

CLASS "A" OR "B"

WATER AND/OR WASTEWATER UTILITIES  
(Gross Revenue Of More Than \$200,000 Each)

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## ANNUAL REPORT

WU370-03-AR  
Residential Water Systems, Inc.  
P. O. Box 5220  
Ocala, FL 34478-5220

419-W  
Certificate Number(s)

Submitted To The

STATE OF FLORIDA



PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2003

# Collier & Company, P.A.

## Certified Public Accountants

1111 N.E. 25th Avenue, Suite 204

Ocala, Florida 34470

Phone 352-732-5611

Fax 352-732-4697

Daniel J. Collier, C.P.A.

John G. Collier, C.P.A.

January 19, 2004

To the Board of Directors:  
Residential Water Systems, Inc.

We have compiled the 2003 Annual Report of Residential Water Systems, Inc. in the accompanying prescribed form, in accordance with the Statements on 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 company's management. We have not audited or reviewed the prescribed form referred to above and, accordingly, do not express an opinion or any other form of assurance on it.

This report is presented in accordance 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.

*Collier & Company, P.A.*

## TABLE OF CONTENTS

SCHEDULE	PAGE	SCHEDULE	PAGE
<b>EXECUTIVE SUMMARY</b>			
Certification	E-1	Business Contracts with Officers, Directors and Affiliates	E-7
General Information	E-2	Affiliation of Officers & Directors	E-8
Directory of Personnel Who Contact the FPSC	E-3	Businesses which are a Byproduct, Coproduct or Joint Product Result of Providing Service	E-9
Company Profile	E-4	Business Transactions with Related Parties. Part I and II	E-10
Parent / Affiliate Organization Chart	E-5		
Compensation of Officers & Directors	E-6		
<b>FINANCIAL SECTION</b>			
Comparative Balance Sheet - Assets and Other Debits	F-1	Unamortized Debt Discount / Expense / Premium	F-13
Comparative Balance Sheet - Equity Capital and Liabilities	F-2	Extraordinary Property Losses	F-13
Comparative Operating Statement	F-3	Miscellaneous Deferred Debits	F-14
Schedule of Year End Rate Base	F-4	Capital Stock	F-15
Schedule of Year End Capital Structure	F-5	Bonds	F-15
Capital Structure Adjustments	F-6	Statement of Retained Earnings	F-16
Utility Plant	F-7	Advances from Associated Companies	F-17
Utility Plant Acquisition Adjustments	F-7	Long Term Debt	F-17
Accumulated Depreciation	F-8	Notes Payable	F-18
Accumulated Amortization	F-8	Accounts Payable to Associated Companies	F-18
Regulatory Commission Expense - Amortization of Rate Case Expense	F-9	Accrued Interest and Expense	F-19
Nonutility Property	F-9	Misc. Current & Accrued Liabilities	F-20
Special Deposits	F-9	Advances for Construction	F-21
Investments and Special Funds	F-10	Other Deferred Credits	F-21
Accounts and Notes Receivable - Net	F-11	Contributions In Aid of Construction	F-22
Accounts Receivable from Associated Companies	F-12	Accumulated Amortization of CIAC	F-23
Notes Receivable from Associated Companies	F-12	Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	F-23
Miscellaneous Current & Accrued Assets	F-12		

## TABLE OF CONTENTS

SCHEDULE	PAGE	SCHEDULE	PAGE
<b>WATER OPERATION SECTION</b>			
Listing of Water System Groups	W-1	CIAC Additions / Amortization	W-8
Schedule of Year End Water Rate Base	W-2	Water Operating Revenue	W-9
Water Operating Statement	W-3	Water Utility Expense Accounts	W-10
Water Utility Plant Accounts	W-4	Pumping and Purchased Water Statistics, Source Supply	W-11
Basis for Water Depreciation Charges	W-5	Water Treatment Plant Information	W-12
Analysis of Entries in Water Depreciation Reserve	W-6	Calculation of ERC's	W-13
Contributions In Aid of Construction	W-7	Other Water System Information	W-14
<b>WASTEWATER OPERATION SECTION</b>			
Listing of Wastewater System Groups	S-1	Contributions In Aid of Construction	S-7
Schedule of Year End Wastewater Rate Base	S-2	CIAC Additions / Amortization	S-8
Wastewater Operating Statement	S-3	Wastewater Utility Expense Accounts	S-9
Wastewater Utility Plant Accounts	S-4	Wastewater Operating Revenue	S-10
Analysis of Entries in Wastewater Depreciation Reserve	S-5	Calculation of ERC's	S-11
Basis for Wastewater Depreciation Charges	S-6	Wastewater Treatment Plant Information	S-12
		Other Wastewater System Information	S-13

# **EXECUTIVE SUMMARY**

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

**YEAR OF REPORT**  
**DECEMBER 31, 2003**

### CERTIFICATION OF ANNUAL REPORT

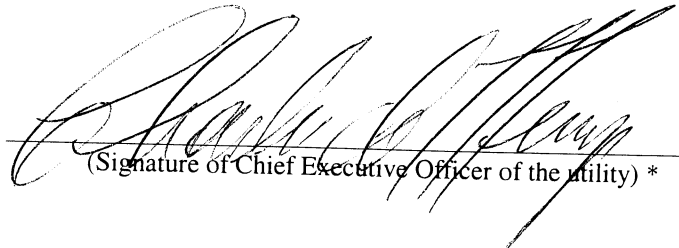
I HEREBY CERTIFY, to the best of my knowledge and belief:

- |  |                                |    |   |
|--|--------------------------------|----|---|
| 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.   |
| 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 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 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

1.	2.	3.	4.

  
(Signature of Chief Executive Officer of the utility) \*

N/A

(Signature of Chief Financial Officer of the utility) \*

\* Each of the four items must be certified YES or NO. Each item need not be certified by both officers. The items being certified by the officer should be indicated in the appropriate area to the left of the signature.

**NOTICE:**

Section 837.06, Florida Statutes, provides that any person who knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his duty shall be guilty of a misdemeanor of the second degree.

# ANNUAL REPORT OF

**YEAR OF REPORT**  
**DECEMBER 31, 2003**

RESIDENTIAL WATER SYSTEMS, INC.

(Exact Name of Utility)

County: MARION

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

P.O. BOX 5220

OCALA, FL 34478-5220

Telephone: 352-622-4949

E Mail Address: CHARLIE@ALTERNATIVEPHONE.COM

WEB Site: \_\_\_\_\_

Sunshine State One-Call of Florida, Inc. Member Number MIR598

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

DANIEL COLLIER CPA

COLLIER & COMPANY P.A.

1111 NE 25TH AVENUE SUITE 204

OCALA FL 34470

Telephone 352-732-5611

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

1410 NE 8TH AVENUE

OCALA, FL 34470

Telephone 352-622-4949

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

Date of original organization of the utility: 10/06/83

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% or more of the voting securities of the utility:

	Name	Percent Ownership
1.	<u>CHARLES DEMENZES</u>	<u>100</u>
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____
7.	_____	_____
8.	_____	_____
9.	_____	_____
10.	_____	_____

<b>YEAR OF REPORT</b>
DECEMBER 31, 2003

[illegible]

- E-3



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

<b>YEAR OF REPORT</b> <b>DECEMBER 31, 2003</b>
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### **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 Company was organized to provide potable water service to various subdivisions in Marion County.
- B The Company provides water treatment and distribution services to customers in its certificated area.
- C The primary goal of the Company is to continue rendering quality service to its existing customers.
- D The Company provides water treatment and distribution services, only in Marion Counties.
- E The Company expects to continue an average annual growth rate of approximately 1%.
- F None

UTILITY NAME: RESIDENTIAL WATER SYSTEMS, INC.

