

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for transfer of majority organizational control of NHC Utilities, Inc., holder of Certificate No. 573-W in Charlotte County, from EMB/NHC, L.L.C. to MHC-Encore Holdings, L.P.	DOCKET NO. 050313-WU ORDER NO. PSC-05-0958-FOF-WU ISSUED: October 7, 2005
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The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
LISA POLAK EDGAR

ORDER APPROVING TRANSFER OF MAJORITY ORGANIZATIONAL CONTROL

BY THE COMMISSION:

BACKGROUND

On May 6, 2005, the Commission received an application for the transfer of majority organizational control of NHC Utilities, Inc. (NHC or utility) from EMB/NHC, L.L.C. (EMB or Seller) to MHC-Encore Holdings, L.P. (MHC-Encore or Buyer). NHC is a Class C utility providing water service to approximately 459 residential and 4 general service water customers in Charlotte County. The water customers receive wastewater service from Riverwood Utilities, which is exempt from our regulation. NHC is located in the Southwest Florida Water Management District and is in a water use caution area. The utility's 2004 annual report indicated annual revenues of \$124,912, with a net operating loss of \$45,921.

In 1995, the Commission granted the utility Certificate No. 573-W in the name of Harbor Lakes Water System, Inc.¹ The Commission approved a transfer of the certificate to NHC in 1998.² LEMB L.P. owns 100% of the outstanding stock of NHC. EMB owns all of the outstanding general and limited partnership interests of LEMB L.P. Additional members of the MHC corporate family tree include MHC Operating Limited Partnership (MHCOLP), MHC Trust (Trust), and Equity Lifestyle Properties, Inc. (ELS). MHCOLP owns 100% of MHC, Trust owns 80% of MHCOLP, and ELS owns 100% of the voting stock in Trust.

¹ Order No. PSC-95-0867-FOF-WU, issued July 18, 1995, in Docket No. 941345-WU, In Re: Application for certificate to provide water service in Charlotte County by Harbor Lakes Water Systems, Inc., amended by Order No. PSC-95-0867A-FOF-WU, issued August 22, 1995, to correct typographical errors.

² Order No. PSC-98-0024-FOF-WU, issued January 5, 1998, in Docket No. 970762-WU, In Re: Application for transfer of Certificate No. 573-W from Harbor Lakes Water System, Inc. to NHC Utilities, Inc. in Charlotte County.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

On February 17, 2004, the seller, EMB, and the buyer, MHC-Encore, entered into a \$69 million contribution and assignment agreement for transfer of 28 manufactured home community and recreational vehicle resort properties in Florida, California and Texas. The transfer of majority organizational control of LEMB L.P. was part of the agreement. We have jurisdiction to consider this matter pursuant to Section 367.071, Florida Statutes. We will address the transfer of majority organizational control and rates and charges of the utility in detail below.

DECISION

Majority Organizational Control

This transaction is part of a 28 property transfer in three states. No specific transfer price was established for the utility. The actual transfer of stock occurred on February 17, 2004. Pursuant to the Agreement as to Transfer of Florida Public Service Commission Certificated Utility, the transfer of majority organizational control of the utility was made contingent upon our approval.

The application is in compliance with the governing statute, Section 367.071, Florida Statutes, and Rule 25-30.037, Florida Administrative Code, pertaining to an application for transfer of majority organizational control. The original territory description approved in Docket No. 941345-WU did not have a valid Point of Beginning. The applicant has provided a revised description of the territory in this case and it is appended as Attachment A.

The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code. No objections to the application were received, and the time for the filing of such objections has expired. The applicant provided a statement that it has and will continue to maintain its books and records in compliance with the National Association of Regulatory Utility Commissioners Uniform System of Accounts. The utility is current on annual reports and RAFs through 2004. NHC will continue to be responsible for filing the annual report and RAFs for 2005 and future years.

Pursuant to Rule 25-30.037(3)(i), Florida Administrative Code, a utility is to provide proof of ownership of the land upon which its facilities are located. In this case, however, NHC purchases bulk potable water from Charlotte County Utilities for resale to its customers. The utility's distribution facilities are located within authorized easements.

Pursuant to Rule 25-30.037(3)(h), Florida Administrative Code, the application contained a statement that the buyer performed a reasonable investigation of the utility systems. The Florida Department of Environmental Protection (DEP) has confirmed that the utility system is currently in compliance with DEP's environmental standards.

Pursuant to Rule 25-30.037(3)(f), Florida Administrative Code, the application contained a statement of how the transfer is in the public interest. According to the applicant, the transfer is in the public interest because it will be transparent to the customers, and they will continue to receive the same quality service they presently receive. MHC-Encore states that it is committed to providing safe and reliable water service to its customers. The utility will continue to have the

financial ability to provide service. According to the application, MHCOLP will provide funding to the utility as needed. The 2004 consolidated financial statement for Equity Lifestyle Properties, Inc., indicates that the company's total assets exceed \$1.8 billion with total equity of \$166 million. In addition, MHCOLP provided a statement that it will fulfill all of the utility's commitments, obligations, and representations with regard to utility matters.

Rates and Charges

The Commission first approved NHC's rates and charges as part of the utility's grandfather certificate application in Docket No. 941345-WU. Thereafter, the base facility charges and gallonage rates were adjusted on May 31, 1996, pursuant to a price index and pass through proceeding. The utility's approved rates and charges are found on Attachment B.

