0	0	0	0	0	0	0	17,604
632	Contractual Services - Acct.	15,763	0	0	0	0	0	0	0	15,763
633	Contractual Services - Legal	40,358	0	0	0	0	0	0	0	40,358
634	Contractual Services - Management Fees	58,600	0	0	0	0	0	0	0	58,600
635	Contractual Services - Testing	8,551	0	0	8,551	0	0	0	0	0
636	Contractual Services - Other	92,883	21,878	37,920	0	0	5,551	0	0	27,535
641	Rental of Building/Real Property	15,378	0	0	0	0	0	0	0	15,378
642	Rental of Equipment	0	0	0	0	0	0	0	0	0
650	Transportation Expenses	4,713	0	0	0	0	0	0	0	4,713
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	11,943	0	0	0	0	0	0	0	11,943
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	0	0	0	0	0	0	0	0	0
670	Bad Debt Expense	1,246	0	0	0	0	0	0	1,246	0
675	Miscellaneous Expenses	48,429	0	0	24,596	0	0	0	6,276	17,557
	Rounding	0	0	0	0	0	0	0	0	0
	Total Water Utility Expenses	\$ 516,854	\$ 34,424	\$ 50,466	\$ 159,259	\$ 12,546	\$ 18,096	\$ 12,546	\$ 7,522	\$ 221,996

W-10(a & b)

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

Year of Report:
 December 31, 2006

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		55,680	499	55,181	52,899
February		51,125	784	50,341	52,813
March		62,936	305	62,631	58,650
April		64,609	102	64,507	71,529
May		65,025	90	64,935	64,020
June		61,645	22	61,623	63,936
July		59,604	29	59,575	56,612
August		58,763	26	58,737	60,139
September		49,834	22	49,812	48,594
October		57,092	28	57,064	56,083
November		51,200	370	50,830	54,723
December		50,271	107	50,164	44,621
*** Total for Year	-	687,784	2,384	685,400	684,619

*** Total finished water includes 2.884 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 (2006)	Const. Complete - Not Permitted For Use at End Of 2006		Ground

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

Year of Report:
December 31, 2006

Water Treatment Plant Information			
(Provide a separate sheet for each water treatment facility)			
Permitted Capacity of Plant (GPD):	<u>2,916,000</u>		
Location of measurement of capacity (i.e., wellhead, Storage Tank):	<u>Between wells and storage.</u>		
Type of Treatment (reverse osmosis, sedimentation, chemical, aerated, etc.):	<u>Hypochlorite solution</u>		
Lime Treatment			
Unit Rating (i.e., GPM. Pounds per Gallon):	<u>Not applicable.</u>		
Manufacturer:	<u>Not applicable.</u>		
Filtration			
Type & Size of Area:	<u>Not applicable.</u>		
Pressure (in square feet):	<u>Not applicable.</u>	Manufacturer:	<u>Not applicable.</u>
Gravity (in GPM/square feet):	<u>Not applicable.</u>	Manufacturer:	<u>Not applicable.</u>

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 (cx)f (g)
All Residential						
5/8"	Displacement	1.0				
3/4"	Displacement	1.0	2,096	95	2,191	2,191.0
1"	Displacement	1.5				
1 1/2"	Displacement or Turbine	2.5	66	8	74	185.0
2"	Displacement, Compound or Turbine	5.0	23	3	26	130.0
3"	Displacement	8.0	72	9	81	648.0
3"	Compound	15.0	3	3	6	90.0
3"	Turbine	16.0				
4"	Displacement or Compound	17.5				
4"	Turbine	25.0	3	-	3	75.0
6"	Displacement or Compound	30.0				
6"	Turbine	50.0	3	-	3	150.0
8"	Compound	62.5				
8"	Turbine	80.0				
10"	Compound	90.0				
10"	Turbine	115.0				
12"	Turbine	145.0				
		215.0	2,266	118	2,384	3,469.0

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:

684,619,000	Annual Demand (Gals)
365	Days
1,875,668	Gals/Day
350	Gals/ERC
5,359	ERCs

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

Year of Report:
December 31, 2006

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. 5,359 NOTE: this is from W13 (row B45)

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. 3,000

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 1.5 MGD Crom GST was constructed and placed into service in 2006.

