

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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COMMISSION
CLERK

-M-E-M-O-R-A-N-D-U-M-

DATE: September 7, 2006

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Economic Regulation (Clapp, Kaproth, Walden) JS CROD P Des
Office of the General Counsel (Fleming) KET NAM @

RE: Docket No. 060536-WU – Application for transfer of portion of water facilities operated under Certificate No. 613-W in Charlotte and Lee Counties from Town and Country Utilities Company to State of Florida and Lee County.
Counties: Charlotte and Lee

AGENDA: 09/19/06 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Carter

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: This recommendation should be placed immediately after the recommendation for Docket No. 060520-WU on the agenda.

FILE NAME AND LOCATION: S:\PSC\ECR\WP\060536.RCM.DOC

Case Background

Town and Country Utilities Company (Town and Country or utility) is a Class C utility providing water service to the Babcock Ranch (Ranch), which consists of approximately 16 residential and 11 general service customers in Charlotte and Lee Counties. The utility is in the Southwest Florida Water Management District and the South Florida Water Management District. The part of the utility that is situated in Lee County is in a water use caution area of the

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Docket No. 060536-WU
Date: September 7, 2006

South Florida Water Management District. The utility was originally certificated in 1999.¹ The utility's 2005 annual report shows gross revenue of \$130,430 and net operating losses of \$19,377.

On August 3, 2006, an application was filed for the transfer of a portion of the water facilities and territory operated under Certificate No. 613-W in Charlotte and Lee Counties from Town and Country Utilities Company to the State of Florida and to Lee County (buyers). The utility is wholly-owned by Babcock Florida Company. The parties entered into an agreement in November 2005 for the buyers to purchase approximately 73,239 of the utility's 91,360 acre territory. The actual closing on this transfer took place on July 31, 2006.

This is one of two dockets associated with the Babcock Ranch transfer. The other is Docket No. 060520-WU which is the transfer of majority organizational control of the utility from the Babcock Florida Company (Company) to MSKP III, Inc., which included a merger of the Company and MSKP III, Inc., with Babcock Florida Company being the surviving entity.

Babcock Ranch has been the subject of much publicity within the last year as the State of Florida and Lee County considered the purchase of approximately 73,239 acres. This purchase is the single largest expenditure of state funds for acquisition of preservation lands in the history of Florida. Eva Armstrong, Director of the Division of State Lands with the Florida Department of Environmental Protection, submitted a letter in this docket in support of the transfer. The remaining 18,121 acres will be developed into approximately 19,500 residential units, 6 million square feet of nonresidential space (including hotel, office and retail), and a golf course. The owner anticipates submitting an application for an original wastewater certificate later this year.

The purpose of this recommendation is to address the application for transfer to a governmental authority. The Commission has jurisdiction to consider this matter pursuant to section 367.071, Florida Statutes.

¹ Order No. PSC-99-2198-PAA-WU, issued November 8, 1999, in Docket No. 981288-WU, In re: Application for certificate to operate a water utility in Charlotte and Lee Counties, by Town and Country Utilities Company.

Discussion of Issues

Issue 1: Should the partial transfer of Town and Country territory and facilities to the State of Florida and Lee County be approved as a matter of right?

Recommendation: Yes. The partial transfer of Town and Country territory and facilities in Charlotte and Lee Counties to the State of Florida and Lee County should be approved, as a matter of right, pursuant to section 367.071(4)(a), Florida Statutes, effective July 31, 2006. The resultant order should serve as Town and Country's amended certificate and it should be retained by the utility. Regulatory assessment fees for January 1 through July 31, 2006, should be submitted within 20 days after the issuance of the order approving the transfer. (Clapp, Kaproth, Walden, Fleming)

Staff Analysis: On August 3, 2006, Town and Country filed an application to transfer approximately 73,400 acres of its certificated territory and facilities to the State of Florida² and Lee County pursuant to section 367.071(4)(a), Florida Statutes, and Rule 25-30.037(4) and (5), Florida Administrative Code. The actual closing of the sale was July 31, 2006, therefore, July 31, 2006, is the effective date of the transfer.

Pursuant to section 367.071(4)(a), Florida Statutes, the sale of facilities to a governmental authority shall be approved as a matter of right. As such, no notice of the transfer is required and no filing fees apply. The application is in compliance with section 367.071(4)(a), Florida Statutes, and Rule 25-30.037(4) and (5), Florida Administrative Code. The application contained a list of assets not transferred and a legal description and a map of the remaining territory. The territory remaining after the transfer is described in Attachment A.

The application contains a statement that the buyers obtained Town and Country's most recent income and expense statement, balance sheet, statement of rate base for regulatory purposes, and contributions-in-aid-of-construction pursuant to Rule 25-30.037(4)(e), Florida Administrative Code. The utility does not collect customer deposits.

Additionally, pursuant to the requirements of Rule 25-30.037(4)(h), Florida Administrative Code, a statement was included that Town and Country has no outstanding regulatory assessment fees (RAFs) and no fines or refunds are owed. The utility has filed its 2005 annual report and paid its 2005 RAFs and there are no outstanding penalties and interest. For the period of January 1, 2006 through July 31, 2006, Town and Country has agreed to file its RAF return and RAF payment for the transferred facilities within 20 days after the issuance of the order approving the transfer.

