

**OFFICIAL COPY
DIVISION OF
WATER AND SEWER
WATER AND/OR WASTEWATER UTILITIES**

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

ANNUAL REPORT

OF

WS844-02-AR
% Mr. Joe DoBosh
Highlands Ridge Utilities, LLC
1275 Lake Heathrow Lane
Heathrow, FL 32746-4398

Submitted To The

STATE OF FLORIDA

PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2002

Form PSC/WAW 6 (Rev. 12/99)

STATE OF FLORIDA
PUBLIC SERVICE COMMISSION
1206 N. W. 11th Street
TALLAHASSEE, FL 32304

GENERAL DEFINITIONS

ADVANCES FOR CONSTRUCTION - This account shall include advances by or in behalf of customers for construction which are to be refunded either wholly or in part. (USOA)

ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC) - This account shall include concurrent credits for allowance for funds used during construction based upon the net cost of funds used for construction purposes and a reasonable rate upon other funds when so used. Appropriate regulatory approval shall be obtained for "a reasonable rate". (USOA)

AMORTIZATION - The gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized. (USOA)

CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) - Any amount or item of money, services, or property received by a utility, from any person or governmental agency, any portion of which is provided at no cost to the utility, which represents an addition or transfer to the capital of the utility, and which is utilized to offset the acquisition, improvement, or construction costs of the utility's property, facilities, or equipment used to provide utility services to the public. (Section 367.021 (3), Florida Statutes)

CONSTRUCTION WORK IN PROGRESS (CWIP) - This account shall include the cost of water or wastewater plant in process of construction, but not yet ready for services. (USOA)

DEPRECIATION - The loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes which are known to be in the current operation and against which the utility is not protected by insurance. (Rule 25-30.140 (i), Florida Administrative Code)

EFFLUENT REUSE - The use of wastewater after the treatment process, generally for reuse as irrigation water or for in plant use. (Section 367.021 (6), Florida Statutes)

EQUIVALENT RESIDENTIAL CONNECTION (ERC) - (WATER) - (Rule 25-30.515 (8), Florida Administrative Code.)

- (a) 350 gallons per day;
- (b) The number of gallons a utility demonstrates in the average daily flow for a single family unit; or
- (c) The number of gallons which has been approved by the DEP for a single family residential unit.

EQUIVALENT RESIDENTIAL CONNECTION (ERC) - (WASTEWATER) - Industry standard of 80% of Water ERC or 280 gallons per day for residential use.

GUARANTEED REVENUE CHARGE - A charge designed to cover the utility's costs including, but not limited to the cost of the operation, maintenance, depreciation, and any taxes, and to provide a reasonable return to the utility for facilities, a portion of which may not be used and useful to the utility or its existing customers. (Rule 25-30.515 (9), Florida Administrative Code)

LONG TERM DEBT - All Notes, Conditional Sales Contracts, or other evidences of indebtedness payable more than one year from date of issue. (USOA)

PROPRIETARY CAPITAL (For proprietorships and partnerships only) - The investment of a sole proprietor, or partners, in an unincorporated utility. (USOA)

RETAINED EARNINGS - This account reflects corporate earnings retained in the business. Credits would include net income or accounting adjustments associated with correction of errors attributable to a prior period. Charges to this account would include net losses, accounting adjustments associated with correction of errors attributable to a prior period or dividends. (USOA)

TABLE OF CONTENTS

FINANCIAL SECTION	PAGE
Identification	F-2
Income Statement	F-3
Balance Sheet	F-4
Net Utility Plant	F-5
Accumulated Depreciation and Amortization of Utility Plant	F-5
Capital Stock	F-6
Retained Earnings	F-6
Proprietary Capital	F-6
Long Term Debt	F-6
Taxes Accrued	F-7
Payment for Services Rendered by Other Than Employees	F-7
Contributions in Aid of Construction	F-8
Cost of Capital Used for AFUDC Calculation	F-9
AFUDC Capital Structure Adjustments	F-10
WATER OPERATING SECTION	PAGE
Water Utility Plant Accounts	W-1
Analysis of Accumulated Depreciation by Primary Account - Water	W-2
Water Operation and Maintenance Expense	W-3
Water Customers	W-3
Pumping and Purchased Water Statistics and Mains	W-4
Wells and Well Pumps, Reservoirs, and High Service Pumping	W-5
Sources of Supply and Water Treatment Facilities	W-6
General Water System Information	W-7
WASTEWATER OPERATING SECTION	PAGE
Wastewater Utility Plant Accounts	S-1
Analysis of Accumulated Depreciation by Primary Account - Wastewater	S-2
Wastewater Operation and Maintenance Expense	S-3
Wastewater Customers	S-3
Pumping Equipment, Collecting and Force Mains and Manholes	S-4
Treatment Plant, Pumps and Pumping Wastewater Statistics	S-5
General Wastewater System Information	S-6
VERIFICATION SECTION	PAGE
Verification	V-1

FINANCIAL SECTION

REPORT OF

Highlands Ridge Utilities, LLC
(EXACT NAME OF UTILITY)

3003 East Fairway Vista Drive Avon Park, FL 33825	3003 East Fairway Vista Drive Avon Park, FL 33825	Highlands
Mailing Address	Street Address	County

Telephone Number (863)471-9976 Date Utility First Organized 11/1/92
 Fax Number (863)471-9428 E-mail Address: dmeseroll@highlandsridge.com
 Check the business entity of the utility as filed with the Internal Revenue Service:

