

CLASS "C"

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WATER and/or WASTEWATER UTILITIES

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

ANNUAL REPORT

WU796-05-AR
NHC Utilities, Inc.

EXACT LEGAL NAME OF RESPONDENT

573-W

Certificate Number(s)

Submitted To The

STATE OF FLORIDA



06 APR 27 AM 11:16
DIVISION OF
REGULATION
EDUCATION

PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2005

Cronin, Jackson, Nixon & Wilson
CERTIFIED PUBLIC ACCOUNTANTS, P.A.

JAMES L. CARLSTEDT, C.P.A.
JOHN H. CRONIN, JR., C.P.A.
PAUL E. DECHARIO, C.P.A.
KATHERINE U. JACKSON, C.P.A.
ROBERT H. JACKSON, C.P.A.
ROBERT C. NIXON, C.P.A.
JEANETTE SUNG, C.P.A.
HOLLY M. TOWNER, C.P.A.
REBECCA G. VOITLAIN, C.P.A.
JAMES L. WILSON, C.P.A.

2560 GULF-TO-BAY BOULEVARD
SUITE 200
CLEARWATER, FLORIDA 33765-4432
(727) 791-4020
FACSIMILE
(727) 797-3602
e-mail
cpas@cinw.net

April 19, 2006

Officers and Directors
NHC Utilities, Inc.

We have compiled the 2005 Annual Report of NHC Utilities, Inc. in the accompanying prescribed form, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting, in the form prescribed by the Florida Public Service Commission, information that is the representation of the management of NHC Utilities, Inc. We have not audited or reviewed the report referred to above and, accordingly, do not express an opinion or any form of assurance on it.

This report is presented in accordance with the requirements of the Florida Public Service Commission, which differ from generally accepted accounting principles. Accordingly, this report is not designed for those who are not informed about such differences.

We are not independent with respect to NHC Utilities, Inc.

Cronin, Jackson, Nixon & Wilson
CRONIN, JACKSON, NIXON & WILSON

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FINANCIAL SECTION

REPORT OF

NHC Utilities, Inc.
(Exact name of utility)

Two North Riverside Plaza		3737 El Jobean Road	
Chicago, IL 60606		Port Charlotte, FL 33953	Charlotte
Mailing Address		Street Address	County
Telephone Number	305-242-7127	Date Utility First Organized	12/96

Check the business entity of the utility as filed with the Internal Revenue Service:

Individual
 Sub Chapter S Corporation
 1120 Corporation
 Partnership

Location where books and records are located: Two North Riverside Plaza
Chicago, IL 60606

Names of subdivisions where service is provided: _____

CONTACTS:

Name	Title	Principle Business Address	Salary Charged Utility
Person to send correspondence: Robert C. Nixon	CPA	2560 Gulf-to-Bay Blvd. Clearwater, Fla. 33765	
Person who prepared this report: Cronin, Jackson, Nixon & Wilson	CPA's	2560 Gulf-to-Bay Blvd. Clearwater, FL 33765	
Officers and Managers: Don Barton	General manager	2210 N. Tamiami Trail, N Ft Myers Fl	None
Roger Maynard	Regional Vice President	28050 US 19 N, Clearwater, FL	None

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
LEMB LP	100%	Two North Riverside Plaza Chicago, IL 60606	None

INCOME STATEMENT

Account Name	Ref. Page	Water	Wastewater	Other (1)	Total Company
Gross Revenue:					
Residential _____		\$ 129,303	N/A	N/A	\$ 129,303
Commercial _____					-
Industrial _____					-
Multiple Family _____					-
Guarenteed Revenues _____					-
Other (Specify) _____					-
Total Gross Revenue _____		129,303	-	-	129,303
Operation Expense (Must tie to Pages W-3 and S-3)	W-3 S-3	123,976	-		123,976
Depreciation Expense _____	F-5	18,024	-		18,024
CIAC Amortization Expense _____	F-8	(3,302)	-		(3,302)
Taxes Other Than Income _____	F-7	9,389	-	-	9,389
Income Taxes _____	F-7	-	-		-
Total Operating Expenses _____		148,087	-		148,087
Net Operating Income (Loss)		(18,784)	-	-	(18,784)
Other Income:					
Nonutility Income _____					-
Interest Income _____		-	-		-
_____					-
Other Deductions:					
Miscellaneous Nonutility Expenses _____			-		-
Interest Expense _____		-	-		-
AFUDC _____		-	-		-
_____			-		-
_____			-		-
Net Income (Loss)		\$ (18,784)	N/A	N/A	\$ (18,784)

