

**CLASS "C"**

**WATER AND/OR WASTEWATER UTILITIES**

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

**ANNUAL REPORT**

OF

WU383-05-AR  
W. Larry O'Steen  
Neighborhood Utilities, Inc.  
300 West Adams Street, Suite 450  
Jacksonville, FL 32202-4343

*Submitted To The*

**STATE OF FLORIDA**



06 MAY -3 PM 9:55  
ECONOMIC REGULATION  
PUBLIC SERVICE

**PUBLIC SERVICE COMMISSION**

FOR THE

**YEAR ENDED DECEMBER 31, 2005**

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# **FINANCIAL SECTION**

**REPORT OF**

NIEGHBORHOOD UTILITIES, INC.

**(EXACT NAME OF UTILITY)**

300 W. Adams St. Ste. 540 Jacksonville FL 32202	300 W. Adams St. Ste. 540 Jacksonville FL 32202	Duval
Mailing Address	Street Address	County

Telephone Number 904-350-9824 Date Utility First Organized 9/28/1984

Fax Number 904-356-1520 E-mail Address \_\_\_\_\_

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: Neighborhood Utilites, Inc., 300 W. Adams St. Ste. 540, Jacksonville FL 32202

Name of subdivisions where services are provided: Victoria Forest Unit I & II; Timber Creek Unit I; Clayton Communities Estate 572; Cherokee Cove Subdivision Phase I

**CONTACTS**

Name	Title	Principal Business Address	Salary Charged Utility
Person to send correspondence: <u>W. Larry O'Steen</u>	<u>President/Owner</u>	<u>300 W. Adams St. Ste 540 Jacksonville FL 32202</u>	
Person who prepared this report: <u>W. Larry O'Steen</u>	<u>President/Owner</u>	<u>300 W. Adams St. Ste. 540 Jacksonville FL 32202</u>	
Officers and Managers: <u>W. Larry O'Steen</u>	<u>President/Owner</u>	<u>300 W. Adams St. Ste. 540 Jacksonville FL 32202</u>	<u>\$ 18,000</u>
<u>Dorothy O'Steen</u>	<u>Vice President</u>	_____	<u>\$ 0</u>
<u>Tara S. O'Steen-Mebane</u>	<u>Vice President</u>	_____	<u>\$ 0</u>
_____	_____	_____	<u>\$</u>
_____	_____	_____	<u>\$</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	Principal Business Address	Salary Charged Utility
<u>W. Larry O'Steen</u>	<u>100%</u>	<u>300 W. Adams St. ste Jacksonville FL 32202</u>	<u>\$ 18,000</u>
_____	_____	_____	<u>\$</u>
_____	_____	_____	<u>\$</u>
_____	_____	_____	<u>\$</u>
_____	_____	_____	<u>\$</u>
_____	_____	_____	<u>\$</u>
_____	_____	_____	<u>\$</u>

UTILITY NAME: Neighborhood Utilities, Inc.

YEAR OF REPORT  
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**INCOME STATEMENT**

Account Name	Ref. Page	Water	Wastewater	Other	Total Company
<b>Gross Revenue:</b>					
Residential -----		\$ 69,835	\$ _____	\$ _____	\$ 69,835
Commercial -----		1,694	_____	_____	1,694
Industrial -----		_____	_____	_____	_____
Multiple Family -----		_____	_____	_____	_____
Guaranteed Revenues -----		_____	_____	_____	_____
Other (Specify) -----		_____	_____	_____	_____
<b>Total Gross Revenue</b> -----		<b>\$ 71,529</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ 71,529</b>
<b>Operation Expense (Must tie to pages W-3 and S-3)</b>	W-3				
	S-3	\$ 108,953	\$ _____	\$ _____	\$ 108,953
Depreciation Expense -----	F-5	16,624	_____	_____	16,624
CIAC Amortization Expense -----	F-8	(31,020)	_____	_____	(31,020)
Taxes Other Than Income -----	F-7	13,131	_____	_____	13,131
Income Taxes -----	F-7	_____	_____	_____	_____
<b>Total Operating Expense</b> -----		<b>\$ 107,688</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ 107,688</b>
<b>Net Operating Income (Loss)</b> -----		<b>\$ ( 36,159 )</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ ( 36,159 )</b>
<b>Other Income:</b>					
Nonutility Income -----		\$ _____	\$ _____	\$ _____	\$ _____
-----		_____	_____	_____	_____
-----		_____	_____	_____	_____
<b>Other Deductions:</b>					
Miscellaneous Nonutility Expenses -----		\$ _____	\$ _____	\$ _____	\$ _____
Interest Expense -----		6,159	_____	_____	6,159
-----		_____	_____	_____	_____
-----		_____	_____	_____	_____
<b>Net Income (Loss)</b> -----		<b>\$ ( 42,318 )</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ (42,318 )</b>

