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May 17, 1999
VIA HAND DELIVERY

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59 MAY 17 PM 4:53
RECORDS AND REPORTING

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Town and Country Utilities Company ; PSC Docket No. 981288-WU
Application for Original Certificate
Our File No. 33040.01

Dear Ms. Bayo:

As promised in correspondence approximately a month and a half ago to members of the Public Service Commission staff, Town and Country Utilities Company is modifying the lease arrangements for utilization of the well sites on its related parties' property to more equitably distribute the cost between bulk water users and individual potable user rates. In addition, these changes will more appropriately compensate the landowner based on the intensity of use of the properties and the effects of those uses on properties outside the area actually utilized in providing service.

Please consider the attached three groups of schedules (15 copies of each are attached) as revisions to:

Exhibits "B", "C" and "E"

of the original filing. These should replace like numbered pages within the Utility's original application.

Should you have any questions in this regard, please let me know.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY, LLP

Marty Deterding

F. Marshall Deterding
For The Firm

Dictated by Mr. Deterding
but signed in his absence
to avoid delay in mailing.

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FPSC BUREAU OF RECORDS

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1 Enclosures

cc: Donna Clemons, Esquire
Alice Crosby, Esquire
David M. Owen, Assistant County Attorney
Richard S. Cuda

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DOCUMENT NUMBER-DATE

06212 MAY 17 99

FPSC-RECORDS/REPORTING

Town and Country Utilities Company

Special Report

Original Certificate Application



Gronin, Jackson, Nixon & Wilson
CERTIFIED PUBLIC ACCOUNTANTS, P.A.

Town & Country Utility Company
Original Certificate Application
Special Report

Index

Schedule No.	Page(s)	Description
		Accountants' Report
		<u>Section A - Proposed Rates & Charges</u>
1	1	Non-Potable Agricultural Water - Proposed Monthly Rates
2	2	Phase 1 Potable Water Service - Proposed Monthly Rates
3	3	Bulk Raw Water Service - Proposed Bulk Rate & Plant Capacity Charge
		<u>Section B - Non-Potable Agricultural Water</u>
4	4	Rate Base, Rate of Return & Operating Income
5	5-14	Summary of Original Cost, Accumulated Depreciation & Expense
6	15	Constructed Statement of Operations
7	16	Detail of Estimated Operations & Maintenance (O&M) Expense
		<u>Section C - Phase 1 Potable Water Service</u>
8	17	Rate Base, Rate of Return & Operating Income
9	18	Summary of Existing & Proposed Utility Plant Cost, Accumulated Depreciation & Expense
10	19	Estimated Existing & Proposed Cost of Utility Plant in Service
11	20	Accumulated Depreciation & Depreciation Expense
12	21	Contributions in Aid of Construction (CIAC) & Statement Regarding Proposed Service Availability Policy
13	22	Annual Amortization & Accumulated Amortization of CIAC
14	23	Constructed Statement of Operations
15	24-25	Detail of O&M Expense & Engineer's Estimate of Operation Expense by Plant Facility
		<u>Section D - Bulk Raw Water Service</u>
16	26	Phase 1 Rate Base, Rate of Return & Operating Income
17	27	Estimated Phase 1 Plant Costs & Capacity
18	28	Phase 1 Accumulated Depreciation
19	29	Phase 1 CIAC & Accumulated Amortization of CIAC
20	30	Calculation of Proposed Plant Capacity Charge & Compliance with Rule 25-30.580 FAC
21	31	Accumulated Amortization & Annual Amortization of CIAC
22	32	Estimated Phase 1 O&M Expense
		<u>Section E - Cost of Capital</u>
23	33	Proforma Cost of Capital for Phase 1 Rate Bases

Cronin, Jackson, Nixon & Wilson
CERTIFIED PUBLIC ACCOUNTANTS, P.A.

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September 15, 1998

Officers and Directors
Town & Country Utility Company

In accordance with your request, we have prepared the accompanying Special Report of Town & Country Utility Company consisting of the schedules listed in the preceding Index.

This report is intended solely for use as part of an original certificate application and request for initial rates and charges to be filed with the Florida Public Service Commission and should not be used for any other purpose.

Because this Special Report was not audited by us, we do not express an opinion or any other form of assurance on it.

Cronin, Jackson, Nixon & Wilson

CRONIN, JACKSON, NIXON & WILSON

SECTION A

PROPOSED RATES & CHARGES

(REVISED)

Town & Country Utility Company
 Non-Potable Agricultural Water
 Proposed Monthly Rates
 August 31, 1998

<u>Line No.</u>		<u>Proposed Monthly Rate</u>
1	<u>Non-potable Agricultural Service</u>	
2	<u>Flat monthly rate (1):</u>	
3	Well size:	
4	1"	\$ 5.20
5	2"	16.64
6	3"	33.28
7	4"	52.00
8	5"	87.36
9	6"	104.00
10	7"	145.60
11	8"	166.40
12	9"	216.32
13	10"	239.20
14	12"	447.20

15 (1) The agricultural water facilities consist of 322 unmetered
 16 wells of various sizes, which are spread throughout the
 17 Crescent B Ranch. Users supply their own pumps and
 18 other equipment needed to extract and distribute raw
 19 water for various agricultural purposes.

20 As a result, flat monthly rates are proposed based on
 21 the size of the well used.

Town & Country Utility Company
Phase 1 Potable Water Service
Proposed Monthly Rates
August 31, 1998

<u>Line No.</u>		<u>Proposed Monthly Rates</u>
1	<u>Residential & General Service</u>	
2	Base facility charges:	
3	"5/8" x 3/4"	\$ 7.98
4	"1"	19.95
5	"1 1/2"	39.90
6	"2"	63.84
7	"3"	127.68
8	"4"	199.50
9	"6"	399.00
10	"8"	638.40
11	Gallonage charge per 1,000 gallons	2.57

Town & Country Utility Company
Bulk Raw Water Service
Proposed Bulk Rate and Plant Capacity Charge
August 31, 1998

<u>Line No.</u>		
1	A. <u>Proposed Bulk Raw Water Rate</u>	
2	Rate per 1,000 gallons	<u>\$ 0.50</u>
3	B. <u>Proposed Plant Capacity Charge</u>	
4	Plant capacity charge per ERC (350 gpd) (Schedule No. 20)	<u>\$ 115</u>
5	Charge per gallon of capacity (Schedule No. 20)	<u>\$ 0.33</u>

SECTION B

NON-POTABLE AGRICULTURAL WATER

Town & Country Utility Company
 Non-Potable Agricultural Water
 Rate Base, Rate of Return, and Operating Income
 August 31, 1998

<u>Line No.</u>		<u>Schedule Reference</u>	<u>Balance</u>
1	Utility plant in service	5	\$ 525,401
2	Accumulated depreciation	5	<u>(397,148)</u>
			128,253
3	Allowance for working capital (2)		<u>49,000</u>
4	Rate base		<u>\$ 177,253</u>
5	Rate of return	23	<u>10.18%</u>
6	Required operating income		<u>\$ 18,044</u>
7	Notes: (1) The existing non-potable agricultural water facilities are		
8	100% used and useful. Therefore, it is not necessary to project		
9	rate base or establish initial rates based on an 80% level of		
10	operation.		
11	(2) Based on 12.5% of O&M expense per Schedule No. 7.		

Town & Country Utility Company
 Non-Potable Agricultural Water
 Summary of Original Cost, Accumulated Depreciation, and Expense
 August 31, 1998

Line No.	NARUC Account	Original Cost	PSC Depreciation Rate	Accumulated Depreciation	Depreciation Expense
1	301	Organization (1) \$ 34,333	2.5%	\$ 858	\$ 858
2	307	Wells (2) <u>491,068</u>	3.33%	<u>396,290</u>	<u>12,690</u>
3		<u>Total</u> <u>\$ 525,401</u>		<u>\$ 397,148</u>	<u>\$ 13,548</u>

4 Notes: (1) Estimated costs to obtain original certificate and initial rates assuming case is
 5 resolved through PAA:

6	Accounting	\$ 25,000
7	Legal	30,000
8	Engineering	45,000
9	Filing fees	<u>3,000</u>
10	Total	<u>\$ 103,000</u>
11	Allocation to each type of service	<u>\$ 34,333</u>

12 (2) See pages 2 through 10 of this schedule.

Town & Country Utility Company
Existing Non-Potable Agricultural Water Facilities
Original Cost, Accumulated Depreciation, and Expense
August 31, 1998

Line No.	Acct. No. 307 Wells & Springs/ Well Size	Well I.D.	Estimated Original Cost	Age	FPSC Depreciable Life/Rate	Accumulated Depreciation	Annual Expense
1	1	F7-1	\$ 3	20	30yrs/3.33%	\$ 1.95	\$ 0.10
2	2	D1-2	130	38	30yrs/3.33%	130.00	
3	2	A2-2	133	24	30yrs/3.33%	104.08	4.40
4	2	F5-3	132	23	30yrs/3.33%	98.90	4.40
5	2	C4-3	113	24	30yrs/3.33%	88.43	3.76
6	2	M3-2	113	24	30yrs/3.33%	88.43	3.76
7	2	D1-1	128	24	30yrs/3.33%	100.17	4.26
8	2	D1-3	175	28	30yrs/3.33%	160.26	5.83
9	2	L6-1	113	24	30yrs/3.33%	88.43	3.76
10	2	D1-4	87	28	30yrs/3.33%	79.67	2.90
11	2	H9-1	117	23	30yrs/3.33%	87.66	3.90
12	2	H8-1	119	25	30yrs/3.33%	97.09	3.96
13	2	D4-1	113	24	30yrs/3.33%	88.43	3.76
14	2	E9-1	130	24	30yrs/3.33%	101.73	4.33
15	2	C6-1	133	22	30yrs/3.33%	95.22	4.43
16	2	D7-1	84	31	30yrs/3.33%	84.00	
17	2	B6-3	122	23	30yrs/3.33%	91.41	4.06
18	2	L5-4	121	26	30yrs/3.33%	102.75	4.03
19	2	B4-3	113	24	30yrs/3.33%	88.43	3.76
20	2	F8-5	113	24	30yrs/3.33%	88.43	3.76
21	2	J3-4	112	25	30yrs/3.33%	91.38	3.73
22	2	A5-1	97	26	30yrs/3.33%	82.37	3.23
23	2	L3-3	125	22	30yrs/3.33%	89.49	4.16
24	3	G3-3	972	28	30yrs/3.33%	890.11	32.37
25	3	F1-6	1,071	28	30yrs/3.33%	980.77	35.66
26	3	E1-11	677	28	30yrs/3.33%	619.96	22.54
27	3	G3-2	972	28	30yrs/3.33%	890.11	32.37
28	3	E1-12	677	28	30yrs/3.33%	619.96	22.54
29	3	E1-10	677	28	30yrs/3.33%	619.96	22.54
30	3	F1-3	1,071	28	30yrs/3.33%	980.77	35.66
31	3	F1-5	1,071	28	30yrs/3.33%	980.77	35.66
32	3	G2-2	1,169	28	30yrs/3.33%	1,070.51	38.93
33	3	F1-7	1,071	28	30yrs/3.33%	980.77	35.66
34	3	E1-13	677	28	30yrs/3.33%	619.96	22.54
35	3	E1-15	677	28	30yrs/3.33%	619.96	22.54
36	3	E2-3	1,071	28	30yrs/3.33%	980.77	35.66
37	3	F2-2	1,169	28	30yrs/3.33%	1,070.51	38.93
38	3	E2-2	1,071	28	30yrs/3.33%	980.77	35.66

Town & Country Utility Company
Existing Non-Potable Agricultural Water Facilities
Original Cost, Accumulated Depreciation, and Expense
August 31, 1998