9. When did the company last file a capacity analysis report with the DEP? 2006

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, 2006

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	

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

YEAR OF REPORT DECEMBER 31, 2006

SCHEDULE OF YEAR END WASTEWATER RATE BASE

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WATER UTILITY (d)
101	Utility Plant In Service (4)	S-4(a)	7,317,876
107	Construction Work-in-Process	F-7	-
	Less:		
	Nonused and Useful Plant (1)		
108	Accumulated Depreciation	S-6(b)	1,204,767
110	Accumulated Amortization		-
271	Contributions In Aid of Construction	S-7	(4,946,309)
252	Advances for Construction	F-20	-
	Subtotal		\$ 1,166,800
	Adds:		
272	Accumulated Amortization of CIAC	S-8(a)	1,233,069
	Subtotal		\$ 2,399,869
	Plus or Minus:		
114	Acquisition Adjustments (2)	F-7	0
115	Accumulated Amortization of		
	Acquisition Adjustments (2)	F-7	0
	Working Capital Allowance (3)		154,347
	Other (Specify):		
	Wastewater Rate Base		\$ 2,554,215
	Wastewater Operating Income	S-3	\$ 227,739
	Achieved Rate of Return		-8.92%

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.
- (4) CWIP included; Southlake does not capitalize interest.

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

YEAR OF REPORT DECEMBER 31, 2006

WASTEWATER OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME		
400	Operating Revenues	S-9(a)	(701,373)
530	Less: Guaranteed Revenue and AFPI	S-9(a)	0
	Net Operating Revenues		\$ (701,373)
401	Operating Expenses	S-10(a)	\$ 834,413
403	Depreciation Expense	S-6(a)	233,144
	Less: Amortization of CIAC	S-8(a)	(212,415)
	Net Depreciation Expense		\$ 20,728
406	Amortization of Utility Plant Acquisition Adjustment	F-7	0
407	Amortization Expense (Other than CIAC)	F-8	0
	Taxes Other Than Income:		
408.1	Utility Regulatory Assessment Fee		31,562
408.11	Property Taxes		35,236
408.12	Payroll Taxes		7,173
408.13	Other Taxes and Licenses		
408	Total Taxes Other Than Income		\$ 73,970
409.1	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		\$ 929,112
	Net Utility Operating Income		\$ 227,739
	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		\$ 227,739

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

YEAR OF REPORT
 DECEMBER 31, 2006

WASTEWATER UTILITY PLANT MATRIX

ACCT. NO.	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)
351	Organization	\$ 250	0	0	0	250	250				
352	Franchises	\$ 50,438	0	0	0	50,438	50,438				
353	Land and Land Rights	\$ 558,446	0	0	0	558,446		0	0	558,446	0
354	Structures and Improvements	\$ 2,535,937	22,343	0	0	2,558,279		0	0	2,558,279	0
355	Power Generation Equipment	\$ 58,923	0	0	0	58,923		0	0	58,923	0
360	Collection Sewers - Force	\$ 421,722	118,002	19,890	0	519,834		519,834			
361	Collection Sewers - Gravity	\$ 1,094,174	0	0	0	1,094,174		1,094,174			
362	Special Collecting Structures	\$ 335,140	0	0	0	335,140		335,140			
363	Services to Customers	\$ 219,613	0	0	0	219,613		219,613			
364	Flow Measuring Devices	\$ -	0	0	0	0		0			
365	Flow Measuring Installations	\$ -	0	0	0	0		0			
366	Reuse Services	\$ -	0	0	0	0		0			
367	Reuse Meters & Installations	\$ -	0	0	0	0		0			
370	Receiving Wells	\$ -	0	0	0	0		0			
371	Pumping Equipment	\$ 25,685	8,091	0	0	33,776			33,776		
374	Reuse Distribution Reservoirs	\$ -	0	0	0	0			0		
375	Reuse Mains	\$ -	0	0	0	0			0		
380	Treatment and Disposal Equip.	\$ 1,311,669	321,085	0	0	1,632,754				1,632,754	0
381	Plant Sewers	\$ 181,286	0	0	0	181,286				181,286	0
382	Outfall Sewer Lines	\$ -	0	0	0	0				0	
389	Other Plant & Misc. Equipment	\$ 42,652	0	0	0	42,652		0		42,652	21,780
390	Office Furniture and Equip.	\$ 21,250	530	0	0	21,780					
391	Transportation Equipment	\$ -	0	0	0	0					
392	Stores Equipment	\$ -	0	0	0	0					
393	Tools, Shop and Garage Equip	\$ -	0	0	0	0					
394	Laboratory Equipment	\$ -	0	0	0	0					
395	Power Operated Equipment	\$ 236	9,221	0	0	9,457					9,457
396	Communication Equipment	\$ -	0	0	0	0					
397	Miscellaneous Equipment	\$ -	0	0	0	0					
398	Other Tangible Plant	\$ 1,075	0	0	0	1,075					1,075
	Unclassified Plant	\$ -	0	0	0	0					
	Rounding	\$ (1)	0	0	0	(1)					(1)
	Total Sewer Plant	\$ 6,858,495	479,271	19,890	0	7,317,876	\$ 50,688	\$ 2,168,762	\$ 33,776	\$ 5,032,340	\$ 32,310