UTILITY NAME: Neighborhood Utilities, Inc.

<b>YEAR OF REPORT</b> <b>DECEMBER 31, 2005</b>
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**COMPARATIVE BALANCE SHEET**

ACCOUNT NAME	Reference Page	Current Year	Previous Year
<b>Assets:</b>			
Utility Plant in Service (101-105) _____	F-5,W-1,S-1	\$ 615,264	\$ 486,073
Accumulated Depreciation and Amortization (108) _____	F-5,W-2,S-2	<u>(329,025)</u>	<u>(312,401)</u>
Net Utility Plant _____		\$ 286,239	\$ 173,672
Cash _____		4,245	4,717
Customer Accounts Receivable (141) _____		560	560
Other Assets (Specify): _____			
_____			
_____			
<b>Total Assets</b> _____		<b>\$ 291,044</b>	<b>\$ 178,959</b>
<b>Liabilities and Capital:</b>			
Common Stock Issued (201) _____	F-6	200	200
Preferred Stock Issued (204) _____	F-6		
Other Paid in Capital (211) _____		19,800	19,800
Retained Earnings (215) _____	F-6	<u>(404,661)</u>	<u>(362,343)</u>
Proprietary Capital (Proprietary and Partnership only) (218) _____	F-6		
<b>Total Capital</b> _____		<b>\$ (384,661)</b>	<b>\$ (342,343)</b>
Long Term Debt (224) _____	F-6		
Accounts Payable (231) _____		45,490	45,792
Notes Payable (232) _____		105,854	103,798
Customer Deposits (235) _____		12,919	7,723
Accrued Taxes (236) _____		96,918	90,850
Other Liabilities (Specify) _____		7,117	
_____			
_____			
Advances for Construction _____			
Contributions in Aid of Construction - Net (271-272) _____	F-8	407,407	273,139
<b>Total Liabilities and Capital</b> _____		<b>\$ 291,044</b>	<b>\$ 178,959</b>

UTILITY NAME: Neighborhood Utilitis, Inc.

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**GROSS UTILITY PLANT**

Plant Accounts: (101 - 107) inclusive	Water	Wastewater	Plant other than Reporting Systems	Total
Utility Plant in Service (101)	\$ 615,264	\$ _____	\$ _____	\$ 615,264
Construction Work in Progress (105) _____	_____	_____	_____	_____
Other (Specify) _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Utility Plant _____	\$ 615,264	\$ _____	\$ _____	\$ 615,264

**ACCUMULATED DEPRECIATION (AD) AND AMORTIZATION OF UTILITY PLANT**

Account 108	Water	Wastewater	Other than Reporting Systems	Total
Balance First of Year _____	\$ 312,401	\$ _____	\$ _____	\$ 312,401
<b>Add Credits During Year:</b>				
Accruals charged to depreciation account _____	\$ 16,624	\$ _____	\$ _____	\$ 16,624
Salvage _____	_____	_____	_____	_____
Other Credits (specify) _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Credits _____	\$ 16,624	\$ _____	\$ _____	\$ 16,624
<b>Deduct Debits During Year:</b>				
Book cost of plant retired _____	\$ _____	\$ _____	\$ _____	\$ _____
Cost of removal _____	_____	_____	_____	_____
Other debits (specify) _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Debits _____	\$ _____	\$ _____	\$ _____	\$ _____
Balance End of Year _____	\$ 329,025	\$ _____	\$ _____	\$ 329,025

UTILITY NAME: Neighborhood Utilities, Inc.