YEAR OF REPORT  
DECEMBER 31, 2003

## PARENT / AFFILIATE ORGANIZATION CHART

Current as of 12/31/03

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

RESIDENTIAL WATER SYSTEMS, INC AND TRADEWIND UTILITIES INC. HAVE COMMON OWNERSHIP. BOTH COMPANIES ARE SISTER RELATIONSHIPS AND PROVIDE UTILITY SERVICES IN MARION COUNTY

UTILITY NAME: RESIDENTIAL WATER SYSTEMS, INC.

YEAR OF REPORT  
December 31,

### 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 THE UTILITY (c)	OFFICERS' COMPENSATION (d)
CHARLES DEMENZES	PRESIDENT	50-60%	\$ 62,400
DEBORAH DILLON	VICE PRESIDENT	50-60%	

### COMPENSATION OF DIRECTORS

For each director, list the number of director meetings attended by each director and the compensation received as a director from the respondent.			
NAME (a)	TITLE (b)	NUMBER OF DIRECTORS' MEETINGS ATTENDED (c)	DIRECTORS' COMPENSATION (d)
CHARLES DEMENZES	PRESIDENT	1	\$ NONE
DEBORAH DILLON	VICE PRESIDENT	1	NONE

**YEAR OF REPORT**  
DECEMBER 31, 2003

[illegible]

E-7

**YEAR OF REPORT**  
**DECEMBER 31, 2003**

[illegible]

<p><b>YEAR OF REPORT</b>  <b>DECEMBER 31, 2003</b></p>
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Complete the following for any business which is conducted as a byproduct, coproduct, or joint product as a result of providing water and / or wastewater 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 revenue and expenses segregated out as nonutility also.

<b>YEAR OF REPORT</b> DECEMBER 31, 2003
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[illegible]





# **FINANCIAL SECTION**

UTILITY NAME: **RESIDENTIAL WATER SYSTEMS, INC.****YEAR OF REPORT**  
**DECEMBER 31, 2003****COMPARATIVE BALANCE SHEET**  
**ASSETS AND OTHER DEBITS**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
<b>UTILITY PLANT</b>				
101-106	Utility Plant	F-7	\$ 699,963	\$ 751,332
108-110	Less: Accumulated Depreciation and Amortization	F-8	184,483	169,777
Net Plant			\$ 515,480	\$ 581,555
114-115	Utility Plant Acquisition adjustment (Net)	F-7		
116 *	Other Utility Plant Adjustments			
Total Net Utility Plant			\$ 515,480	\$ 581,555
<b>OTHER PROPERTY AND INVESTMENTS</b>				
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 & Investments			\$	\$
<b>CURRENT AND ACCRUED ASSETS</b>				
131	Cash		\$ 16,455	\$ 11,253
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 Uncollectible Accounts	F-11	38,248	35,762
145	Accounts Receivable from Associated Companies	F-12		
146	Notes Receivable from Associated Companies	F-12		
151-153	Material 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			\$ 54,703	\$ 47,015

\* Not Applicable for Class B Utilities

**COMPARATIVE BALANCE SHEET  
ASSETS AND OTHER DEBITS**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense	F-13	\$ 4,921	\$ 4,624
182	Extraordinary Property Losses	F-13		
183	Preliminary Survey & Investigation Charges			
184	Clearing Accounts			
185 *	Temporary Facilities			
186	Misc. Deferred Debits	F-14	300	15,624
187 *	Research & Development Expenditures			
190	Accumulated Deferred Income Taxes			
	Total Deferred Debits		\$ 5,221	\$ 20,248
	TOTAL ASSETS AND OTHER DEBITS		\$ 575,404	\$ 648,818

\* Not Applicable for Class B Utilities

**NOTES TO THE BALANCE SHEET**

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

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

**YEAR OF REPORT**  
**DECEMBER 31, 2003**

**COMPARATIVE BALANCE SHEET  
EQUITY CAPITAL AND LIABILITIES**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
<b>EQUITY CAPITAL</b>				
201	Common Stock Issued	F-15	\$ 100	\$ 100
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		400	124,635
212	Discount On Capital Stock			
213	Capital Stock Expense			
214-215	Retained Earnings	F-16	(43,246)	(62,144)
216	Reacquired Capital Stock			
218	Proprietary Capital (Proprietorship and Partnership Only)			
Total Equity Capital			\$ (42,746)	\$ 62,591
<b>LONG TERM DEBT</b>				
221	Bonds	F-15		
222 *	Reacquired Bonds			
223	Advances from Associated Companies	F-17		
224	Other Long Term Debt	F-17		
Total Long Term Debt			\$	\$
<b>CURRENT AND ACCRUED LIABILITIES</b>				
231	Accounts Payable		4,440	3,355
232	Notes Payable	F-18	290,939	193,787
233	Accounts Payable to Associated Companies	F-18		36,213
234	Notes Payable to Associated Companies	F-18		
235	Customer Deposits		3,015	3,475
236	Accrued Taxes	W/S-3	8,911	9,583
237	Accrued Interest	F-19		
238	Accrued Dividends			
239	Matured Long Term Debt			
240	Matured Interest			
241	Miscellaneous Current & Accrued Liabilities	F-20		
Total Current & Accrued Liabilities			\$ 307,305	\$ 246,413

\* Not Applicable for Class B Utilities

**COMPARATIVE BALANCE SHEET**  
**EQUITY CAPITAL AND LIABILITIES**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
<b>DEFERRED CREDITS</b>				
251	Unamortized Premium On Debt	F-13	\$ _____	\$ _____
252	Advances For Construction	F-20	_____	_____
253	Other Deferred Credits	F-21	_____	_____
255	Accumulated Deferred Investment Tax Credits			
Total Deferred Credits			\$ _____	\$ _____
<b>OPERATING RESERVES</b>				
261	Property Insurance Reserve		\$ _____	\$ _____
262	Injuries & Damages Reserve		_____	_____
263	Pensions and Benefits Reserve		_____	_____ 0
265	Miscellaneous Operating Reserves		_____	_____
Total Operating Reserves			\$ _____	\$ _____
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>				
271	Contributions in Aid of Construction	F-22	\$ 508,358	\$ 557,508
272	Accumulated Amortization of Contributions in Aid of Construction	F-22	(197,513)	(217,694)
Total Net C.I.A.C.			\$ 310,845	\$ 339,814
<b>ACCUMULATED DEFERRED INCOME TAXES</b>				
281	Accumulated Deferred Income Taxes - Accelerated Depreciation		\$ _____	\$ _____
282	Accumulated Deferred Income Taxes - Liberalized Depreciation		_____	_____
283	Accumulated Deferred Income Taxes - Other		_____	_____
Total Accumulated Deferred Income Tax			\$ _____	\$ _____
<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>			\$ 575,404	\$ 648,818