Line No.	Acct. No. 307 Wells & Springs/ Well Size	Well I.D.	Estimated Original Cost	Age	FPSC Depreciable Life/Rate	Accumulated Depreciation	Annual Expense
1	3	F2-1	\$ 1,169	28	30yrs/3.33%	\$ 1,070.51	\$ 38.93
2	3	N2-4	452	31	30yrs/3.33%	459.08	
3	3	E1-16	677	28	30yrs/3.33%	619.96	22.54
4	3	E1-14	677	28	30yrs/3.33%	619.96	22.54
5	4	E2-1	1,552	28	30yrs/3.33%	1,421.24	51.68
6	4	F4-1	1,552	28	30yrs/3.33%	1,421.24	51.68
7	4	E3-1	2,404	28	30yrs/3.33%	2,201.46	80.05
8	4	G1-4	1,552	28	30yrs/3.33%	1,421.24	51.68
9	4	G3-4	1,410	28	30yrs/3.33%	1,291.21	46.95
10	4	G2-3	1,694	28	30yrs/3.33%	1,551.28	56.41
11	4	F2-4	1,694	28	30yrs/3.33%	1,551.28	56.41
12	4	F4-2	1,552	28	30yrs/3.33%	1,421.24	51.68
13	4	F1-1	1,552	28	30yrs/3.33%	1,421.24	51.68
14	4	F2-3	1,552	28	30yrs/3.33%	1,421.24	51.68
15	4	F1-2	1,552	28	30yrs/3.33%	1,421.24	51.68
16	4	E1-8	1,552	28	30yrs/3.33%	1,421.24	51.68
17	4	E1-9	1,552	28	30yrs/3.33%	1,421.24	51.68
18	4	E1-6	1,552	28	30yrs/3.33%	1,421.24	51.68
19	4	E1-5	1,552	28	30yrs/3.33%	1,421.24	51.68
20	4	E1-4	1,552	28	30yrs/3.33%	1,421.24	51.68
21	4	D2-3	1,637	28	30yrs/3.33%	1,499.08	54.51
22	4	D3-1	4,524	33	30yrs/3.33%	4,524.00	
23	4	B2-2	1,552	28	30yrs/3.33%	1,421.24	51.68
24	4	D2-4	1,637	28	30yrs/3.33%	1,499.08	54.51
25	4	D2-5	1,637	28	30yrs/3.33%	1,499.08	54.51
26	4	C2-1	1,552	28	30yrs/3.33%	1,421.24	51.68
27	4	E1-3	1,552	28	30yrs/3.33%	1,421.24	51.68
28	5	E1-1	3,518	28	30yrs/3.33%	3,221.61	117.15
29	5	C2-2	2,032	28	30yrs/3.33%	1,860.80	67.67
30	5	C2-3	2,032	28	30yrs/3.33%	1,860.80	67.67
31	5	E9-2	4,240	31	30yrs/3.33%	4,240.00	
32	6	K3-6	448	30	30yrs/3.33%	440.09	7.46
33	6	K5-2	448	30	30yrs/3.33%	440.09	7.46
34	6	J4-2	3,864	32	30yrs/3.33%	3,864.00	
35	6	K3-5	509	30	30yrs/3.33%	500.02	8.47
36	6	K5-1	360	31	30yrs/3.33%	360.00	
37	6	K4-2	1,643	27	30yrs/3.33%	1,449.87	54.71
38	6	J3-6	452	27	30yrs/3.33%	398.87	15.05

Town & Country Utility Company
Existing Non-Potable Agricultural Water Facilities
Original Cost, Accumulated Depreciation, and Expense
August 31, 1998

Line No.	Acct. No. 307 Wells & Springs/ Well Size	Well I.D.	Estimated Original Cost	Age	FPSC Depreciable Life/Rate	Accumulated Depreciation	Annual Expense
1	6	K4-3	\$ 509	30	30yrs/3.33%	\$ 500.02	\$ 8.47
2	6	J3-5	414	27	30yrs/3.33%	365.33	13.79
3	6	K5-3	551	29	30yrs/3.33%	522.93	18.35
4	6	J3-1	561	32	30yrs/3.33%	561.00	
5	6	L1-2	504	24	30yrs/3.33%	394.41	16.78
6	6	L1-1	504	24	30yrs/3.33%	394.41	16.78
7	6	J2-1	2,290	59	30yrs/3.33%	2,290.00	
8	6	J2-3	448	30	30yrs/3.33%	440.09	7.46
9	6	J3-3	777	21	30yrs/3.33%	530.42	25.87
10	6	J3-2	561	32	30yrs/3.33%	561.00	
11	6	J4-3	537	27	30yrs/3.33%	473.88	17.88
12	6	K6-2	422	30	30yrs/3.33%	414.55	7.03
13	6	K6-1	422	30	30yrs/3.33%	414.55	7.03
14	6	K5-5	506	29	30yrs/3.33%	480.22	16.85
15	6	K5-4	524	29	30yrs/3.33%	497.30	17.45
16	6	K3-4	452	31	30yrs/3.33%	452.00	
17	6	K2-5	480	29	30yrs/3.33%	455.54	15.98
18	6	K3-3	435	31	30yrs/3.33%	435.00	
19	6	J9-9	720	21	30yrs/3.33%	491.51	23.98
20	6	K1-3	382	32	30yrs/3.33%	382.00	
21	6	K1-2	382	32	30yrs/3.33%	382.00	
22	6	K1-1	382	32	30yrs/3.33%	382.00	
23	6	J9-5	480	27	30yrs/3.33%	423.58	15.98
24	6	J9-8	720	21	30yrs/3.33%	491.51	23.98
25	6	J9-4	651	27	30yrs/3.33%	574.47	21.68
26	6	J9-7	452	27	30yrs/3.33%	398.87	15.05
27	6	J9-6	494	28	30yrs/3.33%	452.38	16.45
28	6	L1-4	509	23	30yrs/3.33%	381.37	16.95
29	6	K1-4	608	24	30yrs/3.33%	475.79	20.25
30	6	J9-3	547	27	30yrs/3.33%	482.70	18.22
31	6	J5-1	745	27	30yrs/3.33%	657.43	24.81
32	6	K2-4	426	29	30yrs/3.33%	404.30	14.19
33	6	J5-5	509	30	30yrs/3.33%	500.02	8.47
34	6	K3-2	452	31	30yrs/3.33%	452.00	
35	6	K3-1	410	31	30yrs/3.33%	410.00	
36	6	J9-1	528	27	30yrs/3.33%	465.93	17.58
37	6	K2-3	461	27	30yrs/3.33%	406.81	15.35
38	6	J9-2	537	27	30yrs/3.33%	473.88	17.88

Town & Country Utility Company
Existing Non-Potable Agricultural Water Facilities
Original Cost, Accumulated Depreciation, and Expense
August 31, 1998

Line No.	Acct. No. 307 Wells & Springs/ Well Size	Well I.D.	Estimated Original Cost	Age	FPSC Depreciable Life/Rate	Accumulated Depreciation	Annual Expense
1	6	J9-10	\$ 720	21	30yrs/3.33%	\$ 491.51	\$ 23.98
2	6	K2-1	2,290	59	30yrs/3.33%	2,290.00	
3	6	K1-5	509	23	30yrs/3.33%	381.37	16.95
4	6	L1-3	509	23	30yrs/3.33%	381.37	16.95
5	6	A2-1	5,218	34	30yrs/3.33%	5,218.00	
6	6	L1-5	509	23	30yrs/3.33%	381.37	16.95
7	6	M4-4	476	28	30yrs/3.33%	435.90	15.85
8	6	M5-1	494	28	30yrs/3.33%	452.38	16.45
9	6	M4-6	490	25	30yrs/3.33%	399.77	16.32
10	6	M4-5	466	26	30yrs/3.33%	395.70	15.52
11	6	M4-1	417	29	30yrs/3.33%	395.75	13.89
12	6	M4-2	435	29	30yrs/3.33%	412.84	14.49
13	6	M5-3	466	26	30yrs/3.33%	395.70	15.52
14	6	M3-4	448	28	30yrs/3.33%	410.26	14.92
15	6	M3-3	448	28	30yrs/3.33%	410.26	14.92
16	6	M3-1	385	31	30yrs/3.33%	385.00	
17	6	M5-2	485	26	30yrs/3.33%	411.84	16.15
18	6	N1-1	567	34	30yrs/3.33%	567.00	
19	6	M5-4	456	26	30yrs/3.33%	387.21	15.18
20	6	M2-3	556	24	30yrs/3.33%	435.10	18.51
21	6	O8-2	1,751	16	30yrs/3.33%	903.78	58.31
22	6	P7-1	1,555	16	30yrs/3.33%	802.61	51.78
23	6	O9-2	1,228	16	30yrs/3.33%	633.83	40.89
24	6	O9-1	1,228	16	30yrs/3.33%	633.83	40.89
25	6	O6-1	1,882	16	30yrs/3.33%	971.39	62.67
26	6	O8-1	1,686	16	30yrs/3.33%	870.23	56.14
27	6	N1-2	644	34	30yrs/3.33%	644.00	
28	6	N2-3	410	31	30yrs/3.33%	410.00	
29	6	N2-2	469	31	30yrs/3.33%	469.00	
30	6	N2-1	696	31	30yrs/3.33%	469.00	
31	6	M2-4	504	24	30yrs/3.33%	394.41	16.78
32	6	M2-1	410	31	30yrs/3.33%	410.00	
33	6	M2-2	368	31	30yrs/3.33%	368.00	
34	6	L2-1	515	24	30yrs/3.33%	403.01	17.15
35	6	L3-2	344	34	30yrs/3.33%	344.00	
36	6	L4-4	410	31	30yrs/3.33%	410.00	
37	6	L4-2	368	31	30yrs/3.33%	368.00	
38	6	L4-1	410	31	30yrs/3.33%	410.00	

Town & Country Utility Company
Existing Non-Potable Agricultural Water Facilities
Original Cost, Accumulated Depreciation, and Expense
August 31, 1998

Line No.	Acct. No. 307 Wells & Springs/ Well Size	Well I.D.	Estimated Original Cost	Age	FPSC Depreciable Life/Rate	Accumulated Depreciation	Annual Expense
1	6	L2-5	\$ 509	23	30yrs/3.33%	\$ 381.37	\$ 16.95
2	6	L3-1	375	34	30yrs/3.33%	375.00	
3	6	L4-6	446	26	30yrs/3.33%	378.72	14.85
4	6	L2-4	525	24	30yrs/3.33%	410.84	17.48
5	6	L2-3	480	29	30yrs/3.33%	455.54	15.98
6	6	L2-2	452	31	30yrs/3.33%	452.00	
7	6	L4-5	373	29	30yrs/3.33%	354.00	12.42
8	6	L5-2	422	30	30yrs/3.33%	414.55	7.03
9	6	L5-1	466	30	30yrs/3.33%	457.78	7.76
10	6	M1-7	509	23	30yrs/3.33%	381.37	16.95
11	6	M1-3	556	24	30yrs/3.33%	435.10	18.51
12	6	M1-6	594	23	30yrs/3.33%	445.05	19.78
13	6	M1-5	679	23	30yrs/3.33%	508.74	22.61
14	6	M1-4	525	24	30yrs/3.33%	410.84	17.48
15	6	J11-3	679	23	30yrs/3.33%	508.74	22.61
16	6	M1-2	494	24	30yrs/3.33%	386.58	16.45
17	6	L5-3	422	30	30yrs/3.33%	414.55	7.03
18	6	M1-1	556	24	30yrs/3.33%	435.10	18.51
19	6	L6-2	475	26	30yrs/3.33%	403.35	15.82
20	6	L5-5	475	26	30yrs/3.33%	403.35	15.82
21	6	J11-5	929	22	30yrs/3.33%	665.12	30.94
22	6	J10-1	2,290	59	30yrs/3.33%	2,290.00	
23	6	J11-2	679	23	30yrs/3.33%	508.74	22.61
24	6	F9-1	600	25	30yrs/3.33%	489.51	19.98
25	6	F9-4	500	25	30yrs/3.33%	407.93	16.65
26	6	F9-3	500	25	30yrs/3.33%	407.93	16.65
27	6	F9-2	590	25	30yrs/3.33%	481.35	19.65
28	6	F8-4	490	25	30yrs/3.33%	399.77	16.32
29	6	G1-8	520	32	30yrs/3.33%	545.45	17.32
30	6	F8-3	490	25	30yrs/3.33%	399.77	16.32
31	6	F8-1	640	25	30yrs/3.33%	522.14	21.31
32	6	F6-3	552	30	30yrs/3.33%	542.26	9.19
33	6	F9-5	640	25	30yrs/3.33%	522.14	21.31
34	6	G3-8	447	32	30yrs/3.33%	447.00	
35	6	G3-7	610	32	30yrs/3.33%	610.00	
36	6	F6-1	569	29	30yrs/3.33%	540.01	18.95
37	6	G7-1	651	27	30yrs/3.33%	574.47	21.68
38	6	G8-2	632	27	30yrs/3.33%	557.71	21.05