COMPARATIVE BALANCE SHEET

Account Name	Reference Page	Current Year	Previous Year
ASSETS:			
Utility Plant In Service (101 - 105) _____	F-5, W-1, S-1	\$ 562,573	\$ 562,573
Accumulated Depreciation and Amortization (108) _____	F-5, W-2, S-2	(338,207)	(320,183)
Net Utility Plant _____		224,366	242,390
Cash _____		34,945	999
Customer Accounts Receivable (141) _____			
Other Assets (Specify):			
Due from LEMB		122,023	161,568
Prepaid FIT		-	-
Total Assets _____		\$ 381,334	\$ 404,957
LIABILITIES AND CAPITAL:			
Common Stock Issued (201) _____	F-6	\$ 1,000	\$ 1,000
Preferred Stock Issued (204) _____	F-6	-	-
Other Paid In Capital (211) _____		295,337	295,337
Retained Earnings (215) _____	F-6	25,174	43,958
Proprietary Capital (Proprietary and partnership only) (218) _____	F-6	-	-
Total Capital _____		321,511	340,295
Long Term Debt (224) _____	F-6		
Accounts Payable (231) _____			
Notes Payable (232) _____			
Customer Deposits (235) _____			
Accrued Taxes (236) _____	F-7	5,819	7,357
Other Liabilities (Specify):			
Advances For Construction (252) _____			
Contributions In Aid Of Construction - Net (271 - 272) _____	F-8	54,004	57,305
Total Liabilities and Capital _____		\$ 381,334	\$ 404,957

GROSS UTILITY PLANT

Plant Accounts: (101 - 107) Inclusive	Water	Sewer	Plant Other Than Reporting Systems	Total
Utility Plant In Service (101) _____	\$ 562,573	N/A	N/A	\$ 562,573
Construction Work In Progress (105) _____				-
Other (Specify) _____				-
_____	-			-

Total Utility Plant _____	\$ 562,573	N/A	N/A	\$ 562,573

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

Account 108	Water	Wastewater	Other Than Reporting Systems	Total
Balance First Of Year _____	\$ 320,183	\$ -	N/A	\$ 320,183
Add Credits During Year:				
Accruals charged to depreciation account _____	18,024	-		18,024
Salvage _____	-	-		-
Other credits (specify) _____	-	-		-
_____				-
Total credits _____	18,024			18,024
Deduct Debits During Year:				
Book cost of plant retired _____	-	-		-
Cost of removal _____	-			-
Other debits (specify) _____				

Total debits _____	-	-		-
Balance End of Year _____	\$ 338,207	N/A	N/A	\$ 338,207

CAPITAL STOCK (201 - 204)

	Common Stock	Preferred Stock
Par or stated value per share _____	\$ 10.00	N/A
Shares authorized _____	100	
Shares issued and outstanding _____	100	
Total par value of stock issued _____	1,000	
Dividends declared per share for year _____	-	

RETAINED EARNINGS (215)

	Appropriated	Un-Appropriated
Balance first of year _____	N/A	\$ 43,958
Charges during the year (specify):		
Current Year Loss _____	-	(18,784)

Balance end of year _____	\$	\$ 25,174

PROPRIETARY CAPITAL (218)

	Proprietor or Partner	Partner
Balance first of year _____	N/A	N/A
Charges during the year (specify):		
Current year income _____		-

Balance end of year _____		

LONG TERM DEBT (224)

Description of Obligation (Including Nominal Date of Issue and Date of Maturity)	Interest		Principal Per Balance Sheet Date
	Rate	# of Payments	
_____	%		\$ -
_____	%		-
_____	%		-
_____	%		
Total _____			N/A

TAX EXPENSE

(a)	WATER (b)	SEWER (c)	OTHER (d)	TOTAL (e)
Income Taxes:				
Federal income tax _____	\$ -	N/A	N/A	\$ -
State income tax _____	-	-		
Taxes Other Than Income:				
State ad valorem tax _____	-	-		
Local property tax _____	3,570	-		3,570
Regulatory assessment fee _____	5,819			5,819
Other (Specify):				
Other Taxes _____	-			
Total taxes accrued _____	\$ 9,389			\$ 9,389

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
Flischel & Townsend	\$ 3,000	\$ -	Accounting Services
LEMB, LP	34,228		Management, Labor, Insurance
LEMB, LP	4,800		Rent

UTILITY NAME: NHC Utilities, Inc.