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

**YEAR OF REPORT**  
**DECEMBER 31, 2003**

**COMPARATIVE OPERATING STATEMENT**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR * (e)
	UTILITY OPERATING INCOME			
400	Operating Revenues	F-3(b)	\$ 198,018	\$ 212,950
469, 530	Less: Guaranteed Revenue and AFPI	F-3(b)		
	Net Operating Revenues		\$ 198,018	\$ 212,950
401	Operating Expenses	F-3(b)	\$ 158,876	\$ 201,050
403	Depreciation Expense:	F-3(b)	\$ 22,448	\$ 27,197
	Less: Amortization of CIAC	F-22	16,303	20,181
	Net Depreciation Expense		\$ 6,145	\$ 7,016
406	Amortization of Utility Plant Acquisition Adjustment	F-3(b)	-	
407	Amortization Expense (Other than CIAC)	F-3(b)		297
408	Taxes Other Than Income	W/S-3	12,129	12,966
409	Current Income Taxes	W/S-3		
410.10	Deferred Federal Income Taxes	W/S-3		
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		\$ 177,150	\$ 221,329
	Net Utility Operating Income		\$ 20,868	\$ (8,379)
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)]		\$ 20,868	\$ (8,379)

\* For each account,  
Column e should  
agree with Columns  
f, g and h  
on F-3(b)

# COMPARATIVE OPERATING STATEMENT (Cont'd)

WATER SCHEDULE W-3 * (f)	WASTEWATER SCHEDULE S-3 * (g)	OTHER THAN REPORTING SYSTEMS (h)
\$ 212,950	\$	\$
\$ 212,950	\$	\$
\$ 201,050	\$	\$
27,197 20,181		
\$ 7,016	\$	\$
12,966		297
\$ 221,032	\$	\$ 297
\$ (8,082)	\$	\$ (297)
\$ (8,082)	\$	\$ (297)

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

UTILITY NAME: **RESIDENTIAL WATER SYSTEMS, INC.****YEAR OF REPORT**  
**DECEMBER 31, 2003****COMPARATIVE OPERATING STATEMENT (Cont'd)**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
Total Utility Operating Income [from page F-3(a)]			\$ 20,868	\$ (8,379)
415	OTHER INCOME AND DEDUCTIONS Revenues-Merchandising, Jobbing, and Contract Deductions		\$	\$
416	Costs & Expenses of Merchandising Jobbing, and Contract Work			
419	Interest and Dividend Income		1,983	1,379
421	Nonutility Income			
426	Miscellaneous Nonutility Expenses			
Total Other Income and Deductions			\$ 1,983	\$ 1,379
408.20	TAXES APPLICABLE TO OTHER INCOME 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			\$	\$
427	INTEREST EXPENSE Interest Expense	F-19	\$ 15,748	\$ 11,898
428	Amortization of Debt Discount & Expense	F-13		
429	Disallowed rate case expense	F-13		
Total Interest Expense			\$ 15,748	\$ 11,898
433	EXTRAORDINARY ITEMS Extraordinary Income		\$	\$
434	Extraordinary Deductions			
409.30	Income Taxes, Extraordinary Items			
Total Extraordinary Items			\$	\$
NET INCOME			\$ 7,103	\$ (18,898)

Explain Extraordinary Income:

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**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	\$ 751,332	\$
	Less:			
	Nonused and Useful Plant (1)			
108	Accumulated Depreciation	F-8	169,777	
110	Accumulated Amortization	F-8		
271	Contributions In Aid of Construction	F-22	557,508	
252	Advances for Construction	F-20		
Subtotal			\$ 24,047	\$
272	Add: Accumulated Amortization of Contributions in Aid of Construction	F-22	217,694	
Subtotal			\$ 241,741	\$
114	Plus or Minus: Acquisition Adjustments (2)	F-7		
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	0	
	Working Capital Allowance (3)		25,131	
105	Other (Specify): Construction in process		0	
RATE BASE			\$ 266,872	\$
NET UTILITY OPERATING INCOME			\$ (8,082)	\$
ACHIEVED RATE OF RETURN (Operating Income / Rate Base)			-3.03%	

**NOTES :**

- (1) Estimate based on the methodology used in the last rate proceeding.
- (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: **RESIDENTIAL WATER SYSTEMS, INC.**

**YEAR OF REPORT**  
**DECEMBER 31, 2003**

COMPLETION OF SCHEDULE ONLY REQUIRED IF AFUDC WAS CHANGED DURING THE YEAR

**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	\$ _____	_____	_____	_____
Preferred Stock	_____	_____	_____	_____
Long Term Debt	_____	_____	_____	_____
Customer Deposits	_____	_____	_____	_____
Tax Credits - Zero Cost	_____	_____	_____	_____
Tax Credits - Weighted Cost	_____	_____	_____	_____
Deferred Income Taxes	_____	_____	_____	_____
Other (Explain)	_____	_____	_____	_____
Total	\$ _____	_____		_____

- (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:	_____ %
Commission order approving Return on Equity:	_____

**APPROVED AFUDC RATE**

COMPLETION ONLY REQUIRED IF AFUDC WAS CHARGED DURING YEAR

Current Commission Approved AFUDC rate:	_____ %
Commission order approving AFUDC rate:	_____

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.

**RESIDENTIAL WATER SYSTEMS, INC.**

**YEAR OF REPORT**  
**DECEMBER 31, 2003**

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

**SCHEDULE OF CAPITAL STRUCTURE ADJUSTMENTS**

**CONSISTENT WITH THE METHODOLOGY USED IN THE LAST RATE**

CONSISTENT WITH THE METHODOLOGY USED IN THE LAST RATE PROCEEDING						
CLASS OF CAPITAL (a)	PER BOOK BALANCE (b)	NON-UTILITY ADJUSTMENTS (c)	NON-JURISDICTIONAL ADJUSTMENTS (d)	OTHER (1) ADJUSTMENTS SPECIFIC (e)	OTHER (1) ADJUSTMENTS PRO RATA (f)	CAPITAL STRUCTURE (g)
Common Equity	\$ 100	\$	\$	\$	\$	\$
Preferred Stock						
Long Term Debt						
Customer Deposits						
Tax Credits - Zero Cost						
Tax Credits - Weighted Cost						
Deferred Inc. Taxes						
Other (Explain)						
Total	\$ 100	\$	\$	\$	\$	\$

(1) Explain below all adjustments made in Columns (e) and (f):

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

**YEAR OF REPORT**  
**DECEMBER 31, 2003**

**UTILITY PLANT  
ACCOUNTS 101 - 106**

ACCT. (a)	DESCRIPTION (b)	WATER (c)	WASTEWATER (d)	OTHER THAN REPORTING SYSTEMS (e)	TOTAL (f)
101	Plant Accounts: Utility Plant In Service	\$ 751,332	\$	\$	\$ 751,332
102	Utility Plant Leased to Other				
103	Property Held for Future Use				
104	Utility Plant Purchased or Sold				
105	Construction Work in Progress				
106	Completed Construction Not Classified				
	Total Utility Plant	\$ 751,332	\$	\$	\$ 751,332

