

**WASTEWATER  
UTILITY ANNUAL REPORT**  
(Class "A" and "B" Companies)

**OF**  
**Harbor Island Utilities, Inc.**

Exact Legal Name of Respondent

PSC/ORS Number (leave blank)

**FOR THE YEAR ENDED 2010**

Calendar Year Ending December 31, 2009

or

Fiscal Year Ending October 31, 2010



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## GENERAL INSTRUCTIONS

1. All water utilities are required by state law to complete and file this annual report. Two copies should be mailed to the South Carolina Office of Regulatory Staff, 1401 Main Street, Ste. 900, Columbia, SC 29201 by April 1, 2010. A third copy should be retained by the company for reference. Upon receipt, the Office of Regulatory Staff will forward one copy to the Public Service Commission of South Carolina. Filing two copies with the Office of Regulatory Staff will satisfy the utility's responsibility for submitting an annual report as required pursuant to Commission regulations. Pencil entries will not be permitted on the hard copy.
2. All forms are available in MS Excel on the Office of Regulatory Staff web site at [www.regulatorystaff.sc.gov](http://www.regulatorystaff.sc.gov).
3. Respond to each item using "0", "none", or "not applicable" as appropriate.
4. Requests for extension must be in writing to the Office of Regulatory Staff. Extension requests postmarked after April 1, 2010 will be denied.
5. All accounting terms and phrases used in this report are to be interpreted in accordance with the effective applicable Uniform System of Accounts prescribed by this Commission, as set forth in S.C. Code Ann. Section 58-5-220 and Commission regulation 103-520.
6. Standard accounting procedures will apply in determining the nature of any entry (e.g. entries of a reverse character will be indicated by a parentheses around the number).
7. The report will be filed consisting of data relative to a calendar year basis or the company's fiscal year, but not both.
8. If this report is made for a period less than the calendar year or fiscal year, the period covered must be clearly stated on the front cover and elsewhere throughout the report where it is necessary to include the period covered. When operations cease during the year because of the disposition of property, the balance sheet and supporting schedules should consist of balances and items immediately prior to transfer (for accounting purposes).
9. All instructions should be followed and each question should be answered fully and accurately. Sufficient answers are those in which no question or schedule has been overlooked. The expression "none" or "not applicable" should be given as the answer to any particular inquiry or schedule where it truly and completely states the fact. Unless otherwise indicated, no information will be accepted which incorporates by reference information from another document or report. In any instance where information called for is not given, the reason for its omission should be stated fully.
10. Dates, when called for, should include the day, month and year. Customary abbreviations may be used in stating dates.
11. Whenever schedules call for comparison of figures of a previous year, the figures reported must be based upon those shown by the annual report of the previous year; otherwise, an appropriate explanation of why different figures were used should be given.
12. One copy of the respondent's latest corporate annual report, if issued, should be submitted with this report. If the respondent is a member of a group, both the parent and subsidiary's corporate annual report should be submitted.

**GENERAL INSTRUCTIONS  
(Continued)**

13. Throughout this report, money items will be rounded to the nearest dollar.
14. Failure to comply with the submission of the annual report may result in fines and/or loss of certification.
15. Separate notification is required for changes in company information -- i.e. name, address, telephone number, contact names, sale or purchase of Company, corporate structure.
16. Do not fold forms.
17. Contact the Office of Regulatory Staff at (803) 737-0800 if you have questions about this form or the requirements for a water or wastewater utility.

**Schedule 100. IMPORTANT CHANGES DURING THE YEAR**

Provide written responses for each of the items listed below. Make the written statements clear and brief. A response must be given for each item. However, if the word "none" is an accurate response, it may be used as such. Similarly, if information is given elsewhere in the report which would serve as a response to an item, reference that information in the space provided.

1. Have you had changes or additions to franchise rights? If so, describe (a) the actual payment given in exchange for the franchise rights, and (b) from whom acquired. If acquired without payment, state that fact.

**none**

2. Have any of the following occurred -- acquisition of other companies, or reorganization, merger or consolidation with other companies? If so, give names of companies involved, details concerning the transactions, and reference to Commission authorization, including docket numbers.

**none**

3. Have any of the following occurred -- purchase or sale of operating units, such as sources, treatment and storage facilities, transmission and distribution systems, or similar occurrences? If so, specify items, parties, effective dates and also reference the Commission authorization, including docket numbers.

**none**

4. Have any leaseholds been acquired, given, assigned, or surrendered? If so, give the effective dates, lengths of terms, names of parties, reuts, Commission authorization, (docket numbers), if any, and other conditions.

**none**

5. Have there been any extensions of service territories? If so, include the Commission authorization (docket numbers), that give the location of the new service territory covered by distribution system and the dates of beginning operations. Give the number of customers by class; for each class, give the number of customers estimated with regard to annual revenues for the new territories.

**none**

6. What is the estimated increase or decrease in annual revenues due to rate changes, (cite docket numbers), and the approximate extent to which the increase or decrease is reflected in revenues for the reporting year?

**none**

7. Have there been any wage scale changes? If so, show the dates of changes, the effect on operating expenses for the year, and estimated annual effect of the wage scale changes on operating expenses.

**none**

8. Have there been any obligations incurred or assumed by you, the respondent, as guarantor for the performance by another of any agreement or obligation -- excluding ordinary commercial paper maturing on demand or not later than one year after date of issue? If so, give the Commission authorization, (docket number), if any.

**none**

9. Have there been any changes in articles of incorporation or amendments to charters? If so, explain the nature and purpose of these changes or amendments. Note any filing with the Commission.

**none**

10. Other important changes not provided for elsewhere.

**none**

## Schedule 110. DEFINITIONS

**“Accounts”** means the accounts prescribed in the NARUC Uniform System of Accounts.

**“Amortization”** means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, which may be 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.

**“Associated Companies”** means companies or persons that, directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with, the accounting company.

**“Book Cost”** means the amount at which property is recorded in the applicable account without deduction of related provisions for accrued depreciation, amortization, or for other purposes.

**“Class A”** for wastewater utilities means a utility having annual wastewater operating revenues of \$1,000,000 or more.

**“Class B”** for wastewater utilities means a utility having annual wastewater operating revenues of \$200,000 or more but less than \$1,000,000.

**“Class C”** for wastewater utilities means a utility having annual wastewater operating revenues of less than \$200,000.

**“Control”** (including the terms; “controlling,” “controlled by,” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, affiliated companies, contract or any other direct or indirect means.

**“Cost”** means the amount of money actually paid for property or service. When the consideration given is other than cash, the value of such consideration shall be determined on a cash basis.

**“Cost of Removal”** means the cost of demolishing, dismantling, tearing down or otherwise removing utility plant, including the cost of transportation and handling incidental thereto.

**“Debt Expense”** means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen or marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

**Schedule 110. DEFINITIONS  
(Continued)**

“**Depreciation**”, as applied to depreciable utility plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of the utility plant in the course of providing service. This includes causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and requirements of regulatory bodies.

“**Discount**”, as applied to the securities or assumed by the utility, means the excess of the par (stated value of no-par stocks) or face value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

“**Distribution Mains**” means any pipes whose primary purpose is to distribute treated water throughout a community, and whose components include arterial or primary feeders, secondary feeders, and the distribution grid works.

“**Investment Advances**” means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall be settled by the issuance of securities or shall not be subject to current settlement.

