

**CLASS "C"**

**OFFICIAL COPY**  
Public Service Commission  
Do Not Remove From this Office

**WATER and/or WASTEWATER UTILITIES**

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

# ***ANNUAL REPORT***

**WS925-11-AR**

**Heather Hills Estates Utilities, LLC**

EXACT LEGAL NAME OF RESPONDENT

**577-W / 498-S**

Certificate Number(s)

*Submitted To The*

***STATE OF FLORIDA***



***PUBLIC SERVICE COMMISSION***

**FOR THE**

**YEAR ENDED DECEMBER 31, 2011**



*James L. Carlstedt, CPA*  
*David N. Casto, CPA*  
*Anthony Q. De Santis, CPA*  
*Katherine U. Jackson, CPA*  
*Robert H. Jackson, CPA*

*Jeffrey K. Jones, CPA*  
*Robert C. Nixon, CPA*  
*Jeanette Sung, CPA*  
*Holly M. Towner, CPA*  
*James L. Wilson, CPA*

## Independent Accountant's Compilation Report

April 6, 2012

**Officers and Directors**  
**Heather Hills Estates Utilities, LLC**  
**Bradenton, Florida**

We have compiled the balance sheet of Heather Hills Estates Utilities, LLC as of December 31, 2011 and 2010, and the related statements of income and retaining earnings for the year ended December 31, 2011 included in the accompanying prescribed form. We have not audited or reviewed the accompanying financial statements 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 in accordance with requirements 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 (including related disclosures) are presented in accordance with the requirements of the Florida Public Service Commission, which differs from 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.

**CARLSTEDT, JACKSON, NIXON & WILSON**

## GENERAL INSTRUCTIONS

1. Prepare this report in conformity with the 1996 National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts for Water and Wastewater Utilities as adopted by Rule 25-30.115 (1), Florida Administrative Code.
2. Interpret all accounting words and phrases in accordance with the Uniform System of Accounts (USOA). Commission Rules and the definitions on next page.
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 requiring dollar entries should be rounded to the nearest dollar.
7. Complete this report by means which result in a permanent record. You may use permanent ink or a typewriter. Do not use a pencil.
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 in the report. Additional pages 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 statements should be made at the bottom of the page or on an additional page. Any additional pages should state the name of the utility and the year of the report, and reference the appropriate schedule.
10. The utility shall file the original and two copies of the report with the Commission at the address below, and keep a copy for itself. Pursuant to Rule 25-30.110 (3), Florida Administrative Code, the utility must submit the report by March 31 for the preceeding year ending December 31.

Florida Public Service Commission  
Division of Economic Regulation  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

11. Pursuant to Rule 25-30.110 (7) (a), Florida Administrative Code, any utility that fails to file its annual report or extension on or before March 31, or within the time specified by any extension approved in writing by the Division of Economic Regulation, shall be subject to a penalty. The penalty shall be based on the number of calendar days elapsed from March 31, or from an approved extended filing date, until the date of filing. The date of filing shall be included in the days elapsed.

## GENERAL DEFINITIONS

**ADVANCES FOR CONSTRUCTION** - This account shall include advances by or in behalf of customers for construction which are to be refunded either wholly or in part. (USOA)

**ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION** - this account shall include concurrent credits for allowance for funds used during construction based upon the net cost of funds used for construction and a reasonable rate upon other funds when so used. Appropriate regulatory approval shall be obtained for "a reasonable rate". (USOA)

**AMORTIZATION** - The gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized. (USOA)

**CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)** - Any amount or item of money, services, or property received by a utility, from any person or governmental agency, any portion of which is provided at no cost to the utility, which represents an addition or transfer to the capital of the utility, and which is utilized to offset the acquisition, improvement or construction costs of the utilities property, facilities, or equipment used to provide services to the public. (Section 367.021 (3), Florida Statutes)

**CONSTRUCTION WORK IN PROGRESS (CWIP)** - This account shall include the cost of water and wastewater plant in process of construction, but not yet ready for services. (USOA)

**DEPRECIATION** - The loss of service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes which are known to be in the current operation and against which the utility is not protected by insurance. (Rule 25-30.140 (i), Florida Administrative Code)

**EFFLUENT REUSE** - The use of wastewater after the treatment process, generally for reuse as irrigation water or for in plant use. (Section 367.021 (6), Florida Statutes)

**EQUIVALENT RESIDENTIAL CONNECTION (ERC) - (WATER)**- (Rule 25-30.515 (8), Florida Administrative Code)  
(a) 350 gallons per day  
(b) The number of gallons a utility demonstrates in the average daily flow for a single family unit; or  
(c) The number of gallons which has been approved by the DEP for a single family residential unit.

**EQUIVALENT RESIDENTIAL CONNECTION (ERC) - (WASTEWATER )**- Industry standard of 80% of Water ERC or 280 gallons per day for residential use.

