

CLASS "A" OR "B"
WATER and/or WASTEWATER UTILITIES
(Gross Revenue of More Than \$200,000 Each)

ANNUAL REPORT

OF

SU293-13-AR

Forest Utilities, Inc.

Exact Legal Name of Respondent

300-S

Certificate Numbers

Submitted To The

STATE OF FLORIDA



RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
14 APR 24 PM 1:23
DIVISION OF
ACCOUNTING & FINANCE

PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2013



INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Officers and Directors
Forest Utilities, Inc.
6000 Forest Blvd.
Ft. Myers, FL 33908

We have compiled the balance sheet of Forest Utilities, Inc., as of December 31, 2013 and 2012, and the related statements of income and retaining earnings for the year ended December 31, 2013 included in the accompanying prescribed form. We have not audited or reviewed the financial statements in the accompanying prescribed form and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the form prescribed by the Florida Public Service Commission.

Management is responsible for the preparation and fair presentation of the financial statements included in the form prescribed by the Florida Public Service Commission and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

These financial statements included in the accompanying prescribed form are presented in accordance with the requirements of the Florida Public Service Commission and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

The report is intended solely for information and use of the Florida Public Service Commission and is not intended to be and should not be used by anyone other than this specified party.

CJNW CPAs

CJN&W CPAs
April 14, 2014

**Reconciliation of Revenue to
Regulatory Assessment Fee Revenue
Wastewater Operations
Class A & B**

Company: Forest Utilities, Inc.

For the Year Ended December 31, 2013

(a)	(b)	(c)	(d)
Accounts	Gross Wastewater Revenues per Sch. F-3	Gross Wastewater Revenues per RAF Return	Difference (b) - (c)
Gross Revenue:			
Total Flat-Rate revenues (521.1 - 521.6)	\$ 677,399	\$ 677,400	\$ (1)
Total Measured Revenues (522.1 - 522.5)	276,615	276,615	-
Revenues from Public Authorities (523)	-	-	-
Revenues from Other Systems (524)	-	-	-
Interdepartmental Revenues (525)	-	-	-
Total Other Wastewater Revenues (530 - 536)	13,200	13,200	-
Reclaimed Water Sales (540.1 - 544)	-	-	-
Total Wastewater Operating Revenue	\$ 967,214	\$ 967,215	\$ (1)
LESS: Expense for Purchased Wastewater from FPSC-Regulated Utility	-	-	-
Net Wastewater Operating Revenues	\$ 967,214	\$ 967,215	\$ (1)

Explanations:
Difference due to rounding.

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).

General Instructions

1. Prepare this report in conformity with the 1984 National Association of Regulatory Utility Commissioners Uniform System of Accounts for Water and/or Wastewater Utilities (USOA).
2. Interpret all accounting words and phrases in accordance with the USOA.
3. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
4. For any question, section, or page which is not applicable to the respondent enter the words "Not Applicable". Do not omit any pages.
5. Where dates are called for, the month and day should be stated as well as the year.
6. All schedules should be rounded to the nearest dollar unless otherwise specifically indicated.
7. Complete this report by means which will create a permanent record, such as by typewriter.
8. If there is not enough room on any schedule, an additional page or pages may be added provided the format of the added schedule matches the format of the schedule of the page with not enough room. Such a schedule should reference the appropriate schedules, state the name of the utility, and state the year of the report.
9. If it is necessary or desirable to insert additional statements for the purpose of further explanation of schedules, such statement should be made at the bottom of the page or an additional page inserted. Any additional pages should state the name of the utility, the year of the report, and reference the appropriate schedule.
10. Water and wastewater system pages should be grouped together by system and all pages in the water and wastewater sections should be numbered consecutively at the bottom of the page where noted. For example, if the water system pages total 50 pages, they should be grouped by system and numbered from 1 to 50.
11. Financial information for multiple systems charging rates which are covered under the same tariff should be reported as one system. However, the engineering data must be reported by individual system.
12. For water and wastewater utilities with more than one system, one (1) copy of workpapers showing the consolidation of systems for the operating sections, should be filed with the annual report.
13. The report should be filled out in quadruplicate and the original and two copies returned by March 31 of the year following the date of the report. The report should be returned to:

**Florida Public Service Commission
Division of Water and Wastewater
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0873**

The fourth copy should be retained by the utility

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WASTEWATER OPERATION SECTION			
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Basis for Wastewater Depreciation Charges	S-6	Wastewater Treatment Plant Information	S-12
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EXECUTIVE

SUMMARY

CERTIFICATION OF ANNUAL REPORT

UTILITY NAME: Forest Utilities, Inc.

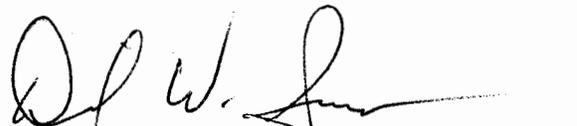
YEAR OF REPORT December 31, 2013

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. |
| 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.
(X)	(X)	(X)	(X)



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

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

 N/A
 (signature of the 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.

ANNUAL REPORT OF

YEAR OF REPORT
December 31, 2013

Forest Utilities, Inc.
(Exact Name of Utility)

County: Lee

List below the exact mailing address of the utility for which normal correspondence should be sent:

6000 Forest Blvd
Fort Myers, Florida 33919

Telephone: (239) 481-5333

e-Mail Address: forestu@aol.com

WEB Site: N/A

Sunshine State One-Call of Florida, Inc. Member Number FU - 1800

Name and address of person to whom correspondence concerning this report should be addressed:

Anthony Q De Santis, CPA
CJN&W CPAs
2560 Gulf-to-Bay Blvd, Suite 200
Clearwater, Florida 33765

Telephone: (727) 791-4020

List below the address of where the utility's books and records are located:

6000 Forest Blvd
Fort Myers, Florida 33919

Telephone: (239) 481-5333

List below any groups auditing or reviewing the records and operations:

CJN&W CPAs

Date of original organization of the utility: 12/31/1980

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

Individual Partnership Sub S Corporation 1120 Corporation

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

	Name	Percent Ownership
1.	David W. Swor	50.0 %
2.	Doris Swor	50.0 %
3.		%
4.		%
5.		%
6.		%
7.		%
8.		%
9.		%
10.		%

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
December 31, 2013

**DIRECTORY OF PERSONNEL WHO CONTACT
THE FLORIDA PUBLIC SERVICE COMMISSION**

NAME OF COMPANY REPRESENTATIVE (1)	TITLE OR POSITION (2)	ORGANIZATIONAL UNIT TITLE (3)	USUAL PURPOSE FOR CONTACT WITH FPSC
Anthony Q De Santis	CPA	CJN&W CPAs	Accounting & rate matters
Martin S. Friedman	Attorney	Rose, Sundstrom & Bentley	Legal matters

- (1) Also list appropriate legal counsel, accountants and others who may not be on general payroll.
- (2) Provide individual telephone numbers if the person is not normally reached at the company.
- (3) Name of company employed by if not on general payroll.

UTILITY NAME: Forest Utilities, Inc.

COMPANY PROFILE

Provide a brief narrative company profile which covers the following areas:

- A. Brief company history.**
- B. Public services rendered.**
- C. Major goals and objectives.**
- D. Major operating divisions and functions.**
- E. Current and projected growth patterns.**
- F. Major transactions having a material effect on operations.**