“**Minor Items of Property**” means the associated parts or items of which retirement units are composed.

“**Multiple Family Dwelling**” means a residential structure or group of structures which is capable of separately housing more than one family unit.

“**Net Salvage Value**” means the salvage value of property retired less the cost of removal.

“**Nominally Issued**”, as applied to securities issued or assumed by the utility, means those which have been signed, certified, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utility, but which have not been sold, or issued directly to trustees of sinking funds in accordance with contractual requirements.

“**Premium**”, as applied to the securities issued or assumed by the utility, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no-par stock) or face value and interest or dividends accrued at the date of sale.

“**Original Cost**”, as applied to utility plant, means the cost of such property to the person first devoting it to public service.

“**Property Retired**”, as applied to utility plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been permanently withdrawn from service.

“**Reclaimed Water**” means water that has received at least secondary treatment and basic disinfection and is reused after flowing out of a wastewater treatment plant.

**Schedule 110. DEFINITIONS  
(Continued)**

**"Replacing or Replacement"**, when not otherwise indicated in the context, means the construction or installation of utility plant in place of property retired, together with the removal of the property retired.

**"Retained Earnings"** means the accumulated net income of the utility less distributions to stockholders and transfers to other capital accounts, and other adjustments.

**"Reuse"** means the deliberate application of reclaimed water, in compliance with Federal and State environmental rules and regulations, for a beneficial purpose.

**"Salvage Value"** means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale, or, if retained, the amount at which the material recoverable is chargeable to materials and supplies, or other appropriate account.

**"Straight-Line Remaining Life Method"**, as applied to depreciation accounting, means the plan under which the service value of property is charged to operating expenses (and to clearing accounts if used), and (accounts if used), and credited to the accumulated depreciation account through equal annual changes during its service life. "Remaining Life" implies that estimates of the future life and salvage shall be reexamined periodically and that depreciation rates will be corrected to reflect any changes in these estimates.

**"Supply Main"** means any main, pipe, or aqueduct or canal whose primary purpose is to convey raw untreated water from one unit to another unit in the source of supply and pumping plant, and to the water treatment equipment.

**"Transmission Main"** means any pipes whose primary purpose is to convey treated water from the water treatment equipment or pumping station to the distribution system serving a community and generally provides no service connections with customers.

**"Utility"**, as used herein and when not otherwise indicated in the context, means any public utility to which the uniform system of accounts is applicable.

(Company Name)

**Schedule 120. EXECUTIVE SUMMARY**

**1. IDENTIFICATION (legal title)**

PSC/ORS No:	_____ (leave blank)		Federal ID No.:	57-0739094
Check Business Structure & Indicate Date	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Partnership	<input checked="" type="checkbox"/> Corporation	
Name of Company:	Harbor Island Utilities, Inc.			
Doing Business As:	_____			
Street Address:	12-1B Fairfield Road			
City:	Beaufort	State:	SC	Zip Code: 29907
Mailing Address:	P.O. Box 1028			
City:	Beaufort	State:	SC	Zip Code: 29901
Telephone No. (Include Area Code):	(843)982-0405			

(a) State whether any change was made in the name of the respondent during the year. If so, state the changes and the dates when they were made. none

(b) State whether the respondent is a firm or partnership. If a partnership, give the names of the partners and the proportion of their respective interests. Corporation

(c) State the kinds of business, other than Water Utility, in which the respondent was engaged at any time during the year. If none, state that fact. Water Utility

(d) Give the names and office addresses of the Board of Directors, if any, of the respondent at the close of the year, as well as the dates of expiration of their respective terms. If any person abandoned, resigned from, or was removed from a directorship during the year, give full details in a footnote. If the organization was a partnership, give the names of the partners and designate them as such.

Name of Director	Office Address	Term Begins	Term Ends
Robert G. Gross	P.O. Box 1028 Beaufort, SC 29901-1028	2/1/2009	2/1/2011
Catherine C. Gross	P.O. Box 1028 Beaufort, SC 29901-1028	2/1/2009	2/1/2011

(Company Name)

**Schedule 120. EXECUTIVE SUMMARY  
(Continued)**

(e) Give the titles of all officers of the respondent at the close of the year, the names of persons holding the offices at year end, and the date when each originally assumed the duties of the office. If any person abandoned, resigned from, or was ousted from any office during the year, give full details in a footnote.

Title of Officer	Name of Person Holding Office	Office Address	Date of Entry Entry
President	Robert G. Gross	P.O. Box 1028 Beaufort, SC 29901-1028	2/1/2000
Vice-President	Catherine C. Gross	P.O. Box 1028 Beaufort, SC 29901-1028	2/1/2000
Secretary	Catherine C. Gross	P.O. Box 1028 Beaufort, SC 29901-1028	2/1/2000
Treasurer	Robert G. Gross	P.O. Box 1028 Beaufort, SC 29901-1028	2/1/2000
Gen. Manager or Supt.	Robert G. Gross	P.O. Box 1028 Beaufort, SC 29901-1028	2/1/2000

(f) Give the date of incorporation of respondent and the name of the state or territory under whose laws the incorporation was organized.

2/11/1981 SC

**2. CONTACT (for purpose of this report)**

Contact Name:	<u>Robert G. Gross</u>	
Title:	<u>President</u>	Telephone: <u>(843)982-0405</u>
Email Address:	<u>bob@beaufortgroup.net</u>	Fax No.: <u>(843)982-0707</u>

**3. MAILING ADDRESS (if different from above)**

Mailing Address:	_____		
City:	_____	State:	_____
		Zip Code:	_____

**CERTIFICATION**

I hereby certify that the enclosed Annual Report was prepared by me or under my supervision, that I have examined it, and that the items herein reported on the basis of my knowledge are correctly shown.

Name: Robert G. Gross  
Signature: *Robert G. Gross*

Title: President

Date: 1/15/11

(Company Name)

Schedule 130. TECHNICAL SUMMARY

GENERAL INFORMATION

Submit a copy of the Company's latest DHEC quality of service letter/report with this annual report.

PHYSICAL DESCRIPTION:

Detailed general description of wastewater system: Contact stabilization and post chlorination followed by filtration to increase effluent quality. (250,000 gallons)

Oxidation Pond(s)? 0
If so, provide information concerning size, construction type, and year of construction.

Aeration Pond(s)? 0
If so, provide information concerning size, construction type, and year of construction.

Polishing Pond(s)? 0
If so, provide information concerning size, construction type, and year of construction.

Detailed general description of disposal system/method: Spray irrigation on Fripp Island golf course

Table with 2 columns: Description and Value. Rows include Date of construction of original plant (1977), Population for which plant was designed (2500), Plant capacity in gallons per day (250,000), Average daily discharge of sewage during year (Mgal) (0.027), and Maximum daily discharge of sewage during year (Mgal) (0.01204).