Town & Country Utility Company
Existing Non-Potable Agricultural Water Facilities
Original Cost, Accumulated Depreciation, and Expense
August 31, 1998

Line No.	Acct. No. 307 Wells & Springs/ Well Size	Well I.D.	Estimated Original Cost	Age	FPSC Depreciable Life/Rate	Accumulated Depreciation	Annual Expense
1	6	G8-1	\$ 466	30	30yrs/3.33%	\$ 457.78	\$ 7.76
2	6	G7-2	699	22	30yrs/3.33%	500.45	23.28
3	6	G6-5	552	30	30yrs/3.33%	542.26	9.19
4	6	G6-1	552	30	30yrs/3.33%	542.26	9.19
5	6	G6-4	552	30	30yrs/3.33%	542.26	9.19
6	6	G6-3	506	29	30yrs/3.33%	480.22	16.85
7	6	G6-2	645	22	30yrs/3.33%	461.79	21.48
8	6	F6-2	569	29	30yrs/3.33%	540.01	18.95
9	6	F5-4	569	29	30yrs/3.33%	540.01	18.95
10	6	G9-1	509	30	30yrs/3.33%	500.02	8.47
11	6	D3-3	702	29	30yrs/3.33%	666.23	23.38
12	6	D6-1	569	29	30yrs/3.33%	540.01	18.95
13	6	D4-5	5,559	29	30yrs/3.33%	5,275.77	185.11
14	6	D3-4	702	29	30yrs/3.33%	666.23	23.38
15	6	D3-2	702	29	30yrs/3.33%	666.23	23.38
16	6	E1-7	2,513	28	30yrs/3.33%	2,301.28	83.68
17	6	B1-2	2,290	59	30yrs/3.33%	2,290.00	
18	6	A3-2	5,064	34	30yrs/3.33%	5,064.00	
19	6	A3-1	5,449	34	30yrs/3.33%	5,449.00	
20	6	E1-2	5,726	28	30yrs/3.33%	5,243.58	190.68
21	6	E3-5	1,720	30	30yrs/3.33%	1,689.64	28.64
22	6	E2-4	624	33	30yrs/3.33%	624.00	
23	6	F5-2	536	31	30yrs/3.33%	536.00	
24	6	F1-4	839	23	30yrs/3.33%	628.62	27.94
25	6	F5-1	536	31	30yrs/3.33%	536.00	
26	6	F3-1	1,670	31	30yrs/3.33%	1,670.00	
27	6	F2-5	5,087	32	30yrs/3.33%	5,087.00	
28	6	E5-5	569	29	30yrs/3.33%	540.01	18.95
29	6	E4-1	584	33	30yrs/3.33%	584.00	
30	6	E5-4	569	29	30yrs/3.33%	540.01	18.95
31	6	E5-3	569	29	30yrs/3.33%	540.01	18.95
32	6	E4-2	664	33	30yrs/3.33%	664.00	
33	6	G8-3	651	27	30yrs/3.33%	574.47	21.68
34	6	F8-2	640	25	30yrs/3.33%	522.14	21.31
35	6	H10-1	509	27	30yrs/3.33%	449.17	16.95
36	6	H2-2	357	32	30yrs/3.33%	357.00	
37	6	H11-6	1,158	23	30yrs/3.33%	867.63	38.56
38	6	H1-2	427	31	30yrs/3.33%	427.00	

Town & Country Utility Company
Existing Non-Potable Agricultural Water Facilities
Original Cost, Accumulated Depreciation, and Expense
August 31, 1998

Line No.	Acct. No. 307 Wells & Springs/ Well Size	Well I.D.	Estimated Original Cost	Age	FPSC Depreciable Life/Rate	Accumulated Depreciation	Annual Expense
1	6	H1-3	\$ 427	31	30yrs/3.33%	\$ 427.00	
2	6	H1-4	427	31	30yrs/3.33%	427.00	
3	6	H2-1	357	32	30yrs/3.33%	357.00	
4	6	H3-1	578	31	30yrs/3.33%	578.00	
5	6	H11-4	892	23	30yrs/3.33%	668.33	\$ 29.70
6	6	H3-2	578	31	30yrs/3.33%	578.00	
7	6	H9-2	448	30	30yrs/3.33%	440.09	7.46
8	6	H9-3	1,763	30	30yrs/3.33%	1,731.88	29.35
9	6	H9-4	1,763	30	30yrs/3.33%	1,731.88	29.35
10	6	H9-5	509	27	30yrs/3.33%	449.17	16.95
11	6	H11-5	998	23	30yrs/3.33%	747.75	33.23
12	6	H3-3	561	32	30yrs/3.33%	561.00	
13	6	H11-3	998	23	30yrs/3.33%	747.75	33.23
14	6	J1-1	410	31	30yrs/3.33%	410.00	
15	6	H10-8	556	24	30yrs/3.33%	435.10	18.51
16	6	H10-2	509	27	30yrs/3.33%	449.17	16.95
17	6	H11-1	998	23	30yrs/3.33%	747.75	33.23
18	6	H1-1	427	31	30yrs/3.33%	427.00	
19	6	H11-2	998	23	30yrs/3.33%	747.75	33.23
20	7	K11-6	3,682	21	30yrs/3.33%	2,513.52	122.61
21	7	K11-3	3,682	21	30yrs/3.33%	2,513.52	122.61
22	7	K11-5	3,682	21	30yrs/3.33%	2,513.52	122.61
23	8	N5-4	1,662	13	30yrs/3.33%	691.81	55.34
24	8	N6-1	1,662	13	30yrs/3.33%	691.81	55.34
25	8	G1-7	756	33	30yrs/3.33%	756.00	
26	8	N6-2	1,662	13	30yrs/3.33%	691.81	55.34
27	8	N5-2	1,662	13	30yrs/3.33%	691.81	55.34
28	8	N7-1	1,662	13	30yrs/3.33%	691.81	55.34
29	8	N7-2	1,662	13	30yrs/3.33%	691.81	55.34
30	8	N7-3	1,662	13	30yrs/3.33%	691.81	55.34
31	8	N5-3	1,662	13	30yrs/3.33%	691.81	55.34
32	8	M8-1	1,662	13	30yrs/3.33%	691.81	55.34
33	8	N5-1	1,662	13	30yrs/3.33%	691.81	55.34
34	8	M9-3	1,662	13	30yrs/3.33%	691.81	55.34
35	8	M10-2	1,662	13	30yrs/3.33%	691.81	55.34
36	8	M10-1	1,662	13	30yrs/3.33%	691.81	55.34
37	8	M9-4	1,662	13	30yrs/3.33%	691.81	55.34
38	8	M9-2	1,662	13	30yrs/3.33%	691.81	55.34

Town & Country Utility Company
Existing Non-Potable Agricultural Water Facilities
Original Cost, Accumulated Depreciation, and Expense
August 31, 1998

Line No.	Acct. No. 307 Wells & Springs/ Well Size	Well I.D.	Estimated Original Cost	Age	FPSC Depreciable Life/Rate	Accumulated Depreciation	Annual Expense
1	8	M7-1	\$ 1,662	13	30yrs/3.33%	\$ 691.81	\$ 55.34
2	8	M9-1	1,662	13	30yrs/3.33%	691.81	55.34
3	8	N7-5	1,662	13	30yrs/3.33%	691.81	55.34
4	8	M7-2	1,662	13	30yrs/3.33%	691.81	55.34
5	8	N7-4	1,662	13	30yrs/3.33%	691.81	55.34
6	8	J10-2	1,000	21	30yrs/3.33%	682.65	33.30
7	8	N9-1	1,662	13	30yrs/3.33%	691.81	55.34
8	8	J10-6	772	24	30yrs/3.33%	604.13	25.71
9	8	K11-1	562	22	30yrs/3.33%	402.36	18.71
10	8	O8-3	1,662	13	30yrs/3.33%	691.81	55.34
11	8	H10-9	869	23	30yrs/3.33%	651.10	28.94
12	8	O7-2	1,662	13	30yrs/3.33%	691.81	55.34
13	8	O7-1	1,662	13	30yrs/3.33%	691.81	55.34
14	8	N4-2	1,662	13	30yrs/3.33%	691.81	55.34
15	8	K11-4	4,274	21	30yrs/3.33%	2,917.65	142.32
16	8	G1-9	711	32	30yrs/3.33%	711.00	
17	8	F1-8	1,016	23	30yrs/3.33%	761.24	33.83
18	8	H3-4	779	32	30yrs/3.33%	779.00	
19	8	B4-1	5,731	33	30yrs/3.33%	5,731.00	
20	8	J10-3	4,274	21	30yrs/3.33%	2,917.65	142.32
21	8	J10-5	1,000	21	30yrs/3.33%	682.65	33.30
22	8	J10-4	782	21	30yrs/3.33%	533.83	26.04
23	8	O6-3	1,662	13	30yrs/3.33%	691.81	55.34
24	8	O6-2	1,662	13	30yrs/3.33%	691.81	55.34
25	8	O9-3	1,521	16	30yrs/3.33%	785.06	50.65
26	8	H10-3	772	24	30yrs/3.33%	604.13	25.71
27	8	P8-1	1,662	13	30yrs/3.33%	691.81	55.34
28	8	N4-1	1,662	13	30yrs/3.33%	691.81	55.34
29	9	J10-7	1,158	23	30yrs/3.33%	867.63	38.56
30	9	H10-6	1,158	23	30yrs/3.33%	867.63	38.56
31	9	J11-4	1,074	23	30yrs/3.33%	804.69	35.76
32	9	J10-8	1,158	23	30yrs/3.33%	867.63	38.56
33	9	J10-10	2,077	23	30yrs/3.33%	1,556.19	69.16
34	9	K11-2	814	22	30yrs/3.33%	582.78	27.11
35	9	J10-11	1,241	23	30yrs/3.33%	929.82	41.33
36	9	H10-7	1,158	23	30yrs/3.33%	867.63	38.56
37	9	H10-10	1,158	23	30yrs/3.33%	867.63	38.56
38	9	H10-5	1,158	23	30yrs/3.33%	867.63	38.56

Town & Country Utility Company
Existing Non-Potable Agricultural Water Facilities
Original Cost, Accumulated Depreciation, and Expense
August 31, 1998