UTILITY NAME: Southlake Utilities, Inc.

System Name/County: Lake

BASIS FOR WASTEWATER DEPRECIATION CHARGES

YEAR OF REPORT DECEMBER 31, 2006

ACCT. NO. (a)	ACCOUNT NAME (b)	AVERAGE SERVICE LIFE IN YEARS (c)	AVERAGE NET SALVAGE IN PERCENT (d)	DEPRECIATION RATE APPLIED IN PERCENT (100% - d)/ c (e)
354	Structures and Improvements	32		3.13%
355	Power Generation Equipment			
360	Collection Sewers - Force	30		3.33%
361	Collection Sewers - Gravity	45		2.22%
362	Special Collecting Structures	40		2.50%
363	Services to Customers	38		2.63%
364	Flow Measuring Devices			
365	Flow Measuring Installations			
366	Reuse Services			
367	Reuse Meters & Installations			
370	Receiving Wells			
371	Pumping Equipment	25		4.00%
375	Reuse Transmission & Distribution System			
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, 2006

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)
352	Franchises	0	0	0	0	0	0	0	0	0	0
354	Structures and Improvements	106,488	79,375	0	79,375	0	0	0	0	0	185,863
355	Power Generation Equipment	1,473	2,946	0	2,946	0	0	0	0	0	4,419
360	Collection Sewers - Force	56,465	16,336	0	16,336	19,890	0	0	0	(19,890)	52,911
361	Collection Sewers - Gravity	146,769	24,291	0	24,291	0	0	0	0	0	171,060
362	Special Collecting Structures	53,734	8,379	0	8,379	0	0	0	0	0	62,112
363	Services to Customers	21,508	5,776	0	5,776	0	0	0	0	0	27,284
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
366	Reuse Services	0	0	0	0	0	0	0	0	0	0
367	Reuse Meters & 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	5,310	1,189	0	1,189	0	0	0	0	0	6,499
	Reuse Transmission & Distribution System	0	0	0	0	0	0	0	0	0	0
380	Treatment and Disposal Equip.	578,724	81,855	0	81,855	0	0	0	0	0	660,579
381	Plant Sewers	4,532	9,064	0	9,064	0	0	0	0	0	13,596
382	Outfall Sewer Lines	0	0	0	0	0	0	0	0	0	0
389	Other Plant & Misc. Equipment	6,697	2,371	0	2,371	0	0	0	0	0	9,068
390	Office Furniture and Equip.	8,786	1,435	0	1,435	0	0	0	0	0	10,221
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	225	20	0	20	0	0	0	0	0	244
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	802	108	0	108	0	0	0	0	0	910
	Rounding	0	0	0	0	0	0	0	0	0	0
	Total Depreciable Sewer Plant	991,514	233,144	0	233,144	19,890	\$ -	\$ -	\$ -	(19,890)	\$ 1,204,767
	In Service										

Note: accounts 355 and 381 use a 5% depreciation rate.

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

YEAR ENDING: DECEMBER 31, 2006

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCOUNT 271)

DESCRIPTION (a)	REFERENCE (b)	WATER (c)
Balance first of Year		\$ (4,819,899)
Add Credits During Year:		
Contributions received from capacity, Main extension and customer connection charges	S-8(a)	\$ (126,410)
Contributions received from developer or contractor agreements in cash or property	S-8(b)	\$ -
Total Credits		\$ (126,410)
Less Debits Charged During the Year: (All debits charged during the year must be explained below)		\$ -
Total Contributions in Aid of Construction		\$ (4,946,309)
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, 2006

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	121	\$ 970.00	(117,144.09)
Collection Mains/Other			(9,266.00)
Total Credits			\$ (126,410)