**GUARANTEED REVENUE CHARGE** - A charge designed to cover the utility's costs including, but not limited to, the cost of operation, maintenance, depreciation and any taxes, and to provide a reasonable return to the utility for facilities, a portion of which may not be used and useful to the utility or its existing customers. (Rule 25-30.515 (9), Florida Administrative Code)

**LONG TERM DEBT** - All Notes, Conditional Sales Contracts, or other evidences of indebtedness payable more than one year from date of issue. (USOA)

**PROPRIETARY CAPITAL** - (For proprietorships and partnerships only) - The investment of a sole proprietor, or partners, in an unincorporated utility. (USOA)

**RETAINED EARNINGS** - This account reflects corporate earnings retained in the business. Credits would include net income or accounting adjustments associated with correction of errors attributable to a prior period. Charges to this account would include net losses, accounting adjustments associated with correction of errors attributable to a prior period or dividends. (USOA)

## TABLE OF CONTENTS

FINANCIAL SECTION		PAGE
Identification		F-2
Income Statement		F-3
Comparative Balance Sheet		F-4
Gross Utility Plant		F-5
Accumulated Depreciation and Amortization of Utility Plant		F-5
Capital Stock		F-6
Retained Earnings		F-6
Proprietary Capital		F-6
Long Term Debt		F-6
Tax Expense		F-7
Payments For Services Rendered By Other Than Employees		F-7
Contributions in Aid of Construction		F-8
Cost of Capital Used For AFUDC Calculation		F-9
AFUDC Capital Structure Adjustments		F-10
WATER OPERATING SECTION		PAGE
Water Utility Plant Accounts		W-1
Analysis of Accumulated Depreciation By Primary Account - Water		W-2
Water Operation And Maintenance Expense		W-3
Water Customers		W-3
Pumping and Purchased Water Statistics and Mains		W-4
Well and Well Pumps, Reservoirs, and High Service Pumping		W-5
Sources of Supply and Water Treatment Facilities		W-6
General Water System Information		W-7
WASTEWATER OPERATING SECTION		PAGE
Wastewater Utility Plant Accounts		S-1
Analysis of Accumulated Depreciation By Primary Account - Wastewater		S-2
Wastewater Operation And Maintenance Expense		S-3
Wastewater Customers		S-3
Pumping Equipment, Collecting and Force Mains and Manholes		S-4
Treatment Plant, Master Lift Station Pumps and Pumping Wastewater Statistics		S-5
General Wastewater System Information		S-6
VERIFICATION SECTION		PAGE
Verification		V-1

# **FINANCIAL SECTION**

REPORT OF

Heather Hills Estates Utilities, LLC

(Exact name of utility)

4925 3rd St W	4925 3rd St W
Bradenton, FL 34207	Bradenton FL 34207 Manatee
Mailing Address	Street Address County

Telephone Number (941) 755-0123 Date Utility First Organized 1967

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

- Individual   
  Sub Chapter S Corporation   
  1120 Corporation   
  Partnership

Location where books and records are located: 4925 3rd St W  
Bradenton FL 34207

Names of subdivisions where service is provided: Heather Hills Estates

CONTACTS:

Name	Title	Principle Business Address	Salary Charged Utility
Person to send correspondence: Christina Stephens	Owner	4925 3rd St W Bradenton FL 34207	
Person who prepared this report: Carlstedt, Jackson, Nixon & Wilson	CPA's	2560 Gulf-to-Bay Blvd. Clearwater, FL 33765	
Officers and Managers: Richard Stephens	Manager	4925 3rd St W Bradenton FL 34207	
Christina Stephens	Manager	Same	None

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

Name	Percent Ownership In Utility	Principle Business Address	Salary Charged Utility
Richard Stephens	50%	Same As Above	None
Christina Stephens	50%	Same As Above	None

INCOME STATEMENT

Account Name	Ref. Page	Water	Wastewater	Other (1)	Total Company
Gross Revenue:					
Residential_____		\$ 42,477	\$ 68,232		\$ 110,709
Commercial_____		217	536		753
Industrial (Agricultural Water)					-
Multiple Family_____					-
Guarenteed Revenues_____					-
Other (Specify) _Late Fees_		429	320		749
Total Gross Revenue_____		43,123	69,088	N/A	112,211
Operation Expense (Must tie to Pages W-3 and S-3)	W-3 S-3	48,842	82,543		131,385
Depreciation Expense_____	F-5	2,752	375		3,127
CIAC Amortization Expense_____	F-8				-
Taxes Other Than Income_____	F-7	1,941	3,109	-	5,050
Income Taxes_____	F-7	-	-		-
Total Operating Expenses_____		53,535	86,027		139,562
Net Operating Income (Loss)		(10,412)	(16,939)	-	(27,351)
Other Income:					
Nonutility Income_____		200	200		400
Interest Income_____		-	-		-
Miscellaneous Nonutility Expenses_____					-
Interest Expense_____		1,956	1,956		3,912
Other Deductions:					
		-	-		-
					-
					-
Net Income (Loss)		\$ (12,168)	\$ (18,695)	N/A	\$ (30,863)