Line No.	Acct. No. 307 Wells & Springs/ Well Size	Well I.D.	Estimated Original Cost	Age	FPSC Depreciable Life/Rate	Accumulated Depreciation	Annual Expense
1	9	H10-4	\$ 1,325	23	30yrs/3.33%	\$ 992.76	\$ 44.12
2	10	J11-1	8,815	24	30yrs/3.33%	6,898.18	293.54
3	10	B4-2	6,741	29	30yrs/3.33%	6,397.55	224.48
4	10	P8-2	2,125	13	30yrs/3.33%	884.53	70.76
5	10	C4-2	7,534	32	30yrs/3.33%	7,534.00	
6	10	B6-1	7,916	30	30yrs/3.33%	7,776.28	131.80
7	10	N7-6	2,125	13	30yrs/3.33%	884.53	70.76
8	12	B5-1	9,689	32	30yrs/3.33%	9,689.00	
9	12	B6-4	9,900	26	30yrs/3.33%	8,406.59	329.67
10	12	B5-2	9,689	32	30yrs/3.33%	9,689.00	
11	12	B6-2	9,332	28	30yrs/3.33%	8,545.78	310.76
12	12	A6-2	15,105	21	30yrs/3.33%	10,311.43	503.00
13	12	A6-1	14,665	22	30yrs/3.33%	10,499.41	488.34
14	12	B6-5	10,943	26	30yrs/3.33%	9,292.25	364.40
15	12	J10-9	14,379	21	30yrs/3.33%	9,815.82	478.82
16	12	B6-6	17,658	23	30yrs/3.33%	13,230.26	588.01
17	12	C5-1	13,067	20	30yrs/3.33%	8,485.06	435.13
18	12	D4-2	13,030	26	30yrs/3.33%	11,064.42	433.90
19	Totals		<u>\$ 491,068.00</u>			<u>\$ 396,289.91</u>	<u>\$ 12,690.16</u>

20 Note: One-half year's depreciation calculated in year of addition.

Town & Country Utility Company
 Non-Potable Agricultural Water
 Constructed Statement of Operations

<u>Line No.</u>		<u>Estimated Costs</u>	<u>Proforma Adjustments</u>	<u>Proforma Amounts</u>
1	Operating revenue		\$ 450,918 (C)	\$ 450,918
2	Operating expenses:			
3	Operations & Maintenance (Schedule No. 7)	\$ 392,000		392,000
4	Depreciation (Schedule No. 5)	13,548		13,548
5	Taxes other than income		22,856 (A)	22,856
6	Income taxes (1)		4,470 (B)	4,470
7		405,548	27,326	432,874
8	Operating income (loss)	\$ (405,548)	\$ 423,592	\$ 18,044
9	Rate base			\$ 177,253
10	Rate of return			10.18%
11	Proforma adjustments:			
12	A. <u>Taxes other than income</u>			
13	1. <u>Property taxes</u>			
14	Net book value of agricultural water plant			\$ 128,253
15	Estimated tangible property tax rate (20 mills)			0.02
16	Total estimated property taxes			2,565
17	2. <u>Regulatory Assessment Fees (RAF)</u>			
18	Total revenue requirement			450,918
19	RAF rate			4.5
20				20,291
21	Total taxes other than income			\$ 22,856
22	B. <u>Income taxes</u>			
23	Total agricultural water rate base			\$ 177,253
24	Weighted cost of equity (Schedule No. 23)			0.0418
25	Regulatory net income			7,409
26	Expansion factor for pre-tax income			1.6033
27	Regulatory pre-tax income			11,879
28	Regulatory net income per above			(7,409)
29	Provision for income taxes			\$ 4,470
30	C. <u>Operating revenue</u>			
31	Revenue required by the Utility to realize a 10.18% rate of return on rate base			\$ 450,918

Town & Country Utility Company
 Non-Potable Agricultural Water
 Detail of Estimated Operation & Maintenance (O&M)
 August 31, 1998

Line No.	NARUC Acct. No.	Description	Estimated Cost
1	601	Salaries & wages - employees (1)	\$ 25,000
2	620	Materials & supplies (maintenance) (1)	25,000
3	632/633	Contract services - accounting & legal (2)	3,000
4	634	Contract services - management fees (3)	17,000
5	641	Rental of real property (well sites)	<u>322,000</u>
6		Total O&M expense	<u>\$ 392,000</u>
7	Notes: (1) O&M expenses are based on the engineering estimates of		
8	Johnson Engineering, Inc.		
9	(2) Estimated accounting & legal expense of \$9,000 was allocate		
10	equally to each type of service to be provided by the Utility as follows:		
11		Accounting - PSC Annual Report, tax returns,	
12		index & pass-through adjustments	\$ 5,000
13		Legal - General utility matters, index adjust-	
14		ments, service agreements	<u>4,000</u>
15		Total accounting & legal	<u>\$ 9,000</u>
16		Allocated to each type of service	<u>\$ 3,000</u>
17	(3) Management fees totalling \$51,000 are allocated equally to		
18	each type of service to be provided by the Utility. A summary of the		
19	components of the total management fee is as follows:		
20		Salaries - Secretary/billing clerk	\$ 18,000
21		Part-time accounting clerk	9,000
22			<u>27,000</u>
23		Employee benefits & payroll taxes @ 20%	5,400
24		Management & administration	12,000
25		Equipped office & overhead @ \$550/mo.	<u>6,600</u>
26		Total management fees	<u>\$ 51,000</u>
27		Allocated to each type of service	<u>\$ 17,000</u>

SECTION C

PHASE 1 POTABLE WATER SERVICE

(REVISED)

Town & Country Utility Company
Phase 1 Potable Water Service
Rate Base, Rate of Return & Operating Income
August 31, 1998

Line No.		Schedule Reference	Balance
1	Utility plant in service	9	\$ 180,523
2	Accumulated depreciation	9	(29,799)
3	Contributions in Aid of Construction (CIAC)	12	(86,490)
4	Accumulated amortization of CIAC	13	<u>23,446</u>
5			87,680
6	Allowance for working capital (1)		<u>12,150</u>
7	Rate base - potable water (2)		<u>\$ 99,830</u>
8	Rate of return	23	<u>10.18%</u>
9	Required operating income		<u>\$ 10,163</u>

10 Notes: (1) Based on 12.5% of O&M expense per Schedule No. 15.

11 (2) All existing and proposed water facilities are designed to serve existing
12 identifiable customers and, thus, are 100% used and useful. Therefore, there is no
13 need to calculate rate base and rates assuming 80% plant utilization, since that
14 approach is simply not applicable in the circumstances for this Utility.

Town & Country Utility Company
Phase 1 Potable Water Plant Service
Summary of Existing & Proposed Cost, Accumulated Depreciation & Expense
August 31, 1998

Line No.	NARUC Acct. No.	Description (2)	Original Cost	PSC Depreciation Rate	Accumulated Depreciation	Depreciation Expense
1	301	Organization (1)	\$ 30,333	2.50%	\$ 758	\$ 758
2	307	Wells	29,135	3.33%	12,654	905
3	311	Pumping equipment	12,883	5.00%	6,515	422
4	320	Water treatment equipment	12,886	4.55%	3,627	534
5	330	Distribution reservoirs & standpipes	40,786	2.70%	4,854	1,102
6	331	Transmission & distribution mains	50,000	2.33%	1,165	1,165
7	334	Meters	4,500	5.00%	226	226
8		Total	<u>\$ 180,523</u>		<u>\$ 29,799</u>	<u>\$ 5,112</u>

9 Notes: (1) One-third of estimated costs to obtain original certificate and initial rates, assuming resolution through
10 PAA. See Note 1 on Schedule No. 5 for detailed explanation of costs.

11 (2) See Schedules No. 10 & 11 for details of cost, accumulated depreciation and depreciation expense
12 for all accounts, except 301.

Town & Country Utility Company
Phase 1 Potable Water Service
Estimated Existing & Proposed Cost of Utility Plant in Service
August 31, 1998

Line No.	Facility - Year Installed	307 Wells	311 Pumping Equipment	320 Aeration Equipment	320 Chemical Feed Equipment	330 Pressure Tank/Storage	331 Transmission & Distribution Mains	334 Meters (1)	Total
1	Existing Facilities (3)								
2	Telegraph Cypress Field Club - 1992	\$ 2,000	\$ 1,000	\$ 400	\$ 500	\$ 2,400	\$ -	\$ 150	\$ 6,450
3	Earth Source Rock Mine - 1985	2,000	1,000	400	500	200	-	150	4,250
4	Crossroads Wilderness Institute - 1990 (2)	2,000	1,000	1,000	1,000	2,800	-	200	8,000
5	S.R. 31 Fire Station - 1987 (2)	2,000	500	500	500	400	-	150	4,050
6	C.R. 74 Fire Tower - 1970 (2)	2,000	500	500	500	400	-	150	4,050
7	S.R. 31 Farming Residence - 1997	2,000	1,000	400		200	-	150	3,750
8	Recreational Facilities (2):								
9	All except RF-9 & RF-12 - 1973	8,850	3,940	150		3,500	-	1,400	17,840
10	RF-9 - 1990	200	200			100	-	100	600
11	RF-12 - 1996	1,000	200	150	400	100	-	100	1,950
12		<u>10,050</u>	<u>4,340</u>	<u>300</u>	<u>400</u>	<u>3,700</u>	<u>-</u>	<u>1,600</u>	<u>20,390</u>
13	Total Existing Facilities	<u>22,050</u>	<u>9,340</u>	<u>3,500</u>	<u>3,400</u>	<u>10,100</u>	<u>-</u>	<u>2,550</u>	<u>50,940</u>
14	Proposed Facilities - Phase 1 (3)								
15	Babcock Family Community System	5,085	2,543	2,543	2,543	28,486	50,000 (2)	1,800	93,000
16	S.R. 31 A.G. Facility	2,000	1,000	400	500	2,200		150	6,250
17	Total Proposed Facilities	<u>7,085</u>	<u>3,543</u>	<u>2,943</u>	<u>3,043</u>	<u>30,686</u>	<u>50,000</u>	<u>1,950</u>	<u>99,250</u>
18	Total Phase 1 plant costs	<u>\$ 29,135</u>	<u>\$ 12,883</u>	<u>\$ 6,443</u>	<u>\$ 6,443</u>	<u>\$ 40,786</u>	<u>\$ 50,000</u>	<u>\$ 4,500</u>	<u>\$ 150,190</u>

19 Notes: (1) Meters are based on estimated installed cost as follows: 5/8" x 3/4" - \$100; 1" - \$150; 1 1/2" - \$200; 2" - \$250; 3" - \$350.

20 (2) These facilities were constructed by others at no cost to the Utility and are classified as CIAC. Also, the transmission & distribution facilities to serve
21 the proposed Babcock Family Community System (see Figure 4-2 of Engineer's Report) will be contributed as CIAC.

22 (3) The cost of existing & proposed plant facilities are based on Sections 3 & 4 of the Engineering Report prepared by Johnson Engineering, Inc. The new
23 Babcock Family Community System will serve the Ranch Headquarters, Babcock Wilderness Adventures, Cypress Lodge, and the Babcock Family Community.