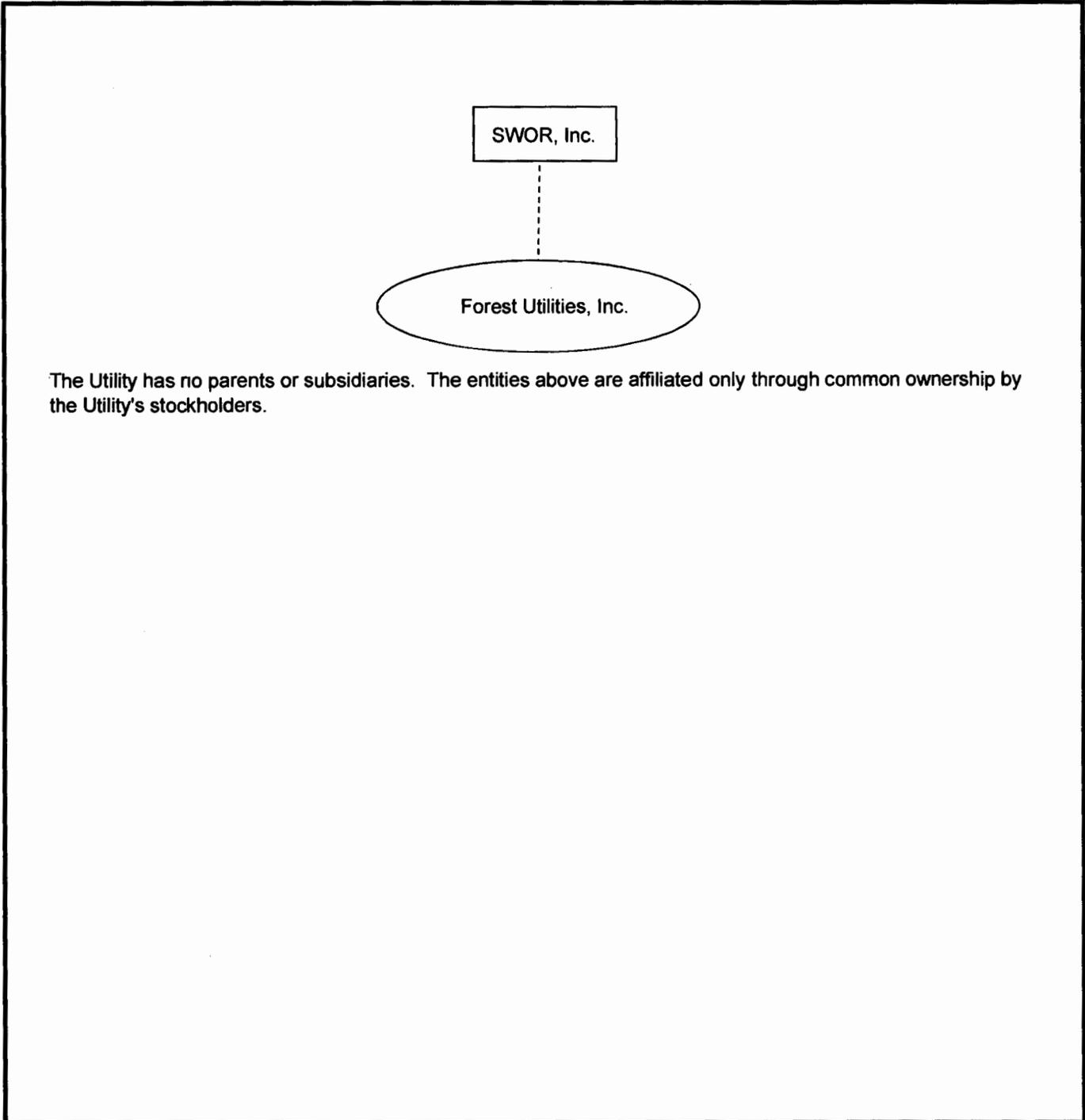
- (A) The Utility was organized December 31, 1980 to provide sewer service to the Forest Development. The Utility has experienced customer growth from other developments since its organization.
- (B) Sewer service only.
- (C) The Utility's goals are to provide quality sewer service and earn a fair return on its investment in Plant in Service.
- (D) Sewer service only.
- (E) The service area is essentially built-out.
- (F) In 2010, the company's bulk service customer, Jamacia Bay MHP hooked up with the County, despite a full service agreement approved by the PSC. Loss of this customer has led to a significant decrease in revenue. A lawsuit between the parties is ongoing.

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
December 31, 2013

PARENT / AFFILIATE ORGANIZATION CHART
Current as of 12/31/13

Complete below an organizational chart that shows all parents and subsidiaries of the utility. The chart must also show the relationship between the utility and the affiliates listed on E-7, E-10(a) and E-10(b).



The Utility has no parents or subsidiaries. The entities above are affiliated only through common ownership by the Utility's stockholders.

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
December 31, 2013

COMPENSATION OF OFFICERS

For each officer, list the time spent on respondent as an officer compared to time spent on total business activities and the compensation received as an officer from the respondent.

NAME (a)	TITLE (b)	% OF TIME SPENT AS OFFICER OF UTILITY (c)	OFFICERS COMPENSATION (d)
David W. Swor Doris Swor Judy Mallett	President Vice President/Secretary Treasurer	70 % 5 % 70 % % % % % % %	\$ 100,000 \$ 24,000 \$ 54,800 \$ \$ \$ \$ \$ \$

COMPENSATION OF DIRECTORS

For each director, list the number of director meetings attended by each director and the compensation received as an director from the respondent.

NAME (a)	TITLE (b)	NUMBER OF DIRECTORS MEETINGS ATTENDED (c)	DIRECTORS COMPENSATION (d)
David W. Swor Judy Mallett	President Treasurer	4 4	\$ None \$ None \$ \$ \$ \$ \$ \$ \$

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
December 31, 2013

BUSINESS CONTRACTS WITH OFFICERS, DIRECTORS AND AFFILIATES

List all contracts, agreements, and other business arrangements* entered into during the calendar year (other than compensation related to position with Respondents) between the Respondent and officer and director listed on Page E-6. In addition, provide the same information with respect to professional services for each firm, partnership, or organization with which the officer or director is affiliated.

NAME OF OFFICER, DIRECTOR OR AFFILIATE (a)	IDENTIFICATION OF SERVICE OR PRODUCT (b)	AMOUNT (c)	NAME AND ADDRESS OF AFFILIATED ENTITY (d)
none		\$	

* Business Agreement, for this schedule, shall mean any oral or written business deal which binds the concerned parties for products or services during the reporting year or future years. Although the Respondent and/or other companies will benefit from the arrangement, the officer or director is, however, acting on his behalf or for the benefit of other companies or persons.

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
December 31, 2013

AFFILIATION OF OFFICERS AND DIRECTORS

For each of the officials listed on page E-6, list the principal occupation or business affiliation and all affiliations or connections with any other business or financial organizations, firms, or partnerships. For purposes of this part, an official will be considered to have an affiliation with any business or financial organization, firm or partnership in which he is an officer, director, trustee, partner, or a person exercising similar functions.

NAME (a)	PRINCIPAL OCCUPATION OR BUSINESS AFFILIATION (b)	AFFILIATION OR CONNECTION (c)	NAME AND ADDRESS OF AFFILIATION OR CONNECTION (d)
David W. Swor	Real Estate Sales	VP- Broker	Silver Key Realty Inc
Judy Mallett	Real Estate Sales	S - Controller	Silver Key Realty Inc
Doris Swor	Real Estate Sales	P - Broker	Silver Key Realty Inc

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT December 31, 2013
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BUSINESSES WHICH ARE A BYPRODUCT, COPRODUCT OR JOINT PRODUCT RESULT OF PROVIDING WATER OR SEWER SERVICE

Complete the following for any business which is conducted as a byproduct, coproduct or joint product as a result of providing water and/or sewer service. This would include any business which requires the use of utility land and facilities. Examples of these types of businesses would be orange groves, nurseries, tree farms, fertilizer manufacturing, etc. This would not include any business for which the assets are properly included in Account 121 - Nonutility Property along with the associated revenues and expenses segregated out as nonutility also.

BUSINESS OR SERVICE CONDUCTED (a)	ASSETS		REVENUES		EXPENSES	
	BOOK COST OF ASSETS (b)	ACCT. NO. (c)	REVENUES GENERATED (d)	ACCT. NO. (e)	EXPENSES INCURRED (f)	ACCT. NO. (g)
None	\$		\$		\$	

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
December 31, 2013

BUSINESS TRANSACTIONS WITH RELATED PARTIES

List each contract, agreement, or other business transaction exceeding a cumulative amount of \$500 in any one year, entered into between the Respondent and a business or financial organization, firm, or partnership named on pages E-2 and E-6 identifying the parties, amounts, dates and product, asset, or service involved.

