

CLASS "C"
WATER AND/OR WASTEWATER UTILITIES

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

ANNUAL REPORT

WS844-03-AR
% Mr. Joe DoBosh
Highlands Ridge Utilities, LLC
1275 Lake Heathrow Lane
Heathrow, FL 32746-4398

544W / 474S
Certificate Number(s)

Submitted To The

STATE OF FLORIDA



PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2003

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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	
Mailing Address	Street Address	County
Telephone Number (863) 471-9976	Date Utility First Organized	11-01-92
Fax Number (863) 471-9428	E-mail Address	dmeseroll@highlandsridge.com
Sunshine State One-Call of Florida, Inc. Member No. _____		

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: David B. Meseroll	General Manager	3003 E. Fairway Vista Dr Avon Park, FL 33825	
Person who prepared this report: William R. Benton	CPA	435 S. Commerce Ave. Sebring, FL 33870	
Officers and Managers: Birdy M. Whitehouse	Controller	Same	\$ _____
Howard Bateman	Licensed Operator	Same	\$ _____
Frieda Fitch	Administrative Manager	Same	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

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
Sebring Land Limited, Ptr.	100%	1275 Lake Heathrow Ln. Heathrow, FL 32746	\$ -
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

UTILITY NAME Highlands Ridge Utilities, LLC

YEAR OF REPORT
DECEMBER 31, 2003

INCOME STATEMENT

Account Name	Ref. Page	Water	Wastewater	Other	Total Company
Gross Revenue:					
Residential _____		\$ 121,595	\$ 119,297	\$ _____	\$ 240,892
Commercial _____		15,250	6,069	_____	21,319
Industrial _____		_____	_____	_____	_____
Multiple Family _____		_____	_____	_____	_____
Guaranteed Revenues _____		_____	_____	_____	_____
Other (Specify) _____		_____	_____	_____	_____
Total Gross Revenue _____		\$ 136,845	\$ 125,366	\$ _____	\$ 262,211
Operation Expense (Must tie to pages W-3 and S-3)	W-3 S-3	\$ 93,428	\$ 112,403	\$ _____	\$ 205,831
Depreciation Expense _____	F-5	24,605	18,837	_____	43,442
CIAC Amortization Expense _____	F-8	(12,588)	(12,836)	_____	(25,424)
Taxes Other Than Income _____	F-7	13,073	13,847	_____	26,920
Income Taxes _____	F-7	-	-	_____	-
Total Operating Expense		\$ 118,518	132,251	_____	\$ 250,769
Net Operating Income (Loss)		\$ 18,327	\$ (6,885)	\$ _____	\$ 11,442
Other Income:					
Nonutility Income _____		\$ _____	\$ _____	\$ _____	\$ _____
_____		_____	_____	_____	_____
Other Deductions:					
Miscellaneous Nonutility Expenses _____		\$ _____	\$ _____	\$ _____	\$ _____
Interest Expense _____		9,652	11,330	_____	20,982
_____		_____	_____	_____	_____
_____		_____	_____	_____	_____
Net Income (Loss)		\$ 8,675	\$ (18,215)	\$ _____	\$ (9,540)

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	\$ 1,313,769
Accumulated Depreciation and Amortization (108) -----	F-5,W-2,S-2	<u>(304,938)</u>	<u>(261,496)</u>
Net Utility Plant -----		\$ 1,008,831	\$ 1,052,273
Cash -----		15,916	24,386
Customer Accounts Receivable (141) -----		23,866	18,533
Other Assets (Specify): -----			
Due from Affiliates -----		63,851	61,606
Acquisition Adjustment -----		92,244	92,244
Deferred Loan Costs, Net -----		-	6,993
Organization Costs, Net -----		<u>389</u>	<u>520</u>
Total Assets -----		\$ <u>1,205,097</u>	\$ <u>1,256,555</u>
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	(31,357)	(21,817)
Proprietary Capital (Proprietary and partnership only) (218) -----	F-6		
Total Capital -----		\$ <u>(31,357)</u>	\$ <u>(21,817)</u>
Long Term Debt (224) -----	F-6	\$ 572,400	\$ 586,200
Accounts Payable (231) -----		2,926	5,911
Notes Payable (232) -----			
Customer Deposits (235) -----			
Accrued Taxes (236) -----			
Other Liabilities (Specify) -----			
Accrued Expenses -----		26,199	25,908
Advances for Construction -----			
Contributions in Aid of Construction - Net (271-272) -----	F-8	<u>634,929</u>	<u>660,353</u>
Total Liabilities and Capital -----		\$ <u>1,205,097</u>	\$ <u>1,256,555</u>