Rule 25-9.044(1), Florida Administrative Code, provides that in case of change of ownership or control of a utility which places the operation under a different or new utility, the company that will thereafter operate the utility business must adopt and use the rates, classification and regulations of the former operating company unless authorized to change by the Commission. MHCOLP has not requested a change in the rates and charges of the utility. Accordingly, we find that pursuant to Rule 25-9.044(1), Florida Administrative Code, NHC shall continue charging the rates and charges approved for it until authorized to change by the Commission in a subsequent proceeding. The ownership changes did not affect the tariff issuing officers, therefore, revised tariff pages are not required.

CONCLUSION

Upon review we find that the application for transfer of majority organizational control of NHC is in the public interest and shall be approved effective September 20, 2005. NHC shall remain responsible for all regulatory assessment fees and annual reports for 2005 and the future. As stated above, a description of the territory to be transferred is appended to this Order as Attachment A. NHC shall continue charging the currently approved rates and charges, as set out in Attachment B, until the Commission authorizes a change.

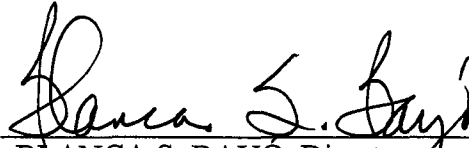
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Application for transfer of majority organizational control of NHC Utilities, Inc., holder of Certificate No. 573-W in Charlotte County, from EMB/NHC, L.L.C. to MHC-Encore Holdings, L.P. is approved effective September 20, 2005. It is further

ORDERED that NHC shall continue to charge its current rates and charges until the Commission authorizes a change. It is further

ORDERED that since no timely protest to this transfer of majority organizational control was filed within the time prescribed by section 367.045(3), Florida Statutes, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 7th day of October, 2005.


BLANCA S. BAYO, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

MCB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

NHC Utilities, Inc.

Water Service Area

Charlotte County

A parcel of land lying in Section 21, Township 40 South, Range 21 East, Charlotte County, Florida, being more particularly described as follows:

A portion of Plan No. 1 of a part of Ward Seven El Jobean, as recorded in Plat Book 2, Page 37, of the Public Records of Charlotte County, Florida, and a portion Plan No.2 of a part of Ward Seven El Jobean, as recorded in Plat Book 2, Page 48, of the Public Records of Charlotte County, Florida, all being more particularly described as follows:

Commencing at the Northeast corner of said Section 21; run North 89° 32' 10" West along the North line of said Section 21, a distance of 12.03 feet to the intersection with the centerline of the C.H. & N. Railroad; thence South 12° 11' 23" West along said centerline, a distance of 4258.40 feet to the intersection of the centerline of the C.H. & N. Railroad and the Northerly right of way line of Russell Avenue, said point being the Point of Beginning,

Thence South 72° 11' 23" West along the Northerly right of way line said Russell Avenue, a distance of 1257.07 feet to a point on the arc of a curve whose radius point bears South 67° 00' 19" West from said point, and being the right of way line of Seminole Circle; thence, Northerly and Westerly, along the arc of said curve, having a radius of 332 feet and a central angle of 49° 37' 52", an arc distance of 287.59 feet, to the Easterly right-of-way line of Southland Avenue; thence North 12° 11' 23" East, along said Easterly right-of-way line, a distance of 2024.95 feet; thence North 77° 48' 37" West, a distance of 1390.0 feet, to the center of Lincoln Park; thence North 17° 22' 27" East radially a distance of 331.97 feet to the intersection of Lincoln Circle with the Easterly right-of-way line of Hamner Avenue; thence North 12° 11' 23" East along the Easterly right-of-way line of Hamner Avenue, a distance of 1222.32 feet to the intersection with the Southeasterly right-of-way line of Colonial Avenue; thence North 72° 11' 23" East along the Southeasterly right-of-way line of Colonial Avenue, a distance of 605.01 feet to the Southwesterly extension of the Southeasterly right-of-way line of Ward Road; thence North 12° 11' 23" East along the Southeasterly right-of-way line of Ward Road, a distance of 417.62 feet to a point on the North line of Section 21, Township 40 South, Range 21 East, Charlotte County, Florida; thence South 89° 32' 10" East along the North line of said Section 21, a distance of 2212.21 feet to the intersection with the centerline of the C.H. & N. Railroad; thence South 12° 11' 23" West along said centerline, a distance of 4258.40 feet to the Point of Beginning, containing 202.5285 acres, more or less.

NHC UTILITIES, INC.
SCHEDULE OF WATER RATES

Water Monthly Service Rates
Residential, Multi-Residential and General Service

Meter Sizes:	Base Facility Charge
5/8" x 3/4"	\$ 16.85
3/4"	25.27
1"	42.11
1 1/2"	84.23
2"	134.75
3"	269.51
Charge Per 1,000 gallons	\$ 4.84

Residential, Multi-Residential and General Service

Monthly Fire Hydrant Maintenance	\$0.64
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Residential, Multi-Residential and General Service

Customer Deposits	\$100.00
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Miscellaneous Service Charges

Description	Charges
Initial Connection	\$0.00
Normal Reconnection	35.00
Violation Reconnection	52.50
Premises Visit (In lieu of disconnection)	35.00
Late Payment Charge	3.00

Service Availability Charges

Customer Connection

Meter Sizes:

5/8" x 3/4"	\$430.00
1"	480.00
1 1/2"	864.00
2"	1,056.00
Over 2"	Actual Cost