**Schedule 130. TECHNICAL SUMMARY  
 (Continued)**

**SERVICES AND LINE TYPE**

Size and Description	Owned by Utility			
	Beginning of year	Added	Retired or Abandoned	End of Year
<b>Services in use</b>				
Iron pipe				
PVC pipe				
Clay pipe				
Other pipe				
<b>Total services in use</b>				
<b>Services not in use</b>				
Iron pipe				
PVC pipe				
Clay pipe				
Other pipe				
<b>Total services not in use</b>				
<b>Total Services</b>				

**TREATMENT:**

Is wastewater treated? Yes

If so, how? Secondary biological treatment

Is wastewater effluent disinfected? Yes

If so, provide information about the type of agent used (liquid chlorine, etc.): liquid bleacj 12.5%

How frequently is an analysis made of effluent? Dally

Give results of last analysis: DO 4.0 pH 6.9

What is the efficiency of sewerage plant? 98%

(Company Name)

**Schedule 130. TECHNICAL SUMMARY  
(Continued)**

**SERVICE AREA AND CUSTOMER DATA:**

Area and/or subdivisions served by wastewater system: Harbor Island, SC

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Total number of residential customers at the end of the fiscal or calendar year:	<u>446</u>
Total number of commercial customers at the end of the fiscal or calendar year:	<u>6</u>
Total number of industrial customers at the end of the fiscal or calendar year:	<u>0</u>
Total number of customers at the end of the fiscal or calendar year:	<u>452</u>

Extensions of system, giving location, new territory covered and dates of beginning operations since last annual annual report submitted:

**none**

Other important changes, including new plant and equipment built or installed:

**none**

(Company Name)

**Schedule 200. BALANCE SHEET  
ASSETS AND OTHER DEBITS**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>UTILITY PLANT</b>	
2	101 Utility Plant-in-Service (Schedule 201)	\$ 563,785
3	102 Utility Plant Leased to Others	
4	103 Property Held for Future Use	
5	104 Utility Plant Purchased or Sold	
6	105 Construction Work in Progress	
7	106 Completed Construction not Classified	
8	<b>Total Utility Plant</b>	563,785
9	<b>ACCUMULATED DEPRECIATION</b>	
10	108.1 Utility Plant-in-Service (Schedule 202)	(255,670)
11	108.2 Utility Plant Leased to Others	
12	108.3 Property Held for Future Use	
13	<b>Total Accumulated Depreciation</b>	(255,670)
14	<b>ACCUMULATED AMORTIZATION</b>	
15	110.1 Utility Plant in Service	
16	110.2 Utility Plant Leased to Others	
17	<b>Total Accumulated Amortization</b>	-
18	<b>UTILITY PLANT ADJUSTMENTS</b>	
19	114 Utility Plant Acquisition (Schedule 203)	
20	115 Accumulated Amortization of Utility Plant Acquisition (Schedule 203)	
21	116 Other Utility Plant	
22	<b>Total Utility Plant Adjustments</b>	-
23	<b>TOTAL NET UTILITY PLANT</b>	308,115
24	<b>OTHER PROPERTY AND INVESTMENTS</b>	
25	<b>OTHER PROPERTY</b>	
26	121 Non-Utility Property	
27	122 Accumulated Depreciation and Amortization of Non-Utility Property	
28	<b>Total Other Property</b>	-
29	<b>INVESTMENTS</b>	
30	123 Investments in Associated Companies	
31	124 Utility Investments	
32	125 Other Investments	
33	126 Sinking Funds	
34	127 Other Special Funds	
35	<b>Total Investments</b>	-
36	<b>TOTAL OTHER PROPERTY AND INVESTMENTS</b>	\$ 308,115

(Company Name)

**Schedule 200. BALANCE SHEET (Continued)**  
**ASSETS AND OTHER DEBITS**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>CURRENT AND ACCRUED ASSETS</b>	
2	131.1 Cash on Hand	\$ -
3	131.2 Cash in Bank	-
4	132 Special Deposits (Interest and/or Dividends)	
5	133 Other Special Deposits	
6	134 Working Funds	
7	135 Temporary Cash Investments	
8	141 Customer Accounts Receivable	5,581
9	142 Other Accounts Receivable	
10	143 Accumulated Provision for Uncollectible Accounts-Credit	
11	144 Notes Receivable	
12	145 Accounts Receivable from Associated Companies	
13	146 Notes Receivable from Associated Companies	
14	151 Plant Material and Supplies	
15	152 Merchandise	
16	153 Other Material and Supplies	
17	161 Stores Expense	
18	162 Prepayments	
19	171 Accrued Interest and Dividends Receivable	
20	172 Rents Receivable	
21	173 Accrued Utility Revenues	
22	174 Miscellaneous Current and Accrued Assets	
23	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>5,581</b>
24	<b>DEFERRED DEBITS</b>	
25	181 Unamortized Debt Discount and Expense	
26	182 Extraordinary Property Losses	
27	183 Preliminary Survey and Investigation Charges	
28	184 Clearing Accounts	
29	185 Temporary Facilities	
30	186.1 Deferred Rate Case Expense	
31	186.2 Other Deferred Debits	
32	186.3 Regulatory Assets	
33	187 Research and Development Expenditures	
34	190.1 Accumulated Deferred Federal Income Taxes	
35	190.2 Accumulated Deferred State Income Taxes	
36	190.3 Accumulated Deferred Local Income Taxes	
37	<b>TOTAL DEFERRED DEBITS</b>	<b>-</b>
38	<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 313,696</b>

**Schedule 200. BALANCE SHEET (Continued)**  
**EQUITY CAPITAL AND LIABILITIES**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>EQUITY CAPITAL</b>	
2	201 Common Stock Issued	\$ -
3	202 Common Stock Subscribed	
4	203 Common Stock Liability for Conversion	
5	204 Preferred Stock Issued	
6	205 Preferred Stock Subscribed	
7	206 Preferred Stock Liability for Conversion	
8	207 Premium on Capital Stock	
9	209 Reduction in Par or Stated Value of Capital Stock	
10	210 Gain on Resale or Cancellation of Reacquired Capital Stock	
11	211 Other Paid-In Capital	-
12	212 Discount on Capital Stock	
13	213 Capital Stock Expense	
14	214 Appropriated Retained Earnings (Schedule 204)	-
15	215 Unappropriated Retained Earnings (Schedule 204)	(99,622)
16	216 Reacquired Capital Stock	
17	218 Proprietary Capital (for proprietorships & partnerships only)	
18	<b>TOTAL EQUITY CAPITAL</b>	<b>(99,622)</b>
19	<b>LONG-TERM DEBT</b>	
20	221 Bonds (Schedule 205)	
21	222 Reacquired Bonds (Schedule 205)	
22	223 Advances from Associated Companies	29,905
23	224 Other Long-Term Debt (Schedule 205)	244,408
24	<b>TOTAL LONG-TERM DEBT</b>	<b>274,313</b>
25	<b>CURRENT AND ACCRUED LIABILITIES</b>	
26	231 Accounts Payable	9,799
27	232 Notes Payable	-
28	233 Accounts Payable to Associated Companies	15,947
29	234 Notes Payable to Associated Companies	-
30	235 Customer Deposits-Billing	
31	236.11 Accrued Taxes, Utility Operating Income, Taxes Other Than Income	
32	236.12 Accrued Taxes, Utility Operating Income, Income Taxes	
33	236.2 Accrued Taxes, Other Income and Deductions	
34	237.1 Accrued Interest on Long-Term Debt	
35	237.2 Accrued Interest on Other Liabilities	-
36	238 Accrued Dividends	
37	239 Matured Long-Term Debt	
38	240 Matured Interest	
39	241 Miscellaneous Current and Accrued Liabilities	
40	<b>TOTAL CURRENT AND ACCRUED LIABILITIES</b>	<b>\$ 25,746</b>