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

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

ACCT. (a)	DESCRIPTION (b)	WATER (c)	WASTEWATER (d)	OTHER THAN REPORTING SYSTEMS (e)	TOTAL (f)
114	Acquisition Adjustment	\$	\$	\$	\$
114					0
114					0
	Total Plant Acquisition Adjustments	\$	\$	\$	\$
115	Accumulated Amortization	\$	\$	\$	\$
	Total Accumulated Amortization	\$	\$	\$	\$
	Net Acquisition Adjustments	\$	\$	\$	\$

DESCRIPTION (a)	WATER (b)	WASTEWATER (c)	OTHER THAN REPORTING SYSTEMS (d)	TOTAL (e)
ACCUMULATED DEPRECIATION Account 108				
Balance first of year	\$ 184,483	\$	\$	\$ 184,483
Credit during year:				
Accruals charged to:				
Account 108.1 (1)	\$ 27,197	\$	\$	\$ 27,197
Account 108.2 (2)				
Account 108.3 (2)				
Other Accounts (specify):				
Salvage				
Other Credits (Specify):				
Total Credits	\$ 27,197	\$	\$	\$ 27,197
Debits during year:				
Book cost of plant retired	41,903			41,903
Cost of Removal				
Other Debits (specify):				
Total Debits	\$ 41,903	\$	\$	\$ 41,903
Balance end of year	\$ 169,777	\$	\$ 0	\$ 169,777
ACCUMULATED AMORTIZATION Account 110				
Balance first of year	\$	\$	\$	\$
Credit during year:				
Accruals charged to:				
Account 110.2 (2)	\$	\$	\$	\$
Other Accounts (specify):				
Total credits	\$	\$	\$	\$
Debits during year:				
Book cost of plant retired				
Other debits (specify):				
Total Debits	\$	\$	\$	\$
Balance end of year	\$	\$	\$	\$

- (1) Account 108 for Class B utilities.
- (2) Not applicable for Class B utilities.
- (3) Account 110 for Class B utilities.

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

**YEAR OF REPORT**  
**DECEMBER 31, 2003**

**REGULATORY COMMISSION EXPENSE  
AMORTIZATION OF RATE CASE EXPENSE (ACCOUNTS 666 AND 766)**

DESCRIPTION OF CASE (DOCKET NO.) (a)	EXPENSE INCURRED DURING YEAR (b)	CHARGED OFF DURING YEAR	
		ACCT. (d)	AMOUNT (e)
RATE CASE AUDIT	\$ 15324		\$
Total	\$ 15,324		\$

**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):	\$
Total Other Special Deposits	\$

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

**YEAR OF REPORT**  
**DECEMBER 31, 2003**

**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): _____ None _____ _____ _____	\$ _____ _____ _____ _____ _____	\$ _____ _____ _____ _____ _____
Total Investment in Associated Companies		\$ _____
UTILITY INVESTMENTS (Account 124): _____ None _____ _____ _____	\$ _____ _____ _____ _____ _____	\$ _____ _____ _____ _____ _____
Total Utility Investment		\$ _____
OTHER INVESTMENTS (Account 125): _____ None _____ _____ _____	\$ _____ _____ _____ _____ _____	\$ _____ _____ _____ _____ _____
Total Other Investment		\$ _____
SPECIAL FUNDS (Class A Utilities: Accounts 126 and 127; Class B Utilities: Account 127): _____ _____ _____ _____ None _____		\$ _____ _____ _____ _____ _____ _____
Total Special Funds		\$ _____

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

**YEAR OF REPORT**  
**DECEMBER 31, 2003**

**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  
Amounts included in Accounts 142 and 144 should be listed individually.

DESCRIPTION (a)		TOTAL (b)
CUSTOMER ACCOUNTS RECEIVABLE (Account 141):		
Water	\$ 20,362	
Wastewater		
Other		
Total Customer Accounts Receivable		\$ 20,362
OTHER ACCOUNTS RECEIVABLE ( Account 142):		
DUE FROM STOCKHOLDER	\$ 545	
Total Other Accounts Receivable		\$ 545
NOTES RECEIVABLE (Account 144 ):		
DUE FROM BFF, INC.	\$ 15,000	
Total Notes Receivable		\$ 15,000
Total Accounts and Notes Receivable		\$ 35,907
ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS ( Account 143 )		
Balance first of year	\$ 145	
Add: Provision for uncollectibles for current year		
Collection 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		\$ 145
TOTAL ACCOUNTS AND NOTES RECEIVABLE - NET		\$ 35,762



**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)	BALANCE END OF YEAR (b)
None	\$
Total Miscellaneous Current and Accrued Liabilities	\$

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

**YEAR OF REPORT**  
**DECEMBER 31, 20**

**UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM ON DEBT  
ACCOUNTS 181 AND 251**

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):	\$ _____	\$ _____
LOAN COST	297	4,624
Total Unamortized Debt Discount and Expense	\$ <u>297</u>	\$ <u>4,624</u>
UNAMORTIZED PREMIUM ON DEBT (Account 251):	\$ _____	\$ _____
None	_____	_____
Total Unamortized Premium on Debt	\$ _____	\$ _____

**EXTRAORDINARY PROPERTY LOSSES  
ACCOUNT 182**

Report each item separately.

DESCRIPTION (a)	TOTAL (b)
None	\$ _____
Total Extraordinary Property Losses	\$ _____

**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)		
RATE CASE EXPENSES	\$ 0	\$ 15,324
Total Deferred Rate Case Expense	\$	\$ 15,324
OTHER DEFERRED DEBITS (Class A Utilities: Account 186.2):		
DEPOSITS		300
Total Other Deferred Debits	\$	\$ 300
REGULATORY ASSETS (Class A Utilities: Account. 186.3):		
	\$	\$
Total Regulatory Assets	\$	\$
TOTAL MISCELLANEOUS DEFERRED DEBITS	\$	\$ 15,624

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

**YEAR OF REPORT**  
**DECEMBER 31, 2003**

**CAPITAL STOCK**  
**ACCOUNTS 201 AND 204\***

DESCRIPTION (a)	RATE (b)	TOTAL (c)
<b>COMMON STOCK</b>		
Par or stated value per share		
Shares authorized	% \$	1
Shares issued and outstanding		100
Total par value of stock issued		100
Dividends declared per share for year	% \$	100
	% \$	
<b>PREFERRED STOCK</b>		
Par or stated value per share	None	% \$
Shares authorized		
Shares issued and outstanding		
Total par value of stock issued	% \$	
Dividends declared per share for year	% \$	

\* 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)	
None	%		\$
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
Total			\$

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

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

**YEAR OF REPORT**  
**DECEMBER 31, 20**

### 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	\$ (43,246)
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	\$ (18,898)
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	\$ _____
215	Year end Balance	\$ (62,144)
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end): _____ _____ _____	_____ _____ _____
214	Total Appropriated Retained Earnings	\$ _____
Total Retained Earnings		\$ (62,144)
Notes to Statement of Retained Earnings:   		

UTILITY NAME: RESIDENTIAL WATER SYSTEMS, INC.

<b>YEAR OF REPORT</b> DECEMBER 31, 20
--

**ADVANCES FROM ASSOCIATED COMPANIES**  
**ACCOUNT 223**

Report each advance separately.