Part I. Specific Instructions: Services and Products Received or Provided

1. Enter in this part all transactions involving services and products received or provided.
2. Below are some types of transactions to include:
 - management, legal and accounting services
 - computer services
 - engineering & construction services
 - repairing and servicing of equipment
 - material and supplies furnished
 - leasing of structures, land and equipment
 - rental transactions
 - sale, purchase or transfer of various products

NAME OF COMPANY OR RELATED PARTY (a)	DESCRIPTION SERVICE AND/OR NAME OF PRODUCT (b)	CONTRACT OR AGREEMENT EFFECTIVE DATES (c)	ANNUAL CHARGES	
			(P)urchased or (S)old (d)	AMOUNT (e)
none				\$

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT December 31, 2013
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BUSINESS TRANSACTIONS WITH RELATED PARTIES

Part II. Specific Instructions: Sale, Purchase and Transfer of Assets

- | | |
|--|---|
| <p>1. Enter in this part all transactions relating to the purchase, sale or transfer of assets.</p> <p>2. Below are examples of some types of transactions to include:</p> <ul style="list-style-type: none"> - purchase, sale or transfer of equipment. - purchase, sale or transfer of land and structures. - purchase, sale or transfer of securities. - noncash transfers of assets. - noncash dividends other than stock dividends. - writeoff of bad debts or loans. | <p>3. The columnar instructions follow:</p> <ul style="list-style-type: none"> (a) Enter name of related party or company. (b) Describe briefly the type of assets purchased, sold or transferred. (c) Enter the total received or paid. Indicate purchase with "P" and sale with "S". (d) Enter the net book value for each item reported. (e) Enter the net profit or loss for each item (column (c) - column (d)). (f) Enter the fair market value for each item reported. In space below or in a supplemental schedule, describe the basis used to calculate fair market value. |
|--|---|

NAME OF COMPANY OR RELATED PARTY (a)	DESCRIPTION OF ITEMS (b)	SALE OR PURCHASE PRICE (c)	NET BOOK VALUE (d)	GAIN OR LOSS (e)	FAIR MARKET VALUE (f)
None		\$	\$	\$	\$

FINANCIAL

SECTION

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
December 31, 2013

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
UTILITY PLANT				
101-106	Utility Plant	F-7	\$ 5,678,071	\$ 5,617,347
108-110	Less: Accumulated Depreciation and Amortization	F-8	(3,289,607)	(3,086,328)
Net Plant			2,388,464	2,531,019
114-115	Utility Plant Acquisition Adjustments (Net)	F-7		
116*	Other Plant Adjustments (specify)			
Total Net Utility Plant			2,388,464	2,531,019
OTHER PROPERTY AND INVESTMENTS				
121	Nonutility Property	F-9		
122	Less: Accumulated Depreciation and Amortization			
Net Nonutility Property				
123	Investment in Associated Companies	F-10		
124	Utility Investments	F-10		
125	Other Investments	F-10		
126-127	Special Funds	F-10		
Total Other Property and Investments				
CURRENT AND ACCRUED ASSETS				
131	Cash		90,139	9,580
132	Special Deposits	F-9		
133	Other Special Deposits	F-9		
134	Working Funds			
135	Temporary Cash Investments			
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectable Accounts	F-11	13,866	11,993
145	Accounts Receivable from Associated Companies	F-12		
146	Notes Receivable from Associated Companies	F-12		
151-153	Materials and Supplies			
161	Stores Expense			
162	Prepayments			
171	Accrued Interest and Dividends Receivable			
172*	Rents Receivable			
173*	Accrued Utility Revenues			
174	Misc. Current and Accrued Assets	F-12		
Total Current and Accrued Assets			104,005	21,573

* Not Applicable for Class B Utilities

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
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COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense	F-13		
182	Extraordinary Property Losses	F-13		
183	Preliminary Survey and Investigation Charges			
184	Clearing Accounts			
185*	Temporary Facilities			
186	Misc. Deferred Debits	F-14		-
187*	Research & Development Expenditures			
190	Accumulated Deferred Income Taxes			
Total Deferred Debits				
TOTAL ASSETS AND OTHER DEBITS			\$ 2,492,469	\$ 2,552,592

* Not Applicable for Class B Utilities

NOTES TO THE BALANCE SHEET

The space below is provided for important notes regarding the balance sheet.

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
EQUITY CAPITAL				
201	Common Stock Issued	F-15	\$ 1,950	\$ 1,950
204	Preferred Stock Issued	F-15		
202,205*	Capital Stock Subscribed			
203,206*	Capital Stock Liability for Conversion			
207*	Premium on Capital Stock			
209*	Reduction in Par or Stated Value of Capital Stock			
210*	Gain on Resale or Cancellation of Reacquired Capital Stock			
211	Other Paid-in Capital		57,249	57,249
212	Discount on Capital Stock			
213	Capital Stock Expense			
214-215	Retained Earnings (Deficit)	F-16	(98,124)	(9,327)
216	Reacquired Capital Stock		(80,000)	(80,000)
218	Proprietary Capital Investment Holding Gains (Losses) (Proprietorship and Partnership Only)			
Total Equity Capital (Deficit)			(118,925)	(30,128)
LONG TERM DEBT				
221	Bonds	F-15		
222*	Reacquire Bonds			
223	Advances from Associated Companies	F-17		
224	Other Long Term Debt	F-17	445,000	445,000
Total Long Term Debt			445,000	445,000
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable		320,081	165,584
232	Notes Payable	F-18		
233	Accounts Payable to Associated Co.	F-18	135,765	135,765
234	Notes Payable to Associated Co.	F-18		
235	Customer Deposits			
236	Accrued Taxes		23,271	19,134
237	Accrued Interest	F-19		
238	Accrued Dividends			
239	Matured Long Term Debt			
240	Matured Interest			
241	Miscellaneous Current and Accrued Liabilities	F-20	20,112	20,112
Total Current and Accrued Liabilities			499,229	340,595

* Not Applicable for Class B Utilities

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
December 31, 2013

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
DEFERRED CREDITS				
251	Unamortized Premium on Debt	F-13		
252	Advances for Construction	F-20		
253	Other Deferred Credits (Contributed Taxes)	F-21		
255	Accumulated Deferred Investment Tax Credits			
Total Deferred Credits				
OPERATING RESERVES				
261	Property Insurance Reserve			
262	Injuries and Damages Reserve			
263	Pensions and Benefits Reserve			
265	Miscellaneous Operating Reserves			
Total Operating Reserves				
CONTRIBUTIONS IN AID OF CONSTRUCTION				
271	Contributions in Aid of Construction	F-22	4,195,151	4,165,511
272	Accumulated Amortization of Contributions in Aid of Construction	F-22	(2,784,009)	(2,616,655)
Total Net C.I.A.C.			1,411,142	1,548,856
ACCUMULATED DEFERRED INCOME TAXES				
281	Accumulated Deferred Income Taxes - Accelerated Depreciation		256,023	248,269
282	Accumulated Deferred Income Taxes - Liberalized Depreciation			
283	Accumulated Deferred Income Taxes - Other			
Total Accum. Deferred Income Taxes			256,023	248,269
TOTAL EQUITY CAPITAL AND LIABILITIES			\$ 2,492,469	\$ 2,552,592

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
December 31, 2013

COMPARATIVE OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (d)	PREVIOUS YEAR (c)	CURRENT YEAR * (e)
UTILITY OPERATING INCOME				
400	Operating Revenues	F-3(b)	\$ 859,351	\$ 967,214
469.530	Less: Guaranteed Revenue, AFPI & AFUDC	F-3(b)	-	
Net Operating Revenues			859,351	967,214
401	Operating Expenses	F-3(b)	795,898	938,266
403	Depreciation Expense	F-3(b)	199,367	203,279
	Less: Amortization of CIAC	F-22	(161,627)	(167,354)
Net Depreciation Expense			37,740	35,925
406	Amortization of Utility Plant Acquisition Adjustment	F-3(b)		
407	Amortization Expense (Other than CIAC)	F-3(b)		
408	Taxes Other Than Income	W/S-3	89,044	103,697
409	Current Income Taxes	W/S-3		
410.10	Deferred Federal Income Taxes	W/S-3	2,593	7,754
410.11	Deferred State Income Taxes	W/S-3		
411.10	Provision for Deferred Income Taxes - Credit	W/S-3		
412.10	Investment Tax Credits Deferred to Future Periods	W/S-3		
412.11	Investment Tax Credits Restored to Operating Income	W/S-3		
Utility Operating Expenses			925,275	1,085,642
Net Utility Operating Income			(65,924)	(118,428)
469/530	Add Back: Guaranteed Revenue and AFPI	F-3(b)		
413	Income From Utility Plant Leased to Others			
414	Gains (Losses) From Disposition of Utility Property			
420	Allowance for Funds Used During Construction			
Total Utility Operating Income [Enter here and on Page F-3(c)]			(65,924)	(118,428)

* For each account, column e should agree with columns f, g + h on F-3(b)

COMPARATIVE OPERATING STATEMENT (Cont'd)

WATER SCHEDULE W-3* (f)	SEWER SCHEDULE S-3* (g)	OTHER THAN REPORTING SYSTEMS (h)
N/A	\$ 967,214	N/A
N/A	-	
-	967,214	-
	938,266	
	203,279	
-	(167,354)	
-	35,925	-
	103,697	
	7,754	
	1,085,642	
N/A	(118,428)	
	(118,428)	N/A

* Total of Schedules W-3/S-3 for all rate groups

UTILITY NAME: Forest Utilities, Inc.

