

CLASS "C"
WATER AND/OR WASTEWATER UTILITIES
(Gross Revenue of Less Than \$200,000 Each)

ANNUAL REPORT

WU370-06-AR
Residential Water Systems, Inc.
P. O. Box 5220
Ocala, FL 34478-5220

Certificate Number(s)

Submitted To The
STATE OF FLORIDA



RECEIVED
FLORIDA PUBLIC SERVICE
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PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2006

UTILITY NAME **RESIDENTIAL WATER SYSTEMS, INC.**

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Residential Water Systems, Inc.

FINANCIAL SECTION

REPORT OF

RESIDENTIAL WATER SYSTEMS, INC.

PO BOX 5220

OCALA, FL 34478-5220

1410 NE 8th Ave MARION COUNTY

Telephone Number 352-622-4949

Date Utility First Organized

10/6/1983

Filed with the Internal Revenue Service as 1120S Corporation

Name, Address and phone where records are located 1410 NE 8th Ave Ocala, FL

Subdivision where service is provided: **Sun Tree, High Point, Edgewood, Country Estates
Buffington Addition, Wineberry, Dalton Woods,
Buffington Estates
CONTACTS**

Name	Title	Principal Business Address	Salary Charged
Person to send Correspondence Charles deMenzes	President	1410 NE 8th Ave Ocala, FL 34470	
Person who prepared this report Charles deMenzes	President	1410 NE 8th Ave Ocala, FL 34470	
Officers and Managers			
Charles deMenzes	President	1410 NE 8th Ave Ocala, FL 34470	
Deborah Dillon	Vice President	1410 NE 8th Ave Ocala, FL 34470	

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 of Ownership in Utility	Principal Business Address	Salary Charged
Charles deMenzes	100%	1410 NE 8th Ave Ocala, FL 34470	

UTILITY NAME RESIDENTIAL WATER SYSTEMS ,INC

YEAR OF REPORT December 31, 2006
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INCOME STATEMENT

ACCOUNT NAME	REF Page	WATER	WASTEWATER N/A	OTHER	TOTAL COMPANY
Gross Revenue					
Residential		251,681			251,681
Commercial					
Other (specify)		6,993			6,993
Turn on Charges					
Total Gross Revenue		<u>258,674</u>			<u>258,674</u>
Operation Expense (Must tie to Pages W-3 & S-3)	W-3 S-3	214,388			214,388
Depreciation Expense	F-5	36,488			36,488
Amortization Expense	F-8	(35,205)			(35,205)
Taxes other than Income	F-7	23,218			23,218
Total Operating Expenses		<u>238,889</u>			<u>238,889</u>
Net Operating Income (Loss)		<u>19,785</u>	-		<u>19,785</u>
Other Income: Non Utility Income					
Other Deductions:					
Interest Expense		5,927			5,927
Amort of Loan Costs		594			594
Net Income (Loss)		<u>13,264</u>	-	-	<u>13,264</u>

COMPARATIVE BALANCE SHEET

Account Name	Reference Page	Current Year	Previous Year
Assets:			
Utility Plant in Service (101-105)	F-5,W-1,S-1	1,094,225	1,083,270
Accumulated Depreciation and Amortization (108)	F-5,W-2,S-2	(289,924)	(253,436)
Net Utility Plant:		<u>804,301</u>	<u>829,834</u>
Cash		10,886	1,449
Customer Accts Receivable (141)		21,505	18,099
Utility Deposit		300	300
Unamortized Debt Discount		3,436	4,030
Unamortized Rate Case		8,179	15,379
Stockholder Loan		545	545
Allowance for Bad Debts		(145)	
Total Assets		<u>849,007</u>	<u>869,636</u>
Liabilities & Capital			
Common Stock Issued (201)	F-6	100	100
Preferred Stock Issued (204)	F-6		
Other Paid in Capital (211)		191,790	191,790
Retained Earnings (215)	F-6	(157,804)	(171,068)
Total Capital		<u>34,086</u>	<u>20,822</u>
Long Term Debt (224)	F-6	153,517	172,128
Accounts Payable (231)		864	3,255
Notes Payable (232)		13,285	
Customer Deposits (235)		3,020	3,240
Accrued Taxes (236)		11,598	8,949
Other Liabilities (Specify)			
Contributions in Aid of Construction-Net (271-272)	F-8	632,637	661,242
Total Liabilities & Capital		<u>849,007</u>	<u>869,636</u>

UTILITY NAME **RESIDENTIAL WATER SYSTEMS, INC**

<p>YEAR OF REPORT December 31, 2006</p>

GROSS UTILITY PLANT

Plant Accounts (101-107) Inclusive	Water	Wastewater N/A	Total
Utility Plant in Service (101)	1,083,270		1,083,270
334 Meters	8,875		8,875
310 power generation equipment	2,080		2,080
			-
Total Utility Plant	1,094,225		1,094,225