Town & Country Utility Company
Phase 1 Potable Water Service
Accumulated Depreciation and Depreciation Expense
August 31, 1998

Line No.	Acct No.	Description	Year Installed	Cost (1)	Age/ Years	PSC Life/Rate	Accumulated Depreciation	Depreciation Expense
1		<u>Existing Facilities</u>						
2	307	Wells	1970 (2)	\$ 2,000	29	30/3.33%	\$ 2,000	\$ -
3			1973 (2)	8,850	26	30/3.33%	7,514	295
4			1985	2,000	14	30/3.33%	899	67
5			1987 (2)	2,000	12	30/3.33%	766	67
6			1990 (2)	2,200	9	30/3.33%	623	73
7			1992	2,000	7	30/3.33%	433	67
8			1996 (2)	1,000	3	30/3.33%	83	33
9			1997	2,000	2	30/3.33%	100	67
10				<u>22,050</u>			<u>12,418</u>	<u>669</u>
11	311	Pumping Equipment	1970 (2)	500	29	20/5.00%	500	-
12			1973 (2)	3,940	26	20/5.00%	3,940	-
13			1985	1,000	14	20/5.00%	675	50
14			1987 (2)	500	12	20/5.00%	288	25
15			1990 (2)	1,200	9	20/5.00%	510	60
16			1992	1,000	7	20/5.00%	325	50
17			1996 (2)	200	3	20/5.00%	25	10
18			1997	1,000	2	20/5.00%	75	50
19				<u>9,340</u>			<u>6,338</u>	<u>245</u>
20	320	Treatment Equipment	1970 (2)	1,000	29	22/4.55%	1,000	-
21			1973 (2)	150	26	22/4.55%	150	-
22			1985	900	14	22/4.55%	553	41
23			1987 (2)	1,000	12	22/4.55%	523	46
24			1990 (2)	2,000	9	22/4.55%	773	91
25			1992	900	7	22/4.55%	266	41
26			1996 (2)	550	3	22/4.55%	63	25
27			1997	400	2	22/4.55%	27	18
28				<u>6,900</u>			<u>3,355</u>	<u>262</u>
29	330	Distribution Reservoirs	1970 (2)	400	29	37/2.70%	308	11
30			1973 (2)	3,500	26	37/2.70%	2,419	95
31			1985	200	14	37/2.70%	73	5
32			1987 (2)	400	12	37/2.70%	124	11
33			1990 (2)	2,900	9	37/2.70%	665	78
34			1992	2,400	7	37/2.70%	421	65
35			1996 (2)	100	3	37/2.70%	7	3
36			1997	200	2	37/2.70%	8	5
37				<u>10,100</u>			<u>4,025</u>	<u>273</u>
38	334	Meters	1998	2,550	1	20/5.00%	128	128
39		Total Existing Plant		<u>50,940</u>			<u>26,264</u>	<u>1,577</u>
40		<u>Proposed Facilities (3)</u>						
41	307	Wells	1998/1999	\$ 7,085	1	30/3.33%	\$ 236	\$ 236
42	311	Pumping Equipment	1998/1999	3,543	1	20/5.00%	177	177
43	320	Treatment Equipment	1998/1999	5,986	1	22/4.55%	272	272
44	330	Distribution Reservoirs	1998/1999	30,686	1	37/2.70%	829	829
45	331	Transmission & Distribution Mains	1998/1999(2)	50,000	1	43/2.33%	1,165	1,165
46	334	Meters	1998/1999	1,950	1	20/5.00%	98	98
47		Total Proposed Facilities		<u>99,250</u>			<u>2,777</u>	<u>2,777</u>
48		Total Existing & Proposed Plant		<u>\$ 150,190</u>			<u>\$ 29,041</u>	<u>\$ 4,354</u>

49 Notes: (1) See Schedule No. 10.

50 (2) Contributed facilities per Schedule No. 10.

51 (3) Proposed facilities will be constructed in 1998/1999. Therefore, one full year of depreciation is proposed in determining
52 initial rates for potable water service.

Town & Country Utility Company
Phase 1 Potable Water Service
Contributions in Aid of Construction (CIAC) and
Statement Regarding Proposed Service Availability Policy
August 31, 1998

Line
No.

1	A. <u>Statement Regarding Service Availability Policy for Potable Water Service</u>	
2	Certain of the Utility's existing water facilities were constructed and paid for	
3	at no cost to the Utility. Such facilities are identified on Schedule No. 10.	
4	As a result, the Utility proposes that CIAC for potable water service will consist	
5	of property previously constructed and the donation of all future on-site and	
6	off-site transmission and distribution lines necessary to provide such service. This	
7	proposed policy meets the guidelines found in Rule 25-30.580.	
8	B. <u>Property CIAC</u>	
9	Existing CIAC by system:	
10	Crossroads Wilderness Institute	\$ 8,000
11	S.R. 31 Fire Station	4,050
12	C.R. 74 Fire Tower	4,050
13	Recreational facilities	<u>20,390</u>
14	Total existing CIAC	<u>36,490</u>
15	Proposed CIAC:	
16	Transmission & distribution lines to serve Babcock Family Community	<u>50,000</u>
17	Total CIAC	<u><u>\$ 86,490</u></u>

Town & Country Utility Company
Phase 1 Potable Water Service
Annual Amortization & Accumulated Amortization of CIAC
August 31, 1998

Line No.		Annual Amortization	Accumulated Amortization
1	Accumulated amortization - existing systems:		
2	Crossroads Wilderness Institute & Recreational Facility RF-9 (1990)	\$ 302	\$ 2,571
3	S.R. 31 Fire Station (1987)	149	1,701
4	C.R. 74 Fire Tower (1970)	11	3,808
5	Recreational facilities - all except RF-9 & RF-12 (1973)	390	14,023
6	Recreational facility RF-12 (1996)	71	178
7	Total existing CIAC	<u>923</u>	<u>22,281</u>
8	Accumulated amortization - proposed system:		
9	Babcock Family Community Transmission & Distribution Mains	<u>1,165</u>	<u>1,165</u>
10	Total accumulated amortization of CIAC	<u>\$ 2,088</u>	<u>\$ 23,446</u>
11	Note: See Schedule No. 11 for calculation of accumulated amortization and expense by system and year		
12	of addition.		

Town & Country Utility Company
Phase 1 Potable Water Service
Constructed Statement of Operations

Line No.		<u>Estimated Cost</u>	<u>Proforma Adjustments</u>	<u>Proforma Balance</u>
1	Operating revenue		\$ 97,336 (C)	\$ 97,336
2	Operating expenses:			
3	O&M (Schedule No. 15)	\$ 74,237		74,237
4	Depreciation (Schedules No. 9 & 13) (1)	3,024		3,024
5	Taxes other than income		7,394 (A)	7,394
6	Income taxes		2,518 (B)	2,518
7		<u>77,261</u>	<u>9,912</u>	<u>87,173</u>
8	Operating income (loss)	<u>\$ (77,261)</u>	<u>\$ 87,424</u>	<u>\$ 10,163</u>
9	Rate base			<u>\$ 99,830</u>
10	Rate of return			<u>10.18%</u>
11	Proforma adjustments:			
12	A. <u>Taxes other than income</u>			
13	1. <u>Property taxes</u>			
14	Net book value of utility plant			\$ 150,724
15	Estimated tax rate based on 20 mills			<u>0.02</u>
16	Estimated property taxes			<u>3,014</u>
17	2. <u>Regulatory Assessment Fees (RAFTs)</u>			
18	Total revenue required			97,336
19	RAF tax rate			<u>4.5</u>
20	Total RAFTs			<u>4,380</u>
21	Total taxes other than income			<u>\$ 7,394</u>
22	B. <u>Income taxes</u>			
23	Potable water rate base			\$ 99,830
24	Weighted cost of equity (Schedule No. 23)			<u>4.18</u>
25	Regulatory net income			4,173
26	Pre-tax expansion factor			<u>1.6033</u>
27	Regulatory pre-tax income			6,691
28	Regulatory net income per above			<u>(4,173)</u>
29	Provision for income taxes			<u>\$ 2,518</u>
30	C. <u>Revenue requirement</u>			
31	Revenue required by the Utility to realize a 10.18% rate of return on rate base			<u>\$ 97,336</u>
32	(1) Total depreciation expense of \$5,112, less accumulated amortization of CIAC of \$2,088.			

Town & Country Utility Company
Phase 1 Potable Water Service
Summary of Detailed Operation & Maintenance (O&M) Expense
August 31, 1998

Line No.	NARUC Account	Description	Estimated Amount (1)
1	601	Salaries & wages - employees	\$ 16,500
2	604	Employee benefits (2)	3,300
3	610	Purchased water (5)	7,037
4	615	Purchased power	7,800
5	618	Chemicals	5,200
6	620	Materials & supplies - maintenance	6,900
7	632/633	Contractual services - accounting & legal (3)	3,000
8	634	Contractual services - management fees (4)	17,000
9	635	Contractual services - testing	<u>7,500</u>
10		Total estimated O&M expense	<u>\$ 74,237</u>

11 Notes: (1) Except as noted, all operations expenses are based on engineering estimates
12 of Johnson Engineering, Inc. See page 2 of this schedule and Sections 3 and 4 of the
13 Engineering Report.

14 (2) Employee benefits for payroll taxes and insurance are based on 20% of the
15 estimated salaries & wages.

16 (3) One-third of total estimated legal & accounting expense of \$9,000. See
17 Schedule No. 7 for a detailed estimate of these costs.

18 (4) One-third of total estimated management fees of \$51,000. See Schedule
19 No. 7 for a detailed estimate of these costs.

20 (5) $96,400 \text{ gpd} \times 365 \text{ days} / 1,000 = 35,186 \times \$.20 \text{ per } 1,000 \text{ gallons} = \$7,037.$

Town & Country Utility Company
Phase 1 Potable Water Service
Engineer's Estimate of Operation Expenses by Plant Facility
August 31, 1998

Line No.	Facility (1)	601 Salaries & Wages	615 Purchased Power	618 Chemicals	620 Repairs & Maintenance	635 Testing	Total
1	<u>Existing Plant</u>						
2	Telegraph Cypress Field Club	\$ 2,000	\$ 600	\$ 800	\$ 600	\$ 2,500	\$ 6,500
3	Earth Source Rock Mine	2,000	600	300	500		3,400
4	Crossroads Wilderness Institute	4,000	1,000	1,500	1,500	2,500	10,500
5	S.R. 31 Fire Station	1,000	600	400	300		2,300
6	C.R. 74 Fire Tower	1,000	600	400	300		2,300
7	S.R. 31 Farming Residence	500	600		500		1,600
8	Recreation Facilities	1,000	2,200		1,200		4,400
9	<u>Proposed Plant</u>						
10	Babcock Family Community	3,000	1,000	1,500	1,500	2,500	9,500
11	S.R. 31 A.G. Facility	2,000	600	300	500		3,400
12	Total	<u>\$ 16,500</u>	<u>\$ 7,800</u>	<u>\$ 5,200</u>	<u>\$ 6,900</u>	<u>\$ 7,500</u>	<u>\$ 43,900</u>

13 (1) Operation & Maintenance expenses are based on the engineering estimates of Johnson Engineering, Inc. See Sections 3 and 4
14 of the Engineering Report.

SECTION D

BULK RAW WATER SERVICE

(REVISED)

Town & Country Utility Company
 Bulk Raw Water Service
 Phase 1 Rate Base, Rate of Return & Operating Income
 August 31, 1998

<u>Line No.</u>		<u>Schedule Reference</u>	<u>Balance</u>
1	<u>Rate base</u>		
2	Utility plant in service	17	\$ 879,334
3	Accumulated depreciation	18	(31,766)
4	CIAC	19	(657,110)
5	Accumulated amortization of CIAC	19	23,722
6			<u>214,180</u>
7	Allowance for working capital (1)		<u>19,350</u>
8	Rate base		<u>\$ 233,530</u>
9	Rate of return	23	<u>10.18%</u>
10	Operating income		<u>\$ 23,773</u>

11 (1) Based on 12.5% of O&M expenses shown on Schedule No. 22.

Town & Country Utility Company
Bulk Raw Water Service
Estimated Phase 1 Plant Costs and Capacity
August 31, 1998

Line No.	NARUC Acct. No.	Description	Estimated Cost (2)	Capacity ERCs (3)	Capacity (mgd)	Cost per ERC
1	301	Organization (1)	\$ 34,334	28,591	10.0	\$ 1.20
2	304	Structures & Improvements	126,110	5,714	2.0	22.07
3	307	Wells	201,790	5,714	2.0	35.32
4	309	Supply mains	227,023	5,714	2.0	39.73
5	311	Pumping equipment	201,790	5,714	2.0	35.32
6	334	Meters	25,232	5,714	2.0	4.42
7	339	Other plant & misc. equipment	63,055	5,714	2.0	11.04
8		Total	<u>\$ 879,334</u>			<u>\$ 149.10</u>

9 Notes: (1) One-third of estimated costs to obtain original certificate and initial rates. See Schedule
10 No. 5 for a detailed explanation of these costs.

11 (2) Estimated costs are based on the Engineering Report prepared by Johnson Engineering,
12 Inc. and include a prorata allocation of engineering and permitting costs of \$175,000.

13 Raw water facilities will be constructed when, and if, an agreement is reached with bulk users for
14 delivery of 2.0 mgd. As noted in Section 6 of the Engineering Report, raw water facilities will be
15 constructed in phased increments of 2.0 mgd, with a total ultimate capacity of 10.0 mgd. As a
16 result, the 2.0 mgd facility proposed for Phase 1 will be 100% used and useful upon completion.
17 Thus, it is unnecessary to project plant, accumulated depreciation, CIAC & amortization, and
18 operating revenue & expense on an 80% level of utilization.