Individual Sub Chapter S Corporation 1120 Corporation Partnership

Name, Address and phone where records are located: _____

Name of subdivisions where services are provided: _____

CONTACTS:

Name	Title	Principle Business Address	Salary Charged Utility
Person to send correspondence: <u>David B. Meseroll</u>	<u>General Manager</u>	<u>3003 E. Fairway Vista Dr. Avon Park, FL 33825</u>	
Person who prepared this report: <u>William R. Benton</u>	<u>CPA</u>	<u>435 South Commerce Ave. Sebring, FL 33870</u>	
Officers and Managers: <u>Birdy M. Whitehouse</u>	<u>Controller</u>	<u>Same</u>	\$ _____
<u>Howard Bateman</u>	<u>Licensed Operator</u>	<u>Same</u>	\$ _____
<u>Frieda Fitch</u>	<u>Administrative Manager</u>	<u>Same</u>	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

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

Name	Percent Ownership in Utility	Principle Business Address	Salary Charged Utility
<u>Sebring Land Limited, Ptr.</u>	<u>100%</u>	<u>1275 Lake Heathrow Lane Heathrow, FL 32746</u>	\$ _____ 0
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT DECEMBER 31, 2002

REVISED on 1/22/04

INCOME STATEMENT

Account Name	Ref. Page	Water	Wastewater	Other	Total Company
Gross Revenue:					
Residential _____		\$ 120,073	113,634	\$ _____	\$ 233,707
Commercial _____		13,721	4,295	_____	18,016
Industrial _____		_____	_____	_____	_____
Multiple Family _____		_____	_____	_____	_____
Guaranteed Revenues _____		_____	_____	_____	_____
Other (Specify) _____		_____	_____	_____	_____
Total Gross Revenue _____		\$ 133,794	\$ 117,929	\$ _____	\$ 251,723
Operation Expense (Must tie to pages W-3 and S-3)					
	W-3				
	S-3	\$ 104,168	\$ 104,444	\$ _____	\$ 208,612
Depreciation Expense(Net) _____	F-5	24,111	18,837	_____	42,948
Amortization Expense _____	F-8	(12,589)	(12,835)	_____	(25,424)
Taxes Other Than Income _____	F-7	12,463	13,160	_____	25,623
Income Taxes _____	F-7	0	0	_____	_____
Total Operating Expense		\$ 128,153	123,606	_____	\$ 251,759
Net Operating Income (Loss)		\$ 5,641	\$ (5,677)	\$ _____	\$ (36)
Other Income:					
Interest Income _____		107	_____	_____	107
Other Income _____		100	_____	_____	100
Other Deductions:					
Miscellaneous Nonutility Expenses _____		\$ _____	\$ _____	\$ _____	\$ _____
Interest Expense _____		11,442	13,433	_____	24,875
Net Income (Loss)		\$ (5,594)	\$ (19,110)	\$ _____	\$ (24,704)

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT DECEMBER 31, 2002

REVISED on 1/22/04

COMPARATIVE BALANCE SHEET

ACCOUNT NAME	Reference Page		Current Year	Previous Year
Assets:				
Utility Plant in Service (101-105) -----	F-5,W-1,S-1	\$	1,313,769	\$ 1,290,683
Accumulated Depreciation and Amortization (108) -----	F-5,W-2,S-3		(261,496)	(218,548)
Net Utility Plant -----		\$	1,052,273	\$ 1,072,135
Cash -----			24,386	
Customer Accounts Receivable (141) -----			18,533	6,639
Other Assets (Specify): -----				
Due from Affiliates -----			61,606	108,415
Acquisition Adjustment -----			92,244	92,244
Deferred Loan Costs, Net -----			6,993	14,130
Organization Costs, Net -----			520	651
Total Assets -----		\$	1,256,555	\$ 1,294,214
Liabilities and Capital:				
Common Stock Issued (201) -----	F-6			
Preferred Stock Issued (204) -----	F-6			
Other Paid in Capital (211) -----				
Retained Earnings (215) -----	F-6		(21,817)	2,887
Proprietary Capital (Proprietary and partnership only) (218) -----	F-6			
Total Capital -----		\$	(21,817)	\$ 2,887
Long Term Debt (224) -----	F-6	\$	586,200	\$ 600,000
Accounts Payable (231) -----			5,911	28
Notes Payable (232) -----				
Customer Deposits (235) -----				
Accrued Taxes (236) -----				
Other Liabilities (Specify) -----				
Due to Affililates -----				5,522
Accrued Expenses -----			25,908	
Advances for Construction -----				
Contributions in Aid of Construction - Net (271-272) -----	F-8		660,353	685,777
Total Liabilities and Capital -----		\$	1,256,555	\$ 1,294,214

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT DECEMBER 31, 31, 2002

GROSS UTILITY PLANT

Plant Accounts: (101 - 107) inclusive	Water	Wastewater	Plant other Than Reporting Systems	Total
Utility Plant in Service -----	\$ <u>606,254</u>	\$ <u>707,515</u>	\$ _____	\$ <u>1,313,769</u>
Construction Work in -----	_____	_____	_____	_____
Other (Specify) _____ *Plant Held for Future Use	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Utility Plant _____	\$ <u><u>606,254</u></u>	\$ <u><u>707,515</u></u>	\$ <u>_____</u>	\$ <u><u>1,313,769</u></u>