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**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 _____	\$ _____	\$ (362,343)
Changes during the year (Specify): _____ _____	_____	( 42,318 )
Balance end of year _____	\$ _____	\$ (404,661 )

**PROPRIETARY CAPITAL ( 218 )**

	Proprietor Or Partner	Partner
Balance first of year _____	\$ _____	\$ _____
Changes during the year (Specify): _____ _____	_____	_____
Balance end of year _____	\$ _____	\$ _____

**LONG TERM DEBT ( 224 )**

Description of Obligation (Including Date of Issue and Date of Maturity):	Interest		Principal per Balance Sheet Date
	Rate	# of Pymts	
_____ _____ _____	_____	_____	\$ _____
Total _____			\$ _____



UTILITY NAME: Neighborhood Utilities, Inc.

<b>YEAR OF REPORT</b> <b>DECEMBER 31, 2005</b>
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**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 _____	9,124	_____	_____	9,124
Regulatory assessment fee _____	3,219	_____	_____	3,219
Other (Specify) <u>OCC License</u> _____	788	_____	_____	788
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
<b>Total Tax Expense</b> _____	\$ <b>13,131</b>	\$ _____	\$ _____	\$ <b>13,131</b>

**PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES**

<p>Report all information concerning outside 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.</p>			
Name of Recipient	Water Amount	Wastewater Amount	Description of Service
<u>Judith W. Stone</u>	\$ 4,459	\$ _____	<u>Office Mgmt/Billing</u>
<u>U.S. Water Services Corp.</u>	\$ 56,690	\$ _____	<u>Plant Operation</u>
<u>W. Larry O'Steen</u>	\$ 3,960	\$ _____	<u>Generator Lease</u>
<u>W. Larry O'Steen</u>	\$ 19,000	\$ _____	<u>Management Fees</u>
<u>C.R. Wintz, CPA</u>	\$ 825	\$ _____	<u>Accounting Fees</u>
<u>J. Lucas &amp; Associates</u>	\$ 4,345	\$ _____	<u>Engineering Fees</u>
<u>Pumping Solutions</u>	\$ 482	\$ _____	<u>Contract Services</u>
<u>Thomas Sandlin</u>	\$ 90	\$ _____	<u>Tax Preparation</u>
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____

UTILITY NAME: Neighborhood Utilities, Inc.

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**CONTRIBUTIONS IN AID OF CONSTRUCTION ( 271 )**

(a)	Water (b)	Wastewater (c)	Total (d)
1) Balance first of year _____	\$ 610,220	\$ _____	\$ 610,220
2) Add credits during year _____	\$ 165,288	\$ _____	\$ 165,288
3) Total _____	775,508	_____	775,508
4) Deduct charges during the year _____	775,508	_____	775,508
5) Balance end of year _____	368,101	_____	368,101
6) Less Accumulated Amortization _____	\$ 407,407	\$ _____	\$ 407,407
7) Net CIAC _____			

**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
Cherokee Cove _____		Property	117,078	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
Sub-total _____			\$ 117,078	\$ _____
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		
Plant Capacity	93	420	39,060	_____
Meter Install 5/8"	54	90	4,860	_____
Meter Install 1"	39	110	4,290	_____
Total Credits During Year (Must agree with line # 2 above.) _____			\$ 165,288	\$ _____

**ACCUMULATED AMORTIZATION OF CIAC (272)**

	Water	Wastewater	Total
Balance First of Year _____	\$ 337,081	\$ _____	\$ 337,081
Add Debits During Year: _____	31,020	_____	31,020
Deduct Credits During Year: _____	_____	_____	_____
Balance End of Year (Must agree with line #6 above.) _____	\$ 368,101	\$ _____	\$ 368,101