19 (3) Based on 350 gpd.

Town & Country Utility Company
Bulk Raw Water Service
Phase 1 Accumulated Depreciation
August 31, 1998

Line No.	Acct.	Description	Estimated Cost (1)	PSC Depreciation Rate	Accumulated Depreciation (2)	Depreciation Expense (2)
1	301	Organization	\$ 34,334	2.50%	\$ 858	\$ 858
2	304	Structures & Improvements	126,110	3.03%	3,821	3,821
3	307	Wells	201,790	3.33%	6,720	6,720
4	309	Supply mains	227,023	2.86%	6,493	6,493
5	311	Pumping equipment	201,790	5.00%	10,090	10,090
6	334	Meters	25,232	5.00%	1,262	1,262
7	339	Other plant & misc. equipment	63,055	4.00%	2,522	2,522
8		Total	<u>\$ 879,334</u>		<u>\$ 31,766</u>	<u>\$ 31,766</u>

- 9 Notes: (1) See Section 6 of the Engineering Report prepared by Johnson Engineering, Inc.
- 10 (2) As noted on Schedule No. 17, Note 2, the Phase 1 raw water facility will be fully used & useful
- 11 when complete and placed in service. For purposes of establishing initial rates, one year's depreciation
- 12 has been calculated.

Town & Country Utility Company
 Bulk Raw Water Service
 Phase 1 CIAC, Accumulated Amortization of CIAC, and Annual Amortization
 August 31, 1998

Line No.		
1	I. <u>CIAC</u>	
2	Proposed bulk raw water plant capacity charge per ERC (Schedule No. 20)	\$ 115
3	Number of ERCs to be sold in Phase 1 Bulk Service Contract	<u>5,714</u>
4	Total CIAC when Phase 1 plant completed	<u>\$ 657,110</u>
5	II. <u>Accumulated Amortization of CIAC and Annual Amortization</u>	
6	Total CIAC per above	\$ 657,110
7	Composite amortization rate (2)	<u>3.61</u>
8	Total accumulated amortization of CIAC & amortization	<u>\$ 23,722</u>
9	Notes: (1) All CIAC will have been collected at the time the Phase 1 bulk raw water facility is completed	
10	and placed in service. Therefore, one year's amortization of CIAC has been calculated for purposes	
11	of determining the initial bulk raw water rate	
12	(2) The composite amortization rate was calculated as follows:	
13	Depreciation expense (Schedule No. 18)	<u>\$ 31,766</u>
14	Divide by total depreciable plant (Schedule No. 17)	<u>\$ 879,334</u>
15	Composite amortization rate	<u>3.61%</u>

Town & Country Utility Company
 Calculation of Proposed Bulk Raw Water Plant Capacity Charge and
 Compliance with Rule 25-30.580 FAC
 August 31, 1998

<u>Line No.</u>		
1	I. <u>Amount of CIAC Required to Comply with Rule 25-30.580 FAC</u>	
2	Utility plant	\$ 879,334
3	Accumulated depreciation	<u>(31,766)</u>
4	Net plant	<u>847,568</u>
5	CIAC	657,110
6	Accumulated amortization of CIAC	<u>(23,722)</u>
7	Net CIAC	<u>633,388</u>
8	Net investment	<u>\$ 214,180</u>
9	Percent CIAC	<u>75%</u>
10	Percent net investment	<u>25%</u>
11	II. <u>Proposed Raw Water Plant Capacity Charge</u>	
12	Total CIAC required to result in a 75% level of CIAC when Phase 1	
13	plant is operating at design capacity (1).	<u>\$ 657,110</u>
14	Divide by Phase 1 capacity (ERCs)	<u>5,714</u>
15	Proposed raw water plant capacity charge per ERC (350 gpd)	<u>\$ 115</u>
16	Proposed raw water plant capacity charge per gallon	<u>\$ 0.33</u>
17	(1) Phase 1 raw water facilities will be built once a bulk contract is made to deliver 2.0 mgd	
18	of raw water. Thus, the plant will be operating at designed capacity when completed	
19	and placed in operation.	

Town & Country Utility Company
Bulk Raw Water Service
Constructed Statement of Operations
August 31, 1998

Line No.		<u>Estimated Amount</u>	<u>Proforma Adjustments</u>	<u>Proforma Balance</u>
1	Operating revenue		\$ 362,782 (C)	\$ 362,782
2	Operating expenses:			
3	O&M (Schedule No. 22)	\$ 291,800		291,800
4	Depreciation (Schedules 18 & 19) (1)	8,044		8,044
5	Taxes other than income		33,276 (A)	33,276
6	Income taxes		5,889 (B)	5,889
7		<u>299,844</u>	<u>39,165</u>	<u>339,009</u>
8	Operating income (loss)	<u>\$ (299,844)</u>	<u>\$ 323,617</u>	<u>\$ 23,773</u>
9	Rate base			<u>\$ 233,530</u>
10	Rate of return			<u>10.18%</u>
11	<u>Proforma adjustments:</u>			
12	A. <u>Taxes other than income</u>			
13	1. <u>Property taxes</u>			
14	Net book value of Phase 1 bulk raw water plant			\$ 847,568
15	Property tax rate based on 20 mills			<u>0.02</u>
16	Estimated property taxes			<u>16,951</u>
17	2. <u>Regulatory Assessment Fees (RAFs)</u>			
18	Total revenue required			362,782
19	RAF tax rate			<u>4.5</u>
20	RAFs			<u>16,325</u>
21	Total taxes other than income			<u>\$ 33,276</u>
22	B. <u>Income taxes</u>			
23	Phase 1 bulk raw water rate base			\$ 233,530
24	Weighted cost of equity			<u>4.18</u>
25	Regulatory net income			9,762
26	Factor for regulatory pre-tax income			<u>1,6033</u>
27	Regulatory pre-tax income			15,651
28	Regulatory net income per above			<u>(9,762)</u>
29	Provision for income taxes			<u>\$ 5,889</u>
30	C. <u>Operating revenue</u>			
31	Revenue required by the Utility to realize a 10.18%			
32	rate of return on Phase 1 rate base			<u>\$ 362,782</u>

33 (1) Gross depreciation expense of \$31,766, less CIAC amortization of \$23,722.

Town & Country Utility Company
Bulk Raw Water Service
Estimated Phase 1 O&M Expense

Line No.	Account	Description	Estimated Amount (1)
1	601	Salaries & wages - employees	\$ 64,000
2	604	Employee benefits (2)	12,800
3	610	Purchased water (6)	146,000
4	615	Purchased power	4,400
5	620	Materials & supplies (maintenance) (3)	18,000
6	631	Contract Services - Engineering	17,000
7	632/633	Accounting & legal (4)	3,000
8	634	Contract services - management fees (5)	17,000
9	635	Contract services - testing	<u>9,600</u>
10		Total O&M expense	<u>\$ 291,800</u>

11 Notes: (1) Except as noted, all operations expenses are engineering
12 estimates of Johnson Engineering, Inc. See Section 6 of the
13 Engineering Report.

14 (2) Employee benefits for payroll taxes and insurance are
15 based on 20% of the estimated salaries & wages.

16 (3) Based on engineer's estimate as follows:
17 Wellhead repairs \$ 9,000
18 General maintenance & mowing 7,000
19 Access road maintenance 2,000

20 Total \$ 18,000

21 (4) One-third of estimated legal & accounting expense of
22 \$9,000. See Schedule No. 7 for a detailed estimate of these costs.

23 (5) One-third of total estimated management fees of \$51,000.
24 See Schedule No. 7 for a detailed estimate of these costs.

25 (6) $2.0 \text{ mgd} \times 365 \text{ days}/1,000 = 730,000 \times \$0.20 = \$146,000$.

SECTION E
COST OF CAPITAL

Town & Country Utility Company
 Proforma Cost of Capital for Phase 1 Rate Base
 August 31, 1998

Line No.		Estimated Amount	Percent Ratio	Cost of Each Percent	Weighted Cost
1	Equity	\$ 187,561	40%	10.46%	\$ 4.18
2	Debt	<u>281,342</u>	<u>60%</u>	<u>10.00%</u>	<u>6.00</u>
3	Total	<u>\$ 468,903</u>	<u>100%</u>	<u>-</u>	<u>\$ 10.18</u>

4 Note: A proforma capital structure consisting of 40% equity and
 5 60% debt is proposed in order that the initial rates established in
 6 this proceeding will provide adequate financial resources.

7 Equity contributions will be made as required by stockholders to
 8 finance the operations of the Utility in the initial years of develop-
 9 ment. The cost of equity is based on the current PSC leverage
 10 graph.

11 The cost of debt is based on the current prime rate (8.50%) plus
 12 1.5%.

LEASE AGREEMENT

THIS LEASE is made and entered into this 17th day of May, 1999 by and between "Babcock Florida Company", a Florida corporation (hereinafter referred to as ("Owner")), and "Town and Country Utilities Company, a Florida corporation (hereinafter referred to as ("Service Company")).

Owner hereby leases to Service Company, and Service Company hereby hires from Owner, the real property and Well Site Production Facilities described below, upon terms and subject to the conditions set forth herein.

1. DEFINITIONS.

The following definitions of terms used in this Lease shall apply unless the context indicates a different meaning:

- A. "Agreement" - That certain Assignable Service Agreement by and between Owner and Service Company dated _____, and pertaining to the supplying of water to the Property by Service Company.
- B. "Well Site Production Facilities" - All well casings, pumps, and water supply, transmission, and distribution pipes and equipment, and other appurtenant and associated facilities.
- C. "Point of Delivery" - The point where the water leaves the meter connected to customer's piping.
- D. "Property" - The land described in Exhibit "A".
- E. "Well Sites" - The sites upon which Well Site Production Facilities are currently located as shown on Exhibit "B" attached hereto, and such additional Well Sites permitted pursuant to this Lease.

2. TERM.

This Lease shall be effective for a period of ninety-nine (99) years, beginning immediately after certification of the Service Company by the Florida Public Service Commission, and ending ninety-nine (99) years thereafter, unless sooner terminated as provided herein.

3. ROYALTY PAYMENTS.

Service Company shall pay to Owner a monthly royalty of \$.20 per thousand gallons of water withdrawn from each well site and \$5,000 per year for maintenance

building site, plus sales tax, all as compensation for the Service Company's right to utilize owners property and the impact of Service Company's right to utilize and withdraw water from Owner's property and the impact of such uses on Owner's other properties. Royalty payments shall be paid on or before the first of each month. At least ninety (90) days but not earlier than one hundred twenty (120) days prior to the end of the third year of this Lease, and within the same period prior to the end of each succeeding 3-year period, Service Company and Owner shall renegotiate the periodic royalty to be paid over the next 3-year period. The purpose of renegotiating the periodic royalty is to reflect the increase in the fair value of the property, the rights to withdraw water, and Well Site Production Facilities over the last 3-year period. If Service Company and Owner are unable to agree on the amount of increase in the periodic royalty to be paid over the subject 3-year period, then at least forty-five (45) days but not earlier than ninety (90) days prior to the commencement of the subject 3-year period, Service Company and Owner shall agree upon a qualified appraiser who will calculate the increase in the periodic royalty to be paid over the subject 3-year period. If the parties are unable to agree upon an appraiser to be used, then Service Company and Owner shall select a qualified appraiser of its choice and make the calculations, and the average of the two appraisers shall be binding on the parties. Calculations by the appraiser or appraisers shall in either case be made and delivered to Service Company and Owner at least fifteen (15) days prior to the commencement of the subject 3-year period. Neither the calculations of the appraiser or appraisers nor anything contained herein shall operate to reduce the periodic royalty below the amount of the periodic royalty in effect at the time the negotiations or calculations are conducted as set forth herein.