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

Account 108	Water	Wastewater	A/D & CIAC AM. Other Than Reporting Systems	Total
Balance First of Year _____	\$ <u>129,863</u>	\$ <u>88,685</u>	\$ _____	\$ <u>218,548</u>
Add Credits During Year:				
Accruals charged to depreciation account _____	\$ <u>19,869</u>	\$ <u>18,837</u>	\$ _____	\$ <u>38,706</u>
Salvage _____	_____	_____	_____	_____
Other Credits (specify) _____ Amortization _____	<u>4,242</u>	_____	_____	<u>4,242</u>
Total Credits _____	\$ <u><u>24,111</u></u>	\$ <u><u>18,837</u></u>	\$ _____	\$ <u><u>42,948</u></u>
Deduct Debits During Year:				
Book cost of plant retired _____	\$ _____	\$ _____	\$ _____	\$ _____
Cost of removal _____	_____	_____	_____	_____
Other debits (specify) _____ *Plant Held for Future Use _____	_____	_____	_____	_____
Total Debits _____	\$ _____	\$ _____	\$ _____	\$ _____
Balance End of Year _____	\$ <u><u>153,974</u></u>	\$ <u><u>107,522</u></u>	\$ <u>_____</u>	\$ <u><u>261,496</u></u>

UTILITY NAME:

Highlands Ridge Utilities, LLC

YEAR OF REPORT DECEMBER 31, 2002

REVISED on 1/22/04

CAPITAL STOCK (201 - 204) N/A

	Common Stock	Preferred Stock
Par or stated value per share _____		
Shares authorized _____		
Shares issued and outstanding _____		
Total par value of stock issued _____		
Dividends declared per share for year _____		

RETAINED EARNINGS (215) N/A

	Appropriated	Un-Appropriated
Balance first of year _____	\$ _____	\$ _____
Changes during the year (Specify): _____		

Balance end of year _____	\$ _____	\$ 0

PROPRIETARY CAPITAL (218)

	Proprietor Or Partner	Partner
Balance first of year _____	\$ _____	\$ 2,887
Changes during the year (Specify): Net Loss for Year _____		(24,704)

Balance end of year _____	\$ _____	\$ (21,817)

LONG TERM DEBT (224)

Description of Obligation (Including Date of Issue and Date of Maturity):	Interest Rate	# of Pymts	Principal per Balance Sheet Date
Wachovia Bank, dated 12/21/02, due 21/21/04	P+2.35	24	\$ 586,200
Total _____			\$ 586,200

UTILITY NAME: Higlands Ridge Utilities, LLC

YEAR OF REPORT DECEMBER 31, 31, 2002

TAXES ACCRUED (236)

(a)	Water (b)	Wastewater (c)	Other (d)	Total (e)
Income Taxes:				
Federal income tax _____	\$ _____	\$ _____	\$ _____	\$ _____
State income tax _____	_____	_____	_____	_____
Taxes Other Than Income:				
State ad valorem tax _____	_____	_____	_____	_____
Local property tax _____	5,808	7,234	_____	13,042
Regulatory assessment fee _____	6,187	5,458	_____	11,645
Other (Specify) FI Int _____	_____	_____	_____	_____
Licenses and taxes _____	468	468	_____	936
Total Taxes Accrued _____	\$ 12,463	\$ 13,160	\$ _____	\$ 25,623

PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES

Report all information concerning outside rate, management, construction, advertising, labor relations, public relations, or other similiar professional services rendered the respondent for which aggregate payments during the year to any corporation, partnership, individual, or organization of any kind whatever amounting to \$500 or more.

Name of Recipient	Water Amount	Wastewater Amount	Description of Service
Sebring Land Limited Ptr.	\$ 52,469	\$ 52,469	Operations & Utility Management
Rose, Sandstrom & Bentley	\$ 2,802	\$ 1,293	Legal Services
Ferrell & Moses, P.A.	\$ 3,676	\$ 0	Accounting Services
Jones, Foster, Attorneys at Law	\$ 3,732	\$ 3,732	Legal Services
Vestal & Wiler	\$ 2,453	\$ 2,653	Accounting & Consulting
Short Utility Service	\$ 4,980	\$ 8,114	Operations & Maintenance
C & M Lawn Care	\$ 1,500	\$ 1,500	Lawn Care
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____

CONTRIBUTIONS IN AID OF CONSTRUCTION (271)

(a)	Water (b)	Wastewater (c)	Total (d)
1) Balance first of year _____	\$ <u>402,832</u>	\$ <u>410,737</u>	\$ <u>813,569</u>
2) Add credits during year _____	\$ _____	\$ _____	\$ _____
3) Total _____	<u>402,832</u>	<u>410,737</u>	<u>813,569</u>
4) Deduct charges during the year _____	_____	_____	_____
5) Balance end of year _____	<u>402,832</u>	<u>410,737</u>	<u>813,569</u>
6) Less Accumulated Amortization _____	<u>(82,863)</u>	<u>(70,353)</u>	<u>(153,216)</u>
7) Net CIAC _____	<u>\$ 319,969</u>	<u>\$ 340,384</u>	<u>\$ 660,353</u>

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

Report below all developers or contractors agreements from which cash or property was received during the year.	Indicate "Cash" or "Property"	Water	Wastewater
N/A _____ _____ _____ _____ _____ _____	_____ _____ _____ _____ _____ _____	_____ _____ _____ _____ _____ _____	_____ _____ _____ _____ _____ _____
Sub-total _____		\$ _____	\$ _____
Report below all capacity charges, main extension charges and customer connection charges received during the year.			
Description of Charge	Number of Connections	Charge per Connection	
Tap Fees	8	\$ 300	
_____	_____	_____	
_____	_____	_____	
_____	_____	_____	
Total Credits During Year (Must agree with line # 2 above.) _____			\$ _____ \$ <u>0</u>