COMPARATIVE BALANCE SHEET

Account Name	Reference Page	Current Year (1)	Previous Year
<b>ASSETS:</b>			
Utility Plant In Service (101 - 105) _____	F-5, W-1, S-1	\$ 180,087	\$ 165,612
Accumulated Depreciation and Amortization (108) _____	F-5, W-2, S-2	(121,952)	(118,825)
Net Utility Plant _____		58,135	46,787
Cash _____		(1,683)	5,455
Customer Accounts Receivable (141) _____		7,046	20,595
Other Assets (Specify):			
Plant Acquisition Adjustments (Non-Recognized)		99,587	99,587
<b>Total Assets</b> _____		<b>\$ 163,085</b>	<b>\$ 172,424</b>
<b>LIABILITIES AND CAPITAL:</b>			
Common Stock Issued (201) _____	F-6		
Preferred Stock Issued (204) _____	F-6	-	-
Other Paid In Capital (211) _____			
Retained Earnings (215) _____	F-6		
Proprietary Capital (Proprietary and partnership only) (218) _____	F-6	9,760	7,684
<b>Total Capital</b> _____		<b>9,760</b>	<b>7,684</b>
Long Term Debt (224) _____	F-6	104,175	115,263
Accounts Payable (231) _____			
Notes Payable (232) _____			
Customer Deposits (235) _____			
Accrued Taxes (236) _____	F-7	5,050	5,377
Other Liabilities (Specify):			
Accounts Payable - Related Party		44,100	44,100
		-	-
		-	-
		-	-
Advances For Construction (252) _____			
Contributions In Aid Of Construction - Net (271 - 272) _____	F-8		-
<b>Total Liabilities and Capital</b> _____		<b>\$ 163,085</b>	<b>\$ 172,424</b>

**GROSS UTILITY PLANT**

Plant Accounts: (101 - 107) Inclusive	Water	Sewer	Plant Other Than Reporting Systems	Total
Utility Plant In Service (101) _____	\$ 105,190	\$ 74,897	N/A	\$ 180,087
Construction Work In Progress (105) _____				-
Other (Specify) _____	-	-		-
_____				-
<b>Total Utility Plant</b> _____	<b>\$ 105,190</b>	<b>\$ 74,897</b>	<b>N/A</b>	<b>\$ 180,087</b>

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

Account 108	Water	Wastewater	Other Than Reporting Systems	Total
Balance First Of Year _____	\$ 45,989	\$ 72,836	N/A	\$ 118,825
<b>Add Credits During Year:</b>				
Accruals charged to depreciation account _____	2,752	375		3,127
Salvage _____	-	-		-
Other credits (specify) _____	-	-		-
_____	-	-		-
<b>Total credits</b> _____	<b>2,752</b>	<b>375</b>		<b>3,127</b>
<b>Deduct Debits During Year:</b>				
Book cost of plant retired _____	-	-		-
Cost of removal _____	-	-		-
Other debits (specify) _____				-
_____				-
<b>Total debits</b> _____	<b>-</b>	<b>-</b>		<b>-</b>
<b>Balance End of Year</b> _____	<b>\$ 48,741</b>	<b>\$ 73,211</b>	<b>N/A</b>	<b>\$ 121,952</b>

**CAPITAL STOCK (201 - 204)**

	Common Stock	Preferred Stock
Par or stated value per share _____	N/A	N/A
Shares authorized _____		
Shares issued and outstanding _____		
Total par value of stock issued _____		
Dividends declared per share for year _____		

**RETAINED EARNINGS (215)**

	Appropriated	Un-Appropriated
Balance first of year _____	N/A	\$ -
Charges during the year (specify):		
Current Year Income _____	-	-
_____		
_____		
Balance end of year _____	\$	

**PROPRIETARY CAPITAL (218)  
(MEMBER'S EQUITY)**

	Proprietor or Partner	Partner
Balance first of year _____	\$ 7,684	N/A
Charges during the year (specify):		
Current year loss _____	(30,863)	-
Current year Additions _____	32,939	
_____	-	
Balance end of year _____	\$ 9,760	\$ -

**LONG TERM DEBT (224)**

Description of Obligation (Including Nominal Date of Issue and Date of Maturity)	Interest		Principal Per Balance Sheet Date
	Rate	# of Payments	
Utility Purchase - Issued 02/1/09, Maturity 10/1/2019	3.52 %	36	\$ 104,175
_____	%		-
_____	%		-
_____	%		
Total _____			\$ 104,175

**TAXES EXPENSE**

(a)	WATER (b)	SEWER (c)	OTHER (d)	TOTAL (e)
Income Taxes:				
Federal income tax _____	\$ -	\$ -	N/A	\$ -
State income tax _____	-	-		
Taxes Other Than Income:				
State ad valorem tax _____	-	-		
Local property tax _____				
Regulatory assessment fee _____	1,941	3,109		5,050
Other (Specify): _____				
_____				
_____				
_____				
Total taxes accrued _____	\$ 1,941	\$ 3,109		\$ 5,050

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

Report all information concerning rate, management, construction, advertising, labor relations, public relations, or other similar professional services rendered the respondent for which aggregate payments during the year to any corporation, partnership, individual, or organization of any kind whatever, amounting to \$500 or more.