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COMPARATIVE OPERATING STATEMENT (Cont'd)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (d)	PREVIOUS YEAR (c)	CURRENT YEAR (e)
Total Utility Operating Income [from Page F-3(a)]			\$ (65,924)	\$ (118,428)
OTHER INCOME AND DEDUCTIONS				
415	Revenues From Merchandising, Jobbing and Contract Deductions			
416	Costs and Expenses of Merchandising, Jobbing and Contract Work			
419	Interest and Dividend Income		273	47,431
421	Miscellaneous Nonutility Revenue			
426	Miscellaneous Nonutility Expenses		4,710	
Total Other Income and Deductions			4,983	47,431
TAXES APPLICABLE TO OTHER INCOME				
408.20	Taxes Other Than Income			
409.20	Income Taxes			
410.20	Provision for Deferred Income Taxes			
411.20	Provision for Deferred Income Taxes - Credit			
412.20	Investment Tax Credits - Net			
412.30	Investment Tax Credits Restored to Operating Income			
Total Taxes Applicable to Other Income				
INTEREST EXPENSE				
427	Interest Expense	F-19	17,800	17,800
428	Amortization of Debt Discount & Expense	F-13		
429	Amortization of Premium on Debt	F-13		
Total Interest Expense			17,800	17,800
EXTRAORDINARY ITEMS				
433	Extraordinary Income			
434	Extraordinary Deductions			
409.30	Income Taxes, Extraordinary Items			
Total Extraordinary Items				
NET INCOME			(78,741)	(88,797)

Explain Extraordinary Income:

SCHEDULE OF YEAR END RATE BASE

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WATER UTILITY (d)	WASTEWATER UTILITY (e)
101	Utility Plant In Service	F-7	N/A	\$ 5,675,621
	Less:			
	Nonused and Useful Plant (1)			
108.1	Accumulated Depreciation	F-8		(3,289,607)
110.1	Accumulated Amortization	F-8		
271	Contributions in Aid of Construction	F-22		(4,195,151)
252	Advances for Construction	F-20		
Subtotal				(1,809,137)
272	Add: Accumulated Amortization of Contributions in Aid of Construction	F-22		2,784,009
Subtotal				974,872
	Plus or Minus:			
114	Acquisition Adjustments (2)	F-7		
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7		
	Working Capital Allowance (3)			117,283
	Other (Specify):			
	Prepaid CIAC		-	-
RATE BASE			\$ -	\$ 1,092,155
NET UTILITY OPERATING INCOME			\$ -	\$ (118,428)
ACHIEVED RATE OF RETURN (Operating Income / Rate Base)			-- %	-- %

NOTES:

- (1) Estimated if not known.
 - (2) Include only those Acquisition Adjustments that have been approved by the Commission.
 - (3) Calculation consistent with last rate proceeding.
- In absence of a rate proceeding, Class A utilities will use the Balance Sheet Method and Class B Utilities will use the One-eighth Operating and Maintenance Method.

UTILITY NAME: Forest Utilities, Inc.

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**SCHEDULE OF CURRENT COST OF CAPITAL
CONSISTENT WITH THE METHODOLOGY USED IN THE LAST RATE PROCEEDING (1)**

CLASS OF CAPITAL (a)	DOLLAR AMOUNT (2) (b)	PERCENTAGE OF CAPITAL (c)	ACTUAL COST RATES (3) (d)	WEIGHTED COST [c x d] (e)
Common Equity	\$ -		11.34 %	
Preferred Stock			- %	
Long Term Debt	445,000	63.48 %	4.00 %	2.54 %
Customer Deposits			6.00 %	
Tax Credits - Zero Cost			- %	
Tax Credits - Weighted Cost			- %	
Deferred Income Taxes	256,023	36.52 %	- %	
Other (Explain)			- %	
Total	\$ 701,023	100.00 %		2.54 %

(1) If the Utility's capital structure is not used, explain which capital structure is used.

(2) Should equal amounts on Schedule F-6, Column (g).

(3) Mid-point of the last authorized Return On Equity or current leverage formula if none has been established.

Must be calculated using the same methodology used in the last rate proceeding using current annual report year end amounts and cost rates

APPROVED RETURN ON EQUITY

Current Commission Return on Equity:	<u>11.34</u> %
Commission order approving Return on Equity:	<u>PSC-02-1239-PAA-SU</u>

APPROVED AFUDC RATE

COMPLETION ONLY REQUIRED IF AFUDC WAS CHARGED DURING THE YEAR

Current Commission approved AFUDC rate:	<u>10.73</u> %
Commission order approving AFUDC rate:	<u>PSC-02-1239-PAA-SU</u>

If any utility capitalized any charge in lieu of AFUDC (such as interest only), state the basis of the charge, an explanation as to why AFUDC was not charged and the percentage capitalized.

UTILITY NAME: Forest Utilities, Inc.

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**UTILITY PLANT
ACCOUNTS 101 - 106**

ACCT. NO. (a)	DESCRIPTION (b)	WATER (c)	SEWER (d)	OTHER THAN REPORTING SYSTEMS (e)	TOTAL (f)
101	Plant Accounts Utility Plant In Service	N/A	\$ 5,675,621	N/A	\$ 5,675,621
102	Utility Plant Leased to Others				
103	Property Held for Future Use				
104	Utility Plant Purchased or Sold				
105	Construction Work in Progress		2,450		2,450
106	Completed Construction Not Classified				
Total Utility Plant		N/A	\$ 5,678,071	N/A	\$ 5,678,071

**UTILITY PLANT ACQUISITION ADJUSTMENTS
ACCOUNTS 114 AND 115**

Report each acquisition adjustment and related accumulated amortization separately. For any acquisition adjustment approved by the Commission, include the Order Number.

ACCT. NO. (a)	DESCRIPTION (b)	WATER (c)	SEWER (d)	OTHER THAN REPORTING SYSTEMS (e)	TOTAL (f)
114	Acquisition Adjustment	N/A	N/A	\$ -	\$ -
					-
					-
					-
					-
					-
					-
					-
Total Plant Acquisition Adjustment		\$ -	\$ -	\$ -	\$ -
115	Accumulated Amortization			\$ -	\$ -
					-
					-
					-
					-
					-
					-
Total Accumulated Amortization		\$ -	\$ -	\$ -	\$ -
Total Acquisition Adjustments		\$ -	\$ -	\$ -	\$ -

UTILITY NAME: Forest Utilities, Inc.

YEAR OF REPORT
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**REGULATORY COMMISSION EXPENSE
AMORTIZATION OF RATE CASE EXPENSE (ACCTS. 666 AND 766)**

DESCRIPTION OF CASE (DOCKET NO.) (a)	EXPENSE INCURRED DURING YEAR (b)	CHARGED OFF DURING YEAR	
		ACCT. (c)	AMOUNT (d)
None	\$ -	-	\$ -
Total	\$ -		\$ -

NONUTILITY PROPERTY (ACCOUNT 121)

Report separately each item of property with a book cost of \$25,000 or more included in Account 121.
Other items may be grouped by classes of property.

DESCRIPTION (a)	BEGINNING YEAR (b)	ADDITIONS (c)	REDUCTIONS (d)	ENDING YEAR BALANCE (e)
None	\$ -	\$ -	\$ -	\$ -
Total Nonutility Property	\$ -	\$ -	\$ -	\$ -

SPECIAL DEPOSITS (ACCOUNTS 132 AND 133)

Report hereunder all special deposits carried in Accounts 132 and 133

DESCRIPTION OF SPECIAL DEPOSITS (a)	YEAR END BOOK COST (b)
SPECIAL DEPOSITS (Account 132):	\$ -
Total Special Deposits	\$ -
OTHER SPECIAL DEPOSITS (Account 133):	
None	\$ -
Total Other Special Deposits	\$ -

UTILITY NAME: Forest Utilities, Inc.

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**INVESTMENTS AND SPECIAL FUNDS
ACCOUNTS 123-127**

Report hereunder all investments and special funds carried in Accounts 123 through 127.

DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
INVESTMENT IN ASSOCIATED COMPANIES (Account 123): N/A	\$ -	\$ -
Total Investment In Associated Companies		\$ -
UTILITY INVESTMENTS (Account 124): N/A	\$ -	\$ -
Total Utility Investments		\$ -
OTHER INVESTMENTS (Account 125): N/A	\$ -	\$ -
Total Other Investments		\$ -
SPECIAL FUNDS (Class A Utilities: Accounts 126 & 127; Class B Utilities: Account 127)) N/A		\$ -
Total Special Funds		\$ -

UTILITY NAME: Forest Utilities, Inc.

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ACCOUNTS AND NOTES RECEIVABLE - NET
ACCOUNTS 141 - 144

Report hereunder all accounts and notes receivable included in Accounts 141, 142 and 144. Amounts included in Accounts 142 and 144 should be listed individually.