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

UTILITY NAME: Neighborhood Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2005
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**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	\$ <u>N/A</u>	<u>          </u> %	<u>          </u> %	<u>          </u> %
Preferred Stock	<u>          </u>	<u>          </u> %	<u>          </u> %	<u>          </u> %
Long Term Debt	<u>          </u>	<u>          </u> %	<u>          </u> %	<u>          </u> %
Customer Deposits	<u>          </u>	<u>          </u> %	<u>          </u> %	<u>          </u> %
Tax Credits - Zero Cost	<u>          </u>	<u>          </u> %	<u>0.00</u> %	<u>          </u> %
Tax Credits - Weighted Cost	<u>          </u>	<u>          </u> %	<u>          </u> %	<u>          </u> %
Deferred Income Taxes	<u>          </u>	<u>          </u> %	<u>          </u> %	<u>          </u> %
Other (Explain)	<u>          </u>	<u>          </u> %	<u>          </u> %	<u>          </u> %
Total	\$ <u>          </u>	<u>100.00</u> %		<u>          </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:	<u>          </u> %
Commission Order Number approving AFUDC rate:	<u>          </u>



**WATER  
OPERATING  
SECTION**

UTILITY NAME: Neighborhood Utilities, Inc.

<b>YEAR OF REPORT</b> <b>DECEMBER 31, 2005</b>
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**WATER UTILITY PLANT ACCOUNTS**

Acct. No. (a)	Account Name (b)	Previous Year (c)	Additions (d)	Retirements (e)	Current Year (f)
301	Organization	\$	\$	\$	\$
302	Franchises	243			243
303	Land and Land Rights	1,000			1,000
304	Structures and Improvements	6,922			6,922
305	Collecting and Impounding Reservoirs	96,940			96,940
306	Lake, River and Other Intakes				
307	Wells and Springs	37,693			37,693
308	Infiltration Galleries and Tunnels				
309	Supply Mains				
310	Power Generation Equipment				
311	Pumping Equipment	54,498			54,498
320	Water Treatment Equipment	23,225			23,225
330	Distribution Reservoirs and Standpipes				
331	Transmission and Distribution Lines	183,199	62,978		246,177
333	Services	14,312	46,252		60,564
334	Meters and Meter Installations	27,657	10,911		38,568
335	Hydrants	26,463	9,050		35,513
336	Backflow Prevention Devices				
339	Other Plant and Miscellaneous Equipment	13,921			13,921
340	Office Furniture and Equipment				
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				
	<b>Total Water Plant</b>	<b>\$ 486,073</b>	<b>\$ 129,191</b>	<b>\$</b>	<b>\$ 615,264</b>

UTILITY NAME: Neighborhood Utilities, Inc.

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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)
304	Structures and Improvements	28	%	3.54%	\$ 5,492	\$	\$ 245	\$ 5,737
305	Collecting and Impounding Reservoirs	28	%	3.57%	65,841		3,461	69,302
306	Lake, River and Other Intakes		%					
307	Wells and Springs	27	%	4.70%	29,776		1,772	31,548
308	Infiltration Galleries & Tunnels		%					
309	Supply Mains		%					
310	Power Generating Equipment		%					
311	Pumping Equipment	15	%	6.67%	54,498			54,498
320	Water Treatment Equipment	17	%	5.88%	23,225			23,225
330	Distribution Reservoirs & Standpipes		%					
331	Trans. & Dist. Mains	38	%	2.63%	82,954		6,474	89,428
333	Services	28	%	2.63%	7,780		1,592	9,372
334	Meter & Meter Installations	17	%	5.88%	17,515		2,192	19,707
335	Hydrants	40	%	2.50%	11,399		888	12,287
336	Backflow Prevention Devices		%					
339	Other Plant and Miscellaneous Equipment	15	%	6.70%	13,921			13,921
340	Office Furniture and Equipment		%					
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				\$ 312,401	\$	\$ 16,624	\$ 329,025 *

\* 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	18,000
604	Employee Pensions and Benefits	
610	Purchased Water	
615	Purchased Power	4,447
616	Fuel for Power Production	
618	Chemicals	3,567
620	Materials and Supplies	1,327
630	Contractual Services:	
	Billing	4,477
	Professional	5,261
	Testing	1,949
	Other	39,231
640	Rents	9,313
650	Transportation Expense	2,316
655	Insurance Expense	4,849
665	Regulatory Commission Expenses (Amortized Rate Case Expense)	
670	Bad Debt Expense	2,089
675	Miscellaneous Expenses	12,127
	<b>Total Water Operation And Maintenance Expense</b>	<b>\$ 108,953 *</b>