**Schedule 200. BALANCE SHEET (Continued)**  
**EQUITY CAPITAL AND LIABILITIES**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
<b>1</b>	<b>DEFERRED CREDITS</b>	
2	251 Unamortized Premium on Debt	\$ -
3	252 Advances for Construction	
4	253.1 Other Deferred Credits, Regulatory Liabilities	
5	253.2 Other Deferred Credits, Other Deferred Liabilities	
6	255.1 Accumulated Deferred Investment Tax Credits, Utility Operations	
7	255.2 Accumulated Deferred Investment Tax Credits, Non-Utility Operations	
<b>8</b>	<b>TOTAL DEFERRED CREDITS</b>	-
<b>9</b>	<b>OPERATING RESERVES</b>	
10	261 Property Insurance Reserve	
11	262 Injuries and Damages Reserve	
12	263 Pensions and Benefits Reserve	
13	265 Miscellaneous Operating Reserve	
<b>14</b>	<b>TOTAL OPERATING RESERVES</b>	-
<b>15</b>	<b>CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)</b>	
16	271 Contributions in Aid of Construction (Schedule 206)	245,754
17	272 Accumulated Amortization of CIAC (Schedule 207)	(132,495)
<b>18</b>	<b>TOTAL NET CIAC</b>	113,259
<b>19</b>	<b>ACCUMULATED DEFERRED INCOME TAXES</b>	
20	281 Accelerated Amortization	
21	282 Liberalized Depreciation	
22	283 Other	
<b>23</b>	<b>TOTAL ACCUMULATED DEFERRED INCOME TAXES</b>	-
<b>24</b>	<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>	\$ 313,696

**Schedule 201. UTILITY PLANT-IN-SERVICE**  
**Account No. 101**

All amounts included in accounts for utility plant acquired as an operating unit or system shall be stated at a cost incurred by the person who first devoted the property to utility service.

Line No.	Account Number and Title (a)	Previous Year-End Balance (b)	Additions (c)	Retirements (d)	Adjustments +/- (e)	Current Year-End Balance (f)
1	<b>.1 INTANGIBLE PLANT</b>					
2	351.1 Organization	\$ -	\$ -	\$ -	\$ -	\$ -
3	352.1 Franchises					
4	389.1 Other Plant and Miscellaneous Equipment					
5	<b>Total Intangible Plant</b>					
6	<b>.2 COLLECTION PLANT</b>					
7	353.2 Land and Land Rights					
8	354.2 Structures and Improvements					
9	355.2 Power Generation Equipment					
10	360.2 Collection Sewers - Force					
11	361.2 Collection Sewers - Gravity	249,387				249,387
12	362.2 Special Collecting Structures					
13	363.2 Services to Customers					
14	364.2 Flow Measuring Devices					
15	365.2 Flow Measuring Installations					
16	389.2 Other Plant and Miscellaneous Equipment	18,180				18,180
17	<b>Total Collection Plant</b>	<b>267,567</b>				<b>267,567</b>
18	<b>.3 SYSTEM PUMPING PLANT</b>					
19	353.3 Land and Land Rights					
20	354.3 Structures and Improvements					
21	355.3 Power Generation Equipment					
22	370.3 Receiving Wells					
23	371.3 Pumping Equipment	27,849				27,849
24	389.3 Other Plant and Miscellaneous Equipment					
25	<b>Total System Pumping Plant</b>	<b>27,849</b>				<b>27,849</b>
26	<b>.4 TREATMENT AND DISPOSAL PLANT</b>					
27	353.4 Land and Land Rights					
28	354.4 Structures and Improvements					
29	355.4 Power Generation Equipment					
30	380.4 Treatment and Disposal Equipment	181,786				181,786
31	381.4 Plant Sewers					
32	382.4 Outfall Sewer Lines	86,583				86,583
33	389.4 Other Plant and Miscellaneous Equipment					
34	<b>Total Treatment and Disposal Plant</b>	<b>268,369</b>				<b>268,369</b>
35	<b>.5 RECLAIMED WATER TREATMENT PLANT</b>					
36	353.5 Land and Land Rights					
37	354.5 Structures and Improvements					
38	355.5 Power Generation Equipment					
39	371.5 Pumping Equipment					
40	374.5 Reuse Distribution Reservoirs					
41	380.5 Treatment and Disposal Equipment					
42	381.5 Plant Sewers					
43	389.5 Other Plant and Miscellaneous Equipment					
44	<b>Total Reclaimed Water Treatment Plant</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Schedule 201. UTILITY PLANT-IN-SERVICE (Continued)**  
**Account No. 101**

All amounts included in accounts for utility plant acquired as an operating unit or system shall be stated at a cost incurred by the person who first devoted the property to utility service.

Line No.	Account Number and Title (a)	Previous Year-End Balance (b)	Additions (c)	Retirements (d)	Adjustments +/- (e)	Current Year-End Balance (f)
1	<b>.6 RECLAIMED WATER DISTRIBUTION PLANT</b>					
2	352.6 Franchises	\$ -	\$ -	\$ -	\$ -	\$ -
3	353.6 Land and Land Rights					
4	354.6 Structures and Improvements					
5	355.6 Power Generation Equipment					
6	366.6 Reuse Services					
7	367.6 Reuse Meter and Meter Installations					
8	371.6 Pumping Equipment					
9	375.6 Reuse Transmission and Distribution System					
10	389.6 Other Plant and Miscellaneous Equipment					
11	<b>Total Reclaimed Water Distribution Plant</b>	-	-	-	-	-
12	<b>.7 GENERAL PLANT</b>					
13	353.7 Land and Land Rights					
14	354.7 Structures and Improvements					
15	390.7 Office Furniture and Equipment					
16	391.7 Transportation Equipment					
17	392.7 Stores Equipment					
18	393.7 Tools, Shop and Garage Equipment					
19	394.7 Laboratory Equipment					
20	395.7 Power Operated Equipment					
21	396.7 Communication Equipment					
22	397.7 Miscellaneous Equipment					
23	398.7 Other Tangible Plant					
24	<b>Total General Plant</b>	-	-	-	-	-
25	<b>101 TOTAL UTILITY PLANT-IN-SERVICE</b>	\$ 563,785	\$ -	\$ -	\$ -	\$ 563,785

(Company Name)

**Schedule 202. ACCUMULATED DEPRECIATION OF UTILITY PLANT-IN-SERVICE**  
**Account No. 108.1**

Report below an analysis of the changes in accumulated depreciation during the year for each plant category.