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT DECEMBER 31, 2003

GROSS UTILITY PLANT

Plant Accounts: (101 - 107) inclusive	Water	Wastewater	Plant other Than Reporting Systems	Total
Utility Plant in Service (101)	\$ 606,254	\$ 707,515	\$ _____	\$ 1,313,769
Construction Work in Progress (105) _____	_____	_____	_____	_____
Other (Specify) _____ *Plant Held for Future Use	_____	_____	_____	_____
Total Utility Plant _____	\$ 606,254	\$ 707,515	\$ _____	\$ 1,313,769

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

Account 108	Water	Wastewater	Other Than Reporting Systems	Total
Balance First of Year _____	\$ 153,974	\$ 107,522	\$ _____	\$ 261,496
<u>Add Credits During Year:</u>				
Accruals charged to depreciation account _____	\$ 20,363	\$ 18,837	\$ _____	\$ 39,200
Salvage _____	_____	_____	_____	_____
Other Credits (specify) Amortization Expense _____	4,242	_____	_____	4,242
Prior Period Adjustment _____	_____	_____	_____	_____
Total Credits _____	\$ 24,605	\$ 18,837	\$ _____	\$ 43,442
<u>Deduct Debits During Year:</u>				
Book cost of plant retired _____	\$ _____	\$ _____	\$ _____	\$ _____
Cost of removal _____	_____	_____	_____	_____
Other debits (specify) *Plant Held for Future Use	_____	_____	_____	_____
Total Debits _____	\$ _____	\$ _____	\$ _____	\$ _____
Balance End of Year _____	\$ 178,579	\$ 126,359	\$ _____	\$ 304,938

UTILITY NAME Highlands Ridge Utilities, LLC

YEAR OF REPORT DECEMBER 31, 2003

CAPITAL STOCK (201 - 204)

	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)

	Appropriated	Un-Appropriated
Balance first of year _____	\$ _____	\$ _____
Changes during the year (Specify):		
Net Loss for Year _____	_____	_____
Net Prior Period Adjustment _____	_____	_____
_____	_____	_____
Balance end of year _____	\$ _____	\$ _____

PROPRIETARY CAPITAL (218)

	Proprietor Or Partner	Partner
Balance first of year _____	\$ _____	\$ (21,817)
Changes during the year (Specify):		
Net loss for Year _____	_____	(9,540)
_____	_____	_____
Balance end of year _____	\$ _____	\$ (31,357)

LONG TERM DEBT (224)

Description of Obligation (Including Date of Issue and Date of Maturity):	Interest		Principal per Balance Sheet Date
	Rate	# of Pymts	
Wachovia Bank, dated 12/21/02, due 12/21/04	P+2.35	24	\$ 572,400
_____	_____	_____	_____
Total _____			\$ 572,400

TAX EXPENSE

(a)	Water (b)	Wastewater (c)	Other (d)	Total (e)
Income Taxes:				
Federal income tax _____	\$ _____	\$ _____	\$ _____	\$ _____
State income Tax _____	_____	_____	_____	_____
Taxes Other Than Income:				
State ad valorem tax _____	_____	_____	_____	_____
Local property tax _____	6,165	7,531	_____	13,696
Regulatory assessment fee _____	6,158	5,641	_____	11,799
Other (Specify) _____	_____	_____	_____	_____
Florida Intangible _____	44	44	_____	88
Licenses and taxes _____	706	631	_____	1,337
Total Tax Expense _____	\$ 13,073	\$ 13,847	\$ _____	\$ 26,920