DESCRIPTION (a)		TOTAL (b)
CUSTOMER ACCOUNTS RECEIVABLE (Account 141):		
Combined Water & Wastewater	\$ -	
Wastewater	13,866	
Other		
Total Customer Accounts Receivable		\$ 13,866
OTHER ACCOUNTS RECEIVABLE (Acct. 142):		
Miscellaneous accounts receivable	\$ -	
Total Other Accounts Receivable		
NOTES RECEIVABLE (Acct. 144):		
	\$ -	
Total Notes Receivable		
Total Accounts and Notes Receivable		13,866
ACCUMULATED PROVISION FOR UNCOLLECTABLE ACCOUNTS (Account 143):		
Balance First of Year	\$ -	
Add: Provision for uncollectables for current year		
Collections of accounts previously written off		
Utility accounts		
Others		
Total Additions		
Deduct accounts written off during year:		
Utility accounts		
Others		
Total accounts written off		
Balance end of year		
Total Accounts and Notes Receivable - Net		\$ 13,866

UTILITY NAME: Forest Utilities, Inc.

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ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES
ACCOUNT 145

Report each account receivable from associated companies separately.

DESCRIPTION (a)	TOTAL (b)
None	\$ -
Total	\$ -

NOTES RECEIVABLE FROM ASSOCIATED COMPANIES
ACCOUNT 146

Report each note receivable from associated companies separately.

DESCRIPTION (a)	INTEREST RATE (b)	TOTAL (c)
None		\$ -
Total		\$ -

MISCELLANEOUS CURRENT AND ACCRUED ASSETS
ACCOUNT 174

DESCRIPTION - Provide itemized listing (a)	TOTAL (c)
None	\$ -
Total	\$ -

UTILITY NAME: Forest Utilities, Inc.

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UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM ON DEBT
Report the net discount and expense or premium separately for each security issue.

DESCRIPTION (a)	AMOUNT WRITTEN OFF DURING YEAR (b)	YEAR END BALANCE (c)
UNAMORTIZED DEBT DISCOUNT AND EXPENSE (Account 181):		
N/A	\$ -	\$ -
Total Unamortized Debt Discount and Expense		
UNAMORTIZED PREMIUM ON DEBT (Account 251):		
N/A	\$ -	\$ -
Total Unamortized Premium on Debt	\$ -	\$ -

EXTRAORDINARY PROPERTY LOSSES
ACCOUNT 182

Report each item separately.

DESCRIPTION (a)	TOTAL (b)
EXTRAORDINARY PROPERTY LOSSES (Acct. 182):	
N/A	\$ -
Total Extraordinary Property Losses	\$ -

UTILITY NAME: Forest Utilities, Inc.

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**MISCELLANEOUS DEFERRED DEBITS
ACCOUNT 186**

DESCRIPTION - Provide itemized listing (a)	AMOUNT WRITTEN OFF DURING YEAR (b)	YEAR END BALANCE (c)
DEFERRED RATE CASE EXPENSE (Class A Utilities: Account 186.1): None	\$ -	\$ -
Total Deferred Rate Case Expense	\$ -	\$ -
OTHER DEFERRED DEBITS (Class A Utilities: Account 186.2): None	\$ -	\$ -
Total Other Deferred Debits	NONE	NONE
REGULATORY ASSETS (Class A Utilities: Account 186.3): None	\$ -	\$ -
Total Regulatory Assets	\$ -	\$ -
TOTAL MISCELLANEOUS DEFERRED DEBITS	NONE	NONE

UTILITY NAME: Forest Utilities, Inc.

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**CAPITAL STOCK
ACCOUNTS 201 AND 204***

DESCRIPTION (a)	RATE (b)	TOTAL (d)
COMMON STOCK		
Par or stated value per share	\$ 75.00	\$ 75.00
Shares authorized		26.00
Shares issued and outstanding		26.00
Total par value of stock issued	\$ 1,950.00	\$ 1,950.00
Dividends declared per share for year	None	None
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	None	None

* Account 204 not applicable for Class B utilities

**BONDS
ACCOUNT 221**

DESCRIPTION OF OBLIGATION (INCLUDING DATE OF ISSUE AND DATE OF MATURITY) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (d)
	ANNUAL RATE (b)	FIXED OR VARIABLE* (c)	
N/A	%		\$ -
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
Total			\$ -

* For variable rate obligations, provide the basis for the rate. (I.e.. Prime + 2%, etc)

UTILITY NAME: Forest Utilities, Inc.

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STATEMENT OF RETAINED EARNINGS

1. Dividends should be shown for each class and series of capital stock. Show amounts as dividends per share.
2. Show separately the state and federal income tax effect of items shown in Account No. 439.

ACCT. NO. (a)	DESCRIPTION (b)	AMOUNTS (c)
215	Unappropriated Retained Earnings: Balance beginning of year (Deficit)	\$ (9,327)
439	Changes to account: Adjustments to Retained Earnings (requires Commission approval prior to use): Credits: _____	
	Total Credits	
	Debits: _____	
	Total Debits	
435	Balance transferred from Income	(88,797)
436	Appropriations of Retained Earnings: _____	
	Total appropriations of Retained Earnings	
437	Dividends declared: Preferred stock dividends declared _____	
438	Common stock dividends declared _____	
	Total Dividends Declared	
	Year end Balance	(98,124)
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end): _____ _____	
214	Total Appropriated Retained Earnings	
	Total Retained Earnings (Deficit)	\$ (98,124)

Notes to Statement of Retained Earnings:

UTILITY NAME: Forest Utilities, Inc.

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NOTES PAYABLE (ACCTS. 232 AND 234)

DESCRIPTION OF OBLIGATION (INCLUDING DATE OF ISSUE AND DATE OF MATURITY) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (d)
	ANNUAL RATE (b)	FIXED OR VARIABLE* (c)	
NOTES PAYABLE (Account 232):			
N/A	%		\$ -
	%		
	%		
	%		
	%		
	%		
	%		
Total Account 232			\$ -
NOTES PAYABLE TO ASSOC. COMPANIES (Account 234):			
N/A	%		\$ -
	%		
	%		
	%		
	%		
	%		
Total Account 234			

* For variable rate obligations, provide the basis for the rate. (i.e.. Prime +2%, etc)

**ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES
ACCOUNT 233**

Report each account payable separately.

DESCRIPTION (a)	TOTAL (b)
Swor, Inc.	\$ 135,765
Total	\$ 135,765

UTILITY NAME: Forest Utilities, Inc.

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**ACCRUED INTEREST AND EXPENSE
ACCOUNTS 237 AND 427**

DESCRIPTION OF DEBT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR		INTEREST PAID DURING YEAR (e)	BALANCE END OF YEAR (f)
		ACCT. DEBIT (c)	AMOUNT (d)		
ACCOUNT NO. 237.1 - Accrued Interest on Long Term Debt					
DWS	\$ -	427.3	\$ 17,800	\$ 17,800	\$ -
Total Account No. 237.1	-		17,800	17,800	-
ACCOUNT NO. 237.2 - Accrued Interest in Other Liabilities					
None					-
Total Account 237.2	-				
Total Account 237 (1)	\$ -		\$ 17,800	\$ 17,800	\$ -
INTEREST EXPENSED:					
Total accrual Account 237		237	\$ 17,800		
Less Capitalized Interest Portion of AFUDC:					
None					
Net Interest Expensed to Account No. 427 (2)			\$ 17,800		

(1) Must Agree to F-2(a), Beginning and Ending Balance of Accrued Interest
(2) Must agree to F-3(c), Current Year Interest Expense

UTILITY NAME: Forest Utilities, Inc.

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**OTHER DEFERRED CREDITS
ACCOUNT 253**

DESCRIPTION - Provide Itemized Listing (a)	AMOUNT WRITTEN OFF DURING YEAR (b)	YEAR END BALANCE (c)
REGULATORY LIABILITIES (Class A Utilities: Account 253.1)		
N/A	\$ -	\$ -
Total Regulatory Liabilities	\$ -	\$ -
OTHER DEFERRED LIABILITIES (Class A Utilities: Account 253.2)		
N/A	\$ -	\$ -
Total Deferred Liabilities	\$ -	\$ -
TOTAL OTHER DEFERRED CREDITS	\$ -	\$ -

UTILITY NAME: Forest Utilities, Inc.

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**CONTRIBUTIONS IN AID OF CONSTRUCTION
ACCOUNT 271**

DESCRIPTION (a)	WATER (b)	SEWER (c)	W & WW OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance first of year	N/A	\$ 4,165,511	N/A	\$ 4,165,511
Add credits during year:		29,640		29,640
Less debits charged during				-
Total Contributions In Aid of Construction	\$ -	\$ 4,195,151	\$ -	\$ 4,195,151

**ACCUMULATED AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION
ACCOUNT 272**

DESCRIPTION (a)	WATER (b)	SEWER (c)	W & WW OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance First of year	N/A	\$ 2,616,655	N/A	\$ 2,616,655
Debits during year:		167,354		167,354
Credits during year (specify):				
Total Accumulated Amortization of Contributions In Aid of Construction		\$ 2,784,009		\$ 2,784,009

UTILITY NAME: Forest Utilities, Inc.