Line No.	Account Number & Depreciable Property Item (a)	Previous Year-End Balance (b)	Credits		Debits		Current Year-End Balance (g)
			Depreciation Expense (c)	Salvage and Other Credits (d)	Plant Retired (e)	Cost of Removal and Other Debits (f)	
1	354 Structure and Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	355 Power Generation Equipment						-
3	360 Collection Sewers - Force						-
4	361 Collection Sewers - Gravity	123,631	6,747				130,378
5	362 Special Collecting Structures						-
6	363 Services to Customers - Sewer Taps	6,859	1,210				8,069
7	364 Flow Measuring Devices						-
8	365 Flow Measuring Installations						-
9	366 Reuse Services						-
10	367 Reuse Meters and Meter Installations						-
11	370 Receiving Wells						-
12	371 Pumping Equipment	23,901	643				24,544
13	374 Reuse Distribution Reservoirs						-
14	375 Reuse Transmission and Distribution System						-
15	380 Treatment and Disposal Equipment	56,637	9,608				66,245
16	381 Plant Sewers						-
17	382 Outfall Sewer Lines	22,080	4,354				26,434
18	389 Other Plant and Misc. Equipment						-
19	390 Office Furniture and Equipment						-
20	391 Transportation Equipment						-
21	392 Stores Equipment						-
22	393 Tools, Shop, and Garage Equipment						-
23	394 Laboratory Equipment						-
24	395 Power Operated Equipment						-
25	396 Communication Equipment						-
26	397 Miscellaneous Equipment						-
27	398 Other Tangible Plant						-
28	<b>TOTAL ACCUMULATED DEPRECIATION OF UTILITY PLANT-IN-SERVICE</b>	<b>\$233,108</b>	<b>\$ 22,562</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 255,670</b>



(Company Name)

**Schedule 205. LONG-TERM DEBT - Account Nos. 221, 222, and 224**  
 (Excluding Advances from Associated Companies)

Give below the particulars indicated of the long-term debt at end of year represented by unmatured obligations issued or assumed by the Company and group entries according to accounts and show the total for each account.

Line No.	Class and Series of Obligations (a)	Date of Issue (b)	Date of Maturity (c)	Principal Amount Authorized (d)	Outstanding Per Balance Sheet (e)	Interest For Year	
						% Rate (f)	Amount (g)
1	Palmetto State Bank	12/05/05	05/08/12	\$ 200,000	\$ 179,847	5.00%	\$ 9,250
2	Note Payable - R. Arnold Ellison	06/29/00		85,135	64,561	6.00%	3,874
3							
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23							
24							
25							
26	<b>TOTAL LONG-TERM DEBT</b>			<b>\$ 285,135</b>	<b>\$ 244,408</b>		<b>\$ 13,124</b>

**Schedule 206. CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)  
 Account No. 271**

Line No.	Description (a)	Amount (b)
1	Beginning of Year Balance	245,254
2	Credits Added During the Year:	
3	Contributions Received from Capacity, Main Extensions, and Customer Connection Charges	500
4	Contributions Received from Developer or Contract Agreements in cash or property	
5	Total Credits	500
6	Less: Debits Charged During the Year	-
7	<b>TOTAL CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	<b>245,754</b>

**Schedule 207. ACCUMULATED AMORTIZATION OF CIAC  
 Account No. 272**

Line No.	Description (a)	Amount (b)
8	Beginning of Year Balance	(124,910)
9	Debits Charged During the Year: Accruals Charged to Account 272	
10	Other Debits Charged During the Year (specify):	
11		
12		
13		
14	Total Debits	
15	Credits Added During the Year (specify):	
16	Current year accumulated amortization	(7,585)
17		
18		
19	Total Credits	(7,585)
20	<b>TOTAL ACCUMULATED AMORTIZATION OF CIAC</b>	<b>(132,495)</b>

21	<b>TOTAL NET CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	<b>113,259</b>
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**Schedule 300. INCOME STATEMENT  
 REVENUES AND EXPENSES**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
<b>1</b>	<b>UTILITY OPERATING INCOME</b>	
2	400 Total Utility Operating Revenues (Schedule 301)	\$ 195,224
<b>3</b>	<b>UTILITY OPERATING EXPENSES</b>	
4	401 Operating Expenses (Schedule 302)	155,485
5	403 Depreciation Expenses (Schedule 303)	14,977
6	406 Amortization of Utility Plant Acquisition Adjustments	
7	407.1 Amortization of Limited Term Plant	
8	407.2 Amortization of Property Losses	
9	407.3 Amortization of Other Utility Plant	
10	407.4 Amortization of Regulatory Assets	
11	407.5 Amortization of Regulatory Liabilities	
12	408.10 Utility Regulatory Assessment Fees	
13	408.11 Property Taxes	3,739
14	408.12 Payroll Taxes	
15	408.13 Other Taxes and Licenses	765
16	409.10 Federal Income Taxes, Utility Operating Income	
17	409.11 State Income Taxes, Utility Operating Income	
18	409.12 Local Income Taxes, Utility Operating Income	
19	410.10 Deferred Federal Income Taxes	
20	410.11 Deferred State Income Taxes	
21	410.12 Deferred Local Income Taxes	
22	411.10 Provision for Deferred Income Taxes - Credit, Utility Operating Income	
23	412.10 Investment Tax Credits Deferred to Future Periods, Utility Operations	
24	412.11 Investment Tax Credits, Restored to Operating Income, Utility Operations	
25	Total Utility Operating Expenses	174,966
26	<b>TOTAL NET UTILITY OPERATING INCOME (LOSS)</b>	<b>20,258</b>

<b>27</b>	<b>OTHER OPERATING INCOME (LOSS)</b>	
28	413 Income from Utility Plant Leased to Others	
29	414 Gains (Losses) from Disposition of Utility Property	
30	Total Other Operating Income (Loss)	-

<b>31</b>	<b>OTHER INCOME AND DEDUCTIONS</b>	
32	415 Revenues from Merchandising, Jobbing and Contract Work	
33	416 Costs and Expenses of Merchandising, Jobbing and Contract Work	
34	419 Interest and Dividend Income	
35	420 Allowance for Funds Used During Construction (AFUDC)	
36	421 Non-Utility Income	
37	426 Miscellaneous Non-Utility Expenses	
38	<b>TOTAL OTHER INCOME AND DEDUCTIONS</b>	<b>-</b>

**Schedule 300. INCOME STATEMENT (Continued)**  
**REVENUES AND EXPENSES**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS</b>	
2	408.20 Taxes Other Than Income, Other Income and Deductions	-
3	409.20 Income Taxes, Other Income and Deductions	
4	410.20 Provision for Deferred Income Taxes, Other Income and Deductions	
5	411.20 Provisions for Deferred Income Taxes, Credit, Other Income and Deductions	
6	412.20 Investment Tax Credits, Net, Non-Utility Operations	
7	412.30 Investment Tax Credits Restored to Non-Operating Income, Utility Operations	
8	<b>TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUC.</b>	-
9	<b>INTEREST EXPENSE</b>	
10	427.1 Interest on Debt to Associated Companies	
11	427.2 Interest on Short-Term Debt	3,874
12	427.3 Interest on Long-Term Debt	9,250
13	427.4 Interest on Customer Deposits	
14	427.5 Interest - Other	
15	428 Amortization of Debt Discount and Expense	
16	429 Amortization of Premium on Debt	
17	<b>TOTAL INTEREST EXPENSE</b>	13,124
18	<b>EXTRAORDINARY ITEMS</b>	
19	433 Extraordinary Income	
20	434 Extraordinary Deductions	
21	409.30 Income Taxes, Extraordinary Items	
22	<b>TOTAL EXTRAORDINARY ITEMS</b>	-
23	<b>NET INCOME (LOSS)</b>	\$ 7,134