YEAR OF REPORT
December 31, 2005

CONTRIBUTIONS IN AID OF CONSTRUCTION (271)

(a)	Water (b)	Wastewater (c)	TOTAL (d)
1. Balance first of year _____	\$ 102,221	N/A	\$ 102,221
2. Add credits during year:	-	-	-
3. Total _____			-
4. Deduct charges during year _____			-
5. Balance end of year _____	102,221		102,221
6. Less Accumulated Amortization _____	(48,217)		(48,217)
7. Net CIAC _____	\$ 54,004		\$ 54,004

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 _____			NONE	NONE
Report below all capacity charges, main extension charges and customer connections charges received during the year.				
Description of Charge	Number of Connections	Charge per Connection		
None				

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

ACCUMULATED AMORTIZATION OF CIAC

	Water	Wastewater	Total
Balance First of Year _____	\$ 44,916	N/A	\$ 44,916
Add Debits During Year: _____	(1)	-	(1)
Deduct Credits During Year: _____	3,302	-	3,302
Balance End of Year (Must agree with line #6 above) _____	\$ 48,217	\$ -	\$ 48,217

UTILITY NAME: NHC Utilities, Inc.

YEAR OF REPORT December 31, 2005
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SCHEDULE "A"

SCHEDULE OF COST OF CAPITAL USED FOR AFUDC CALCULATION (2)

CLASS OF CAPITAL (a)	Dollar Amount (1) (b)	Percentage of Capital 0	Actual Cost Rates (d)	Weighted Cost [c x d] (e)
Common Equity	_____	_____ %	_____ %	_____ %
Preferred Stock	-	- %	- %	- %
Long Term Debt	-	- %	- %	- %
Customer Deposits	-	_____ %	_____ %	_____ %
Tax Credits - Zero Cost	-	- %	- %	- %
Tax Credits - Weighted Cost	-	- %	- %	- %
Deferred Income Taxes	-	- %	- %	- %
Other (Explain)	-	- %	- %	- %
Total	\$ -	_____ %		- %

- (1) Should equal amounts on schedule B, Column (f), Page F-10.
- (2) Must be calculated using the same methodology used to calculate AFUDC rate approved by the Commission.

APPROVED AFUDC RATE

Current Commission approved AFUDC rate:	_____ None _____ %
Commission order approving AFUDC rate:	_____

**WATER
OPERATION
SECTION**

WATER UTILITY PLANT ACCOUNTS

Acct. No. (a)	Account Name (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)
301	Organization_____	\$ -	\$ -	\$ -	\$ -
302	Franchises_____	-	-	-	-
303	Land and Land Rights_____	-	-	-	-
304	Structure and Improvements_____	8,065	-	-	8,065
305	Collecting and Impounding Reservoirs_____	-	-	-	-
306	Lake, River and Other Intakes_____	-	-	-	-
307	Wells and Springs_____	-	-	-	-
308	Infiltration Galleries and Tunnels_____	-	-	-	-
309	Supply Mains_____	220,052	-	-	220,052
310	Power Generation Equipment_____	-	-	-	-
311	Pumping Equipment_____	-	-	-	-
320	Water Treatment Equipment_____	155,412	-	-	155,412
330	Distribution Reservoirs and Standpipes_____	129,830	-	-	129,830
331	Transmission and Distribution Mains_____	-	-	-	-
333	Services_____	33,275	-	-	33,275
334	Meters and Meter Installations_____	902	-	-	902
335	Hydrants_____	9,935	-	-	9,935
339	Other Plant and Miscellaneous Equipment_____	-	-	-	-
340	Office Furniture and Equipment_____	5,102	-	-	5,102
341	Transportation Equipment_____	-	-	-	-
342	Stores Equipment_____	-	-	-	-
343	Tools, Shop and Garage Equip_____	-	-	-	-
344	Laboratory Equipment_____	-	-	-	-
345	Power Operated Equipment_____	-	-	-	-
346	Communication Equipment_____	-	-	-	-
347	Miscellaneous Equipment_____	-	-	-	-
348	Other Tangible Plant_____	-	-	-	-
	Total Water Plant_____	\$ 562,573	\$ -	\$ -	\$ 562,573

NOTE: Any adjustments made to reclassify property from one account to another must be footnoted.