ACCUMULATED AMORTIZATION OF CIAC (272)

	Water	Wastewater	Total
Balance First of Year _____	\$ <u>70,274</u>	\$ <u>57,518</u>	\$ <u>127,792</u>
Add Credits During Year: _____	<u>12,589</u>	<u>12,835</u>	<u>25,424</u>
Deduct Debits During Year: Plant held for future use _____	_____	_____	_____
Balance End of Year (Must agree with line #6 above.) _____	<u>\$ 82,863</u>	<u>\$ 70,353</u>	<u>\$ 153,216</u>

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

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT DECEMBER 31, 31, 2002

N/A

SCHEDULE "A"

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

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

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

APPROVED AFUDC RATE

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

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

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT
DECEMBER 31, 31, 2002

N/A

SCHEDULE "B"

SCHEDULE OF CAPITAL STRUCTURE ADJUSTMENTS

Class of Capital (a)	Per Book Balance (b)	Non-utility Adjustments (c)	Non-juris. Adjustments (d)	Other (1) Adjustments (e)	Capital Structure Used for AFUDC Calculation (f)
Common Equity	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Preferred Stock	_____	_____	_____	_____	_____
Long Term Debt	_____	_____	_____	_____	_____
Customer Deposits	_____	_____	_____	_____	_____
Tax Credits-Zero Cost	_____	_____	_____	_____	_____
Tax Credits-Weighted	_____	_____	_____	_____	_____
Cost of Capital	_____	_____	_____	_____	_____
Deferred Income Taxes	_____	_____	_____	_____	_____
Other (Explain)	_____	_____	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

(1) Explain below all adjustments made in Column (e):

**WATER
OPERATING
SECTION**

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT
DECEMBER 31 31, 2002

WATER UTILITY PLANT ACCOUNTS

Revised 05/16/03

Acct. No. (a)	Account Name (b)	Previous Year (c)	Additions (d)	Retirements (e)	Current Year (f)
301	Organization	\$ 21,211	\$	\$	\$ 21,211
302	Franchises				
303	Land and Land Rights	443			443
304	Structures and Improvements	14,066			14,066
305	Collecting and Impounding Reservoirs				
306	Lake, River and Other Intakes				
307	Wells and Springs	54,141			54,141
308	Infiltration Galleries and Tunnels				
309	Supply Mains				
310	Power Generation Equipment	46,715	19,600		66,315
311	Pumping Equipment				
320	Water Treatment Equipment	45,375	2,079		47,454
330	Distribution Reservoirs and Standpipes	18,500			18,500
331	Transmission and Distribution Lines	340,796			340,796
333	Services				
334	Meters and Meter Installations	41,161	1,407		42,568
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant and Miscellaneous Equipment				
340	Office Furniture and Equipment	760			760
341	Transportation Equipment				
342	Stores Equipment				
343	Tools, Shop and Garage Equipment				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	Total Water Plant	\$ 583,168	\$ 23,086	\$ 0	\$ 606,254

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT
DECEMBER 31, 31, 2002

N/A

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - WATER

Acct. No. (a)	Account (b)	Average Service Life in Years (c)	Average Salvage in Percent (d)	Depr. Rate Applied (e)	Accumulated Depreciation Balance Previous Year (f)	Debits (g)	Credits (h)	Accum. Depr. Balance End of Year (f-g+h=i) (i)
301	Organization	5		20.00 %	\$ 4,242		\$ 4,242	\$ 8,484
304	Structures and Improvements	28		3.57 %	3,807		503	4,310
305	Collecting and Impounding Reservoirs							
306	Lake, River and Other Intakes							
307	Wells and Springs	27		3.70 %	15,617		2,005	17,622
308	Infiltration Galleries & Tunnels							
309	Supply Mains							
310	Power Generating Equipment							
311	Pumping Equipment	17		5.88 %	20,779		3,517	24,296
320	Water Treatment Equipment	20		5.00 %	17,896		2,288	20,184
330	Distribution Reservoirs & Standpipes	40		2.50 %	4,018		462	4,480
331	Trans. & Dist. Mains	40		2.50 %	51,276		8,520	59,796
333	Services							
334	Meter & Meter Installations	17		5.88 %	12,036		2,476	14,512
335	Hydrants							
336	Backflow Prevention Devices							
339	Other Plant and Miscellaneous Equipment							
340	Office Furniture and Equipment	Various		Various	192		98	290
341	Transportation Equipment							
342	Stores Equipment							
343	Tools, Shop and Garage Equipment							
344	Laboratory Equipment							
345	Power Operated Equipment							
346	Communication Equipment							
347	Miscellaneous Equipment							
348	Other Tangible Plant							
	Totals				\$ 129,863 **	\$	\$ 24,111	\$ 153,974 *

* This amount should tie to Sheet F-5.

** Accumulated amortization of organization costs not included on PY report. Total accumulated depreciation on 2001 annual report was \$125,621.

REVISED on 1/22/04

WATER OPERATION AND MAINTENANCE EXPENSE

Acct. No.		Amount
601	Salaries and Wages - Employees	
603	Salaries and Wages - Officers, Directors, and Majority Stockholders	
604	Employee Pensions and Benefits	
610	Purchased Water	
615	Purchased Power	6,489
616	Fuel for Power Production	
618	Chemicals	2,948
620	Materials and Supplies	
630	Contractual Services:	
	Operator and Management	
	Professional	16,602
	Testing	4,980
	Other	54,169
640	Rents	
650	Transportation Expense	593
655	Insurance Expense	480
665	Regulatory Commission Expenses (Amortized Rate Case Expense)	
670	Bad Debt Expense	
675	Miscellaneous Expenses (Repairs & Maintenance, Office Exp & Other Expense)	17,907
Total Water Operation And Maintenance Expense		104,168
* This amount should tie to Sheet F-3.		