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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES
(UTILITY OPERATIONS)**

1. The reconciliation should include the same detail as furnished on schedule M-1 of the federal income tax return for the year. The reconciliation shall be submitted even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount and show the computation of all tax accruals.

2. If the utility is a member of a group which files a consolidated federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating intercompany amounts to be eliminated in such consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among group members.

DESCRIPTION (a)	REFERENCE (b)	AMOUNT (c)
Net income for the year (loss)	F-3(c)	\$ (88,797)
Reconciling items for the year:		
Taxable income not reported on the books:		

Deductions recorded on books not deducted for return:		
Deferred Income Taxes	F-3a,c	7,754
_____	F-3c	
_____	F-3a	

Income recorded on books not included in return:		
_____	F-3a	

Deduction on return not charged against book income:		
Book-Tax timing difference		64,721

Federal tax net income (loss)		\$ (145,764)
Computation of tax:		
The tax return has not been prepared at this time; therefore no provision for current income tax has been made.		

WATER OPERATION SECTION

Note: Forest Utilities, Inc., provides wastewater only service; therefore, Pages W-1 through W-14 have been omitted from this report.

**WASTEWATER
OPERATION
SECTION**

UTILITY NAME: Forest Utilities, Inc.
 SYSTEM NAME / COUNTY: Forest Utilities / Lee

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SCHEDULE OF YEAR END WASTEWATER RATE BASE

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WASTEWATER UTILITY (d)
101	Utility Plant In Service	S-4(a)	\$ 5,675,621
	Less:		
	Nonused and Useful Plant (1)		
108.1	Accumulated Depreciation	S-6(b)	(3,289,607)
110.1	Accumulated Amortization		
271	Contributions in Aid of Construction	S-7	(4,195,151)
252	Advances for Construction	F-20	
	Subtotal		(1,809,137)
272	Add: Accumulated Amortization of Contributions in Aid of Construction	S-8(a)	2,784,009
	Subtotal		974,872
114	Plus or Minus: Acquisition Adjustments (2)	F-7	
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	
	Working Capital Allowance (3)		117,283
	Other (Specify): Prepaid CIAC		-
	WASTEWATER RATE BASE		\$ 1,092,155
	UTILITY OPERATING INCOME	S-3	\$ (118,428)
	Achieved Rate of Return (Wastewater Operating Income/Wastewater Rate Base)		-- %

- NOTES: (1) Class A calculate consistent with last rate proceeding. Class B estimated if not known.
 (2) Include only those Acquisition Adjustments that have been approved by the Commission.
 (3) Calculation consistent with last rate proceeding.
 In absence of a rate proceeding, Class A utilities will use the Balance Sheet Method and Class B Utilities will use the One-eighth Operating and Maintenance Expense Method.

UTILITY NAME: Forest Utilities, Inc.
 SYSTEM NAME / COUNTY: Forest Utilities / Lee

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WASTEWATER OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WASTEWATER UTILITY (d)
400	UTILITY OPERATING INCOME Operating Revenues	S-9	\$ 967,214
530	Less: Guaranteed Revenue, AFPI & AFUDC	S-9	-
	Net Operating Revenues		967,214
401	Operating Expenses	S-10(a)	938,266
403	Depreciation Expense	S-6(a)	203,279
	Less: Amortization of CIAC	S-8(a)	(167,354)
	Net Depreciation Expense		35,925
406	Amortization of Utility Plant Acquisition Adjustment	F-7	
407	Amortization Expense (Other than CIAC) (Loss on plant abandonment)	F-8	
408.10	Taxes Other Than Income Utility Regulatory Assessment Fee		44,117
408.11	Property Taxes		24,584
408.12	Payroll Taxes		31,098
408.13	Other Taxes & Licenses		3,898
408	Total Taxes Other Than Income		103,697
409.1	Income Taxes	F-16	
410.10	Deferred Federal Income Taxes		7,754
410.11	Deferred State Income Taxes		
411.10	Provision for Deferred Income Taxes - Credit		
412.10	Investment Tax Credits Deferred to Future Periods		
412.11	Investment Tax Credits Restored to Operating Income		
	Utility Operating Expenses		1,085,642
	Utility Operating Income (Loss)		(118,428)
530	Add Back: Guaranteed Revenue (and AFPI)		
413	Income From Utility Plant Leased to Others		
414	Gains (Losses) From Disposition of Utility Property		
420	Allowance for Funds Used During Construction		
	Total Utility Operating Income (Loss)		\$ (118,428)

UTILITY NAME: Forest Utilities, Inc.
 SYSTEM NAME / COUNTY: Forest Utilities / Lee

YEAR OF REPORT
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WASTEWATER UTILITY PLANT ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)
351	Organization		\$ -	\$ -	\$ -
352	Franchises	17,331			17,331
353	Land and Land Rights	26,822			26,822
354	Structure and Improvements	709,848			709,848
355	Power Generation Equipment	262,748			262,748
360	Collection Sewers - Force	444,798			444,798
361	Collection Sewers - Gravity	1,826,106			1,826,106
362	Special Collecting Structures	122,728			122,728
363	Services to Customers	12,628			12,628
364	Flow Measuring Devices	7,392			7,392
365	Flow Measuring Installations				
366	Reuse Services				
367	Reuse Meters and Meter Installations				
370	Receiving Wells				
371	Pumping Equipment	98,104	14,714		112,818
374	Reuse Distribution Reservoirs	391,052			391,052
375	Reuse Transmission and Distribution System				
380	Treatment & Disposal Equipment	1,496,491			1,496,491
381	Plant Sewers				
382	Outfall Sewer Lines				
389	Other Plant / Miscellaneous Equipment				
390	Office Furniture & Equipment	25,641			25,641
391	Transportation Equipment	118,458	43,560		162,018
392	Stores Equipment				
393	Tools, Shop and Garage Equipment				
394	Laboratory Equipment	23,700			23,700
395	Power Operated Equipment	33,500			33,500
396	Communication Equipment				
397	Miscellaneous Equipment				
398	Other Tangible Plant				
Total Wastewater Plant		\$ 5,617,347	\$ 58,274	\$ -	\$ 5,675,621

NOTE: Any adjustments made to reclassify property from one account to another must be footnoted
 Note (1): Rounding

UTILITY NAME: Forest Utilities, Inc.
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WASTEWATER UTILITY PLANT MATRIX

ACCT. NO. (a)	ACCOUNT NAME (b)	.1 INTANGIBLE PLANT (g)	.2 COLLECTION PLANT (h)	.3 SYSTEM PUMPING PLANT (i)	.4 TREATMENT AND DISPOSAL PLANT (j)	.5 RECLAIMED WASTEWATER TREATMENT PLANT (k)	.6 RECLAIMED WASTEWATER DISTRIBUTION PLANT (l)	.7 GENERAL PLANT (m)
351	Organization	\$ -						
352	Franchises	17,331					\$ -	
353	Land and Land Rights		\$ -	\$ -	\$ 26,822	\$ -		\$ -
354	Structure and Improvements			709,848				
355	Power Generation Equipment				262,748			
360	Collection Sewers - Force		444,798					
361	Collection Sewers - Gravity		1,826,106					
362	Special Collecting Structures		122,728					
363	Services to Customers		12,628					
364	Flow Measuring Devices		7,392					
365	Flow Measuring Installations							
366	Reuse Services							
367	Reuse Meters and Meter Installations							
370	Receiving Wells							
371	Pumping Equipment			112,818				
374	Reuse Distribution Reservoirs					391,052		
375	Reuse Transmission and Distribution System							
380	Treatment & Disposal Equipment				1,496,491			
381	Plant Sewers							
382	Outfall Sewer Lines							
389	Other Plant / Miscellaneous Equipment							
390	Office Furniture & Equipment							25,641
391	Transportation Equipment							162,018
392	Stores Equipment							
393	Tools, Shop and Garage Equipment							
394	Laboratory Equipment							23,700
395	Power Operated Equipment							33,500
396	Communication Equipment							
397	Miscellaneous Equipment							
398	Other Tangible Plant							
Total Wastewater Plant		\$ 17,331	\$ 2,413,652	\$ 822,666	\$ 1,786,061	\$ 391,052	\$ -	\$ 244,859