In addition to renegotiating the periodic royalty every 3 years as set forth above, any time that, in Owner's reasonable opinion, the impact of any local, regional, state, or federal rule, ordinance, law, or policy directly or indirectly affects Owner's use of the Property or its other lands not subject to this Lease by further restricting or requiring changes in land or water uses near Well Sites, or as a result of withdrawals or activities related to withdrawals, Service Company and Owner shall renegotiate the periodic royalty. The purpose of this renegotiation shall be to reflect the diminution in value of the affected Property or other lands of Owner. At anytime that Owner reasonably deems such diminution in value to have occurred, Owner shall notify Service Company in writing and, within forty-five (45) days thereof, Owner and Service Company shall renegotiate the periodic royalty to compensate Owner for the diminution in value. If Owner and Service Company are unable to agree on a renegotiated periodic royalty, then Service Company and Owner shall agree upon a qualified appraiser who will calculate such compensation. If the parties are unable to agree upon a qualified appraiser to be used, the Owner and Service Company shall each select a qualified appraiser of its choice to make the necessary calculations, and the average of the two appraisers shall be binding on the parties.

4. DESCRIPTION OF LEASED PREMISES.

The premises subject to the Lease shall initially consist of the 322 non-potable and 31 potable Well Sites as outlined on Exhibit "B". Each Well Site shall be approximately 2,500 square feet or other size as needed, in a square configuration, with the Well Site Production Facilities approximately in the center of the sites. In addition, the proposed maintenance building site shall consist of approximately 2-3 acres. All portions of said Well Sites heretofore and currently used for residential or commercial facilities or purposes shall be excluded from said 2,500 square foot sites and shall not be included in the premises subject to this Lease. In the event any governmental entity or authority shall now or hereafter require a larger Well Site than 2,500 square feet, all additional or relocated Well Sites acquired pursuant to Sections 5 and 8, respectively, shall conform to the requirements of said governmental entity or authority. Owner and Service Company anticipate that this Lease may be amended in the future to include the service, operation, and lease of additional wells, surface water, or other sites, and/or Well Production Facilities pursuant to this Lease and will negotiate the terms under which those wells, surface water, or other sites, and any Well Production Facilities will be included in the Lease and the Agreement at that time.

5. ADDITIONAL WELL SITES & SURFACE WATER WITHDRAWAL SITES.

In the event that Service Company shall need additional Well Sites, and/or Well Production Facilities, Surface Water Withdrawal Sites or Water Storage Sites for the purpose of supplying Owner or third parties with water, Owner agrees to negotiate with Service Company for the lease of parcels of the Property for use as additional Well Sites, and/or Well Production Facilities, Surface Water Withdrawal Sites or Water Storage Sites. Upon such time as Service Company and Owner shall agree upon the location and other pertinent matters related to such additional Well Sites, and/or Well Production Facilities, Surface Water Withdrawal Sites, or Water Storage Sites the same shall become subject to this Lease and Service Company and Owner shall each respectively have rights and privileges set forth herein upon execution by Service Company and Owner of an appropriate Addendum to Lease so providing. Owner shall not be obligated to negotiate water rights to the detriment of its agriculture or other operatives.

6. WARRANTY OF TITLE.

Owner represents that it has good and marketable title to the Well Sites, subject only to real estate taxes not yet due and payable, matters of public record, and such other matters that do not materially interfere with Service Company's intended uses. Service Company may at any time undertake to examine title to any of the Well Sites. In the event that such examination of title shall result in the determination that there are title defects that are contrary to the status of title as above stated, Service Company may so notify Owner, specifying in writing such defects. Owner shall use diligent effort to remove or cure such defects in title within said time. In the event that Owner shall be

unable to remove or cure such title defects within the specified time, Service Company shall have the option of either waiving said title defects or canceling this Lease as to the Well Site to which title defects are applicable and receiving a prorata refund of any royalties paid in advance. In the event that uncured title defects shall adversely affect the Well Sites to the extent or degree that it materially interferes with Service Company's ability to perform its obligations under the terms of this Lease, Service Company shall be entitled to cancel this Lease and receive a prorata refund of any advance royalties paid on any of the Well Sites.

7. USE OF WELL SITES.

The Well Sites shall be used for the sole purpose of withdrawing water and supplying it to Owner or third parties in accordance with the provisions of the Agreement or third party agreements.

8. UNPRODUCTIVE WELL SITES.

If any Well Site becomes unproductive, upon written notice of the same to Owner, the unproductive Well Site shall no longer be subject to the terms of this Lease, and the periodic royalty shall be reduced prorata accordingly. In such event, the well shall be plugged at Service Company's expense in accordance with applicable Water Management District requirements and other applicable statutes, ordinances, or regulations. If Owner and Service Company cannot agree upon the amount of the reductions of the periodic royalty, the amount of the reductions shall be determined by a qualified appraiser selected by agreement of the parties. If the parties cannot agree on an appraiser, Owner and Service Company, at their own expense, shall each select an appraiser of its choice to calculate the reductions, and the average of the two calculations shall be binding upon the parties.

If Owner shall reasonably determine that for Owner's beneficial use of the Property and Well Site (whether an existing Well Site or on a Well Site hereafter leased) must be relocated, Owner will provide a substitute Well Site located as closely as reasonably possible to the one removed, and Owner shall bear the expense of such relocation, including cost of plugging. The periodic royalty shall be renegotiated based upon the costs of such relocation efforts.

Upon the abandonment of any Well Site, or the removal from any Well Site, Service Company shall clean up the Well Site and leave the same in neat and presentable condition.

9. PERMITS.

Prior to constructing or operating any Well Site Production Facility or servicing any customer, Service Company shall obtain, at its sole expense, unless specifically

provided otherwise in the Agreement, all necessary permits, certificates, and approvals necessary to construct and operate Well Site Production Facilities, withdraw water from Well Sites, transmit water to the Property and collect Tariffs for water supplied to customer and any other person or entity, as may be required by any governmental entity, including, without limitation, the applicable water management districts, Public Service Commission, county governments, U.S. Army Corp of Engineers, and the Department of Environmental Protection. The owner has the right to approve, prior to filing, the identity of the applicant and the form and substance of any such permit application.

10. INSTALLATION OF WELL SITE PRODUCTION FACILITIES.

If any Well Site, whether initially subject to this Lease or hereafter leased, does not have complete and operable Well Site Production Facilities in place at the time of execution of this Lease or at the time such Well Site becomes subject to this Lease, then Service Company, at Service Company's expense, shall install the Well Site Production Facilities or replace the missing or defective parts necessary to eliminate the deficiency as soon as reasonably possible after the date of this Lease or after the date of acquisition in the case of a Well Site hereafter acquired.

11. MAINTENANCE AND REPAIR.

As of the effective date of this Lease (in case of existing Well Sites and Well Site Production Facilities), and after the initial installation as set forth in Section 10 above (in the case of those facilities covered by Section 10), Service Company shall be responsible for the continuous operation and maintenance of the Well Sites and Well Site Production Facilities during the term of this Lease, unless otherwise agreed in writing by Service Company and Owner. Service Company's responsibilities shall include replacement of any component parts of the Well Site Production Facilities when such becomes necessary due to destruction, wear and tear or otherwise. Service Company shall also keep the Well Sites in a neat, clean and presentable condition. Owner agrees to assign any and all warranties and/or maintenance bonds and the right to enforce the same to Service Company and to provide Service Company with any existing operation/maintenance and parts manuals with respect to the Well Site Production Facilities. Customer's pipes, apparatus and equipment on customer's side of the Point of Delivery shall be selected, installed, used and maintained in accordance with good practices in the industry and in full compliance with all applicable laws and governmental regulations. Service Company shall, at all reasonable times and hours, have the right to inspect Customer's internal lines and facilities. Customer shall bear the responsibility for the maintenance and replacement of any pipes or related transmission equipment on Customer's side of the Point of Delivery.

12. ELECTRICAL POWER.

Service Company represents that electrical power for the proposed operations on all Well Sites requiring electricity is available from the appropriate power companies having authority to serve the Well Sites. Owner shall reasonably cooperate with Service Company in assisting Service Company to obtain electrical power from the closest power source of the appropriate power company to each Well Site, including additional Well Sites hereafter acquired, so as to service the operations of Service Company at each Well Site. Owner shall have the right to approve the location of poles, transistors, electrical lines, or other necessary installations, and Owner shall not unreasonably withhold such approval. Owner shall have the right to require underground installation of utilities. Service Company shall bear all expenses incurred in connection with the installation and continued service by the appropriate power company. Service Company shall reimburse Owner for any attorney's fees incurred by Owner in connection with the preparation, review, or negotiation of documents or for consultations in relation to obtaining and maintaining electrical power for the proposed operations at each Well Site, including but not limited to the placement of poles, transistors, electrical lines and other necessary installations.

13. INGRESS AND EGRESS.

Owner hereby grants Service Company nonexclusive ingress and egress to the Well Sites during the period of time this Lease remains in force and subject to the limitations of this Section. Service Company's nonexclusive right of ingress and egress may be exercised only during the times and solely for the purposes set forth in this Lease. If county or state roads provide reasonable means of ingress and egress to the Well Sites, Service Company shall use such county or state roads. In the event that ingress and egress is available only upon roads other than county or state roads, Service Company shall so notify Owner, and Owner shall specify existing roads or ways for ingress and egress to be used by Service Company. Owner shall make reasonable efforts to specify roads or ways located so as to permit Service Company to exercise and enjoy the privileges created by this Lease without undue interference, but Owner shall have no affirmative obligations to improve, maintain, or repair any such road for use by Service Company. In specifying roads for ingress and egress, Owner shall from time to time instruct Service Company as to specific gates to be used and procedures for locking and unlocking gates. Service Company agrees to comply with such instructions of Owner. Service Company shall be solely responsible for security on all gates used by Service Company for ingress and egress. Any roads or accessways used by Service Company shall be used by Service Company at its own risk and shall be maintained by Service Company so as to permit continued safe vehicular passage and shall be left in a condition at least as good as originally found by Service Company at the commencement of this Lease. Owner agrees that, in the event Owner leases additional Well Sites to Service Company, Owner shall grant to Service Company such additional easements as may be necessary to provide ingress and egress to such additional Well Sites.

14. LOCKS, GATES, FENCES.

Service Company shall place no new locks on Owner's gates without the prior consent of Owner. If Owner permits Service Company to place locks on its gates, the locks shall be clearly identified to Owner and placed so that they will not prohibit access by others who have locks on the gates. Service Company shall give keys only to authorized employees.

Service Company agrees that it shall immediately close and securely fasten gates or gaps in fences that are opened by Service Company or observed open, whether or not such were opened by someone else. No new gaps or gates shall be made in any fence without the prior consent of Owner.

Service Company shall in no way tamper with, alter, or modify any of Owner's existing fences or cattle or wildlife control equipment or devices without the prior consent of Owner. In the event any fences require repair due to the negligence or other activities of Service Company, Owner shall make such repairs and Service Company shall indemnify Owner for the costs of such repair.

15. PROHIBITED ACTIVITIES.

Service Company shall not take or remove, kill, or otherwise molest any livestock or wildlife on any of Owner's lands. Service Company covenants that Service Company will save Owner harmless from all damage caused by Service Company or its agents or employees to such livestock or wildlife and to promptly notify and reimburse Owner for any such damage. No hunting or fishing shall be permitted on any of Owner's lands by Service Company, its agents, or employees. Service Company shall at no time have dogs or guns or firearms on any of Owner's lands. Service Company will at no time cause any fires to be set on any of Owner's lands, except for the purposes of disposing of debris and only with the prior written consent of Owner. If Owner grants consent, Service Company shall be solely responsible for obtaining the necessary and required permits and for all expenses related thereto. If any employees, agents, or subcontractors of Service Company shall violate the provisions of this 15, Owner shall be entitled to require that such person or persons be prohibited from subsequently coming onto Owner's lands. Should Service Company fail to exercise reasonable measures to prevent such person or persons from subsequently coming onto Owner's lands, such act shall be deemed a default hereunder.