Report each advance separately.	
DESCRIPTION (a)	TOTAL (b)
None	\$ _____
	_____
	_____
	_____
	_____
	_____
	_____
	_____
	_____
	_____
Total	\$ _____

## OTHER LONG-TERM DEBT ACCOUNT 224

<b>DESCRIPTION OF OBLIGATION (INCLUDING DATE OF ISSUE AND DATE OF MATURITY)</b> <b>(a)</b>	<b>INTEREST</b>		<b>PRINCIPAL AMOUNT PER BALANCE SHEET</b> <b>(d)</b>
	<b>ANNUAL RATE</b> <b>(b)</b>	<b>FIXED OR VARIABLE *</b> <b>(c)</b>	
None	%		\$
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
Total			\$ .

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

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

**YEAR OF REPORT**  
**DECEMBER 31, 2003**

**NOTES PAYABLE**  
**ACCOUNTS 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):			
STATE SRF LOAN	3.55 %	Fixed	\$ 178,794
N/P INGERSOL FOR BOBCAT	3.90 %	Fixed	14,993
Total Account 232			\$ 193,787
NOTES PAYABLE TO ASSOC. COMPANIES (Account 234):			
None	%		\$
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
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)
None DUE TO MIRA INTERNATIONAL	\$ 36,213
Total	\$ 36,213

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

**YEAR OF REPORT**  
DECEMBER 31, 2003

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

DESCRIPTION OF DEBIT (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					
STATE SRF LOAN			6,557	6,557	\$
N/P ON BOBCAT			696	696	
N/P WACHOVIA			4,621	4,621	
Total Account 237.1	\$		11,874	11,874	\$
ACCOUNT NO. 237.2 - Accrued Interest on Other Liabilities					
Customer Deposits	\$	427	24	24	\$
Total Account 237.2	\$		24	24	\$
Total Account 237 (1)	\$		11,898	11,898	\$
INTEREST EXPENSED:					
Total accrual Account 237		237	11,898		
Less Capitalized Interest Portion of AFUDC:					
Net Interest Expensed to Account No. 427 (2)			11,898		

(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



**YEAR OF REPORT**  
**DECEMBER 31, 2003**

**ADVANCES FOR CONSTRUCTION  
ACCOUNT 252**

NAME OF PAYOR * (a)	BALANCE BEGINNING OF YEAR (b)	DEBITS		CREDITS (e)	BALANCE END OF YEAR (f)
		ACCT. DEBIT (c)	AMOUNT (d)		
	\$ _____				
	_____				
	_____				
	_____				
	_____				
	_____				
	_____				
	_____				
	_____				
	_____				
	_____				
	_____				
	_____				
	_____				
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

\* Report advances separately by reporting group, designating water or wastewater in column (a).

**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):		
None	\$ _____	\$ _____
	_____	_____
	_____	_____
	_____	_____
Total Regulatory Liabilities	\$ _____	\$ _____
OTHER DEFERRED LIABILITIES (Class A Utilities: Account 253.2):		
None	\$ _____	\$ _____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
Total Other Deferred Liabilities	\$ _____	\$ _____
TOTAL OTHER DEFERRED CREDITS	\$ _____	\$ _____

UTILITY NAME: RESIDENTIAL WATER SYSTEMS, INC.

**YEAR OF REPORT**  
**DECEMBER 31, 20**

**CONTRIBUTIONS IN AID OF CONSTRUCTION**  
**ACCOUNT 271**

DESCRIPTION (a)	WATER (W-7) (b)	WASTEWATER (S-7) (c)	W & WW OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance first of year	\$ 508,358	\$	\$	\$ 508,358
Add credits during year:	\$ 49,150	\$	\$	\$ 49,150
Less debit charged during the year	\$	\$	\$	\$
Total Contribution In Aid of Construction	\$ 557,508	\$	\$	\$ 557,508

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

DESCRIPTION (a)	WATER (W-8(a)) (b)	WASTEWATER (S-8(a)) (c)	W & WW OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance first of year	\$ 197,513	\$	\$	\$ 197,513
Debits during the year:	\$ 20,181	\$	\$	\$ 20,181
Credits during the year	\$	\$	\$	\$
Total Accumulated Amortization of Contributions In Aid of Construction	\$ 217,694	\$	\$	\$ 217,694

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

<b>YEAR OF REPORT</b> <b>DECEMBER 31, 2003</b>
---

**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 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 computations 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, assignments or sharing of the consolidated tax among the group members.

DESCRIPTION (a)	REF. NO. (b)	AMOUNT (c)
Net income for the year	F-3(c)	\$ N/A
Reconciling items for the year:		
Taxable income not reported on books:		
_____		_____
_____		_____
_____		_____
_____		_____
Deductions recorded on books not deducted for return:		
_____		_____
_____		_____
_____		_____
_____		_____
Income recorded on books not included in return:		
_____		_____
_____		_____
_____		_____
_____		_____
Deduction on return not charged against book income:		
_____		_____
_____		_____
_____		_____
_____		_____
Federal tax net income		\$ _____

Computation of tax :

THIS CORPORATION IS AN "S" CORPORATION; THEREFORE, THIS SCHEDULE IS NOT APPLICABLE

**WATER  
OPERATION  
SECTION**

**RESIDENTIAL WATER SYSTEMS, INC.**

## WATER LISTING OF SYSTEM GROUPS

All of the following water pages (W-2 through W-15) should be completed for each group and arranged by group number.

[illegible]

UTILITY NAME:

RESIDENTIAL WATER SYSTEMS, INC.

<b>YEAR OF REPORT</b> <b>DECEMBER 31, 2003</b>
---

SYSTEM NAME / COUNTY : RESIDENTIAL WATER SYSTEMS, INC. (MARION)**SCHEDULE OF YEAR END WATER RATE BASE**

ACCT. NO. (a)	ACCOUNT NAME (b)	REFERENCE PAGE (c)	WATER UTILITY (d)
101	Utility Plant In Service	W-4(b)	\$ 751,332
	Less:		
	Nonused and Useful Plant (1)		
108	Accumulated Depreciation	W-6(b)	169,777
110	Accumulated Amortization		
271	Contributions In Aid of Construction	W-7	557,508
252	Advances for Construction	F-20	
Subtotal			\$ 24,047
272	Add: Accumulated Amortization of Contributions in Aid of Construction	W-8(a)	\$ 217,694
Subtotal			\$ 241,741
114	Plus or Minus: Acquisition Adjustments (2)	F-7	
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	
	Working Capital Allowance (3)		25,131
	Other (Specify):		
105	Construction in Process		0
WATER RATE BASE			\$ 266,872
WATER OPERATING INCOME		W-3	\$ (8,082)
ACHIEVED RATE OF RETURN (Water Operating Income / Water Rate Base)			<u>-3.03%</u>

NOTES : (1) Estimate based on the methodology used in the last rate proceeding.

(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:

RESIDENTIAL WATER SYSTEMS, INC.