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

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BASIS FOR WASTEWATER DEPRECIATION CHARGES

ACCT. NO. (a)	ACCOUNT NAME (b)	AVERAGE SERVICE LIFE IN YEARS (c)	AVERAGE NET SALVAGE IN PERCENT (d)	DEPRECIATION RATE APPLIED IN PERCENT (100% - d) / c (e)
351	Organization		%	%
352	Franchises	40	%	2.50 %
354	Structure and Improvements	35	%	2.86 %
355	Power Generation Equipment	20	%	5.00 %
360	Collection Sewers - Force	30	%	3.33 %
361	Collection Sewers - Gravity	35	%	2.86 %
362	Special Collecting Structures	25	%	4.00 %
363	Services to Customers	38	%	2.63 %
364	Flow Measuring Devices	5	%	20.00 %
365	Flow Measuring Installations		%	%
366	Reuse Services		%	%
367	Reuse Meters and Meter Installations		%	%
370	Receiving Wells		%	%
371	Pumping Equipment	18	%	5.56 %
374	Reuse Distribution Reservoirs	37	%	2.70 %
375	Reuse Transmission and Distribution System		%	%
380	Treatment & Disposal Equipment	27	%	3.70 %
381	Plant Sewers		%	%
382	Outfall Sewer Lines		%	%
389	Other Plant / Miscellaneous Equipment		%	%
390	Office Furniture & Equipment	6	%	16.67 %
391	Transportation Equipment	6	%	16.67 %
392	Stores Equipment		%	%
393	Tools, Shop and Garage Equipment		%	%
394	Laboratory Equipment	15	%	6.67 %
395	Power Operated Equipment	15	%	6.67 %
396	Communication Equipment		%	%
397	Miscellaneous Equipment		%	%
398	Other Tangible Plant		%	%
Wastewater Plant Composite Depreciation Rate *			%	%

* If depreciation rates prescribed by this Commission are on a total composite basis, entries should be made on this line only.

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ANALYSIS OF ENTRIES IN SEWER ACCUMULATED DEPRECIATION

ACCT. NO. (a)	ACCOUNT NAME (b)	BALANCE AT BEGINNING OF YEAR (c)	ACCRUALS (d)	OTHER CREDITS * (e)	TOTAL CREDITS (d + e) (f)
351	Organization	\$ -	\$ -	\$ -	\$ -
352	Franchises	7,578	433		433
354	Structure and Improvements	230,936	20,302		20,302
355	Power Generation Equipment	39,411	13,137		13,137
360	Collection Sewers - Force	137,675	14,812		14,812
361	Collection Sewers - Gravity	1,271,167	52,227		52,227
362	Special Collecting Structures	84,367	4,909		4,909
363	Services to Customers	6,338	332		332
364	Flow Measuring Devices	7,392	-		
365	Flow Measuring Installations				
366	Reuse Services				
367	Reuse Meters and Meter Installations				
370	Receiving Wells				
371	Pumping Equipment	14,553	5,864		5,864
374	Reuse Distribution Reservoirs	54,522	10,558		10,558
375	Reuse Transmission and Distribution System				
380	Treatment & Disposal Equipment	1,055,937	55,370		55,370
381	Plant Sewers				
382	Outfall Sewer Lines				
389	Other Plant / Miscellaneous Equipment				
390	Office Furniture & Equipment	25,641	-		
391	Transportation Equipment	95,568	23,378		23,378
392	Stores Equipment				
393	Tools, Shop and Garage Equipment				
394	Laboratory Equipment	23,700	-		
395	Power Operated Equipment	31,543	1,957		1,957
396	Communication Equipment				
397	Miscellaneous Equipment				
398	Other Tangible Plant				
Total Depreciable Wastewater Plant in Service		\$ 3,086,328	\$ 203,279	\$ -	\$ 203,279

* Specify nature of transaction.
 Use () to denote reversal entries.

UTILITY NAM Forest Utilities, Inc.

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ANALYSIS OF ENTRIES IN SEWER ACCUMULATED DEPRECIATION (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	PLANT RETIRED (g)	SALVAGE AND INSURANCE (h)	COST OF REMOVAL AND OTHER CHARGES (i)	TOTAL CHARGES (g-h+i) (j)	BALANCE AT END OF YEAR (c+f-k) (k)
351	Organization	\$ -	\$ -	\$ -	\$ -	
352	Franchises					8,011
354	Structure and Improvements	-				251,238
355	Power Generation Equipment					52,548
360	Collection Sewers - Force					152,487
361	Collection Sewers - Gravity					1,323,394
362	Special Collecting Structures					89,276
363	Services to Customers					6,670
364	Flow Measuring Devices					7,392
365	Flow Measuring Installations					
366	Reuse Services					
367	Reuse Meters and Meter Installations					
370	Receiving Wells					
371	Pumping Equipment					20,417
374	Reuse Distribution Reservoirs					65,080
375	Reuse Transmission and Distribution System					
380	Treatment & Disposal Equipment					1,111,307
381	Plant Sewers					
382	Outfall Sewer Lines					
389	Other Plant / Miscellaneous Equipment					
390	Office Furniture & Equipment					25,641
391	Transportation Equipment					118,946
392	Stores Equipment					
393	Tools, Shop and Garage Equipment					
394	Laboratory Equipment					23,700
395	Power Operated Equipment					33,500
396	Communication Equipment					
397	Miscellaneous Equipment					
398	Other Tangible Plant					
Total Depreciable Wastewater Plant in Service		\$ -	\$ -	\$ -	\$ -	\$ 3,289,607

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WASTEWATER CIAC SCHEDULE "A"
ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION RECEIVED FROM CAPACITY, MAIN
EXTENSION AND CUSTOMER CONNECTION CHARGES RECEIVED DURING THE YEAR

DESCRIPTION OF CHARGE (a)	NUMBER OF CONNECTIONS (b)	CHARGE PER CONNECTION (c)	AMOUNT (d)
Capacity charges - Plant capacity	1	\$ 23,712	\$ 23,712
Connection Charges	3	1,976	5,928
	-	-	-
	-	-	-
Total Credits			\$ 29,640

ACCUMULATED AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION
ACCOUNT 272

DESCRIPTION (a)	WASTEWATER (b)
Balance first of year	\$ 2,616,655
Debits during year:	
Accruals charged to Account	167,354
Other Debits (specify):	
Total debits	167,354
Credits during year (specify):	
Total credits	
Balance end of year	\$ 2,784,009

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WASTEWATER OPERATING REVENUE

ACCT. NO. (a)	DESCRIPTION (b)	BEGINNING YEAR NO. CUSTOMERS * (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNTS (e)
WASTEWATER SALES				
Flat Rate Revenues:				
521.1	Residential Revenues	771	770	\$ 266,362
521.2	Commercial Revenues		-	
521.3	Industrial Revenues			
521.4	Revenues From Public Authorities			
521.5	Multiple Family Dwelling Revenues	1,184	1,184	411,037
521.6	Other Revenues			
521	Total Flat Rate Revenues	1,955	1,954	677,399
Measured Revenues:				
522.1	Residential Revenues (Bulk Service)	-	-	\$ 71,899
522.2	Commercial Revenues	37	37	116,453
522.3	Industrial Revenues			
522.4	Revenues From Public Authorities			
522.5	Multiple Family Dwelling Revenues (Units)	486	486	88,263
522	Total Measured Revenues	523	523	276,615
523	Revenues From Public Authorities			
524	Revenues From Other Systems			
525	Interdepartmental Revenues			
	Total Wastewater Sales	2,478	2,477	\$ 954,014
OTHER WASTEWATER REVENUES				
530	Guaranteed Revenues			\$ -
531	Sale Of Sludge			
532	Forfeited Discounts			
534	Rents From Wastewater Property			
535	Interdepartmental Rents			
536	Other Wastewater Revenues (Including Allowance for Funds Prudently Invested or AFPI)			13,200
	Total Other Wastewater Revenues			\$ 13,200

* Customer is defined by Rule 25-30.210(1), Florida Administrative Code.

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WASTEWATER OPERATING REVENUE

ACCT. NO. (a)	DESCRIPTION (b)	BEGINNING YEAR NO. CUSTOMERS * (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNTS (e)
RECLAIMED WATER SALES				
Flat Rate Reuse Revenues:				
540.1	Residential Reuse Revenues			\$ -
540.2	Commercial Reuse Revenues			
540.3	Industrial Reuse Revenues			
540.4	Reuse Revenues From Public Authorities			
540.5	Other Reuse Revenues			
540	Total Flat Rate Reuse Revenues			
Measured Reuse Revenues:				
541.1	Residential Reuse Revenues			
541.2	Commercial Reuse Revenues			
541.3	Industrial Reuse Revenues			
541.4	Reuse Revenues From Public Authorities			
541	Total Measured Reuse Revenues			
544	Reuse Revenues From Other Systems			
Total Reclaimed Water Sales				
Total Wastewater Operating Revenues				\$ 967,214

* Customer is defined by Rule 25-30.210(1), Florida Administrative Code.