Name of Recipient	Water Amount	Wastewater Amount	Description of Service
Carlstedt, Jackson, Nixon & Wilson CPA's	\$ 699	\$ 699	Accounting Services
Andrew Sitework	11,635	-	Installed new valves
Benchmark Enviro	615	-	Meter reader / Maintenance
HD Supply Water Works	625		Maintenance / Supplies
Rick and Chris Stephens	9,500	9,500	Management
Burke & Pop CPAs	325	325	Tax Return
_____			
_____			
_____			
_____			

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

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

**ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION DURING YEAR (CREDITS)**

Report below all developers or contractors agreements from which cash or property was received during the year.		Indicate "Cash" or "Property"	Water	Wastewater
_____			\$ -	\$ -
_____				
_____				
_____				
Sub-total _____			NONE	NONE
Report below all capacity charges, main extension charges and customer connections charges received during the year.				
Description of Charge	Number of Connections	Charge per Connection		
None				
_____				
_____				
Total Credits During Year (Must agree with line # 2 above) _____			\$ -	\$ -

**ACCUMULATED AMORTIZATION OF CIAC**

	Water	Wastewater	Total
Balance First of Year _____	N/A	N/A	\$ -
Add Debits During Year: _____	-	-	
_____	-	-	
Deduct Credits During Year: _____	-	-	
Balance End of Year (Must agree with line #6 above) _____	\$ -	\$ -	





**WATER  
OPERATION  
SECTION**

**WATER UTILITY PLANT ACCOUNTS**

Acct. No. (a)	Account Name (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)
301	Organization	\$ -	\$ -	\$ -	\$ -
302	Franchises	-	-	-	-
303	Land and Land Rights	389	-	-	389
304	Structure and Improvements	-	-	-	-
305	Collecting and Impounding Reservoirs	-	-	-	-
306	Lake, River and Other Intakes	-	-	-	-
307	Wells and Springs	-	-	-	-
308	Infiltration Galleries and Tunnels	-	-	-	-
309	Supply Mains	-	12,120	-	12,120
310	Power Generation Equipment	-	-	-	-
311	Pumping Equipment	-	-	-	-
320	Water Treatment Equipment	-	-	-	-
330	Distribution Reservoirs and Standpipes	-	-	-	-
331	Transmission and Distribution Mains	64,510	-	-	64,510
333	Services	-	-	-	-
334	Meters and Meter Installations	23,570	1,222	-	24,792
335	Hydrants	-	1,133	-	1,133
339	Other Plant and Miscellaneous Equipment	-	-	-	-
340	Office Furniture and Equipment	2,246	-	-	2,246
341	Transportation Equipment	-	-	-	-
342	Stores Equipment	-	-	-	-
343	Tools, Shop and Garage Equipment	-	-	-	-
344	Laboratory Equipment	-	-	-	-
345	Power Operated Equipment	-	-	-	-
346	Communication Equipment	-	-	-	-
347	Miscellaneous Equipment	-	-	-	-
348	Other Tangible Plant	-	-	-	-
	<b>Total Water Plant</b>	<b>\$ 90,715</b>	<b>\$ 14,475</b>	<b>\$ -</b>	<b>\$ 105,190</b>

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

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - WATER

ACCT. NO. (a)	ACCOUNT NAME (b)	Average Service Life in Years (c)	Average Salvage in Percent (d)	Depr. Rate Applied (e)	Accumulated Depreciation Balance Previous Year (f)	Debits (g)	Credits (h)	Accum. Depr. Balance End of year (f-g+h=i) (i)
301	Organization	-	- %	- %	\$ -	\$ -	\$ -	\$ -
302	Franchises	-	- %	- %	-	-	-	-
304	Structure and Improvements	-	- %	- %	-	-	-	-
305	Collecting and Impounding Reservoirs	-	- %	- %	-	-	-	-
306	Lake, River and Other Intakes	-	- %	- %	-	-	-	-
307	Wells and Springs	-	- %	- %	-	-	-	-
308	Infiltration Galleries and Tunnels	-	- %	- %	-	-	-	-
309	Supply Mains	-	- %	- %	-	-	145	145
310	Power Generation Equipment	-	- %	- %	-	-	-	-
311	Pumping Equipment	-	- %	- %	-	-	-	-
320	Water Treatment Equipment	-	- %	- %	-	-	-	-
330	Distribution Reservoirs and Standpipes	-	- %	- %	-	-	-	-
331	Transmission and Distribution Mains	40	- %	2.50 %	44,977	-	1,613	46,590
333	Services	-	- %	- %	-	-	-	-
334	Meters and Meter Installations	-	- %	- %	438	-	605	1,043
335	Hydrants	-	- %	- %	-	-	14	14
339	Other Plant and Miscellaneous Equipment	-	- %	- %	-	-	-	-
340	Office Furniture and Equipment	6	- %	16.67 %	574	-	375	949
341	Transportation Equipment	-	- %	- %	-	-	-	-
342	Stores Equipment	-	- %	- %	-	-	-	-
343	Tools, Shop and Garage Equipment	-	- %	- %	-	-	-	-
344	Laboratory Equipment	-	- %	- %	-	-	-	-
345	Power Operated Equipment	-	- %	- %	-	-	-	-
346	Communication Equipment	-	- %	- %	-	-	-	-
347	Miscellaneous Equipment	-	- %	- %	-	-	-	-
348	Other Tangible Plant	-	- %	- %	-	-	-	-
	Totals				\$ 45,989		\$ 2,752	\$ 48,741

\* This amount should tie to Sheet F-5

Note:

WATER OPERATION AND MAINTENANCE EXPENSE

Acct. No.	Account Name	Amount
601	Salaries and Wages - Employees _____	
603	Salaries and Wages - Officers, Directors, and Majority Stockholders _____	
604	Employee Pensions and Benefits _____	
610	Purchased Water _____	25,901
615	Purchased Power _____	
616	Fuel for Power Production _____	
618	Chemicals _____	
620	Materials and Supplies _____	622
630	Contractual Services:	
	Billing _____	
	Operator and Management _____	13,750
	Testing _____	615
	Other _____	2,469
640	Rents _____	1,000
650	Transportation Expense _____	
655	Insurance Expense _____	
665	Regulatory Commission Expenses (Amortized Rate Case Expense) _____	
670	Bad Debt Expense _____	
675	Miscellaneous Expenses _____	4,485
	Total Water Operation and Maintenance Expense _____	\$ 48,842 *

\* This amount should tie to Sheet F-3.

WATER CUSTOMERS

Description (a)	Type of Meter ** (b)	Equivalent Factor (c)	Number of Active Customers		Total Number of Meter Equivalents (c x e) (f)
			Start of Year (d)	End of Year (e)	
Residential Service					
5/8"	D	1.0	353	353	353
3/4"	D	1.5			
1"	D	2.5			
1 1/2"	D,T	5.0			
General Service					
5/8"	D	1.0			
3/4"	D	1.5			
1"	D	2.5	1	1	3
1 1/2"	D,T	5.0			
2"	D,C,T	8.0			
3"	D	15.0			
3"	C	16.0			
3"	T	17.5			
Unmetered Customers		1.0			
Other (Specify):					
** D = Displacement C = Compound T = Turbine			Total		
			354	354	356

UTILITY NAME: Heather Hills Estates Utilities, LLC  
 SYSTEM NAME: Heather Hills Estates

YEAR OF REPORT  
 December 31, 2011

**PUMPING AND PURCHASED WATER STATISTICS**

MONTH (a)	Water Purchased For Resale (Omit 000's) (b)	Finished Water From Wells (Omit 000's) (c)	Recorded Accounted For Loss Through Line Flushing Etc. (Omit 000's) (d)	Total Water Pumped And Purchased (Omit 000's) [(b)+(c)-(d)] (e)	Water Sold To Customers (Omit 000's) (f)
January	727			727	
February	741			741	
March	816			816	2,284
April	824			824	
May	553			553	
June	439			439	1,817
July	511			511	
August	349			349	
September	477			477	1,336
October	417			417	
November	525			525	
December	622			622	1,563
Total for year	7,000	N/A		7,000	7,000

If water is purchased for resale, indicate the following:  
 Vendor Manatee County Utilities  
 Point of Delivery 5th St W

If Water is sold to other water utilities for redistribution, list names of such utilities below:  
 Note: Meters read/billed quarterly

**MAINS (Feet)**

Kind of Pipe (Cast Iron, coated steel, etc.)	Diameter of Pipe	First of Year	Added	Removed or Abandoned	End of Year
PVC	3/4"	15,300			15,300

UTILITY NAME: Heather Hills Estates Utilities, LLC  
 SYSTEM NAME: Heather Hills Estates

YEAR OF REPORT  
 December 31, 2011

WELLS AND WELL PUMPS  
 (If Available)

(a)	(b)	(c)	(d)	(e)
Year Constructed _____	None			
Types of Well Construction and Casing _____				
_____				
Depth of Wells _____				
Diameters of Wells _____				
Pump - GPM _____				
Motor - HP _____				
Motor Type * _____				
Yeilds of Wells in GPD _____				
Auxillary Power _____				
* Submersable, centrifugal, etc.				

RESERVOIRS

(a)	(b)	(c)	(d)	(e)
Description (steel, concrete) _____	None			
Capacity of Tank _____				
Ground of Elevated _____				

HIGH SERVICE PUMPING

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

UTILITY NAME: Heather Hills Estates Utilities, LLC

<b>YEAR OF REPORT</b> December 31, 2011
--

**SOURCE OF SUPPLY**

List for each source of supply (Ground, Surface, Purchased Water, etc):			
Gallons per day of source _____	19,177	_____	_____
Type of source _____	Purchased	_____	_____

**WATER TREATMENT FACILITIES**

List for each Water Treatment Facility:			
Type _____	None	_____	_____
Make _____	_____	_____	_____
Permitted Capacity (GPD) _____	_____	_____	_____
High service pumping Gallons per minute _____	_____	_____	_____
Reverse Osmosis _____	_____	_____	_____
Lime treatment Unit Rating _____	_____	_____	_____
Filtration Pressure Sq. Ft. _____	_____	_____	_____
Gravity GPD/Sq. Ft. _____	_____	_____	_____
Disinfection Chlorinator _____	_____	_____	_____
Ozone _____	_____	_____	_____
Other _____	_____	_____	_____
Auxiliary Power _____	_____	_____	_____

UTILITY NAME: Heather Hills Estates Utilities, LLC  
SYSTEM NAME: Heather Hills Estates

YEAR OF REPORT  
December 31, 2011

**OTHER WATER SYSTEM INFORMATION**

Furnish information below for each system not physically connected with another facility. A separate page should be supplied where necessary.