ACCUMULATED DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

Account (108)	Water	Wastewater N/A	Total
Balance first of Year	253,436		253,436
Add Credits During Year	36,488		36,488
Accruals charged to Depreciation Account			-
Total Credits	289,924		289,924
Deduct Debits During Year			
Transfer Un-Amort Debt Discount			-
Balance End of year	289,924	-	289,924

UTILITY NAME **RESIDENTIAL WATER SYSTEMS, INC.**

YEAR OF REPORT
December 31, 2006

CAPITAL STOCK (201-204)

	Common Stock	Preferred Stock
Par or stated value per share	1.00	
Shares authorized	500	
Shares issued and outstanding	100	
Total par value of stock issued	\$ 100.00	
Dividends declared per share for year	None	

RETAINED EARNINGS (215)

	Appropriated	Un-Appropriated
Balance first of year		(171,068)
Changes during the year (specify)		
Less Current Year operating profit		13,264
Balance End of year		(157,804)

LONG TERM DEBT (224)

Description of Obligation (Including Nominal Date of Issue and Date of Maturity)	Interest Rate	Pymts	Principal per Balance Sheet Date
State of Florida SRF Loan	3.35%	Semi-An	\$ 153,517
Total			\$ 153,517

UTILITY NAME **RESIDENTIAL WATER SYSTEMS, INC.**

YEAR OF REPORT December 31, 2006

TAX EXPENSE

	Water (b)	Wastewater N/A ©	Other (d)	Total (e)
Income Taxes:				-
Federal income tax_____				
State income Tax_____				
Taxes Other Than Income:				-
State ad valorem tax_____				
Payroll Tax Expense_____	8,251			8,251
Other tax_____	3,369			3,369
Regulatory assessment fee____	11,598			11,598
Other (Specify)_____				

Total Tax Expense_____	23,218	-	-	23,218

PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES

Report all information concerning rate, management, construction, advertising, labor relations, public relations, or other similar 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
	N/A		
MIRA International, Inc.	51,343		Management & Maintenance
Pro Tech	6,535		Plant operation
Lighthouse CPAs, PA	3,955		Accounting Fees
MIRA International, Inc.	3,687		Rent
MIRA International, Inc.	4,386		Insurance

UTILITY NAME **RESIDENTIAL WATER SYSTEMS, INC.**

YEAR OF REPORT December 31, 2006

CONTRIBUTIONS IN AID OF CONSTRUCTION (271)

(a)	Water (b)	Wastewater ©	Total (d)
1) Balance first of year	1,041,540		1,041,540
2) Add Credits during year	6,600		6,600
3) Total	<u>1,048,140</u>		<u>1,048,140</u>
4) Deduct charges during year			
5) Balance end of year	1,048,140		1,048,140
6) Less Accumulated Amortization	(415,503)		(415,503)
7) Net CIAC	<u>632,637</u>		<u>632,637</u>

ACCUMULATED AMORTIZATION OF CIAC

	Water	Wastewater N/A	Total
Balance First of Year	380,298		380,298
Add Credits During Year	35,205		35,205
Deduct Debits During Year			
Balance End of Year (must agree with line #6 above)	<u>415,503</u>	-	<u>415,503</u>

UTILITY NAME **RESIDENTIAL WATER SYSTEMS, INC.**

YEAR OF REPORT December 31, 2006

Schedule "A"

Schedule of Cost of Capital used for AFUDC Calculation

N/A

UTILITY NAME **RESIDENTIAL WATER SYSTEMS, INC.**

YEAR OF REPORT December 31, 2006

Schedule "B"

Schedule of Capital Structure Adjustments

N/A

Residential Water Systems, Inc.