\* 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)	
<b>Residential Service</b>					
5/8"	D	1.0	324	366	366
3/4"	D	1.5			
1"	D	2.5	1	40	100
1 1/2"	D,T	5.0	2	2	10
<b>General Service</b>					
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					
Other (Specify)					
<b>** D = Displacement C = Compound T = Turbine</b>			<b>Total</b>		
			327	408	476



UTILITY NAME: Neighborhood Utilities, Inc.

YEAR OF REPORT  
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SYSTEM NAME: Neighborhood Utilities, Inc.

**PUMPING AND PURCHASED WATER STATISTICS**

(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		2116		2116	
February		1956		1956	
March		2314		2314	5409
April		2554		2554	
May		3256		3256	
June		2819		2819	7136
July		3154		3154	
August		2804		2804	
September		2956		2956	6942
October		2997		2997	
November		3329		3329	
December		2844		2844	7333
<b>Total for Year</b>		<b>33099</b>		<b>33099</b>	<b>26820</b>

If water is purchased for resale, indicate the following:

Vendor \_\_\_\_\_

Point of delivery \_\_\_\_\_

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

Jacksonville Electric Authority

21 West Church Street

Jacksonville FL 32202

**MAINS (FEET)**

Kind of Pipe <small>(PVC, Cast Iron, Coated Steel, etc.)</small>	Diameter of Pipe	First of Year	Added	Removed or Abandoned	End of Year
PVC	10"	280'			280'
PVC	8"	11,450'	2,139'		13,589'
PVC	6"	1,300'	1,518'		2,818'
PVC	4"	1,460'	477'		1,937'
PVC	2"	2,910'	255'		3,165'

UTILITY NAME: Neighborhood Utilities, Inc.

<b>YEAR OF REPORT</b> <b>DECEMBER 31, 2005</b>
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SYSTEM NAME: Neighborhood Utilities, Inc.

**WELLS AND WELL PUMPS**

(a)	(b)	(c)	(d)	(e)
Year Constructed _____	1982	1986	_____	_____
Types of Well Construction and Casing _____	Drilled/Casings	Blk Steel	_____	_____
_____	_____	_____	_____	_____
Depth of Wells _____	600'	1,000'	_____	_____
Diameters of Wells _____	4 x 3	12 x 8	_____	_____
Pump - GPM _____	90	350	_____	_____
Motor - HP _____	5	10	_____	_____
Motor Type * _____	Submersible	Submersible	_____	_____
Yields of Wells in GPD _____	140,000	540,000	_____	_____
Auxiliary Power _____	_____	_____	_____	_____
* Submersible, centrifugal, etc.				

**RESERVOIRS**

(a)	(b)	(c)	(d)	(e)
Description (steel, concrete) Capacity of Tank _____ Ground or Elevated _____	Pneumatic 2,000 gals Ground	Steel 20,000 gals Ground	Steel 40,000 gals Ground	_____

**HIGH SERVICE PUMPING**

(a)	(b)	(c)	(d)	(e)
<b>Motors</b>				
Manufacturer _____	Peerless	Peerless	Peerless	_____
Type _____	3-Phase	3-Phase	3-Phase	_____
Rated Horsepower _____	15 hp	15 hp	20 hp	_____
<b>Pumps</b>				
Manufacturer _____	Peerless	Peerless	Peerless	_____
Type _____	Series C	Series C	Series C	_____
Capacity in GPM _____	_____	_____	_____	_____
Average Number of Hours Operated Per Day _____	_____	_____	_____	_____
Auxiliary Power _____	60 Kw Gen	60 Kw Gen	60 Kw Gen	_____

UTILITY NAME: Neighborhood Utilities, Inc.