ACCUMULATED AMORTIZATION OF WASTEWATER CIAC (Acct. 272

Description (a)	Wastewater S-8(a) (b)
Balance first of year	1,020,654
Debits during year:	
Accruals charged to Account 272	212,415
Other debits (specify):	
Total Debits:	212,415
Credits during the year(specify):	
Total Credits:	\$ -
Balance end of Year	\$ 1,233,069

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

YEAR OF REPORT DECEMBER 31, 2006

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	1,716	1,722	\$ (317,300)
522.2	Commercial Revenues	486	479	(384,072)
522.3	Industrial Revenues			
522.4	Revenues From Public Authorities			
522.5	Multiple Family Dwelling Revenues			
	Total Measured Revenues	2,202	2,201	(701,373)
523	Revenues From Public Authorities			
524	Revenues From Other Systems			
525	Interdepartmental Revenues			
	Totals	2,202	2,201	(701,373)
	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			\$ (701,373)

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

YEAR OF REPORT DECEMBER 31, 2006

WASTEWATER OPERATING REVENUE

ACCT. NO. (a)	(b)	BEGINNING YEAR NO. CUSTOMERS *	YEAR END NUMBER CUSTOMERS	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			\$ (701,373)
	* customer is defined by Rule 25-30.210(1), Florida Administrative Code.			

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

YEAR OF REPORT
DECEMBER 31, 2006

WASTEWATER UTILITY EXPENSE ACCOUNT MATRIX

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	.1 COLLECTION EXPENSES - OPERATIONS (d)	.2 COLLECTION EXPENSES - MAINTENANCE (e)	.3 PUMPING EXPENSES - OPERATIONS (f)	.4 PUMPING EXPENSES - MAINTENANCE (g)	.5 TREATMENT & DISPOSAL OPERATIONS EXPENSES (h)	.6 DISPOSAL EXPENSES - MAINTENANCE (i)	.7 CUSTOMER ACCOUNTS EXPENSE (j)	.8 A&G EXPENSES (k)	.9 Reclaimed Water Treatment Operations (l)	.10 Reclaimed Water Treatment Expenses Maintenance (m)	.11 Reclaimed Water Distribution Expenses Operations (n)	.12 Reclaimed Water Distribution Expenses Maintenance (o)
701	Salaries and Wages - Employees	70,895	10,128	10,128	10,128	10,128	10,128	10,128	0	10,128	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	0	0	0	0	0	0	0	0	0	0	0	0
711	Sludge Removal Expense	183,878	0	0	0	0	183,878	0	0	0	0	0	0	0
715	Purchased Power	117,757	0	0	0	0	117,757	0	0	0	0	0	0	0
716	Fuel for Purchased Power	0	0	0	0	0	0	0	0	0	0	0	0	0
718	Chemicals	28,294	0	0	0	0	28,294	0	0	0	0	0	0	0
720	Materials and Supplies	9,173	1,529	1,529	1,529	1,529	1,529	1,529	0	0	0	0	0	0
731	Contractual Services - Engineering	28,993	0	0	0	0	0	0	0	28,993	0	0	0	0
732	Contractual Services - Accounting	15,763	0	0	0	0	0	0	0	15,763	0	0	0	0
733	Contractual Services - Legal	40,358	0	0	0	0	0	0	0	40,358	0	0	0	0
734	Contractual Services - Management Fees	56,400	0	0	0	0	0	0	0	56,400	0	0	0	0
735	Contractual Services - Testing	12,697	0	0	0	0	12,697	0	0	0	0	0	0	0
735	Contractual Services - Other	151,540	0	0	0	0	151,540	0	0	0	0	0	0	0
741	Rental of Building and Real Property	48,899	0	0	0	0	0	0	0	48,899	0	0	0	0
742	Rental of Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
750	Transportation Expenses	5,153	0	0	0	0	0	0	0	5,153	0	0	0	0
756	Insurance - Vehicle	0	0	0	0	0	0	0	0	0	0	0	0	0
757	Insurance - General Liability	0	0	0	0	0	0	0	0	0	0	0	0	0
758	Insurance - Worker's Compensation	12,139	0	0	0	0	0	0	0	12,139	0	0	0	0
759	Insurance - Other	0	0	0	0	0	0	0	0	0	0	0	0	0
760	Advertising Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
766	Amortization of Rate Case Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
767	Regulatory Commission Expenses - Other	1,246	0	0	0	0	0	0	1,246	0	0	0	0	0
770	Bad Debt Expense	51,228	1,510	1,510	1,510	1,510	29,831	1,510	6,276	7,572	0	0	0	0
775	Miscellaneous Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
	Rounding	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total Sewer Utility Expenses	\$ 834,413	\$ 13,167	\$ 13,167	\$ 13,167	\$ 13,167	\$ 535,655	\$ 13,167	\$ 7,522	\$ 225,403	\$ -	\$ -	\$ -	\$ -