WATER OPERATING SECTION

UTILITY NAME **RESIDENTIAL WATER SYSTEMS, INC.**

<p>YEAR OF REPORT December 31, 2006</p>

WATER UTILITY PLANT ACCOUNTS

ACCT NO. (a)	ACCOUNT DESCRIPTION (b)	PREVIOUS YEAR ©	ADDITIONS (d)	DELETIONS (e)	CURRENT YEAR (f)
301	FRANCHISES AMORT 4 YEARS	1,000			1,000
303	Land	7,704			7,704
304	STRUCTURES AND IMPROVEMENTS	26,470			26,470
307	Well & Springs	19,657			19,657
309	Supply Mains	6,379			6,379
310	POWER GENERATION EQUIPMENT	21,715	2080		23,795
311	PUMPING EQUIPMENT	29,721			29,721
320	WATER TREATMENT EQUIPMENT	1,984			1,984
330	DIST RESERVOIR AND STANDPIPES	151,909			151,909
331	TRANSMISSION & DISTRIBUTION MAINS	566,402			566,402
333	SERVICES	106,247			106,247
334	METER AND METER INSTALLATIONS	91,933	8875		100,808
335	HYDRANTS	21,220			21,220
339	OTHER TANGIBLE PLANT & MISC EQUIP	4,920	0		4,920
340	OFFICE FURNITURE AND EQUIPMENT	3,083	0		3,083
345	Equipment	22,926			22,926
	TOTALS	1,083,270	10,955	-	1,094,225

UTILITY NAME **RESIDENTIAL WATER SYSTEMS, INC.**

YEAR OF REPORT December 31, 2006

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - WATER

ACCT NO.	ACCOUNT DESCRIPTION	AVERAGE SERVICE LIFE	DEPR RATE APPLIED	ACCUM BALANCE PREV YR	DEBITS	CREDITS	ACCUM DEPR BALANCE
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
301	FRANCHISES AMORT 4 YR	4	2.5000	538		25	563
304	STRUCTURES & IMPROV	25	4.0000	12,364		980	13,344
307	WELLS & SPRINGS	27	3.7037	8,312		728	9,040
309	SUPPLY MAINS	27	3.7037	1,879		199	2,078
310	POWER GEN EQUIPMENT	15	6.6667	(1,236)		1,367	131
311	PUMPING EQUIPMENT	15	6.6667	2,014		1,748	3,762
320	WATER TREATMENT EQUIPMENT	25	4.0000	1,122		116	1,238
330	DISTRIBUTION RESERVOIR AND STANDPIPES	30	3.3333	17,829		4,603	22,432
331	TRANSMISSION AND DISTRIBUTION MAINS	10	10.0000	154,997		14,905	169,902
333	SERVICES	35	2.8571	32,546		3,035	35,581
334	METER AND METER INSTALLATIONS	8	12.5000	6,200		5,714	11,914
335	HYDRANTS	20	5.0000	2,029		530	2,559
339	OTHER TANGIBLE PLANT AND MISC EQUIPMENT	5	20.0000	3,813		246	4,059
340	OFFICE FURNITURE AND EQUIPMENT	8	12.5000	3,084			3,084
345	EQUIPMENT			7,945		2,292	10,237
	TOTAL			253,436		36,488	289,924

UTILITY NAME **RESIDENTIAL WATER SYSTEMS, INC.**

YEAR OF REPORT December 31, 2006

WATER OPERATION AND MAINTENANCE EXPENSE

ACCT NO.	ACCOUNT NAME	AMOUNT
601	SALARIES AND WAGES EMPLOYEES	33,200
603	SALARIES AND WAGES OFFICERS	72,800
615	PURCHASED POWER	14,715
616	FUEL FOR POWER PRODUCTION	-
618	CHEMICALS	1,906
631	PROFESSIONAL FEES (ENGINEERING - ACCOUNTING)	3,955
630	CONTRACTUAL EXPENSE (BILLING, ETC)	51,343
635	CONTRACTUAL SERVICES - TESTING	150
636	CONTRACTUAL SERVICES - PRO TECH	6,535
640	RENT	3,687
655	INSURANCE	4,386
665	REGULATORY EXPENSE	7,200
675	BANK SERVICE CHARGES	1,737
675	MAINTENANCE EXPENSE	3,021
675	MISC EXPENSE	6,319
675	OFFICE SUPPLIES (POSTAGE)	3,434
	TOTAL OPERATION AND MAINTENANCE EXPENSES	214,388

WATER CUSTOMERS

DESCRIPTION (a)	TYPE OF METER (b)	EQUIVALENT FACTOR ©	NUM OF ACTIVE CUSTOMERS START OF YR (d)	END OF YR (e)	TOT NUMER OF EQUIVALENT (c x e)
5/8"	D	1.0	535	538	538
3/4"	D	1.5			
1"	D	2.5	172	184	460
2"	D	8.0			