1.	Present ERC's * the system can efficiently serve	<u>356</u>
2.	Maximum number of ERC's * which can be served	<u>356</u>
3.	Present system connection capacity (in ERC's *) using existing lines	<u>356</u>
4.	Future connection capacity (in ERC's *) upon service area buildout	<u>356</u>
5.	Estimated annual increase in ERC's*	<u>None</u>
6.	Is the utility required to have fire flow capacity? If so, how much capacity is required?	<u>No</u>
7.	Attach a description of the fire fighting facilities	<u>None</u>
8.	Describe any plans and estimated completion dates for any enlargements or improvements of this system. <u>Replacement of customer meters.</u>	
9.	When did the company last file a capacity analysis report with the DEP?	<u>None</u>
10.	If the present system does not meet the requirements of DEP rules, submit the following: a. Attach a description of the plant upgrade necessary to meet 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 #	<u>None</u>
12.	Water Management District Consumptive Use Permit #	<u>None</u>
	a. Is the system in compliance with the requirements of the CUP?	<u>Yes</u>
	b. If not, what are the utility's plans to gain compliance?	<u>N/A</u>

\* An ERC is determined based on one of the following methods:  
(a) if actual flow data are available from the preceding 12 months:  
Divide the total annual single family residence (SFR) gallons sold by the average number of single family residents (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 available are available for use:  
ERC = (Total SFR gallons sold (omit 000)/365 days/350 gallons per day).

**WASTEWATER  
OPERATION  
SECTION**

WASTEWATER UTILITY PLANT ACCOUNTS

Acct. No. (a)	Account Name (b)	Previous Year (c)	Additions (d)	Retirements (e)	Current Year (f)
351	Organization	\$ -	\$ -	\$ -	\$ -
352	Franchises	-	-	-	-
353	Land and Land Rights	389	-	-	389
354	Structure and Improvements	-	-	-	-
355	Power Generation Equipment	-	-	-	-
360	Collection Sewers - Force	-	-	-	-
361	Collection Sewers - Gravity	72,262	-	-	72,262
362	Special Collecting Structures	-	-	-	-
363	Services to Customers	-	-	-	-
364	Flow Measuring Devices	-	-	-	-
365	Flow Measuring Installations	-	-	-	-
370	Receiving Wells	-	-	-	-
371	Pumping Equipment	-	-	-	-
380	Treatment and Disposal Equipment	-	-	-	-
381	Plant Sewers	-	-	-	-
382	Outfall Sewer Lines	-	-	-	-
389	Other Plant and Miscellaneous Equipment	-	-	-	-
390	Office Furniture and Equipment	2,246	-	-	2,246
391	Transportation Equipment	-	-	-	-
392	Stores Equipment	-	-	-	-
393	Tools, Shop and Garage Equipment	-	-	-	-
394	Laboratory Equipment	-	-	-	-
395	Power Operated Equipment	-	-	-	-
396	Communication Equipment	-	-	-	-
397	Miscellaneous Equipment	-	-	-	-
398	Other Tangible Plant	-	-	-	-
	Total Sewer Plant	\$ 74,897	\$ -	\$ -	\$ 74,897

\* This amount should tie to Sheet F-5  
Note:

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - WASTEWATER

Acct. No. (a)	Account Name (b)	Average Service Life in Years (c)	Average Salvage In Percent (d)	Depr. Rate Applied (e)	Accumulated Depreciation Balance Previous Year (f)	Debits (g)	Credits (h)	Accum. Depr. Balance End of Year (f-g+h=i) (i)
351	Organization	-	- %	%	-	-	-	-
352	Franchises	-	- %	%	-	-	-	-
354	Structure and Improvements	-	- %	%	-	-	-	-
355	Power Generation Equipment	-	- %	%	-	-	-	-
360	Collection Sewers - Force	-	- %	%	-	-	-	-
361	Collection Sewers - Gravity	40	- %	2.50 %	72,262	-	-	72,262
362	Special Collecting Structures (Lift Stations)	-	- %	%	-	-	-	-
363	Services to Customers	-	- %	%	-	-	-	-
364	Flow Measuring Devices	-	- %	%	-	-	-	-
365	Flow Measuring Installations	-	- %	%	-	-	-	-
370	Receiving Wells (Lift Stations)	-	- %	%	-	-	-	-
371	Pumping Equipment	-	- %	%	-	-	-	-
380	Treatment and Disposal Equipment	-	- %	%	-	-	-	-
381	Plant Sewers	-	- %	%	-	-	-	-
382	Outfall Sewer Lines	-	- %	%	-	-	-	-
389	Other Plant and Miscellaneous Equipment	-	- %	%	-	-	-	-
390	Office Furniture and Equipment	6	- %	16.70 %	574	-	375	949
391	Transportation Equipment	-	- %	%	-	-	-	-
392	Stores Equipment	-	- %	%	-	-	-	-
393	Tools, Shop and Garage Equipment	-	- %	%	-	-	-	-
394	Laboratory Equipment	-	- %	%	-	-	-	-
395	Power Operated Equipment	-	- %	%	-	-	-	-
396	Communication Equipment	-	- %	%	-	-	-	-
397	Miscellaneous Equipment	-	- %	%	-	-	-	-
398	Other Tangible Plant	-	- %	%	-	-	-	-
	Totals				72,836		375	73,211