WATER CUSTOMERS

Description	Type of Meter ** (b)	Equivalent Factor (c)	Number of Active Customers		Total Number of Meter Equivalents (c x e) (f)
			Start of Year (d)	End of Year (e)	
Residential Service	D	1.0	396	418	418
	D	1.5			
	D	2.5			
General Service	D,T	5.0			
	D	1.0	16	19	19
	D	1.5			
	D	2.5			
	D,T	5.0	2	3	15
	D,C,T	8.0	6	5	40
	D,C	25.0			
	T	30.0			
	D,C	50.0			
	T	62.5			
Other (Specify):					
Unmetered Customers					
Total			420	445	492

** D = Displacement
C = Compound
T = Turbine

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT DECEMBER 31, 31, 2002

SYSTEM NAME: _____

PUMPING AND PURCHASED WATER STATISTICS

(a)	(b)	(c)	(d)	(e)	(f)
	Water Purchased For Resale (Omit 000's)	Finished Water From Wells (Omit 000's)	Recorded Accounted For Loss Through Line Flushing Etc. (Omit 000's)	Total Water Pumped And Purchased (Omit 000's) [(b)+(c)-(d)]	Water Sold To Customers (Omit 000's)
January_____	_____	5,345	(88)	5,257	5,257
February_____	_____	5,361	(429)	4,932	4,932
March_____	_____	6,117	(106)	6,011	6,011
April_____	_____	6,698	(214)	6,484	6,484
May_____	_____	7,025	(213)	6,812	6,812
June_____	_____	6,603	(131)	6,472	6,472
July_____	_____	3,547	(313)	3,234	3,234
August_____	_____	4,671	(443)	4,228	4,228
September_____	_____	5,308	(430)	4,878	4,878
October_____	_____	5,639	(540)	5,099	5,099
November_____	_____	5,696	(255)	5,441	5,441
December_____	_____	4,816	(529)	4,287	4,287
Total for Year_____	_____	66,826	(3,691)	63,135	63,135

If water is purchased for resale, indicate the following:

Vendor **N/A**

Point of delivery _____

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

MAINS (FEET)

Kind of Pipe (PVC, Cast Iron, Coated Steel, etc.)	Diameter of Pipe	First of Year	Added	Removed or Abandoned	End of Year
PVC	10"	4,500	9,200		13,700
PVC	8"	4,480	120		4,600
PVC	6"	9,360	0		9,360
PVC	4"	7,270	0		7,270
PVC	2"	3,922	0		3,922
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT DECEMBER 31, 31, 2002

SYSTEM NAME: _____

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

(a)	(b)	(c)	(d)	(e)
Year Constructed _____	1989	1990	_____	_____
Types of Well Construction and Casing _____	147	136	_____	_____
12" to 8" Telescopic _____	370	585	_____	_____
_____	_____	_____	_____	_____
Depth of Wells _____	900	1310	_____	_____
Diameters of Wells _____	8"	8"	_____	_____
Pump - GPM _____	850 @35 PSI	850 @35 PSI	_____	_____
Motor - HP _____	40	40	_____	_____
Motor Type * _____	Emerson	Emerson	_____	_____
Yields of Wells in GPD _____	1224 @ 35 PSI	1224 @ 35 PSI	_____	_____
Auxiliary Power _____	90 KW Kohler	90 KW Kohler	_____	_____
* Submersible, centrifugal, etc.				

RESERVOIRS

(a)	(b)	(c)	(d)	(e)
Description (steel, concrete)	Steel	Steel	_____	_____
Capacity of Tank _____	Pneumatic	Pneumatic	_____	_____
Ground or Elevated _____	15,000	15,000	_____	_____
_____	N/A	N/A	_____	_____
_____	_____	_____	_____	_____

HIGH SERVICE PUMPING

(a)	(b)	(c)	(d)	(e)
<u>Motors</u>				
Manufacturer _____	N/A	N/A	_____	_____
Type _____	_____	_____	_____	_____
Rated Horsepower _____	_____	_____	_____	_____
<u>Pumps</u>				
Manufacturer _____	N/A	N/A	_____	_____
Type _____	_____	_____	_____	_____
Capacity in GPM _____	_____	_____	_____	_____
Average Number of Hours Operated Per Day _____	_____	_____	_____	_____
Auxiliary Power _____	_____	_____	_____	_____

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT December 31, 2002
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SOURCE OF SUPPLY

List for each source of supply (Ground, Surface, Purchased Water etc.)			
Gals. per day of source	<u>233,400 GPD</u>	<u> </u>	<u> </u>
Type of Source	<u>Groundwater</u>	<u> </u>	<u> </u>