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.	\$ 44,714	\$ 44,732	Operations and Utility Mgmt.
The NCT Group CPA's, L.L.P.	\$ 1,362	\$ 1,363	Accounting Services
Rose, Sundstrom, & Bentley, L.L.P.	\$ 574	\$ 574	Legal Services
Chastain Skillman, Inc.	\$ 2,702	\$ 2,702	Engineering Services
Short Utility Service	\$ 6,913	\$ 8,574	Operation and Maintenance
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____

CONTRIBUTIONS IN AID OF CONSTRUCTION (271)

(a)	Water (b)	Wastewater (c)	Total (d)
1) Balance first of year _____	\$ 402,832	\$ 410,737	\$ 813,569
2) Add credits during year _____			
3) Total _____	402,832	410,737	813,569
4) Deduct charges during the year _____			
5) Balance end of year _____	402,832	410,737	813,569
6) Less Accumulated Amortization _____	95,451	83,189	178,640
7) Net CIAC _____	\$ 307,381	\$ 327,548	\$ 634,929

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
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
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	
_____	_____	\$ _____	
_____	_____	_____	
_____	_____	_____	
Total Credits During Year (Must agree with line # 2 above.) _____			
		\$ _____	\$ _____

ACCUMULATED AMORTIZATION OF CIAC (272)

	Water	Wastewater	Total
Balance First of Year _____	\$ 82,863	\$ 70,353	\$ 153,216
Add Debits During Year: _____	12,588	12,836	25,424
Deduct Credits During Year: _____			
Balance End of Year (Must agree with line #6 above.)	\$ 95,451	\$ 83,189	\$ 178,640

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

UTILITY NAME Highlands Ridge Utilities, LLC

YEAR OF REPORT DECEMBER 31 2003

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	\$ _____	<u>100.00</u> %		_____ %

(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: _____

**WATER
OPERATING
SECTION**

WATER UTILITY PLANT ACCOUNTS

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_____	66,315	_____	_____	66,315
311	Pumping Equipment_____	_____	_____	_____	_____
320	Water Treatment Equipment_____	47,454	_____	_____	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_____	42,568	_____	_____	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_____	\$ 606,254	\$ _____	\$ _____	\$ 606,254

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 %	\$ 8,484	\$	\$ 4,242	\$ 12,726
304	Structures and Improvements	28	%	3.57 %	4,310		502	4,812
305	Collecting and Impounding Reservoirs		%					
306	Lake, River and Other Intakes		%					
307	Wells and Springs	27	%	3.70 %	17,622		2,006	19,628
308	Infiltration Galleries & Tunnels		%					
309	Supply Mains		%					
310	Power Generating Equipment		%					
311	Pumping Equipment	17	%	5.88 %	24,296		3,900	28,196
320	Water Treatment Equipment	20	%	5.00 %	20,184		2,371	22,555
330	Distribution Reservoirs & Standpipes	40	%	2.50 %	4,480		462	4,942
331	Trans. & Dist. Mains	40	%	2.50 %	59,796		8,520	68,316
333	Services		%					
334	Meter & Meter Installations	17	%	5.88 %	14,512		2,505	17,017
335	Hydrants		%					
336	Backflow Prevention Devices		%					
339	Other Plant and Miscellaneous Equipment		%					
340	Office Furniture and Equipment	Various	%	Various %	290		97	387
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				\$ 153,974	\$	\$ 24,605	\$ 178,579 *

* This amount should tie to Sheet F-5.