**SCHEDULE 301. OPERATING REVENUES**  
**Account No. 400**

Line No.	Account Number and Title (a)		Current Year-End Balance (b)
1	<b>WASTEWATER SALES REVENUE</b>		
2	521	Flat Rate Revenues - General Customers	
3	521.1	Residential	\$ -
4	521.2	Commercial	
5	521.3	Industrial	
6	521.4	Public Authorities	
7	521.5	Multiple Family Dwelling Revenues	
8	521.6	Other Revenues (Availability)	
9	Total Flat Rate (Unmetered) Revenues		-
10	522	Measured Revenues - General Customers	
11	522.1	Residential	195,224
12	522.2	Commercial	
13	522.3	Industrial	
14	522.4	Public Authorities	
15	522.5	Multiple Family Dwellings Revenues	
16	Total Measured Revenues		195,224
17	523	Revenues from Public Authorities	
18	524	Revenues from Other Systems	
19	525	Interdepartmental Revenues	
20	<b>TOTAL WASTEWATER SALES REVENUE</b>		195,224
21	<b>OTHER WASTEWATER REVENUES</b>		
22	530	Guaranteed Revenues	
23	531	Sale of Biosolids	
24	532	Forfeited Discounts	
25	534	Rents from Wastewater Property	
26	535	Interdepartmental Rents	
27	536	Other Wastewater Revenues	
28	<b>TOTAL OTHER WASTEWATER REVENUES</b>		-
29	<b>RECLAIMED WATER SALES</b>		
30	540	Flat Rate Reuse Revenues	
31	540.1	Residential Reuse Revenues	
32	540.2	Commercial Reuse Revenues	
33	540.3	Industrial Reuse Revenues	
34	540.4	Reuse Revenues from Public Authorities	
35	540.5	Other Revenues	-
36	541	Measured Reuse Revenue	
37	541.1	Residential Reuse Revenues	
38	541.2	Commercial Reuse Revenues	
39	541.3	Industrial Reuse Revenues	
40	541.4	Reuse Revenues from Public Authorities	
41	544	Reuse Revenues from Other Systems	
42	<b>TOTAL RECLAIMED WATER SALES</b>		-
43	400	<b>TOTAL OPERATING REVENUES</b>	\$ 195,224

**Schedule 302. OPERATING EXPENSES  
 OPERATION AND MAINTENANCE**

**Account No. 401**

Line No.	Account Number and Title (a)	Current Year- End Balance (b)
1	<b>COLLECTION EXPENSES</b>	
2	701 Salaries and Wages - Employees	\$ -
3	703 Salaries and Wages-Officers, Directors and Majority Stockholders	
4	704 Employee Pensions and Benefits	
5	715 Purchased Power	
6	716 Fuel for Power Production	
7	718 Chemicals	
8	720 Materials and Supplies	
9	731 Contractual Services - Engineering	
10	732 Contractual Services - Accounting	
11	733 Contractual Services - Legal	
12	734 Contractual Services - Management Fees	
13	735 Contractual Services - Testing	
14	736 Contractual Services - Other	
15	741 Rental of Building/Real Property	
16	742 Rental of Equipment	
17	750 Transportation Expenses	
18	756 Insurance - Vehicle	
19	757 Insurance - General Liability	
20	758 Insurance - Workman's Compensation	
21	759 Insurance - Other	
22	767 Regulatory Commission Expense - Other	
23	775 Miscellaneous Expenses	
24	<b>TOTAL COLLECTION EXPENSES</b>	\$ -

25	<b>PUMPING EXPENSES</b>	
26	701 Salaries and Wages - Employees	\$ -
27	703 Salaries and Wages-Officers, Directors and Majority Stockholders	
28	704 Employee Pensions and Benefits	
29	715 Purchased Power	19,607
30	716 Fuel for Power Production	
31	718 Chemicals	
32	720 Materials and Supplies	
33	731 Contractual Services - Engineering	
34	732 Contractual Services - Accounting	
35	733 Contractual Services - Legal	
36	734 Contractual Services - Management Fees	
37	735 Contractual Services - Testing	
38	736 Contractual Services - Other	
39	741 Rental of Building/Real Property	
40	742 Rental of Equipment	
41	750 Transportation Expenses	
42	756 Insurance - Vehicle	
43	757 Insurance - General Liability	
44	758 Insurance - Workman's Compensation	
45	759 Insurance - Other	
46	767 Regulatory Commission Expense - Other	
47	775 Miscellaneous Expenses	
48	<b>TOTAL PUMPING EXPENSES</b>	\$ 19,607

**Schedule 302. OPERATING EXPENSES (Continued)**  
**OPERATION AND MAINTENANCE**  
**Account No. 401**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>TREATMENT AND DISPOSAL EXPENSES</b>	
2	701 Salaries and Wages - Employees	\$ -
3	703 Salaries and Wages-Officers, Directors and Majority Stockholders	
4	704 Employee Pensions and Benefits	
5	710 Purchased Wastewater Treatment	
6	711 Sludge Removal Expense	10,109
7	715 Purchased Power	
8	716 Fuel for Power Production	
9	718 Chemicals	1,679
10	720 Materials and Supplies	1,063
11	731 Contractual Services - Engineering	
12	732 Contractual Services - Accounting	
13	733 Contractual Services - Legal	
14	734 Contractual Services - Management Fees	25,701
15	735 Contractual Services - Effluent monitoring and disposal	8,292
16	736 Contractual Services - Repairs and maintenance	64,659
17	741 Rental of Building/Real Property	
18	742 Rental of Equipment	
19	750 Transportation Expenses	
20	756 Insurance - Vehicle	
21	757 Insurance - General Liability	
22	758 Insurance - Workman's Compensation	
23	759 Insurance - Other	
24	767 Regulatory Commission Expense - Other	
25	775 Miscellaneous Expenses	
26	<b>TOTAL TREATMENT AND DISPOSAL EXPENSES</b>	<b>\$ 111,503</b>

**Schedule 302. OPERATING EXPENSES (Continued)**  
**OPERATION AND MAINTENANCE**  
**Account No. 401**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>RECLAIMED WATER TREATMENT EXPENSES</b>	
2	701 Salaries and Wages - Employees	\$ -
3	703 Salaries and Wages-Officers, Directors and Majority Stockholders	
4	704 Employee Pension and Benefits	
5	715 Purchased Power	
6	716 Fuel for Power Production	
7	718 Chemicals	
8	720 Materials and Supplies	
9	731 Contractual Services - Engineering	
10	732 Contractual Services - Accounting	
11	733 Contractual Services - Legal	
12	734 Contractual Services - Management Fees	
13	735 Contractual Services - Testing	
14	736 Contractual Services - Other	
15	741 Rental of Building/Real Property	
16	742 Rental of Equipment	
17	750 Transportation Expenses	
18	756 Insurance - Vehicle	
19	757 Insurance - General Liability	
20	758 Insurance - Workman's Compensation	
21	759 Insurance - Other	
22	767 Regulatory Commission Expenses- Other	
23	775 Miscellaneous Expenses	
24	<b>TOTAL RECLAIMED WATER TREATMENT EXP.</b>	-
25	<b>TOTAL OPERATION AND MAINTENANCE EXPENSES</b>	.\$ 131,110