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - WATER

ACCT. NO. (a)	ACCOUNT NAME (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	40	-	2.50	\$ -	\$ -	\$ -	\$ -
302	Franchises	-	-	-	-	-	-	-
304	Structure and Improvements	40	-	2.50	7,052	-	404	7,456
305	Collecting and Impounding Reservoirs	-	-	-	-	-	-	-
306	Lake, River and Other Intakes	-	-	-	-	-	-	-
307	Wells and Springs	27	-	3.70	-	-	-	-
308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-
309	Supply Mains	32	-	3.13	96,270	-	5,501	101,771
310	Power Generation Equipment	17	-	5.88	-	-	-	-
311	Pumping Equipment	17	-	5.88	-	-	-	-
320	Water Treatment Equipment	17	-	5.88	135,991	-	7,770	143,761
330	Distribution Reservoirs and Standpipes	30	-	3.33	56,803	-	3,246	60,049
331	Transmission and Distribution Mains	38	-	2.63	-	-	-	-
333	Services	35	-	2.86	14,559	-	832	15,391
334	Meters and Meter Installations	12	-	8.33	63	-	22	85
335	Hydrants	40	-	2.50	4,343	-	249	4,592
339	Other Plant and Miscellaneous Equipment	20	-	5.00	-	-	-	-
340	Office Furniture and Equipment	10	-	10.00	5,102	-	-	5,102
341	Transportation Equipment	5	-	20.00	-	-	-	-
342	Stores Equipment	-	-	-	-	-	-	-
343	Tools, Shop and Garage Equipment	10	-	10.00	-	-	-	-
344	Laboratory Equipment	-	-	-	-	-	-	-
345	Power Operated Equipment	-	-	-	-	-	-	-
346	Communication Equipment	-	-	-	-	-	-	-
347	Miscellaneous Equipment	-	-	-	-	-	-	-
348	Other Tangible Plant	5	-	20.00	-	-	-	-
	Totals				\$ 320,183		\$ 18,024	\$ 338,207

* 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 _____	78,440
615	Purchased Power _____	
616	Fuel for Power Production _____	
618	Chemicals _____	
620	Materials and Supplies _____	2,600
630	Contractual Services:	
	Billing _____	
	Operator and Management _____	
	Testing _____	
	Other _____	37,536
640	Rents _____	4,800
650	Transportation Expense _____	
655	Insurance Expense _____	
665	Regulatory Commission Expenses (Amortized Rate Case Expense) _____	
670	Bad Debt Expense _____	
675	Miscellaneous Expenses _____	600
	Total Water Operation and Maintenance Expense _____	\$ 123,976 *

* 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	459	459	459
3/4"	D	1.5			
1"	D	2.5			
1 1/2"	D,T	5.0			
General Service					
5/8"	D	1.0			
3/4"	D	1.5			
1"	D	2.5			
1 1/2"	D,T	5.0			
2"	D,C,T	8.0			
3"	D	15.0			
3"	C	16.0			
3"	T	17.5			
Unmetered Customers		1.0			
Other (Specify):					
Total			459	459	459

** D = Displacement
C = Compound
T = Turbine

PUMPING AND PURCHASED WATER STATISTICS

MONTH (a)	Water Purchased For Resale (Omit 000's) (b)	Finished Water From Wells (Omit 000's) (c)	Recorded Accounted For Loss Through Line Flushing Etc. (Omit 000's) (d)	Total Water Pumped And Purchased (Omit 000's) [(b)+(c)-(d)] (e)	Water Sold To Customers (Omit 000's) (f)
January	2,369	-	-	2,369	2,369
February	2,313	-	-	2,313	2,313
March	2,674	-	-	2,674	2,305
April	2,294	-	-	2,294	2,294
May	1,766	-	-	1,766	1,766
June	1,214	-	-	1,214	1,214
July	927	-	-	927	927
August	985	-	-	985	985
September	930	-	-	930	930
October	1,164	-	-	1,164	1,164
November	1,335	-	-	1,335	1,335
December	1,461	-	-	1,461	1,461
Total for year	19,432	N/A		19,432	19,063