WATER OPERATION AND MAINTENANCE EXPENSE

Acct. No.	Account Name	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	6,060
616	Fuel for Power Production	78
618	Chemicals	1,762
620	Materials and Supplies	_____
630	Contractual Services:	_____
	Billing	_____
	Professional	10,038
	Testing	3,733
	Other	47,894
640	Rents	_____
650	Transportation Expense	781
655	Insurance Expense	480
665	Regulatory Commission Expenses (Amortized Rate Case Expense)	_____
670	Bad Debt Expense	_____
675	Miscellaneous Expenses (Repairs & Maintenance, Office Exp., & Other Exp.)	22,602
	Total Water Operation And Maintenance Expense	\$ 93,428 *

* This amount should tie to Sheet F-3.

WATER CUSTOMERS

Description (a)	Type of Meter ** (b)	Equivalent Factor (c)	Number of Active Customers		Total Number of Meter Equivalents (c x e) (f)
			Start of Year (d)	End of Year (e)	
Residential Service					
5/8"	D	1.0	418	433	433
3/4"	D	1.5	_____	_____	_____
1"	D	2.5	_____	_____	_____
1 1/2"	D,T	5.0	_____	_____	_____
General Service					
5/8"	D	1.0	19	19	19
3/4"	D	1.5	_____	_____	_____
1"	D	2.5	_____	_____	_____
1 1/2"	D,T	5.0	3	3	15
2"	D,C,T	8.0	5	5	40
3"	D	15.0	_____	_____	_____
3"	C	16.0	_____	_____	_____
3"	T	17.5	_____	_____	_____
Unmetered Customers Other (Specify)	_____	_____	_____	_____	_____
** D = Displacement C = Compound T = Turbine			Total	445	460
				460	507

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT DECEMBER 31, 2003

SYSTEM NAME: N/A

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_____	-	6,786	300	6,486	6,486
February_____	-	6,139	595	5,544	5,544
March_____	-	4,689	393	4,296	4,296
April_____	-	6,110	498	5,612	5,612
May_____	-	6,310	444	5,866	5,866
June_____	-	5,066	404	4,662	4,662
July_____	-	3,700	655	3,045	3,045
August_____	-	2,618	270	2,348	2,348
September_____	-	4,597	736	3,861	3,861
October_____	-	6,593	495	6,098	6,098
November_____	-	6,164	528	5,636	5,636
December_____	-	6,400	474	5,926	5,926
Total for Year_____	-	65,172	5,792	59,380	59,380

If water is purchased for resale, indicate the following: N/A
 Vendor _____
 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	2"	3,922	860	-	4,782
PVC	4"	7,270	-	-	7,270
PVC	6"	9,360	2,730	-	12,090
PVC	8"	4,600	-	-	4,600
PVC	10"	13,700	-	-	13,700

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT DECEMBER 31, 2003

SYSTEM NAME: N/A

WELLS AND WELL PUMPS

(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	1,310		
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 _____	1,224 @ 35 PSI	1,224 @ 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, 2003

SOURCE OF SUPPLY

List for each source of supply (Ground, Surface, Purchased Water etc.)			
Permitted Gals. per day__	<u>223,700 GPD</u>	_____	_____
Type of Source_____	<u>Groundwater</u>	_____	_____

WATER TREATMENT FACILITIES

List for each Water Treatment Facility:			
Type_____	<u>Gas Chlorination</u>	_____	_____
Make_____	<u>Regal</u>	_____	_____
Permitted Capacity (GPD)_	<u>675,000 GPD</u>	_____	_____
High service pumping	<u>N/A</u>	_____	_____
Gallons per minute__	<u>N/A</u>	_____	_____
Reverse Osmosis_____	<u>N/A</u>	_____	_____
Lime Treatment		_____	_____
Unit Rating_____	<u>N/A</u>	_____	_____
Filtration		_____	_____
Pressure Sq. Ft._____	<u>N/A</u>	_____	_____
Gravity GPD/Sq.Ft._____	<u>N/A</u>	_____	_____
Disinfection		_____	_____
Chlorinator_____	<u>Yes</u>	_____	_____
Ozone_____	_____	_____	_____
Other_____	_____	_____	_____
Auxiliary Power_____	<u>90 KW Koler</u>	_____	_____