<b>YEAR OF REPORT</b> DECEMBER 31, 2003
--

SYSTEM NAME / COUNTY : RESIDENTIAL WATER SYSTEMS, INC. (MARION)**WATER OPERATING STATEMENT**

ACCT. NO. (a)	ACCOUNT NAME (b)	REFERENCE PAGE (c)	CURRENT YEAR (d)
	UTILITY OPERATING INCOME		
400	Operating Revenues	W-9	\$ 212,950
469	Less: Guaranteed Revenue and AFPI	W-9	
	Net Operating Revenues		\$ 212,950
401	Operating Expenses	W-10(a)	\$ 201,050
403	Depreciation Expense	W-6(a)	27,197
	Less: Amortization of CIAC	W-8(a)	20,181
	Net Depreciation Expense		\$ 7,016
406	Amortization of Utility Plant Acquisition Adjustment	F-7	
407	Amortization Expense (Other than CIAC)	F-8	
408.10	Taxes Other Than Income		9,583
	Utility Regulatory Assessment Fee		
408.11	Property Taxes		
408.12	Payroll Taxes		
408.13	Other Taxes and Licenses		3,383
408	Total Taxes Other Than Income		\$ 12,966
409.1	Income Taxes		
410.10	Deferred Federal Income Taxes		
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		\$ 221,032
	Utility Operating Income		\$ (8,082)
469	Add Back:		
	Guaranteed Revenue (and AFPI)	W-9	\$
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		\$ (8,082)

UTILITY NAME:

**RESIDENTIAL WATER SYSTEMS, INC.**

**YEAR OF REPORT  
DECEMBER 31, 2003**

SYSTEM NAME / COUNTY : **RESIDENTIAL WATER SYSTEMS, INC. (MARION)**

**WATER UTILITY PLANT ACCOUNTS**

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)
301	Organization	\$ 400	\$	\$	\$ 400
302	Franchises				
303	Land and Land Rights				
304	Structures and Improvements	43,366	1,610		44,976
305	Collecting and Impounding Reservoirs				
306	Lake, River and Other Intakes				
307	Wells and Springs				
308	Infiltration Galleries and Tunnels				
309	Supply Mains				
310	Power Generation Equipment	32,588			32,588
311	Pumping Equipment	47,374	41,724	(41,903)	47,195
320	Water Treatment Equipment	89,714			89,714
330	Distribution Reservoirs and Standpipes	173,719			173,719
331	Transmission and Distribution Mains	198,553			198,553
333	Services	26,115	17,916		44,031
334	Meters and Meter Installations	42,705	32,022		74,727
335	Hydrants	14,500			14,500
336	Backflow Prevention Devices				
339	Other Plant Miscellaneous Equipment	4,920			4,920
340	Office Furniture and Equipment	26,009			26,009
341	Transportation Equipment				
342	Stores Equipment				
343	Tools, Shop and Garage Equipment				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
TOTAL WATER PLANT		\$ 699,963	\$ 93,272	\$ -4,903	\$ 751,332

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

YEAR OF REPORT  
DECEMBER 31, 2003

UTILITY NAME: RESIDENTIAL WATER SYSTEMS, INC.

SYSTEM NAME / COUNTY : RESIDENTIAL WATER SYSTEMS, INC. (MARION)

WATER UTILITY PLANT MATRIX

ACCT. NO.	ACCOUNT NAME (b)	CURRENT YEAR (c)	.1 INTANGIBLE PLANT (d)	.2 SOURCE OF SUPPLY AND PUMPING PLANT (e)	.3 WATER TREATMENT PLANT (f)	.4 TRANSMISSION AND DISTRIBUTION PLANT (g)	.5 GENERAL PLANT (h)
(a)		\$ 400	\$ 400	\$	\$	\$	\$
301	Organization						
302	Franchises						
303	Land and Land Rights						
304	Structures and Improvements	44,976		44,976			
305	Collecting and Impounding Reservoirs						
306	Lake, River and Other Intakes						
307	Wells and Springs						
308	Infiltration Galleries and Tunnels						
309	Supply Mains						
310	Power Generation Equipment	32,588		32,588			
311	Pumping Equipment	47,195		47,195			
320	Water Treatment Equipment	89,714			89,714		
330	Distribution Reservoirs and Standpipes	173,719				173,719	
331	Transmission and Distribution Mains	198,553				198,553	
333	Services	44,031				44,031	
334	Meters and Meter Installations	74,727				74,727	
335	Hydrants	14,500				14,500	
336	Backflow Prevention Devices		4,920				26,009
339	Other Plant Miscellaneous Equipment	4,920					
340	Office Furniture and Equipment	26,009					
341	Transportation Equipment						
342	Stores Equipment						
343	Tools, Shop and Garage Equipment						
344	Laboratory Equipment						
345	Power Operated Equipment						
346	Communication Equipment						
347	Miscellaneous Equipment						
348	Other Tangible Plant						
	TOTAL WATER PLANT	\$ 751,332	\$ 5320	\$ 124,759	\$ 89,714	\$ 505,530	\$ 26,009

W-4(b)

UTILITY NAME:

RESIDENTIAL WATER SYSTEMS, INC.

<b>YEAR OF REPORT</b> <b>DECEMBER 31, 2003</b>
---

SYSTEM NAME / COUNTY : RESIDENTIAL WATER SYSTEMS, INC. (MARION)**BASIS FOR WATER 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)
304	Structures and Improvements	27		3.70%
305	Collecting and Impounding Reservoirs			
306	Lake, River and Other Intakes			
307	Wells and Springs			
308	Infiltration Galleries and Tunnels			
309	Supply Mains			
310	Power Generation Equipment	15		6.67%
311	Pumping Equipment	15		6.67%
320	Water Treatment Equipment	17		5.88%
330	Distribution Reservoirs and Standpipes	30		3.33%
331	Transmission and Distribution Mains	38		2.63%
333	Services	35		2.86%
334	Meters and Meter Installations	17		5.88%
335	Hydrants	20		5.00%
336	Backflow Prevention Devices			
339	Other Plant Miscellaneous Equipment	20		5.00%
340	Office Furniture and Equipment	6		16.67%
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			
Water 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.

UTILITY NAME:

**RESIDENTIAL WATER SYSTEMS, INC.**

**YEAR OF REPORT  
DECEMBER 31, 2003**

SYSTEM NAME / COUNTY : **RESIDENTIAL WATER SYSTEMS, INC. (MARION)**

**ANALYSIS OF ENTRIES IN WATER ACCUMULATED DEPRECIATION**

ACCT. NO. (a)	ACCOUNT NAME (b)	BALANCE AT BEGINNING OF YEAR (c)	ACCRUALS (d)	OTHER CREDITS * (e)	TOTAL CREDITS (d + e) (f)
301	Organization costs	\$ 400			\$ 0
304	Structures	25,217	1,621		1,621
306	Lake, River and Other Intakes				
307	Wells and Springs				0
308	Infiltration Galleries and Tunnels				
309	Supply Mains				0
310	Power Generation Equipment	5,371	2,173		2,173
311	Pumping Equipment	16,802	3,117		3,117
320	Water Treatment Equipment	89,456	22		22
330	Distribution Reservoirs and Standpipes	18,607	5,791		5,791
331	Transmission and Distribution Mains	10,398	5,225		5,225
333	Services	1,803	1,002		1,002
334	Meters and Meter Installations	7,703	3,454		3,454
335	Hydrants	1,294	725		725
336	Backflow Prevention Devices				
339	Other Plant Miscellaneous Equipment	3,075	246		246
340	Office Furniture and Equipment	4,357	3,821		3,821
341	Transportation Equipment				0
342	Stores Equipment				
343	Tools, Shop and Garage Equipment				0
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				0
347	Miscellaneous Equipment				
348	Other Tangible Plant				
<b>TOTAL WATER ACCUMULATED DEPRECIATION</b>		<b>\$ 184,483</b>	<b>\$ 27,197</b>	<b>\$ 0</b>	<b>\$ 27,197</b>

\* purchase of linadale and quai run per psc requirements  
Use ( ) to denote reversal entries.