\* This amount should tie to Sheet F-5  
Note:

**WASTEWATER OPERATION AND MAINTENANCE EXPENSE**

Acct. No.	Account Name	Amount
701	Salaries and Wages - Employees _____	
703	Salaries and Wages - Officers, Directors, and Majority Stockholders _____	
704	Employee Pensions and Benefits _____	
710	Purchased Wastewater Treatment _____	64,077
711	Sludge Removal Expense _____	
715	Purchased Power _____	
716	Fule for Power Production _____	
718	Chemicals _____	
720	Materials and Supplies _____	
730	Contractual Services:	
	Operator and Management _____	13,750
	Testing _____	
	Other _____	1,400
740	Rents _____	1,000
750	Transportation Expense _____	
755	Insurance Expense _____	
765	Regulatory Commission Expenses (Amortized Rate Case Expense) _____	
770	Bad Debt Expense _____	
775	Miscellaneous Expenses _____	2,316
	Total Wastewater Operation and Maintenance Expense _____	\$ 82,543 *

\* This amount should tie to Sheet F-3.

**WASTEWATER CUSTOMERS**

Description (a)	Type of Meter ** (b)	Equivalent Factor (c)	Number of Active Customers		Total Number of Meter Equivalents (c x e) (f)
			Start of Year (d)	End of Year (e)	
<b>Residential Service</b>					
5/8"	D	1.0	353	353	353
3/4"	D	1.5			
1"	D	2.5			
1 1/2"	D,T	5.0			
<b>General Service</b>					
5/8"	D	1.0			
3/4"	D	1.5			
1"	D	2.5	1	1	3
1 1/2"	D,T	5.0			
2"	D,C,T	8.0			
3"	D	15.0			
3"	C	16.0			
3"	T	17.5			
Unmetered Customers		1.0			
Other (Specify):					
<b>** D = Displacement C = Compound T = Turbine</b>			<b>Total</b>	<b>354</b>	<b>354</b>
					<b>356</b>

**PUMPING EQUIPMENT**

Lift station number _____	None	_____	_____	_____	_____	_____	_____
Make or type and nameplate data of pump _____	_____	_____	_____	_____	_____	_____	_____
Year installed _____	_____	_____	_____	_____	_____	_____	_____
Rated capacity (GPM) _____	_____	_____	_____	_____	_____	_____	_____
Size (HP) _____	_____	_____	_____	_____	_____	_____	_____
Power:	_____	_____	_____	_____	_____	_____	_____
Electric _____	_____	_____	_____	_____	_____	_____	_____
Mechanical _____	_____	_____	_____	_____	_____	_____	_____
Nameplate data of motor _____	_____	_____	_____	_____	_____	_____	_____

**SERVICE CONNECTIONS**

Size (inches) _____	4"	_____	_____	_____	_____	_____	_____
Type (PVC, VCP, etc) _____	PVC	_____	_____	_____	_____	_____	_____
Average length _____	5'	_____	_____	_____	_____	_____	_____
Number of active service connections _____	355	_____	_____	_____	_____	_____	_____
Beginning of year _____	354	_____	_____	_____	_____	_____	_____
Added during year _____	1	_____	_____	_____	_____	_____	_____
Retired during year _____	_____	_____	_____	_____	_____	_____	_____
End of year _____	355	_____	_____	_____	_____	_____	_____
Give full particulars concerning inactive connections _____	_____	_____	_____	_____	_____	_____	_____

**COLLECTING AND FORCE MAINS AND MANHOLES**

	Collecting Mains			Force Mains			
Size (inches) _____	6"	_____	_____	_____	_____	_____	_____
Type of main _____	PVC	_____	_____	_____	_____	_____	_____
Length of main (nearest foot):							
Beginning of year _____	15,300	_____	_____	_____	_____	_____	_____
Added during year _____	_____	_____	_____	_____	_____	_____	_____
Retired during year _____	_____	_____	_____	_____	_____	_____	_____
End of year _____	15,300	_____	_____	_____	_____	_____	_____

**MANHOLES:**

Size _____	_____	_____	_____
Type _____	Brick	_____	_____
Number:			
Beginning of year _____	38	_____	_____
Added during year _____	_____	_____	_____
Retired during year _____	_____	_____	_____
End of year _____	38	_____	_____

UTILITY NAME: Heather Hills Estates Utilities, LLC

YEAR OF REPORT December 31, 2011
-------------------------------------

**TREATMENT PLANT**

Manufacturer _____	None	_____	_____
Type _____	N/A	_____	_____
"Steel" or "Concrete" _____	N/A	_____	_____
Total Capacity _____	N/A	_____	_____
Average Daily Flow _____	18573	_____	_____
Effluent Disposal _____	Purchased	_____	_____
Total Gallons of Wastewater Treated _____	6,779,300	_____	_____

**MASTER LIFT STATION PUMPS**

Manufacturer _____	N/A	_____	_____	_____	_____	_____
Capacity _____ (PM)	_____	_____	_____	_____	_____	_____
Motor:	_____	_____	_____	_____	_____	_____
Manufacturer _____	_____	_____	_____	_____	_____	_____
Horsepower _____	_____	_____	_____	_____	_____	_____
Power (Electric or Mechanical) _____	_____	_____	_____	_____	_____	_____