WATER TREATMENT FACILITIES

List for each Water Treatment Facility:			
Type	<u>Gas Chlorination</u>	<u> </u>	<u> </u>
Make	<u>Regal</u>	<u> </u>	<u> </u>
Gals. per day capacity	<u>350,000 GPD</u>	<u> </u>	<u> </u>
High service pumping	<u>N/A</u>	<u> </u>	<u> </u>
Gallons per minute	<u> </u>	<u> </u>	<u> </u>
Reverse Osmosis	<u>N/A</u>	<u> </u>	<u> </u>
Lime Treatment	<u> </u>	<u> </u>	<u> </u>
Unit Rating	<u>N/A</u>	<u> </u>	<u> </u>
Filtration	<u> </u>	<u> </u>	<u> </u>
Pressure Sq. Ft.	<u>N/A</u>	<u> </u>	<u> </u>
Gravity GPD/Sq.Ft.	<u>N/A</u>	<u> </u>	<u> </u>
Disinfection	<u> </u>	<u> </u>	<u> </u>
Chlorinator	<u>Yes</u>	<u> </u>	<u> </u>
Ozone	<u> </u>	<u> </u>	<u> </u>
Other	<u> </u>	<u> </u>	<u> </u>
Auxiliary Power	<u>90 KW Generator</u>	<u> </u>	<u> </u>

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT
DECEMBER 31, 2002

SYSTEM NAME: N/A

GENERAL 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. 494 [(63,135,000 /365) /350 = 494]
2. Maximum number of ERCs * which can be served. 1,000 (350,000 / 350 = 1,000)
3. Present system connection capacity (in ERCs *) using existing lines. 492
4. Future connection capacity (in ERCs *) upon service area buildout. 901
5. Estimated annual increase in ERCs *. 25
6. Is the utility required to have fire flow capacity? Yes
If so, how much capacity is required? 500 GPM
7. Attach a description of the fire fighting facilities. 26 Hydrants, Public Fire Service
8. Describe any plans and estimated completion dates for any enlargements or improvements of this system.
None
9. When did the company last file a capacity analysis report with the DEP? N/A
10. If the present system does not meet the requirements of DEP rules, submit the following:
 - a. Attach a description of the plant upgrade necessary to meet the DEP rules.
 - b. Have these plans been approved by DEP? N/A
 - c. When will construction begin? N/A
 - d. Attach plans for funding the required upgrading.
 - e. Is this system under any Consent Order with DEP? No
11. Department of Environmental Protection ID # 5284100
12. Water Management District Consumptive Use Permit # 20-009516.004
 - 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?

* An ERC is determined based on one of the following methods:
(a) If actual flow data are available from the preceding 12 months:
Divide the total annual single family residence (SFR) gallons sold by the average number of single family residents (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365 days.

(b) If no historical flow data are available use:
ERC = (Total SFR gallons sold (omit 000/365 days/350 gallons per day).

**WASTEWATER
OPERATING
SECTION**

UTILITY NAME: Highlands Ridge Utilites, LLC

YEAR OF REPORT DECEMBER 31, 31, 2002

WASTEWATER UTILITY PLANT ACCOUNTS

Acct. No. (a)	Account Name (b)	Previous Year (c)	Additions (d)	Retirements (e)	Current Year (f)
351	Organization_____	\$ _____	\$ _____	\$ _____	\$ _____
352	Franchises_____	_____	_____	_____	_____
353	Land and Land Rights_____	4,434	_____	_____	_____
354	Structures and Improvements_____	352,775	_____	_____	4,434
355	Power Generation Equipment_____	_____	_____	_____	352,775
360	Collection Sewers - Force_____	_____	_____	_____	_____
361	Collection Sewers - Gravity_____	350,306	_____	_____	350,306
362	Special Collecting Structures_____	_____	_____	_____	_____
363	Services to Customers_____	_____	_____	_____	_____
364	Flow Measuring Devices_____	_____	_____	_____	_____
365	Flow Measuring Installations_____	_____	_____	_____	_____
370	Receiving Wells_____	_____	_____	_____	_____
371	Pumping Equipment_____	_____	_____	_____	_____
380	Treatment and Disposal Equipment_____	_____	_____	_____	_____
381	Plant Sewers_____	_____	_____	_____	_____
382	Outfall Sewer Lines_____	_____	_____	_____	_____
389	Other Plant and Miscellaneous Equipment_____	_____	_____	_____	_____
390	Office Furniture and Equipment_____	_____	_____	_____	_____
391	Transportation Equipment_____	_____	_____	_____	_____
392	Stores Equipment_____	_____	_____	_____	_____
393	Tools, Shop and Garage Equipment_____	_____	_____	_____	_____
394	Laboratory Equipment_____	_____	_____	_____	_____
395	Power Operated Equipment_____	_____	_____	_____	_____
396	Communication Equipment_____	_____	_____	_____	_____
397	Miscellaneous Equipment_____	_____	_____	_____	_____
398	Other Tangible Plant_____	_____	_____	_____	_____
	Total Wastewater Plant_____	\$ 707,515	\$ _____	\$ 0	\$ 707,515 *

* This amount should tie to sheet F-5.

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT
DECEMBER 31, 31, 2002

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - WASTEWATER

Acct. No. (a)	Account (b)	Average Service Life in Years (c)	Average Salvage in Percent (d)	Depr. Rate Applied (e)	Accumulated Depreciation Balance Previous Year (f)	Debits (g)	Credits (h)	Accum. Depr. Balance End of Year (f-g+h=i) (i)
354	Structures and Improvements		%	2.86	\$ 48,322	\$	\$ 10,080	\$ 58,402
355	Power Generation Equipment	35	%					
360	Collection Sewers - Force		%					
361	Collection Sewers - Gravity	40	%	2.50	40,363		8,757	49,120
362	Special Collecting Structures		%					
363	Services to Customers		%					
364	Flow Measuring Devices		%					
365	Flow Measuring Installations		%					
370	Receiving Wells		%					
371	Pumping Equipment		%					
380	Treatment and Disposal Equipment		%					
381	Plant Sewers		%					
382	Outfall Sewer Lines		%					
389	Other Plant and Miscellaneous Equipment		%					
390	Office Furniture and Equipment		%					
391	Transportation Equipment		%					
392	Stores Equipment		%					
393	Tools, Shop and Garage Equipment		%					
394	Laboratory Equipment		%					
395	Power Operated Equipment		%					
396	Communication Equipment		%					
251	Miscellaneous Equipment **		%					
398	Other Tangible Plant		%					
303	Organization		%					
	Totals				\$ 88,685	\$	\$ 18,837	\$ 107,522 *

* This amount should tie to Sheet F-5.