If water is purchased for resale, indicate the following:
 Vendor Charlotte County Utilities
 Point of Delivery Rothschild Ave

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

MAINS (Feet)

Kind of Pipe (Cast Iron, coated steel, etc.)	Diameter of Pipe	First of Year	Added	Removed or Abandoned	End of Year
PVC	8"	10,420		-	10,420
PVC	6"	5,470		-	5,470
DR255CH900	12"	2,874		-	2,874
Dr255DH900	8"	76		-	76
CL51DIP	6"	6		-	6
				-	
				-	
				-	

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

(a)	(b)	(c)	(d)	(e)
Year Constructed _____	N/A	_____	_____	_____
Types of Well Construction and Casing _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Depth of Wells _____	_____	_____	_____	_____
Diameters of Wells _____	_____	_____	_____	_____
Pump - GPM _____	_____	_____	_____	_____
Motor - HP _____	_____	_____	_____	_____
Motor Type * _____	_____	_____	_____	_____
Yeilds of Wells in GPD _____	_____	_____	_____	_____
Auxillary Power _____	_____	_____	_____	_____
* Submersable, centrifugal, etc.				

RESERVOIRS

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

HIGH SERVICE PUMPING

(a)	(b)	(c)	(d)	(e)
MOTORS				
Manufacturer _____	None	_____	_____	_____
Type _____	_____	_____	_____	_____
Rated Horsepower _____	_____	_____	_____	_____
PUMPS				
Manufacturer _____	None	_____	_____	_____
Type _____	_____	_____	_____	_____
Capacity in GPM _____	_____	_____	_____	_____
Average Number of Hours Operated Per Day _____	_____	_____	_____	_____
Auxiliary Power _____	_____	_____	_____	_____

SOURCE OF SUPPLY

List for each source of supply (Ground, Surface, Purchased Water, etc):

Gallons per day of source _____	52,227		
Type of source _____	Purchased		

WATER TREATMENT FACILITIES

List for each Water Treatment Facility:

Type _____	N/A		
Make _____			
Permitted Capacity (GPD)			
High service pumping Gallons per minute _____ See Page W-5 _____			
Reverse Osmosis _____			
Lime treatment Unit Rating _____			
Filtration Pressure Sq. Ft. _____			
Gravity GPD/Sq. Ft. _____			
Disinfection Chlorinator _____			
Ozone _____			
Other _____			
Auxiliary Power _____			

WASTEWATER OPERATION SECTION

NHC Utilities provides water service only; therefore, Pages S-1 through S-6 have been omitted from this report.

CERTIFICATION OF ANNUAL REPORT

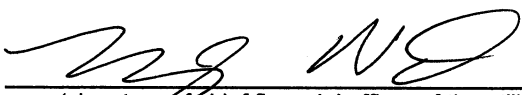
I HEREBY CERTIFY, to the best of my knowledge and belief:

- | | | |
|--------------|-----------|--|
| YES
(X) | NO
() | 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
(X) | NO
() | 2. The utility is in substantial compliance with all applicable rules and orders of the Florida Public Service Commission. |
| YES
(X) | NO
() | 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
(X) | NO
() | 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.
()	()	()	()

(signature of chief executive officer of the utility) *

1.	2.	3.	4.
(X)	(X)	(X)	(X)



 (signature of chief financial officer of the utility) *
 VP

* 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: NHC Utilities, Inc.

For the Year Ended December 31, 2005

(a)	(b)	(c)	(d)
Accounts	Gross Water Revenues per Sch. F-3	Gross Water Revenues per RAF Return	Difference (b) - (c)
Gross Revenue:			
Residential	\$ 129,303	\$ 129,303	\$ -
Commercial	-	-	-
Industrial	-	-	-
Multiple Family	-	-	-
Guaranteed Revenues	-	-	-
Other	-	-	-
Total Water Operating Revenue	\$ 129,303	\$ 129,303	\$ -
LESS: Expense for Purchased Water from FPSC-Regulated Utility	-	-	-
Net Water Operating Revenues	\$ 129,303	\$ 129,303	\$ -

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).