YEAR OF REPORT  
DECEMBER 31, 2005

**SOURCE OF SUPPLY**

List for each source of supply ( Ground, Surface, Purchased Water etc. )			
Permitted Gals. per day _____	<u>140,000</u>	<u>540,000</u>	_____
Type of Source _____	<u>Well#1</u>	<u>Well #2</u>	_____

**WATER TREATMENT FACILITIES**

List for each Water Treatment Facility:			
Type _____	Steel Ground Storage w/Aerator	Steel Ground Storage w/Aerator	_____
Make _____	<u>Custom Built</u>	<u>Custom Built</u>	_____
Permitted Capacity (GPD) _____	<u>130,000</u>	<u>130,000</u>	_____
High service pumping Gallons per minute _____	<u>Flow Meter</u>	<u>Flow Meter</u>	_____
Reverse Osmosis _____	<u>100</u>	<u>500</u>	_____
Lime Treatment Unit Rating _____	_____	_____	_____
Filtration Pressure Sq. Ft. _____	_____	_____	_____
Gravity GPD/Sq.Ft. _____	_____	_____	_____
Disinfection Chlorinator _____	<u>Yes</u>	<u>Yes</u>	_____
Ozone _____	<u>No</u>	<u>No</u>	_____
Other _____	<u>No</u>	<u>No</u>	_____
Auxiliary Power _____	<u>60 Kw Diesel Gen</u>	<u>60 Kw Diesel Gen</u>	_____

UTILITY NAME: Neighborhood Utilities, Inc.

YEAR OF REPORT  
DECEMBER 31, 2005

SYSTEM NAME: Neighborhood Utilities, Inc.

**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. 686

2. Maximum number of ERCs \* which can be served. 1,057

3. Present system connection capacity (in ERCs \*) using existing lines. 686

4. Future connection capacity (in ERCs \*) upon service area buildout. 371

5. Estimated annual increase in ERCs \*. 70

6. Is the utility required to have fire flow capacity? Yes  
If so, how much capacity is required? 750 GPM

7. Attach a description of the fire fighting facilities.

8. Describe any plans and estimated completion dates for any enlargements or improvements of this system.  
Increase pumping capacity to maintain fire flow for mobile home park expansion in 2006 or 2007

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

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? \_\_\_\_\_
- c. When will construction begin? \_\_\_\_\_
- d. Attach plans for funding the required upgrading.
- e. Is this system under any Consent Order with DEP? \_\_\_\_\_

11. Department of Environmental Protection ID # \_\_\_\_\_

12. Water Management District Consumptive Use Permit # \_\_\_\_\_

- 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 SFR 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

*\*Does not apply to Neighborhood Utilities, Inc. - Water Only Utility*

# CERTIFICATION OF ANNUAL REPORT

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

- |  |                                |    |  |
|--|--------------------------------|----|--|
| YES<br><input checked="" type="checkbox"/> | NO<br><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<br><input checked="" type="checkbox"/> | NO<br><input type="checkbox"/> | 2. | The utility is in substantial compliance with all applicable rules and orders of the Florida Public Service Commission.  |
| YES<br><input checked="" type="checkbox"/> | NO<br><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<br><input checked="" type="checkbox"/> | NO<br><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) *
---	---	---	---	--

Date: 4/30/2006

1. <input checked="" type="checkbox"/>	2. <input checked="" type="checkbox"/>	3. <input checked="" type="checkbox"/>	4. <input checked="" type="checkbox"/>	 _____ (signature of Chief Financial Officer of the utility) *
---	---	---	---	--

Date: 4/30/2006

\* 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:

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	\$ 69,835	\$ 69,835	\$ _____
Commercial	1,694	1,694	_____
Industrial	_____	_____	_____
Multiple Family	_____	_____	_____
Guaranteed Revenues	_____	_____	_____
Other	_____	_____	_____
<b>Total Water Operating Revenue</b>	<b>\$ 71,529</b>	<b>\$ 71,529</b>	<b>\$ _____</b>
<b>LESS: Expense for Purchased Water from FPSC-Regulated Utility</b>	_____	_____	_____
<b>Net Water Operating Revenues</b>	<b>\$ 71,529</b>	<b>\$ 71,529</b>	<b>\$ _____</b>

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).