REVISED ON 1/22/04

WASTEWATER OPERATION AND MAINTENANCE EXPENSE

Acct. No.	Account Name	Amount
701	Salaries and Wages - Employees	\$
703	Salaries and Wages - Officers, Directors, and Majority Stockholders	
704	Employee Pensions and Benefits	
710	Purchased Wastewater Treatment	
711	Sludge Removal Expense	8,712
715	Purchased Power	6,944
716	Fuel for Power Production	125
718	Chemicals	4,824
720	Materials and Supplies	
730	Contractual Services:	
	Billing	
	Professional	11,462
	Testing	8,114
	Other	53,969
740	Rents	
750	Transportation Expense	593
755	Insurance Expense	480
765	Regulatory Commission Expenses (Amortized Rate Case Expense)	
770	Bad Debt Expense	
775	Misc. Expenses (Repair and Maintenance, Office Exp and Misc)	9,221
Total Wastewater Operation And Maintenance Expense		\$ 104,444

* This amount should tie to Sheet F-3.

WASTEWATER CUSTOMERS

Description	Type of Meter ** (b)	Equivalent Factor (c)	Number of Active Customers		Total Number of Meter Equivalents (c x e) (f)
			Start of Year (d)	End of Year (e)	
Residential Service					
All Meter Sizes	D	1.0	396	418	418
General Service					
	D	1	2	4	4
	D,T	5.0			
	D,C,T	8.0	2	3	24
	D	15.0			
	C	16.0			
	T	17.5			
	D,C	25.0			
	T	30.0			
	D,C	50.0			
	T	62.5			
Other (Specify): Comm 5/8 x 3/4 Comm 1"					
Unmetered Customers					
Total			400	425	446

** D = Displacement
C = Compound
T = Turbine

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT December 31, 2002
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PUMPING EQUIPMENT

Lift Station Number _____	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	_____
Make or Type and nameplate data on pump _____ Gorman Rupp 13a 25	Hydomatic SYN500M3-4	Same	Hydomatic SPG-2200	Same	Same	_____
Year installed _____	1990	1990	1990	1994	2002	_____
Rated capacity _____	195	150	24	200	200	_____
Size _____	5HP	5HP	2 HP	5HP	5HP	_____
Power:						
Electric _____	Yes	Yes	Yes	Yes	Yes	_____
Mechanical _____	_____	_____	_____	_____	_____	_____
Nameplate data of motor _____	Hydomatic SYN500M3-4	Same	SPG-2200	Same	Same	_____

SERVICE CONNECTIONS

Size (inches) _____	<u>4"</u>	_____	_____	_____	_____	_____
Type (PVC, VCP, etc.) _____	PVC	_____	_____	_____	_____	_____
Average length _____	<u>30'</u>	_____	_____	_____	_____	_____
Number of active service connections _____	<u>425</u>	_____	_____	_____	_____	_____
Beginning of year _____	<u>403</u>	_____	_____	_____	_____	_____
Added during year _____	<u>22</u>	_____	_____	_____	_____	_____
Retired during year _____	<u>0</u>	_____	_____	_____	_____	_____
End of year _____	<u>425</u>	_____	_____	_____	_____	_____
Give full particulars concerning inactive connections _____	N/A	_____	_____	_____	_____	_____

COLLECTING AND FORCE MAINS

	Collecting Mains				Force Mains			
	Re-use	8"	4"	_____	8"	6"	_____	_____
Size (inches) _____	<u>12"</u>	PVC	PVC	PVC	PVC	PVC	_____	_____
Type of main _____	PVC	PVC	PVC	_____	PVC	PVC	_____	_____
Length of main (nearest foot) _____	_____	_____	_____	_____	_____	_____	_____	_____
Beginning of year _____	-	15,275	773	_____	6,000	6,000	_____	_____
Added during year _____	500	2,300	680	_____	-	-	_____	_____
Retired during year _____	-	-	-	_____	-	-	_____	_____
End of year _____	500	17,575	1,453	_____	6,000	1,600	_____	_____

MANHOLES

Size (inches) _____	<u>48"</u>	_____	_____	_____
Type of Manhole _____	Concrete	_____	_____	_____
Number of Manholes:				
Beginning of year _____	<u>63</u>	_____	_____	_____
Added during year _____	<u>10</u>	_____	_____	_____
Retired during year _____	<u>0</u>	_____	_____	_____
End of Year _____	<u>73</u>	_____	_____	_____

UTILITY NAME: Highlands Ridge Utilities, LLC

SYSTEM NAME: N/A

YEAR OF REPORT DECEMBER 31, 2002

TREATMENT PLANT

Manufacturer _____	<u>Marloft</u>	_____	_____
Type _____	<u>Extended Aeration</u>	_____	_____
"Steel" or "Concrete" _____	<u>Concrete</u>	_____	_____
Total Capacity _____	<u>95,000</u>	_____	_____
Average Daily Flow _____	<u>23,000</u>	_____	_____
Effluent Disposal _____	<u>Ponds</u>	_____	_____
Permitted Capacity of Disposal _____	<u>95,000</u>	_____	_____
Total Gallons of Wastewater treated _____	<u>8,481,000</u>	_____	_____