S-10 (a & b)

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		1.0				
5/8"	Displacement	1.0	2,096	95	2,191	2,191.0
3/4"	Displacement	1.5				
1"	Displacement	2.5	66	8	74	185.0
1 1/2"	Displacement or Turbine	5.0	23	3	26	130.0
2"	Displacement, Compound or Turbine	8.0	72	9	81	648.0
3"	Displacement	15.0	3	3	6	90.0
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				
Total WasteWater System Meter Equivalents						3,469.0

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

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

ERC Calculation:	252,220,000	Annual Demand (Gals)
	365	Days
	691,014	Gals/Day
	300	Gals/ERC
	2,303	ERCs

Utility Name:
System Name/County:

Southlake Utilities, Inc.
Lake

Year of Report:
December 31, 2006

WASTEWATER TREATMENT PLANT INFORMATION

Provide a separate sheet for each wastewater treatment facility.

Permitted Capacity	1.115 mgd Construction Permit
Basis of Permit Capacity (1)	AADF
Manufacturer	unknown
Type (2)	Mix activated sludge process
Hydraulic Capacity	
Average Daily Flow	691,014
Total Gallons of Wastewater Treated	252,220,000
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:
#####

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>2,303</u>	NOTE: this is from S11 (row B46)
2. Maximum number of ERC's * which can be served.	<u>9,460</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>7,368</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.	<hr/> <hr/> <hr/>	
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? <u>A study is due to be completed</u> by mid-year 2007	
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>2006</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.

**Reconciliation of Revenue to Regulatory Assessment Fee
Water Operations
Class A & B**

Company: Southlake Utilities, Inc.
For the Year Ended December 31, 2006

(a)	(b)	(c)	(d)
	Gross Water Revenues Per Sch. W-9	Gross Water Revenues Per RAF Return	Difference (b) - (c)
Accounts			
Gross Revenue:			
Unmetered Water Revenues (460)	\$0.00	\$0.00	\$0.00
Total Metered Sales (461.1 - 461.5)	(896,612.15)	(896,612.15)	0.00
Total Fire Protection Revenue (462.1 - 462.2)	(35,974.56)	(35,974.56)	0.00
Other Sales to Public Authorities (464)	0.00	0.00	0.00
Sales to Irrigation Customers (465)	0.00	0.00	0.00
Sales for Resale (466)	0.00	0.00	0.00
Interdepartmental Sales (467)	0.00	0.00	0.00
Total Other Water Revenues (469 - 474)	(16,405.04)	(16,405.04)	\$0.00
Total Water Operating Revenue	(\$948,991.75)	(\$948,991.75)	\$0.00
Less: Expense for Purchased Water from FPSC-Regulated Utility	0.00	0.00	0.00
Net Water Operating Revenues	(\$948,991.75)	(\$948,991.75)	\$0.00
Explanations:			

**Reconciliation of Revenue to Regulatory Assessment Fee
Wastewater Operations
Class A & B**

Company: Southlake Utilities, Inc.
For the Year Ended December 31, 2006

(a)	(b)	(c)	(d)
Accounts	Gross Wastewater Revenues Per Sch. W-9	Gross Wastewater Revenues Per RAF Return	Difference (b) - (c)
Gross Revenue:			
Total Flat-Rate Revenues (521.1 - 521.6)	\$0.00	\$0.00	\$0.00
Total Measured Revenues (522.1 - 522.5)	(701,372.79)	(701,372.79)	0.00
Revenues from Public Authorities (523)	0.00	0.00	0.00
Revenues from Other Systems (524)	0.00	0.00	0.00
Interdepartmental Revenues (525)	0.00	0.00	0.00
Total Other Wastewater Revenues (530 - 536)	0.00	0.00	0.00
Reclaimed Water Sales (540.1 - 544)	0.00	0.00	0.00
Total Wastewater Operating Revenue	(\$701,372.79)	(\$701,372.79)	\$0.00
Less: Expense for Purchased Water from FPSC-Regulated Utility	0.00	0.00	0.00
Net Wastewater Operating Revenues	(\$701,372.79)	(\$701,372.79)	\$0.00
Explanations:			