**Schedule 302. OPERATING EXPENSES (Continued)**  
**CUSTOMER AND ADMINISTRATIVE AND GENERAL**  
**Account No. 401**

Line No.	Account Number and Title (a)	Current Year- End Balance (b)
1	<b>CUSTOMER ACCOUNTS EXPENSES</b>	
2	701 Salaries and Wages - Employees	\$ -
3	703 Salaries and Wages-Officers, Directors and Majority Stockholders	
4	704 Employee Pensions and Benefits	
5	715 Purchased Power	
6	716 Fuel for Power Production	
7	720 Materials and Supplies	
8	731 Contractual Services - Engineering	
9	732 Contractual Services - Accounting	
10	733 Contractual Services - Legal	
11	734 Contractual Services - Management Fees	
12	735 Contractual Services - Testing	
13	736 Contractual Services - Other	
14	741 Rental of Building/Real Property	
15	742 Rental of Equipment	
16	750 Transportation Expenses	
17	756 Insurance - Vehicle	
18	757 Insurance - General Liability	
19	758 Insurance - Workman's Compensation	
20	759 Insurance - Other	
21	767 Regulatory Commission Expense - Other	
22	770 Bad Debt Expense	
23	775 Miscellaneous Expenses	
	775.1 Printing	.897
	775.2 Postage	605
24	<b>TOTAL CUSTOMER ACCOUNTS EXPENSES</b>	<b>1,502</b>
25	<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>	
26	701 Salaries and Wages - Employees	
27	703 Salaries and Wages-Officers, Directors and Majority Stockholders	
28	704 Employee Pension and Benefits	
29	715 Purchased Power	
30	716 Fuel for Power Production	
31	720 Materials and Supplies	
32	731 Contractual Services - Engineering	
33	732 Contractual Services - Accounting	3,247
34	733 Contractual Services - Legal	-
35	734 Contractual Services - Management Fees	18,305
36	735 Contractual Services - Testing	
37	736 Contractual Services - Other	
38	741 Rental of Building/Real Property	
39	742 Rental of Equipment	
40	750 Transportation Expenses	
41	756 Insurance - Vehicle	
42	757 Insurance - General Liability	(19)
43	758 Insurance - Workman's Compensation	
44	759 Insurance - Other	
45	760 Advertising Expense	
46	766 Regulatory Commission Expenses-Amortization of Rate Case Exp.	
47	767 Regulatory Commission Expenses-Other	
48	775 Miscellaneous Expenses	
	775.1 Bank service charges	232
	775.2 Bad debt expense	262
	775.3 Dues and subscriptions	143
	775.4 Office supplies	15
	775.5 Telephone	688
49	<b>TOTAL ADMINISTRATIVE AND GENERAL EXP.</b>	<b>22,873</b>
50	<b>401 TOTAL OPERATING EXPENSES</b>	<b>\$ 155,485</b>

**Schedule 303. BASIS FOR DEPRECIATION CHARGES BY  
 PRIMARY ACCOUNTS  
 Account No. 403**

Line No.	Description of Property (a)	Original Cost (b)	Approved Depreciation Rates * (c)	Annual Depreciation (d)
1	354 Structure and Improvements	\$ -	-	\$ -
2	355 Power Generation Equipment			
3	360 Collection Sewers - Force			
4	361 Collection Sewers - Gravity	9,300	25 Years	372
5	362 Special Collecting Structures			
6	363 Services to Customers			
7	364 Flow Measuring Devices			
8	365 Flow Measuring Installations			
9	366 Reuse Services			
10	367 Reuse Meters and Meter Installations			
11	370 Receiving Wells			
12	371 Pumping Equipment	27,849	7 - 20 Years	643
13	374 Reuse Distribution Reservoirs			
14	375 Reuse Transmission and Distribution System			
15	380 Treatment and Disposal Equipment	181,786	12 - 25 Years	9,608
16	381 Plant Sewers			
17	382 Outfall Sewer Lines	86,583	15 - 20 Years	4,354
18	389 Other Plant and Misc. Equipment			
19	390 Office Furniture and Equipment			
20	391 Transportation Equipment			
21	392 Stores Equipment			
22	393 Tools, Shop, and Garage Equipment			
23	394 Laboratory Equipment			
24	395 Power Operated Equipment			
25	396 Communication Equipment			
26	397 Miscellaneous Equipment			
27	398 Other Tangible Plant			
28	<b>TOTALS</b>	<b>\$ 305,518</b>		<b>\$ 14,977</b>

\* Use Straight-line depreciation rates as approved by the Commission.  
 Do not use Tax Depreciation Rates.



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Mr. Robert G. Gross, President  
Harbor Island Utilities, Inc.  
PO Box 70022  
Beaufort, SC 29907

We have compiled the accompanying balance sheet of Harbor Island Utilities, Inc., a corporation, as of October 31, 2010, and the related statement of income for the year then ended, in the form prescribed by the Uniform System of Accounts for Class B Wastewater Utilities issued by the National Association of Regulatory Utility Commissioners, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the National Association of Regulatory Utility Commissioners information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the National Association of Regulatory Utility Commissioners, which differ from generally accepted accounting principals. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Management has elected to omit substantially all of the disclosures and the statement of cash flows ordinarily included in financial statements prepared in accordance with the Uniform System of Accounts for Class B Wastewater Utilities issued by the National Association of Regulatory Utility Commissioners. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations and cash flows. Accordingly, these financial statements are not designed for those individuals who are not informed of such matters.

*Kevin Cain, CPA, LLC*  
Kevin Cain, CPA, LLC  
Beaufort, South Carolina  
January 14, 2011

**Compliance Sampling Inspection**  
**Fripp Island PSD**  
**and**  
**Harbor Island Utilities**  
**Fripp Island, South Carolina**  
**State Land Application Permit No. ND0065919**

On March 2, 2009, personnel from the South Carolina Department of Health and Environmental Control (DHEC) conducted a Compliance Sampling Inspection (CSI) at the Fripp Island PSD, Fripp Island, South Carolina (Outfall 001) and conducted a CSI on Harbor Island, Harbor Island, South Carolina (Outfall 002). The inspectors, Alex Saunders, Allyson Muller, and Sharon Hobart met with facility representatives Ernie Wilson (Fripp Island PSD) and Christie Greene (Harbor Island Utilities) to explain the objectives and procedures of the inspection.

The results of the inspection are as follows:

## Permit

**The two facilities have different ownership.** The facility at Fripp Island (001) is owned and operated by Fripp Island PSD. The facility at Harbor Island (002) is owned by Harbor Island Utilities and operated by The Beaufort Group. Both facilities discharge into an effluent holding pond located at Fripp Island and is land applied to 106 acres of a golf course located on Fripp Island.

These facilities are authorized to discharge under State Permit Land Application Permit Number ND0065919.

Permit information regarding the name and location of the receiving waters was correct. Permit information regarding the number and location of discharge points was correct. The permit became effective on August 1, 2004, was modified October 1, 2006, and expires on September 30, 2013.

**Rating: Satisfactory.**

## Records and Reports

Records and reports are maintained as required by the NPDES Permit. All information is available, complete, current, and is maintained for a minimum of three years either at the wastewater treatment plants or at the offices of operations on Fripp Island and Lady's Island, South Carolina.

The Discharge Monitoring Reports (DMRs) for October through December 2008, and January of 2009 were reviewed (Outfall 001). The Discharge Monitoring Reports (DMRs) for October through December 2008 were reviewed (Outfall 002). Analytical results are consistent with the data reported on the DMRs for Outfall 001. Analytical results were not consistent with the data reported on the DRMs for Outfall 002. Sampling and analysis data is adequate and includes dates, times, locations of sampling as well as methods and techniques, results, and persons performing sampling and analysis. All calculations are performed correctly on Outfall 001. All calculations were not performed correctly on Outfall 002. Monitoring records are adequate and include flow, pH, dissolved oxygen, residual chlorine, monitoring charts, etc., as required by the permit. Report forms have been developed to provide complete data documentation and permanent records. Laboratory records are readily available for the required period of time.