MASTER LIFT STATION PUMPS

	1	2	3	4	5	
Manufacturer _____	<u>Unitronic</u>	<u>Unitronic</u>	<u>Unitronic</u>	<u>Unitronic</u>	<u>Unitronic</u>	_____
Capacity (GPM's) _____	<u>195</u>	<u>150</u>	<u>24</u>	<u>200</u>	<u>200</u>	_____
Motor:						
Manufacturer _____	<u>Hydromatic</u>	<u>Hydromatic</u>	<u>Hydromatic</u>	<u>Hydromatic</u>	<u>Hydromatic</u>	_____
Horsepower _____	<u>5 HP</u>	<u>5 HP</u>	<u>2 HP</u>	<u>5 HP</u>	<u>5 HP</u>	_____
Power (Electric or Mechanical) _____	<u>Electric</u>	<u>Electric</u>	<u>Electric</u>	<u>Electric</u>	<u>Electric</u>	_____

PUMPING WASTEWATER STATISTICS

Months	Gallons of Treated Wastewater	Effluent Reuse Gallons to Customers	Effluent Gallons Disposed of on site
January _____	<u>1,080,000</u>	<u>0</u>	<u>1,080,000</u>
February _____	<u>1,220,000</u>	<u>0</u>	<u>1,220,000</u>
March _____	<u>1,200,000</u>	<u>0</u>	<u>1,200,000</u>
April _____	<u>880,000</u>	<u>0</u>	<u>880,000</u>
May _____	<u>600,000</u>	<u>0</u>	<u>600,000</u>
June _____	<u>540,000</u>	<u>0</u>	<u>540,000</u>
July _____	<u>520,000</u>	<u>0</u>	<u>520,000</u>
August _____	<u>480,000</u>	<u>0</u>	<u>480,000</u>
September _____	<u>460,000</u>	<u>0</u>	<u>460,000</u>
October _____	<u>660,000</u>	<u>0</u>	<u>660,000</u>
November _____	<u>740,000</u>	<u>0</u>	<u>740,000</u>
December _____	<u>840,000</u>	<u>0</u>	<u>840,000</u>
Total for year _____	<u>9,220,000</u>	<u>0</u>	<u>9,220,000</u>

If Wastewater Treatment is purchased, indicate the vendor: N/A

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT
DECEMBER 31, 2002

SYSTEM NAME: N/A

GENERAL WASTEWATER SYSTEM INFORMATION

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

1. Present number of ERCs* now being served. 90 [(9,220,000 / 365) / 280 = 90]

2. Maximum number of ERCs* which can be served. 225 (95,000 / 425 = 225)

3. Present system connection capacity (in ERCs*) using existing lines. 90

4. Future connection capacity (in ERCs*) upon service area buildout. 901

5. Estimated annual increase in ERCs*. 25

6. Describe any plans and estimated completion dates for any enlargements or improvements of this system
None

7. If the utility uses reuse as a means of effluent disposal, provide a list of the reuse end users and the amount of reuse provided to each, if known.

8. If the utility does not engage in reuse, has a reuse feasibility study been completed? Yes

If so, when? Considering implementation with next expansion phase

9. Has the utility been required by the DEP or water management district to implement reuse? No. Not presently required

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? June 2000

11. If the present system does not meet the requirements of DEP rules, submit the following:

a. Attach a description of the plant upgrade necessary to meet the DEP rules.

b. Have these plans been approved by DEP? N/A

c. When will construction begin? N/A

d. Attach plans for funding the required upgrading.

e. Is this system under any Consent Order with DEP? No

12. Department of Environmental Protection ID # FL 014339

* An ERC is determined based on one of the following methods:

(a) If actual flow data are available from the preceding 12 months:

Divide the total annual single family residence (SFR) gallons sold by the average number of single family residents (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365 days.

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

ERC = (Total SFR gallons sold (omit 000/365 days/280 gallons per day).


CERTIFICATION OF ANNUAL REPORT

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

- | | | | |
|--|--------------------------------|----|--|
| YES
<input checked="" type="checkbox"/> | NO
<input type="checkbox"/> | 1. | The utility is in substantial compliance with the Uniform System of Accounts prescribed by the Florida Public Service Commission in Rule 25-30.115 (1), Florida Administrative Code. |
| YES
<input checked="" type="checkbox"/> | NO
<input type="checkbox"/> | 2. | The utility is in substantial compliance with all applicable rules and orders of the Florida Public Service Commission. |
| YES
<input checked="" type="checkbox"/> | NO
<input type="checkbox"/> | 3. | There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statement of the utility. |
| YES
<input checked="" type="checkbox"/> | NO
<input type="checkbox"/> | 4. | The annual report fairly represents the financial condition and results of operations of the respondent for the period presented and other information and statements presented in the report as to the business affairs of the respondent are true, correct, and complete for the period for which it represents. |

Items Certified

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



 (signature of chief executive officer of the utility) *

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

 (signature of chief financial officer of the utility) *

* Each of the four items must be certified YES or NO. Each item need not be certified by both officers. The items being certified by the officer should be indicated in the appropriate area to the left of the signature.

Notice: Section 837.06, Florida Statutes, provides that any person who knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his duty shall be guilty of a misdemeanor of the second degree.