**PUMPING WASTEWATER STATISTICS**

Months	Gallons of Treated Wastewater	Effluent Reuse Gallons to Customers	Effluent Gallons Disposed of on site
January _____	618,100	None	618,100
February _____	629,400	_____	629,400
March _____	815,900	_____	815,900
April _____	824,300	_____	824,300
May _____	553,300	_____	553,300
June _____	439,100	_____	439,100
July _____	510,900	_____	510,900
August _____	348,500	_____	348,500
September _____	476,500	_____	476,500
October _____	417,000	_____	417,000
November _____	524,800	_____	524,800
December _____	621,500	_____	621,500
Total for year _____	6,779,300	_____	6,779,300

If Wastewater Treatment is purchased, indicate the vendor: Manatee County Utilities

UTILITY NAME: Heather Hills Estates Utilities, LLC

YEAR OF REPORT  
December 31, 2011

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>356</u>
2. Maximum number of ERC's * which can be served.	<u>356</u>
3. Present system connection capacity (in ERC's *) using existing lines.	<u>356</u>
4. Future system connection capacity (in ERC's *) upon service area buildout.	<u>356</u>
5. Estimated annual increase in ERC's * .	<u>None</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.	
8. If the utility does not engage in reuse, has a reuse feasibility study been completed?	<u>No</u>
<u>N/A</u>	
9. Has the utility been required by the DEP or water management district to implement reuse?	<u>N/A</u>
If so, what are the utility's plans to comply with the DEP?	<u>N/A</u>
10. When did the company last file a capacity analysis report with the DEP?	<u>N/A</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 cor	<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>N/A</u>
11. Department of Environmental Protection ID #	<u>N/A</u>
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 = ( Total SFR gallons sold (Omit 000) / 365 days / 280 gallons per day )	

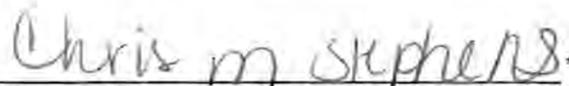
# CERTIFICATION OF ANNUAL REPORT

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

- |              |           |  |
|--------------|-----------|--|
| YES<br>( X ) | NO<br>( ) | 1. The utility is in substantial compliance with the Uniform System Of Accounts prescribed by the Florida Public Service Commission in Rule 25-30.115 (1), Florida Administrative Code.  |
| YES<br>( X ) | NO<br>( ) | 2. The utility is in substantial compliance with all applicable rules and orders of the Florida Public Service Commission.   |
| YES<br>( X ) | NO<br>( ) | 3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statement of the utility.  |
| YES<br>( X ) | NO<br>( ) | 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. ( X )	2. ( X )	3. ( X )	4. ( X )
-------------	-------------	-------------	-------------

  
 \_\_\_\_\_  
 (signature of chief executive officer of the utility)

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

\_\_\_\_\_  
 (signature of chief financial officer of the utility)

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

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

**Reconciliation of Revenue to  
Regulatory Assessment Fee Revenue  
Water Operations  
Class C**

*Company: Heather Hills Estates Utilities, LLC*

*For the Year Ended December 31, 2011*

(a)	(b)	(c)	(d)
Accounts	Gross Water Revenues per Sch. F-3	Gross Water Revenues per RAF Return	Difference (b) - (c)
Gross Revenue:			
Residential	\$ 42,477	42,906	\$ (429)
Commercial	217	217	-
Industrial	-	-	-
Multiple Family	-	-	-
Guaranteed Revenues	-	-	-
Other (Irrigation)	429	-	429
<b>Total Water Operating Revenue</b>	<b>\$ 43,123</b>	<b>\$ 43,123</b>	<b>\$ -</b>
<b>LESS: Expense for Purchased Water from FPSC-Regulated Utility</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Water Operating Revenues</b>	<b>\$ 43,123</b>	<b>\$ 43,123</b>	<b>\$ -</b>

Explanations:

Instructions:

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

**Reconciliation of Revenue to  
Regulatory Assessment Fee Revenue  
Wastewater Operations  
Class C**

*Company: Heather Hills Estates Utilities, LLC*

*For the Year Ended December 31, 2011*

(a)	(b)	(c)	(d)
Accounts	Gross Wastewater Revenues per Sch. F-3	Gross Wastewater Revenues per RAF Return	Difference (b) - (c)
Gross Revenue:			
Residential	68,232	\$ 68,768	\$ (536)
Commercial	536	-	536
Industrial	-	-	-
Multiple Family	-	-	-
Guaranteed Revenues	-	-	-
Other	320	320	-
<b>Total Wastewater Operating Revenue</b>	<b>\$ 69,088</b>	<b>\$ 69,088</b>	<b>\$ -</b>
LESS: Expense for Purchased Wastewater from FPSC-Regulated Utility	-	-	-
<b>Net Wastewater Operating Revenues</b>	<b>\$ 69,088</b>	<b>\$ 69,088</b>	<b>\$ -</b>

Explanations:

Instructions:

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