W-6(a)

\*

**YEAR OF REPORT**  
**DECEMBER 31, 2003**

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

**SYSTEM NAME / COUNTY :** **RESIDENTIAL WATER SYSTEMS, INC. (MARION)**

**ANALYSIS OF ENTRIES IN WATER ACCUMULATED DEPRECIATION (CONT'D)**

ACCT. NO.	ACCOUNT NAME (b)	PLANT RETIRED (g)	SALVAGE AND INSURANCE (h)	COST OF REMOVAL AND OTHER CHARGES (i)	TOTAL CHARGES (g-h+i) (i)	BALANCE AT END OF YEAR (c+f-k) (l)
(a)						
301	Organization costs		\$	\$		\$ 400
304	Structures					26,838
306	Lake, River and Other Intakes					
307	Wells and Springs					
308	Infiltration Galleries and Tunnels					
309	Supply Mains					
310	Power Generation Equipment					7,544
311	Pumping Equipment					19,919
320	Water Treatment Equipment	(41,903)			(41,903)	47,575
330	Distribution Reservoirs and Standpipes					24,398
331	Transmission and Distribution Mains					15,623
333	Services					2,805
334	Meters and Meter Installations					11,157
335	Hydrants					2,019
336	Backflow Prevention Devices					
339	Other Plant Miscellaneous Equipment					3,321
340	Office Furniture and Equipment					8,178
341	Transportation Equipment					
342	Stores Equipment					
343	Tools, Shop and Garage Equipment					
344	Laboratory Equipment					
345	Power Operated Equipment					
346	Communication Equipment					
347	Miscellaneous Equipment					
348	Other Tangible Plant					
TOTAL WATER ACCUMULATED DEPRECIATION		\$ (41,903)	\$	\$	\$ (41,903)	\$ 169,777

W-6(b)

**RESIDENTIAL WATER SYSTEMS, INC.**

**SYSTEM NAME / COUNTY : RESIDENTIAL WATER SYSTEMS, INC. (MARION)**

DESCRIPTION (a)	REFERENCE (b)	WATER (c)
Balance first of year		\$ 508358
Add credits during year:		
Contributions received from Capacity, Main Extension and Customer Connection Charges	W-8(a)	\$ 49150
Contributions received from Developer or Contractor Agreements in cash or property	W-8(b)	
Total Credits		\$ 49150
Less debits charged during the year (All debits charged during the year must be explained below)		\$
Total Contributions In Aid of Construction		\$ 557508

Explain all debits charged to Account 271 during the year below:

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper appears to be a standard notebook page.

UTILITY NAME:

RESIDENTIAL WATER SYSTEMS, INC.

<b>YEAR OF REPORT</b> <b>DECEMBER 31, 2003</b>
---

SYSTEM NAME / COUNTY : RESIDENTIAL WATER SYSTEMS, INC. (MARION)**WATER 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)
CIAC FROM DEVELOPERS FOR WELL UPGRADE	1	\$ 30,000.00	\$ 30,000
METER CHARGES	18	175.00	3,150
IMPACT FEE	32	500	16,000
Total Credits			\$ 49,150

**ACCUMULATED AMORTIZATION OF WATER  
CONTRIBUTIONS IN AID OF CONSTRUCTION**

DESCRIPTION (a)	WATER (b)
Balance first of year	\$ 197,513
Debits during the year:	
Accruals charged to Account 272	\$ 20,181
Other debits (specify) :	
Purchase of Linadale water system	
Total debits	\$ 20,181
Credits during the year (specify) :	
	\$
Total credits	\$
Balance end of year	\$ 217,694



UTILITY NAME: RESIDENTIAL WATER SYSTEMS, INC.

UTILITY NAME: RESIDENTIAL WATER SYSTEMS, INC.

**YEAR OF REPORT**  
**DECEMBER 31, 2003**

**SYSTEM NAME / COUNTY : RESIDENTIAL WATER SYSTEMS, INC. (MARION)**

## WATER CIAC SCHEDULE "B"

ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION  
RECEIVED FROM ALL DEVELOPERS OR CONTRACTORS AGREEMENTS  
WHICH CASH OR PROPERTY WAS RECEIVED DURING THE YEAR

DESCRIPTION (a)	INDICATE CASH OR PROPERTY (b)	AMOUNT (c)
		\$ _____
		_____
		_____
		_____
		_____
		_____
		_____
		_____
		_____
		_____
		_____
		_____
		_____
		_____
		_____
		_____
		_____
		_____
		_____
		_____
		_____
		_____
		_____
Total Credits		\$ _____

UTILITY NAME:

RESIDENTIAL WATER SYSTEMS, INC.

<b>YEAR OF REPORT</b> <b>DECEMBER 31, 2003</b>
---

SYSTEM NAME / COUNTY : RESIDENTIAL WATER SYSTEMS, INC. (MARION)**WATER OPERATING REVENUE**

ACCT. NO. (a)	DESCRIPTION (b)	BEGINNING YEAR NO. CUSTOMERS * (c)	YEAR END NUMBER OF CUSTOMERS (d)	AMOUNT (e)
460	Water Sales: Unmetered Water Revenue			\$
461.1	Metered Water Revenue: Sales to Residential Customers	632	649	206,266
461.2	Sales to Commercial Customers			
461.3	Sales to Industrial Customers			
461.4	Sales to Public Authorities			
461.5	Sales Multiple Family Dwellings			
Total Metered Sales		632	649	\$ 206,266
462.1	Fire Protection Revenue: Public Fire Protection			
462.2	Private Fire Protection			
Total Fire Protection Revenue				\$
464	Other Sales To Public Authorities			
465	Sales To Irrigation Customers			
466	Sales For Resale			
467	Interdepartmental Sales			
Total Water Sales		632	649	\$ 206,266
469	Other Water Revenues: Guaranteed Revenues (Including Allowance for Funds Prudently Invested or AFPI)			\$
470	Forfeited Discounts			
471	Miscellaneous Service Revenues			6,684
472	Rents From Water Property			
473	Interdepartmental Rents			
474	Other Water Revenues			
Total Other Water Revenues				\$ 6,684
Total Water Operating Revenues				\$ 212,950

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

UTILITY NAME:

**RESIDENTIAL WATER SYSTEMS, INC.****YEAR OF REPORT  
DECEMBER 31, 2003**SYSTEM NAME / COUNTY : **RESIDENTIAL WATER SYSTEMS, INC. (MARION)****WATER UTILITY EXPENSE ACCOUNTS**