16. INSPECTION BY OWNER.

Owner or Owner's agent may at any time enter upon any Well Site to view the condition thereof and to observe Service Company's operations thereon.

17. REAL ESTATE, PERSONAL PROPERTY AND INTANGIBLE TAXES.

Service Company shall pay all real estate, personal property, and intangible taxes, and all increases in real estate taxes on the Well Sites and Well Production Facilities accruing during the time that this Lease remains in force, including any increases resulting from the construction of any additions or improvements or the installation of any equipment on the Well Sites (which in order to do, Service Company shall first obtain the written consent of Owner, except for those installations expressly permitted by Owner under this Lease or in the Agreement), whether actual payment of such taxes is made during the term of this Lease or thereafter. If this Lease begins other than on the first day of the tax year, or if this Lease ends other than on the last day of the tax year, then the parties shall make appropriate adjustments or prorations. Additionally, Owner and Service Company acknowledge and agree that the taxes imposed upon the Property and/or Well Production Facilities and other taxes shall be computed and based on the most recently available valuations, millages, assessments, and other information (including information included in a "cut-out" customarily prepared by the county) provided by the county in which the Property is located.

18. OTHER TAXES.

Service Company shall pay all sales taxes, if any, license taxes, and any and all other taxes, except income taxes of Owner, with respect to Service Company's operations hereunder.

19. INSURANCE.

Service Company shall obtain insurance for both liability and property and Well Production Facilities at all times during the term of this Lease, and in amounts sufficient to cover all reasonable damage or claims to the property or by third persons and shall specifically name the Owner as co-insured with Service Company. Service Company shall obtain such insurance at its sole cost and expense and shall be fully responsible for all payments and renewals related to such policies.

20. HOLD HARMLESS, ATTORNEY'S FEES.

A. Indemnity to Owner.

Service Company shall indemnify and defend Owner and hold Owner harmless from and against every claim or demand with respect to bodily injury, death, property damage, nuisance, or other loss or damage of any kind, including attorney's fees and costs incurred by Owner, arising out of Service Company's negligence in the use or occupancy or operation of any Well Site, Well Site Production Facility, or any Service Company's activities on or about any Well Site. Service Company's duty to indemnify shall include indemnification from and against any fine, penalty, liability, or

cost arising out of Service Company's violation of any law, ordinance, or governmental regulation applicable to Service Company's use or occupancy of any Well Site or Service Company's activities on or about any Well Site, or other of Owner's lands.

B. Indemnity to Service Company.

Owner shall indemnify and defend Service Company and hold Service Company harmless from and against every claim or demand with respect to bodily injury, death, property damage, nuisance, or other loss or damage of any kind, including attorney's fees and costs incurred by Service Company, arising out of Owner's negligence in discharging its duties under the lease of any Well Site, Well Site Production Facility, or Owner's activities on or about any Well Site. Owner's duty to indemnify shall also include indemnification from and against any fine, penalty, liability, or cost arising out of Owner's violation of any law, ordinance, or governmental regulation applicable to Owner's use or occupancy of any Well Site or Owner's activities on or about any Well Site.

C. "Costs and Attorney's Fees.

In the event Service Company or Owner brings an action to enforce this Lease by Court proceedings or otherwise, then the prevailing party shall be entitled to recover from the other party all costs incurred, together with reasonable attorney's fees at all levels, including appeals.

21. DEFAULT.

The occurrence of one or more of the following is an event of default by Service Company: the failure of Service Company to perform any obligation for the payment of money within 15 days after the time within which the payment is to be made as provided in the section of this Lease creating the obligation; the failure of Service Company to perform and comply with any obligation imposed upon Service Company by this Lease, other than the payment of money, and the failure continues beyond a reasonable period of time for curing such failure to perform, after written notice thereof from Owner to Service Company, except that any breach by Service Company of the obligations set forth in Section 15 shall be deemed a default hereunder without any notice, grace, or curative period; proceedings under the Bankruptcy Act for bankruptcy are filed by or against Service Company, and if filed against Service Company, have not been dismissed within thirty (30) days after the filing; assignment of Service Company's property for the benefit of creditors is made; a receiver, conservator, or similar officer is appointed by a court of competent jurisdiction to take charge of all or a substantial part of Service Company's property, and within thirty (30) days after appointment the officer is not discharged and possession of the property is not restored to Service Company; Service Company's interest in the Well Sites and Well Site Production Facilities, or under this Lease or the Agreement is the subject of taking or levy under execution,

attachment, or other process of law and the action is not canceled or discharged within thirty (30) days after its occurrence; Service Company abandons the Property; or Service Company defaults under this Agreement.

If Owner shall default in any of its obligations hereunder, Service Company shall give written notice thereof to Owner, and Owner shall have a reasonable period of time after receipt of such notice in which to cure such default. Any default of Owner under the Agreement shall be deemed a default hereunder.

Owner and Service Company shall have the right to terminate this Lease for any default of the other; provided that where curative periods are applicable, Owner and Service Company may only terminate if the default remains uncured through the expiration of such curative periods.

22. ASSIGNABILITY.

Service Company may not assign, pledge, or encumber Service Company's rights hereunder. Any assignment, pledge or encumbrance of Service Company's stock shall be deemed a prohibited assignment hereunder and a default under the terms of this Lease.

23. RECORDING.

Neither Owner nor Service Company shall record this Lease without prior written consent of the other, which consent shall not be unreasonably withheld.

24. ADDRESSES, NOTICES; TIME.

Notices hereunder shall be given by manual delivery, telegraph, or mail addressed as provided below. For the purpose of this Lease, the addresses of the parties are:

Owner:

Blake Equipment
61 West Dudley Town Road
Bloomfield, CT 06002

Service Company:

Town and Country Utilities Company
8000 State Road 31
Punta Gorda, FL 33982

Notice given by telegraph shall be deemed received when filed for transmission with an authorized dispatching office of the telegraph company in the United States, charges prepaid. Notice given by certified mail shall be deemed received when deposited in the United States mails, postage prepaid. Notice given otherwise shall be deemed received when received at the address to which sent or when actually received by the party to whom addressed. Either party may change its address by giving written notice to the other, but the change shall not become effective until the notice is actually received by the other party. Payments due Owner hereunder shall be made to Owner at Owner's address set forth above (or at a changed address as provided above). If the last day for giving any notice or performing any act hereunder falls on a Saturday, Sunday, or a day on which the United States post offices are not open for the regular transaction of business, the time shall be extended to the next day that is not a Saturday, Sunday, or post office holiday.

25. BINDING EFFECT OF LEASE.

This Lease shall be binding upon and shall inure to the benefit of Owner, Service Company, and their respective assigns and successors by merger, consolidation, conveyance, or otherwise, subject to the limiting terms of this Lease.

26. DOCUMENTATION.

Service Company and Owner agree that each shall execute such other documentation as may reasonably be required from time to time to effectuate the intent of this Lease.

27. INTERPRETATION.

It is agreed by and between the parties hereto that all words, terms and conditions contained herein are to be read in concert, each with the other, and that a provision contained under one heading may be considered to be equally applicable under another in the interpretation of this Lease.

28. EFFECTIVE DATE.

This Lease shall become effective and binding upon Owner and Service Company at the time of execution by both parties.

29. STRICT COMPLIANCE.

Failure to insist upon strict compliance of any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such terms, covenants, or conditions, nor shall any waiver or relinquishment of any right or power hereunder at any one time be deemed a waiver or relinquishment of such right or power at any other time or times.

30. CONFLICT WITH THE AGREEMENT.

In the event of any conflict between the terms of this Lease and terms of the Agreement, the terms of the Agreement shall control.

IN WITNESS WHEREOF, Owner and Service Company have caused this Lease, with the named Exhibits attached, to be duly executed in several counterparts, each of which shall be considered an original executed copy for all purposes.

Signed, Sealed and Delivered
in the Presence of:

Babcock Florida Company

Barbara A. Murray
Susan Arguimano

By: [Signature], Pres.
"Owner"

Town & Country Utility Company

Barbara A. Murray
Susan Arguimano

By: [Signature], Pres.
"Service Company"

babcocklease.agr

TOWN AND COUNTRY UTILITIES COMPANY

Proposed Tariff Sheets

EXHIBIT E

WATER TARIFF

GENERAL SERVICE

RATE SCHEDULE GS

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - For water service to all Customers for which no other schedule applies.
- LIMITATIONS - Subject to all of the Rules and Regulations of this tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD - Monthly
- RATE -

<u>Meter Size</u>	<u>Base Facility Charge</u>
5/8 x 3/4"	\$ 7.98
1"	19.95
1 1/2"	39.90
2"	63.84
3"	127.68
4"	199.50
6"	399.00
8"	638.40

GALLONAGE CHARGE \$2.57 (Per 1,000 Gallons)

MINIMUM CHARGE -

TERMS OF PAYMENT - Bills are due and payable when rendered. In accordance with Rule 25-30.320, Florida Administrative Code, if a Customer is delinquent in paying the bill for water service, service may then be discontinued.

EFFECTIVE DATE -

TYPE OF FILING - Original Certificate

RICHARD S. CUDA
ISSUING OFFICER

PRESIDENT
TITLE

WATER TARIFF

RESIDENTIAL SERVICE

RATE SCHEDULE RS

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - For water service for all purposes in private residences and individually metered apartment units.
- LIMITATIONS - Subject to all of the Rules and Regulations of this Tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD -
- RATE -

<u>Meter Size</u>	<u>Base Facility Charge</u>
5/8 x 3/4"	\$ 7.98
1"	19.95
1 1/2"	39.90
2"	63.84
3"	127.68
4"	199.50
6"	399.00
8"	638.40

GALLONAGE CHARGE \$2.57 (Per 1,000 Gallons)

MINIMUM CHARGE -

TERMS OF PAYMENT - Bills are due and payable when rendered. In accordance with Rule 25-30.320, Florida Administrative Code, if a Customer is delinquent in paying the bill for water service, service may then be discontinued.

EFFECTIVE DATE -

TYPE OF FILING - Original Certificate

RICHARD S. CUDA
ISSUING OFFICER

PRESIDENT
TITLE

WATER TARIFF

NON-POTABLE SERVICE

RATE SCHEDULE NS

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - For raw water service rendered for all agricultural purposes within the Utility's certificated service territory.
- LIMITATIONS - Subject to all of the Rules and Regulations of this Tariff and General Rules and Regulations of the Commission.

BILLING PERIOD -

RATE - Flat Monthly Rate (1)

<u>Meter Size</u>	<u>Base Facility Charge</u>
1"	5.20
2"	16.64
3"	33.28
4"	52.00
5"	87.36
6"	104.00
7"	145.60
8"	166.40
9"	216.32
10"	239.20
12"	447.20

(1) The agricultural water facilities consist of 322 unmetered wells of various sizes, which are spread throughout the Crescent B Ranch. Users supply their own pumps and other equipment needed to extract and distribute raw water for various agricultural purposes.

As a result, flat monthly rates are proposed based on the size of the well used.

EFFECTIVE DATE -

TYPE OF FILING - Original Certificate

RICHARD S. CUDA
ISSUING OFFICER

PRESIDENT
TITLE

Town and Country Utilities Company

ORIGINAL SHEET NO. 15.0

WATER TARIFF

RAW WATER SERVICE

RATE SCHEDULE RWS

AVAILABILITY - Available for all requests for bulk raw water purchased for treatment and resale.

APPLICABILITY - Available for all requests for bulk raw water purchased for treatment and resale.

LIMITATIONS - Subject to all of the Rules and Regulations of this Tariff and General Rules and Regulations of the Commission.

BILLING PERIOD - Monthly

RATE -

Gallage Charge per 1,000 Gallons Used: \$ 0.50

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days written notice, service may then be discontinued.

EFFECTIVE DATE -

TYPE OF FILING - Original Certificate

RICHARD S. CUDA
ISSUING OFFICER

PRESIDENT
TITLE