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT
DECEMBER 31, 2003

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. 465 = [(59,380,000/365)/350]
- 2. Maximum number of ERCs * which can be served. 1929 = (675,000/350)
- 3. Present system connection capacity (in ERCs *) using existing lines. 507
- 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. 30 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: N/A
 - 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. N/A
 - e. Is this system under any Consent Order with DEP? No
- 11. Department of Environmental Protection ID # 528410
- 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 Utilities, LLC

YEAR OF REPORT DECEMBER 31, 2003

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	_____	_____	4,434
354	Structures and Improvements_____	352,775	_____	_____	352,775
355	Power Generation Equipment_____	_____	_____	_____	_____
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_____	\$ <u>707,515</u>	\$ _____	\$ _____	\$ <u>707,515</u> *

* This amount should tie to sheet F-5.

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT
DECEMBER 31, 2003

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)
303	Organization		%	%	\$	\$		\$
354	Structures and Improvements	35	%	2.86 %	58,402		10,079	68,481
355	Power Generation Equipment		%	%				
360	Collection Sewers - Force		%	%				
361	Collection Sewers - Gravity	40	%	2.50 %	49,120		8,758	57,878
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		%	%				
	Totals				\$ 107,522	\$ 0	\$ 18,837	\$ 126,359 *

* This amount should tie to Sheet F-5.

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT DECEMBER 31, 2003

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 _____	10,623
715	Purchased Power _____	6,327
716	Fuel for Power Production _____	184
718	Chemicals _____	5,562
720	Materials and Supplies _____	_____
730	Contractual Services:	_____
	Billing _____	_____
	Professional _____	10,038
	Testing _____	5,394
	Other _____	47,912
740	Rents _____	_____
750	Transportation Expense _____	781
755	Insurance Expense _____	600
765	Regulatory Commission Expenses (Amortized Rate Case Expense) _____	_____
770	Bad Debt Expense _____	_____
775	Miscellaneous Expenses (Repair and Maintenance, Office Exp., and Misc.) _____	24,982
	Total Wastewater Operation And Maintenance Expense _____	\$ 112,403 *

* This amount should tie to Sheet F-3.

WASTEWATER CUSTOMERS

Description (a)	Type of Meter ** (b)	Equivalent Factor (c)	Number of Active Customers		Total Number of Meter Equivalents (c x e) (f)
			Start of Year (d)	End of Year (e)	
Residential Service					
All meter sizes	D	1.0	418	433	433
General Service					
5/8"	D	1.0	4	4	4
3/4"	D	1.5	_____	_____	_____
1"	D	2.5	_____	_____	_____
1 1/2"	D,T	5.0	_____	_____	_____
2"	D,C,T	8.0	3	3	24
3"	D	15.0	_____	_____	_____
3"	C	16.0	_____	_____	_____
3"	T	17.5	_____	_____	_____
Unmetered Customers	_____	_____	_____	_____	_____
Other (Specify)	_____	_____	_____	_____	_____
Total			<u>425</u>	<u>440</u>	<u>461</u>

** D = Displacement
C = Compound
T = Turbine

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT
DECEMBER 31, 2003

PUMPING EQUIPMENT

	1	2	3	4	5	
Lift Station Number _____						
Make or Type and nameplate data on pump _____	Hydromatic SYN500M3-4	Same	Hydromatic SPG-2200	Same	Same	
Year installed _____	1990	1990	1990	1994	2002	
Rated capacity _____	195	150	24	200	200	
Size _____	5 HP	5 HP	2 HP	5 HP	5 HP	
Power:						
Electric _____	Yes	Yes	Yes	Yes	Yes	
Mechanical _____						
Nameplate data of motor _____	Hydromatic SYN500M3-4	Same	Hydromatic SPG-2200	Same	Same	