UTILITY NAME **RESIDENTIAL WATER SYSTEMS, INC.**

<p>YEAR OF REPORT DECEMBER 31, 2006</p>

PUMPING AND PURCHASED WATER STATISTICS

(a)	Water Purchased for Resale (omit 000) (b)	Finished water from Wells (omit 000) ©	Accounted for loss thru line flushing etc. (omit 000) (d)	Total Water Pumped and Purchased (omit 000) (e)	Water sold to Customers (omit 000) (f)
January	None	7,808	865	6,943	6,943
February	"	7,459	417	7,042	7,042
March	"	11,911	3,507	8,404	8,404
April	"	13,589	(1,020)	14,609	14,609
May	"	15,454	1,592	13,862	13,862
June	"	11,597	(1,561)	13,158	13,158
July	"	12,503	854	11,649	11,649
August	"	13,954	2,621	11,333	11,333
September	"	11,088	1,111	9,977	9,977
October	"	10,500	(3,552)	14,052	14,052
November	"	10,454	577	9,877	9,877
December	"	9,331	268	9,063	9,063
Total for Year	None	135,648	5,679	129,969	129,969

MAINS (Feet)

Kind of Pipe	Diameter of Pipe	First of Year	Added	Removed or Abandoned	End of Year
PVC	4"	10,280	0	0	10,280
PVC	6"	28,739	0	0	28,739
PVC	8"	16,954	0	0	16,954

UTILITY NAME **RESIDENTIAL WATER SYSTEMS, INC.**

YEAR OF REPORT December 31, 2006
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WELLS AND WELL PUMPS

(a)	(b)	(c)	(d)
Year Constructed	1984	1984	
Type fo well construction and casing.	Steel Grouted	Steel Grouted	
Depth of Wells	220	220	
Diameters of Wells	8"	8"	
Pump GPM	800	800	
Motor HP	50	50	
Yields of Wells in GPD	300,000	300,000	
Auxiliary Power	Generator	Generator	

RESERVOIRS

(a)	(b)	(c)	(d)
Description	Steel	Steel	Steel
Capacity of Tank	7500	20000	20000
Ground or Elevated	Ground	Ground	Ground

UTILITY NAME **RESIDENTIAL WATER SYSTEMS, INC.**

YEAR OF REPORT
December 31, 2006

SOURCE OF SUPPLY

List for each source of supply:	
Gals. per day of source	300,000
Type of Source	Well

WATER TREATMENT FACILITIES

List for each water treatment facility:	
Type	Liquid Chlorinated
Make	VT 100
Gals per day	1,500,000
Method of Measurement	Flow meter

OTHER WATER SYSTEMS INFORMATION

Furnish information below for each system not physically connected with another facility.	
1. Present ERC's * now being served 1017	
2. Maximum ERC's * that system can efficiently serve 1200	
3. Present system connection capacity (in ERC's) using existing lines 1200	
4. Future connection capacity (in ERC's) upon service area buildout 1200	
5. Estimated annual increase in ERC's 5	
6. List fire fighting facilities and capacities Fire Tank refill	
7. List percent of certificated area where service connections are installed 95%	
8. What is the current need for system upgrading and/or expansion? None	
9. What are plans for future system upgrading and/or expansion? None	
10. Have questions 8 and 9 been discussed with an engineer? Yes	
11. Has an application for a construction permit been filed (if so, state name/address)	
12. Department of Environmental Protection ID #.	3424625
Water Management District ID #	2-83-0023ANFM

* ERC = (Total Gallons Sold / 365 days / 350 Gallons per Day

** Should tie to sheet W-3

UTILITY NAME Residential Water Systems, Inc.

WATER OPERATING SECTION

N/A

UTILITY NAME **RESIDENTIAL WATER SYSTEMS, INC.**

YEAR OF REPORT December 31, 2006

CERTIFICATION OF ANNUAL REPORT

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.


Charles deMenzes, Pres.

(X) (X) (X) (X) (signature of chief executive officer of the utility)

1. 2. 3. 4. _____

(()) (()) (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.

**Reconciliation of Revenue to
Regulatory Assessment Fee Revenue**

Water Operations

Class C

Company: RESIDENTIAL WATER SYSTEMS, INC.
For the Year Ended December 31, 2006

(a)	(b)	(c)	(d)
Accounts	Gross Water Revenues Per Sch. F-3	Gross Water Revenues Per RAF Return	Difference (b) - (c)
Gross Revenue:			
Residential	\$ <u>251,681</u>	\$ _____	\$ _____
Commercial	_____	_____	_____
Industrial	_____	_____	_____
Multiple Family	_____	_____	_____
Guaranteed Revenues	_____	_____	_____
Other	<u>6,993</u>	_____	_____
Total Water Operating Revenue	\$ <u>258,674</u>	\$ _____	\$ _____
LESS: Expense for Purchased Water from FPSC-Regulated Utility	_____	_____	_____
Net Water Operating Revenues	\$ <u>258,674</u>	\$ _____	\$ _____

Explanations:

Instructions:

For the current year, reconcile the gross water revenues reported on Schedule F-3 with the gross water revenues reported on the company's regulatory assessment fee return. Explain any differences reported in column (d).