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November 3, 2006

WAYNE L. SCHIEFELBEIN, OF COUNSEL
ROBERT M. C. ROSE, (1924-2006)

Blanca S. Bayo, Director
Commission Clerk & Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RE: Town and Country Utilities Company;
Original Wastewater Certificate Application
Docket No. 060602-SU
Our File No. 40050.03

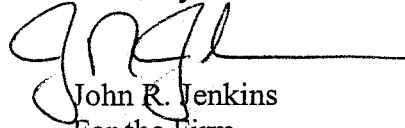
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06 NOV - 7 AM 9:42
COMMISSION
CLERK

Dear Ms. Bayo:

Enclosed please find an original and fifteen copies of a supplement to Exhibit "C" to the Application submitted in the above referenced docket which includes a letter of financial support and accompanying financial statements of an affiliate of Town and Country Utilities Company.

Should you have any questions regarding this matter, please feel free to call.

Sincerely



John R. Jenkins
For the Firm

- CMP _____
- COM _____
- CTR _____
- ECR _____
- GCL _____
- OPC _____
- RCA _____
- SCR _____
- SGA _____
- SEC 1
- OTH _____

JRJ/lw

Enclosures

cc: Mr. Chuck DeSanti
Terry Holihen, Esq.

DOCUMENT NUMBER-DATE

10255 NOV-7 8

FPSC-COMMISSION CLERK

Morgan Stanley Real Estate Fund V U.S.

November 1, 2006

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Town and Country Utilities Company;
Public Service Commission Application

To Whom It May Concern:

Town and Country Utilities Company ("Utility"), which is a wholly owned subsidiary of Babcock Florida Company, is affiliated with Kitson-Evergreen (Babcock), LLC ("KE"), and MSREF V US (as defined herein), in the following manner: MSKP Southwest Florida Investment Partners, Inc., acquired one hundred percent (100%) equity ownership of Babcock Florida Company pursuant to a merger between Babcock Florida Company and MSKP III, Inc, a wholly owned subsidiary of MSKP Southwest Florida Investment Partners, Inc. Babcock Florida Company was the surviving entity in that merger and continues as the owner of one hundred percent (100%) of the Utility's stock. MSKP Southwest Florida Investment Partners, Inc., is a wholly owned subsidiary of MSKP Babcock Holdings, L.L.C., a joint venture owned by KE, Morgan Stanley Real Estate Fund V U.S., L.P. ("MSREF"), Morgan Stanley Real Estate Fund V Special U.S., L.P. ("Special Fund"), MSP Real Estate Fund V, L.P. ("MSP"), and Morgan Stanley Real Estate Investors V U.S., L.P. ("MSREI", and together with MSREF, Special Fund, and MSP collectively referred to as "MSREF V US").

The purpose of this letter is to inform you that KE and MSREF V US will make the financial and operating commitment necessary for the Utility to fund construction of the water and wastewater facilities necessary to serve the residents of and businesses within the Utility's service territory. The Utility plans to issue tax exempt bonds to fund a portion of its infrastructure needs. In addition, KE and MSREF V US have the ability to periodically provide financial support to the Utility on an as-needed basis to construct, operate and maintain the necessary infrastructure and improvements. Financial statements for KE and MSREF V US are attached hereto as evidence of the financial resources of KE and MSREF V US, and their ability to provide support to the Utility.

Thank you for your attention.

DOCUMENT NUMBER-DATE

10255 NOV-7 8

Kitson-Evergreen (Babcock), LLC



Name: Thomas M. Hoban

Title: President and COO

Morgan Stanley Real Estate Fund V U.S., L.P.

By: MSREF V U.S.-GP, L.L.C.,
its general partner

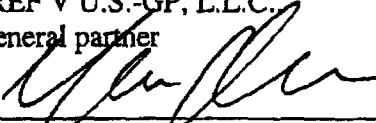
By: 

Name: Michael Quinn

Title: Vice President

Morgan Stanley Real Estate Fund V Special U.S.,
L.P.

By: MSREF V U.S.-GP, L.L.C.,
its general partner

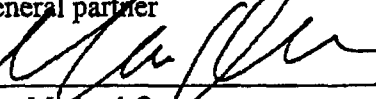
By: 

Name: Michael Quinn

Title: Vice President

MSP Real Estate Fund V, L.P.

By: MSREF V U.S.-GP, L.L.C.,
its general partner

By: 

Name: Michael Quinn

Title: Vice President

Morgan Stanley Real Estate Investors V U.S., L.P.

By: MSREF V U.S.-GP, L.L.C.,
its general partner

By: 

Name: Michael Quinn

Title: Vice President

Statement of Operations

September 27, 2006

(unaudited)

INVESTMENT INCOME

Interest Income	\$ 35,127
Total investment income	<u>\$ 35,127</u>

EXPENSES

Credit facility related expenses	\$ 4,334,968
Start up costs	714,311
Derivative gain/loss	<u>174,363</u>
Total Expenses	<u>\$ 5,223,642</u>

Net investment loss \$ 5,188,515

Statement of Assets and Liabilities

September 27, 2006

(unaudited)

ASSETS

Investment in real estate entities	\$ 885,192,626
Uncalled capital commitment	1,800,505,050
Cash and cash equivalents	1,964,486
Other assets	<u>34,154,373</u>
Total Assets	<u>2,721,816,535</u>

LIABILITIES

Notes payable ^(N1)	\$ 923,000,000
Accounts payable	<u>3,500,000</u>
Total liabilities	<u>926,500,000</u>

EQUITY

Uncalled capital commitment	\$ 1,800,505,050
Cumulative Income / (Losses)	<u>(5,188,515)</u>
Total Equity	<u>1,795,316,535</u>

Total Liabilities and Equity \$ 2,721,816,535

N1 - In addition to the borrowings indicated under Notes Payable, Morgan Stanley Real Estate Fund V, U.S. has posted letters of credit totaling \$158,590,000.

Kitson - Evergreen, LLC
Profit & Loss
January through September 2006

Income	
Mgmt Fee Income	1,108,866.63
Corporate Services	4,621,550.00
Specialty Services	446,175.01
Total Income	<u>6,176,591.64</u>
Expense	
Payroll Related & Expenses	5,024,689.13
Professional Fees	254,254.62
Operating Expenses	652,447.55
Travel and Entertainment	85,872.35
Depreciation Expense	63,252.00
Interest Expenses	230,775.80
Bank & Check Fees	144.41
Total Expense	<u>6,311,435.86</u>
Net Ordinary Income	-134,844.22
Other Income/Expense	
Other Income	12,391.66
Other Expense	0.00
Net Other Income	<u>12,391.66</u>
Net Income	<u><u>-122,452.56</u></u>

Kitson - Evergreen, LLC
Balance Sheet
As of September 30, 2006

ASSETS	
Cash	2,384,706.38
Accounts Receivable	2,374,384.70
Other Current Assets	1,481,603.13
Fixed Assets	345,254.38
Project Investment	33,443,829.54
	<hr/>
TOTAL ASSETS	40,029,778.13
	<hr/> <hr/>
LIABILITIES & EQUITY	
Liabilities	
Accounts Payable	1,846,904.89
Accrued Expenses	1,024,250.00
Deferred Income	69,620.00
Other Liabilities	140,521.79
	<hr/>
Total Liabilities	3,081,296.68
	<hr/> <hr/>
Equity	
Members Equity	37,070,934.01
Net Income	-122,452.56
Total Equity	36,948,481.45
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TOTAL LIABILITIES & EQUITY	40,029,778.13
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