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	.1 SOURCE OF SUPPLY AND EXPENSES - OPERATIONS (d)	.2 SOURCE OF SUPPLY AND EXPENSES - MAINTENANCE (e)
601	Salaries and Wages - Employees	\$ 52,000	\$	\$
603	Salaries and Wages - Officers, Directors and Majority Stockholders	62,400		
604	Employee Pensions and Benefits	9,241		
610	Purchased Water			
615	Purchased Power	7,770	7,770	
616	Fuel for Power Purchased	0		
618	Chemicals	1,099		
620	Materials and Supplies	0		
631	Contractual Services-Engineering	2,850	2,570	
632	Contractual Services - Accounting	2,615		
633	Contractual Services - Legal	801		
634	Contractual Services - Mgt. Fees	16,800		
635	Contractual Services - Testing	6,210	6,060	
636	Contractual Services - Other	16,046		2,013
641	Rental of Building/Real Property	5,200		
642	Rental of Equipment	549		
650	Transportation Expenses	5,822		
656	Insurance - Vehicle			
657	Insurance - General Liability			
658	Insurance - Workman's Comp.			
659	Insurance - Other	7,533		
660	Advertising Expense			
666	Regulatory Commission Expenses - Amortization of Rate Case Expense			
667	Regulatory Commission Exp.-Other			
668	Water Resource Conservation Exp.			
670	Bad Debt Expense			
675	Miscellaneous Expenses	4,114	43	700
Total Water Utility Expenses		\$ 201,050	\$ 16,443	\$ 2,713

UTILITY NAME:

RESIDENTIAL WATER SYSTEMS, INC.**YEAR OF REPORT**  
**DECEMBER 31, 2003**SYSTEM NAME / COUNTY : RESIDENTIAL WATER SYSTEMS, INC. (MARION)**WATER EXPENSE ACCOUNT MATRIX**

<b>.3 WATER TREATMENT EXPENSES - OPERATIONS (f)</b>	<b>.4 WATER TREATMENT EXPENSES - MAINTENANCE (g)</b>	<b>.5 TRANSMISSION &amp; DISTRIBUTION EXPENSES - OPERATIONS (h)</b>	<b>.6 TRANSMISSION &amp; DISTRIBUTION EXPENSES - MAINTENANCE (i)</b>	<b>.7 CUSTOMER ACCOUNTS EXPENSE (j)</b>	<b>.8 ADMIN. &amp; GENERAL EXPENSES (k)</b>
\$ _____	\$ 13,000	\$ _____	\$ 13,000	\$ 26,000	\$ _____
					62,400
	1,050		1,050	2,100	5,041
		0			
1,099					
					280
					2,615
					801
					16,800
		150			
	60		13,610		363
					5,200
			549		
	662		662	1,323	3,175
					7,533
			127		3,244
\$ 1,099	\$ 14,772	\$ 150	\$ 28,998	\$ 29,423	\$ 107,452

UTILITY NAME:

**RESIDENTIAL WATER SYSTEMS, INC.****YEAR OF REPORT**  
**DECEMBER 31, 2003**SYSTEM NAME / COUNTY : **RESIDENTIAL WATER SYSTEMS, INC. (MARION)****PUMPING AND PURCHASED WATER STATISTICS**

MONTH (a)	WATER PURCHASED FOR RESALE ( Omit 000's ) (b)	FINISHED WATER PUMPED FROM WELLS ( Omit 000's ) (c)	WATER USED FOR LINE FLUSHING, FIGHTING FIRES, ETC. (d)	TOTAL WATER PUMPED AND PURCHASED ( Omit 000's ) [ (b)+(c)-(d) ] (e)	WATER SOLD TO CUSTOMERS ( Omit 000's ) (f)
January	None	6,055	332	5,723	5,723
February		6,287	579	5,708	5,708
March		5,365	225	5,140	5,140
April		8,279	100	8,179	8,179
May		10,514	227	10,287	10,287
June		7,900	119	7,781	7,781
July		7,560	256	7,304	7,304
August		7,018	292	6,726	6,726
September		7,551	21	7,530	7,530
October		6,889	686	6,203	6,203
November		7,009	406	6,603	6,603
December		5,966	419	5,547	5,547
Total for Year		86393	3662	82731	82731

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:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

List for each source of supply:	CAPACITY OF WELL	GALLONS PER DAY FROM SOURCE	TYPE OF SOURCE
WELL	630,720,000 *	1,728	GROUND WATER
WELL	630,720,000 *	1,728	GROUND WATER

\* ANNUAL

UTILITY NAME:

RESIDENTIAL WATER SYSTEMS, INC.

YEAR OF REPORT  
DECEMBER 31, 2003

SYSTEM NAME / COUNTY : RESIDENTIAL WATER SYSTEMS, INC. (MARION)

### WATER TREATMENT PLANT INFORMATION

Provide a separate sheet for each water treatment facility

Permitted Capacity of Plant (GPD):

300000

Location of measurement of capacity  
(i.e. Wellhead, Storage Tank):

STORAGE TANKS

Type of treatment (reverse osmosis,  
(sedimentation, chemical, aerated, etc.):

CHLORINATOR

#### LIME TREATMENT

Unit rating (i.e., GPM, pounds  
per gallon):

Manufacturer:

#### FILTRATION

Type and size of area:

Pressure (in square feet):

Manufacturer:

Gravity (in GPM/square feet):

Manufacturer:

UTILITY NAME:

**RESIDENTIAL WATER SYSTEMS, INC.****YEAR OF REPORT  
DECEMBER 31, 2003**SYSTEM NAME / COUNTY : **RESIDENTIAL WATER SYSTEMS, INC. (MARION)****CALCULATION OF THE WATER SYSTEM METER EQUIVALENTS**

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		
5/8"	Displacement	1.0	535	535
3/4"	Displacement	1.5		
1"	Displacement	2.5	115	288
1. 1/4"	Displacement, Compound or Turbine	3.8		
1 1/2"	Displacement or Turbine	5.0		
2"	Displacement, Compound or Turbine	8.0		
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 Water System Meter Equivalents				823

**CALCULATION OF THE WATER SYSTEM EQUIVALENT RESIDENTIAL CONNECTIONS**

Provide a calculation used to determine the value of one water 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:  

$$ERC = ( \text{Total SFR gallons sold (Omit 000)} / 365 \text{ days} / 350 \text{ gallons per day} )$$

ERC Calculation:

$$(\text{USAGE} / 365 \text{ days}) / 350 \text{ gpd} = \underline{\quad 648 \quad}$$

UTILITY NAME:

RESIDENTIAL WATER SYSTEMS, INC.

YEAR OF REPORT  
DECEMBER 31, 2003

SYSTEM NAME / COUNTY : RESIDENTIAL WATER SYSTEMS, INC. (MARION)

**OTHER 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. 785
2. Maximum number of ERCs \* which can be served 1179
3. Present system connection capacity (in ERCs \*) using existing lines. 755
4. Future connection capacity (in ERCs \*) upon service area buildout. 107
5. Estimated annual increase in ERCs \*. 10
6. Is the utility required to have fire flow capacity? NO  
If so, how much capacity is required? \_\_\_\_\_
7. Attach a description of the fire fighting facilities. FIRE HYDRANTS
8. Describe any plans and estimated completion dates for any enlargements or improvements of this system.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
9. When did the company last file a capacity analysis report with the DEP? NA
10. If the present system does not meet the requirements of DEP rules: NA
  - 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 # 3424625
12. Water Management District Consumptive Use Permit # 2-83-0023ANFM
  - 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 the calculation on the bottom of Page W-13.



# WASTEWATER OPERATION SECTION

Residential Water Systems, Inc. provides water treatment and distribution services only to its customers in Marion County; therefore, the Wastewater Operation Section is not applicable and has been omitted in its entirety.