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WASTEWATER UTILITY EXPENSE ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	.1 COLLECTION EXPENSES - OPERATIONS (d)	.2 SOURCE OF SUPPLY AND EXPENSES - MAINTENANCE (e)	.3 PUMPING EXPENSES - OPERATIONS (f)	.4 PUMPING EXPENSES - MAINTENANCE (g)	.5 TREATMENT & DISPOSAL EXPENSES - OPERATIONS (h)	.6 TREATMENT & DISPOSAL EXPENSES - MAINTENANCE (i)
701	Salaries and Wages - Employees	\$ 238,101	\$ -	\$ -	\$ -	\$ -	\$ 238,101	\$ -
703	Salaries and Wages - Officers, Directors and Majority Stockholders	124,000						
704	Employee Pensions and Benefits	22,671						
710	Purchased Sewage Treatment							
711	Sludge Removal Expense	4,982					4,982	
715	Purchased Power	50,980						
716	Fuel for Power Production							
718	Chemicals	12,782					12,782	
720	Materials and Supplies	31,232			360	17,133		13,739
731	Contractual Services - Engineering	112,567						
732	Contractual Services - Accounting	5,496						
733	Contractual Services - Legal	206,512						
734	Contractual Services - Mgt. Fees							
735	Contractual Services - Testing	19,193					19,193	
736	Contractual Services - Other	2,883						
741	Rental of Building/Real Property							
742	Rental of Equipment							
750	Transportation Expense	14,766		14,766				
756	Insurance - Vehicle	10,378		10,378				
757	Insurance - General Liability	25,908					25,908	
758	Insurance - Workmens Comp.	6,505						
759	Insurance - Other	1,898						
760	Advertising Expense							
766	Regulatory Commission Expenses - Amortization of Rate Case Expense							
767	Regulatory Commission Exp.-Other							
770	Bad Debt Expense	3,320						
775	Miscellaneous Expenses	44,092						
Total Wastewater Utility Expenses		\$ 938,266	\$ -	\$ 25,144	\$ 360	\$ 17,133	\$ 300,966	\$ 13,739

UTILITY NAME: Forest Utilities, Inc.
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WASTEWATER UTILITY EXPENSE ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	.7 CUSTOMER ACCOUNTS EXPENSE (j)	.8 ADMIN. & GENERAL EXPENSES (k)	.9 RECLAIMED WATER TREATMENT EXPENSES - OPERATIONS (l)	.10 RECLAIMED WATER TREATMENT EXPENSES - MAINTENANCE (m)	.11 RECLAIMED WATER DISTRIBUTION EXPENSES - OPERATIONS (n)	.12 RECLAIMED WATER DISTRIBUTION EXPENSES - MAINTENANCE (o)
701	Salaries and Wages - Employees	\$ -	\$ -	\$ -		\$ -	\$ -
703	Salaries and Wages - Officers, Directors and Majority Stockholders		124,000				
704	Employee Pensions and Benefits		22,671				
710	Purchased Sewage Treatment						
711	Sludge Removal Expense						
715	Purchased Power		50,980				
716	Fuel for Power Production						
718	Chemicals						
720	Materials and Supplies						
731	Contractual Services - Engineering		112,567				
732	Contractual Services - Accounting		5,496				
733	Contractual Services - Legal		206,512				
734	Contractual Services - Mgt. Fees						
735	Contractual Services - Testing						
736	Contractual Services - Other		2,883				
741	Rental of Building/Real Property						
742	Rental of Equipment						
750	Transportation Expense						
756	Insurance - Vehicle						
757	Insurance - General Liability						
758	Insurance - Workmens Comp.		6,505				
759	Insurance - Other		1,898				
760	Advertising Expense						
766	Regulatory Commission Expenses - Amortization of Rate Case Expense						
767	Regulatory Commission Exp.-Other						
770	Bad Debt Expense	3,320					
775	Miscellaneous Expenses		44,092				
Total Wastewater Utility Expenses		\$ 3,320	\$ 577,604	\$ -	\$ -	\$ -	\$ -

UTILITY NAME: Forest Utilities, Inc.
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CALCULATION OF THE WASTEWATER SYSTEMS EQUIVALENT RESIDENTIAL UNITS

METER SIZE (a)	TYPE OF METER (b)	EQUIVALENT FACTOR (c)	NUMBER OF METERS (d)	TOTAL NUMBER OF METER EQUIVALENTS (c x d) (e)
All Residential		1.0	1,954	1,954
5/8"	Displacement	1.0	5	5
3/4"	Displacement	1.5	17	26
1"	Displacement	2.5	174	435
1 1/2"	Displacement or Turbine	5.0	216	1,080
2"	Displacement, Compound or Turbine	8.0	111	888
3"	Displacement	15.0		
3"	Compound	16.0		
3"	Turbine	17.5		
4"	Displacement or Compound	25.0		
4"	Turbine	30.0		
6"	Displacement or Compound	50.0		
6"	Turbine	62.5		
8"	Compound	80.0		
8"	Turbine	90.0		
10"	Compound	115.0		
10"	Turbine	145.0		
12"	Turbine	215.0		
Total Wastewater System Meter Equivalents				<u>4,388</u>

CALCULATION OF THE WASTEWATER SYSTEM EQUIVALENT RESIDENTIAL CONNECTIONS

Provide a calculation used to determine the value of one wastewater equivalent residential connection (ERC).

Use 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 residence customers for the same period and divide the result by 365 days.
- (b) If no historical flow data are available, use:
 $ERC = (\text{Total SFR gallons sold (Omit 000)} / 365 \text{ days} / 280 \text{ gallons per day})$

For wastewater only utilities:

Subtract all general use and other non-residential customer gallons from the total gallons treated.

Divide the remainder (SFR customers) by 365 days to reveal single family residence customer gallons per day.

NOTE: Total gallons treated includes both treated and purchased treatment

ERC Calculation:	(<u>82,125,000</u>	/ 365 days) / 280 gpd =	<u>2,679</u>
		(total gallons treated)		

Note: Forest Utilities ERC is 84gpd

UTILITY NAME: Forest Utilities, Inc.
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WASTEWATER TREATMENT PLANT INFORMATION
 Provide a separate sheet for each wastewater treatment facility

Permitted Capacity	800,000		
Basis of Permit Capacity (1)	AADF		
Manufacturer	Custom		
Type (2)	Extended Air		
Hydraulic Capacity	1,300,000		
Average Daily Flow	225,000		
Total Gallons of Wastewater Treated	82,125,000		
Method of Effluent Disposal	Golf Course Irrigation		

(1) Basis of permitted capacity as stated on the Florida DEP WWTP Operating Permit
 (i.e. average annual daily flow, etc)

(2) Contact stabilization, advanced treatment, etc.

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OTHER WASTEWATER SYSTEM INFORMATION

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

1. Present ERC's * that system can efficiently serve.	<u>4,388</u>
2. Maximum number of ERC's * which can be served.	<u>5,194</u>
3. Present system connection capacity (in ERC's *) using existing lines.	<u>4,900</u>
4. Future system connection capacity (in ERC's *) upon service area buildout.	<u>4,900</u>
5. Estimated annual increase in ERC's	<u>Service area is essentially built - out</u>
8. Describe any plans and estimated completion dates for any enlargements or improvements of this system.	<u>None</u>
7. If the utility uses reuse as a means of effluent disposal, attach a list of the reuse end users and the amount of reuse provided to each, if known.	<u>Forest Country Club - 78,840 mg</u>
8. If the utility does not engage in reuse, has a reuse feasibility study been completed?	<u>No</u>
If so, when?	<u>N/A</u>
9. Has the utility been required by the DEP or water management district to implement reuse?	<u>No</u>
If so, what are the utility's plans to comply with the DEI	<u>N/A</u>
10. When did the company last file a capacity analysis report with the DEP?	<u>Jan 2011</u>
11. If the present system does not meet the requirements of DEP rules:	
a. Attach a description of the plant upgrade necessary to meet the DEP rules.	
b. Have these plans been approved by DEP?	<u>N/A</u>
c. When will construction begin?	<u>N/A</u>
d. Attach plans for funding the required upgrading.	<u>N/A</u>
e. Is this system under any Consent Order of the DEP?	<u>No</u>
11. Department of Environmental Protection ID #	<u>FLA 014478</u>

* An ERC is determined based on the calculation on the bottom of Page S-11