SERVICE CONNECTIONS

	4"					
Size (inches) _____	4"					
Type (PVC, VCP, etc.) _____	PVC					
Average length _____	30'					
Number of active service connections _____	440					
Beginning of year _____	425					
Added during year _____	15					
Retired during year _____	-					
End of year _____	440					
Give full particulars concerning inactive connections _____	N/A					

COLLECTING AND FORCE MAINS

	Collecting Mains				Force Mains			
	4"	8"	12"		6"	8"		
Size (inches) _____	4"	8"	12"		6"	8"		
Type of main _____	PVC	PVC	PVC		PVC	PVC		
Length of main (nearest foot) _____								
Beginning of year _____	1,543	15,275	500		1,600	6,000		
Added during year _____	481	3,626	-		-	-		
Retired during year _____	-	-	-		-	-		
End of year _____	2,024	18,901	500		1,600	6,000		

MANHOLES

	48"			
Size (inches) _____	48"			
Type of Manhole _____	Concrete			
Number of Manholes:				
Beginning of year _____	73			
Added during year _____	14			
Retired during year _____	-			
End of Year _____	87			

UTILITY NAME: Highlands Ridge Utilities, LLC

SYSTEM NAME: N/A

YEAR OF REPORT DECEMBER 31, 2003

TREATMENT PLANT

Manufacturer_____	Marloft		
Type_____	Extended Aeration		
"Steel" or "Concrete"_____	Concrete		
Total Permitted Capacity_____	95,500		
Average Daily Flow_____	23,000		
Method of Effluent Disposal_____	Ponds		
Permitted Capacity of Disposal_____	95,500		
Total Gallons of Wastewater treated_____			

MASTER LIFT STATION PUMPS

	1	2	3	4	5	
Manufacturer_____	Unitronic	Unitronic	Unitronic	Unitronic	Unitronic	
Capacity (GPM's)_____	195	150	24	200	200	
Motor:						
Manufacturer_____	Hydromatic	Hydromatic	Hydromatic	Hydromatic	Hydromatic	
Horsepower_____	5	5	2	5	5	
Power (Electric or Mechanical)_____	Electric	Electric	Electric	Electric	Electric	

PUMPING WASTEWATER STATISTICS

Months	Gallons of Treated Wastewater	Effluent Reuse Gallons to Customers	Effluent Gallons Disposed of on site
January_____	1,340,000	-	1,340,000
February_____	980,000	-	980,000
March_____	980,000	-	980,000
April_____	1,000,000	-	1,000,000
May_____	660,000	-	660,000
June_____	740,000	-	740,000
July_____	640,000	-	640,000
August_____	580,000	-	580,000
September_____	680,000	-	680,000
October_____	500,000	-	500,000
November_____	460,000	-	460,000
December_____	740,000	-	740,000
Total for year_____	9,300,000	-	9,300,000

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

UTILITY NAME: Highlands Ridge Utilities, LLC

YEAR OF REPORT
DECEMBER 31, 2003

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. 91 = [(9,300,000 gallons treated/365 days)/280 gallons per day]
- 2. Maximum number of ERCs* which can be served. 341 = (95,500/280)
- 3. Present system connection capacity (in ERCs*) using existing lines. 341
- 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. N/A
- 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? N/A
- 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: N/A
 - a. Attach a description of the plant upgrade necessary to meet the DEP rules.
 - b. Have these plans been approved by DEP?
 - c. When will construction begin?
 - d. Attach plans for funding the required upgrading.
 - e. Is this system under any Consent Order with DEP?
- 12. Department of Environmental Protection ID # 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.	2.	3.	4.	<u>David B. Maxwell, C.M.</u> (signature of chief executive officer of the utility)
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

Date: 3.31.04

1.	2.	3.	4.	_____ (signature of chief financial officer of the utility)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Date: _____

* 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.