Plant records are adequate and included As-built engineering drawings, up-to-date schedules of equipment maintenance and repairs, and equipment supplies manuals. An Operations and Maintenance manual for the facility at Fripp was available and was last updated in November 2006. There is an O&M manual available for the plant located at Harbor Island and was last updated in March 2009.

**Rating: Satisfactory Outfall 001 Fripp Island**

**Unsatisfactory Outfall 002 Harbor Island.**

There were calculation errors on all DMRs reviewed. Please resubmit corrected DMRs for October through December 2008. Please review the Excel program that creates DMR data.

## Facility Site Review

**The 0.49 MGD facility at Fripp Island** is a Zenon Membrane Biological Reactor (MBR) with a JWC grit classifier that includes a dual band screening device with a washer/compactor and Muffin Monster. This highly computerized facility utilizes a low vacuum membrane system to force wastewater through filaments rejecting solids and bacteria. The facility includes an aerobic digester, flow equalization tank, anoxic zone, aeration basin and membranes. Disinfection is accomplished through a dual bank Wedeco UV system. The vacuum sewer system for the unsewered portion of the Fripp Island is complete. This should help in improving the water quality of the surrounding brackish water estuaries. SCDHEC has for years identified water quality problems in the immediate area and it is thought that the source of the contamination (primarily fecal coliform) originates from the leaching out of the sands in the tile fields of the septic systems as the tides go in and out. The utility is in the process of determining

the integrity of the collection system at Sawgrass through the use of line camera technology.

**The 0.20 MGD facility at Harbor Island** is a Smith and Loveless package plant. The headworks consist of a new hydrosieve static screening device. The facility consists of a two-phase aeration chamber, clarification, aerobic digester, chlorine contact chamber, dual Amiad filters, and a effluent pump station. The effluent is pumped for seven miles to a holding pond at Fripp Island. **At the time of the inspection one of the Amiad filters were off line for service. The WWTF is starting to show wear with rust noted in several areas of the tank.** The catwalk has recently been repaired.

Standby power is provided and an alarm system is available. An emergency plan for treatment control is established (Outfall 001). The operator logbooks are properly maintained. An adequate number of operators are on-hand and there is an established procedure for training new operators. Spare parts and supplies inventories are maintained, as are major equipment specifications. Hydraulic and/or organic overloads are not routinely experienced at either of the two facilities.

**Rating:** Satisfactory Outfall 001.

**Marginal Outfall 002.**

Please establish, and submit for review, an emergency plan for treatment control, including the collection system and pump stations.

## Flow Measurement

Flow is measured at the effluent at Fripp Island using a 3 MAG in-line meter. The Harbor Island facility uses a 90-degree V-notch weir with an OCM II ultrasonic flow meter with totalizer to record flow. The weir at Harbor Island is located in a confined space and could not be evaluated. The weir plate appeared to be level, plumb and its top edges were sharp and clean.

There is a free access of air below the nappe of the weir. The stilling basin is of sufficient size and clear of debris. Upstream channel of the weir is straight for at least four times the depth of water level, and free from disturbing influences. Head measurements are properly made by facility personnel and the correct flow tables are used. Flow records are retained and the actual flow discharged is measured. The flow meters are calibrated yearly. The Fripp Island flow meter was last calibrated in December 2008. The Harbor Island flow meter was last calibrated in March 2008.

A calibration check could not be accomplished at either facility. The Harbor Island weir is in a confined space and the Fripp Island meter is located in-line. Flow measurement is adequate to handle the expected range of flows.

**Rating:** Satisfactory.

## Pretreatment

The facilities are not currently subject to pretreatment requirements.

## Compliance Schedule

The facilities are not currently subject to a schedule of compliance.

## Self-Monitoring Program

Both facilities self-monitoring program is meeting the requirements of the NPDES permit. Samples are taken at sites specified in the permit and the locations are adequate for representative samples. Flow proportioned samples are properly collected. Grab samples for fecal coliform, dissolved oxygen, and pH are collected properly. Sampling and analysis is completed on parameters specified by the permit and in the frequencies specified in the permit. Samples are also collected on the day specified by the permit. When monitoring and analysis are performed more often than required by the NPDES permit, the results are reported on the DMRs. Samples are refrigerated during compositing and proper preservation techniques are used. Containers and sample holding times before analysis conforms with Federal Register 40 CRF 136.3.

**Rating:** Satisfactory.

## Operations and Maintenance

At the time of the inspection, all treatment units were in service and operating satisfactorily with the exception of the one Amiad filter at Harbor Island. Procedures for facility operation exist. Instruction files were kept for operation and maintenance of each item of major equipment. Routine and preventive maintenance were scheduled and performed on time.

At the time of the inspection, the effluent was clear at the facility on Fripp Island with no visible signs of problems. The effluent at the Harbor Island facility was clear with no visible signs of problems.

**Rating:** Satisfactory.

## Sludge Disposal

Sludge is stabilized at both facilities in an aerobic digester, and is disposed of at the BJW&SA/Cherry Point-Okatie WWTP in Jasper County. The facility at Cherry/point-Okatie is the regional sludge and septage handling facility. Ultimate disposal is at the Hickory Hill Landfill.

**Rating:** Satisfactory.

## Collection System - Outfall 002 (See collection system report for Outfall 001 from September 12, 2007)

All (8) pump stations were inspected on Harbor Island with Russ Hobbs. The pump stations are being inspected once a week with security drive by inspections daily. All pump stations were securely locked with the exception of PS #1 Main. There was no excess grease noted in the collection system.

- Main
  - No lock on station
  - No auxiliary power (or equivalent) is available for the pump station
  - No vent on station (vents should be provided and screened)
  - Amps should be checked on each leg of pumps on a scheduled basis
- Causeway #1
  - Amps should be checked on each leg of pumps on a scheduled basis
- Causeway #2
  - No weather durable sign with 24-hour emergency telephone number
  - Amps should be checked on each leg of pumps on a scheduled basis
- Ocean Marsh
  - Amps should be checked on each leg of pumps on a scheduled basis
- Nautical Watch
  - No screen on vent
  - Amps should be checked on each leg of pumps on a scheduled basis
- Pelican Point
  - No screen on vent
  - Amps should be checked on each leg of pumps on a scheduled basis
- North Harbor
  - The alarm system did not initiate when high wet well float switch was triggered
  - Amps should be checked on each leg of pumps on a scheduled basis
- Harbor Key
  - Amps should be checked on each leg of pumps on a scheduled basis

### **Rating: Marginal**

Please make the necessary corrections, as outlined, to the pump stations

## Laboratory

The laboratory at Fripp Island (# 07013) is certified for pH, DO, and temperature. There is a SOP available and was last updated in September 2008. A contract lab (GEL #27553) analyzes all other parameters. The laboratory certification expires on 9/2/2011.

Harbor Island uses The Beaufort Groups laboratory (#07012) and is certified for pH, DO, temperature, and chlorine. A contract lab (GEL #27553) analyzes all other parameters. The Beaufort Group has a lab SOP and it was last updated in December 2007. The laboratory certification expires on 5/26/2011.

**Rating: Satisfactory**