Staff recommends that the application is in compliance with the provisions of Rule 25-30.037, Florida Administrative Code. Therefore, staff recommends that the partial transfer of Town and Country's territory and facilities in Charlotte and Lee Counties to the State of Florida and Lee County should be approved, as a matter of right, pursuant to section 367.071(4)(a),

² The purchasers on behalf of the State of Florida include the Board of Trustees of the Internal Improvement Trust Fund, Florida Fish and Wildlife Conservation Commission, and Florida Department of Agriculture and Consumer Services.

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Florida Statutes, effective July 31, 2006. The resultant order should serve as Town and Country's amended certificate and it should be retained by the utility. Regulatory assessment fees for January 1 through July 31, 2006, should be submitted within 20 days after the issuance of the order approving the transfer.

Docket No. 060536-WU
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Issue 2: Should this docket be closed?

Recommendation: Yes. No further action need be taken and the docket may be closed.
(Fleming)

Staff Analysis: No further action need be taken and the docket may be closed.

TOWN AND COUNTRY UTILITIES COMPANY
REMAINING TERRITORY

CHARLOTTE COUNTY PARCEL:

A parcel of land lying within Sections 28, 29, 31 through 33, Township 41 South, Range 26 East, AND, Sections 4 through 10, Sections 15 through 17 and Sections 19 through 36, Township 42 South, Range 26 East, Charlotte County, Florida, being more particularly described as follows:

Commence at the Southwest corner of Section 31, Township 42 South, Range 26 East and run S89°41'45"E, along the South line of said Section 31, a distance of 350.01 feet to the Point of Beginning of the parcel of land herein described;

Thence along a line 300.00 feet East of, and parallel with, the East right-of-way line for State Road No. 31, the following courses and distances: N00°36'46"E a distance of 5336.09 feet, N00°26'10"E a distance of 5282.78 feet and N00°31'45"E a distance of 4197.65 feet; Thence S77°54'41"E a distance of 707.35 feet; Thence N81°38'00"E a distance of 5168.06 feet; Thence N82°12'01"E a distance of 711.51 feet; Thence N62°45'03"E a distance of 4638.50 feet; Thence N28°10'55"W a distance of 1272.65 feet; Thence N69°50'23"E a distance of 1104.32 feet; Thence S45°00'57"E a distance of 266.61 feet; Thence N71°59'01"E a distance of 448.55 feet; Thence N12°51'59"W a distance of 1862.42 feet; Thence N13°56'09"E a distance of 1953.99 feet; Thence N50°03'22"W a distance of 2565.68 feet; Thence S63°01'21"W a distance of 1215.04 feet; Thence N70°04'12"W a distance of 1843.56 feet; Thence N57°46'34"W a distance of 530.23 feet; Thence N24°01'11"W a distance of 975.16 feet; Thence N86°25'58"W a distance of 385.81 feet; Thence N38°10'48"W a distance of 551.49 feet; Thence S59°20'29"W a distance of 577.78 feet; Thence N73°15'18"W a distance of 661.18 feet; Thence N09°11'59"E a distance of 1325.91 feet; Thence N16°46'15"W a distance of 1740.31 feet; Thence N00°01'22"W a distance of 2084.14 feet; Thence N89°25'59"W a distance of 3804.51 feet to a point lying 300.00 feet East of the East right-of-way line for State Road No. 31; Thence along a line 300.00 feet East of, and parallel with, the East right-of-way line for State Road No. 31, the following courses and distances: N00°34'01"E a distance of 789.90 feet and N00°48'43"W a distance of 2979.88 feet; Thence N89°11'17"E a distance of 5661.25 feet; Thence N00°00'03"W a distance of 2799.47 feet; Thence N89°59'57"E a distance of 3566.96 feet; Thence S41°13'25"E a distance of 2825.30 feet; Thence S00°00'00"W a distance of 1967.31 feet; Thence S89°59'52"E a distance of 688.23 feet; Thence S00°00'29"E a distance of 324.64 feet; Thence S39°50'11"E a distance of 190.87 feet; Thence S00°00'03"E a distance of 1218.43 feet; Thence S89°51'42"E a distance of 67.91 feet; Thence S01°26'06"E a distance of 897.46 feet; Thence S74°19'19"E a distance of 1689.13 feet; Thence N79°06'55"E a distance of 475.22 feet; Thence S26°13'22"E a distance of 802.17 feet; Thence S19°47'08"E a distance of 527.22 feet; Thence S05°04'15"E a distance of 1832.85 feet; Thence S32°40'01"E a distance of 186.12 feet; Thence S13°05'30"W a distance of 201.97 feet; Thence S07°19'37"E a distance of 171.40 feet; Thence S42°54'55"E a distance of 643.22 feet; Thence S25°12'33"E a distance of 261.14 feet; Thence S00°28'20"W a distance of 674.54 feet; Thence S03°43'40"W a distance of 687.25 feet; Thence S08°01'21"E a distance of 493.34 feet; Thence S19°48'25"E a distance of 366.26 feet; Thence N78°50'16"E a distance of 687.98 feet; Thence S13°36'57"E a distance of 2507.44 feet; Thence S52°37'55"W a distance of 867.79 feet; Thence S21°59'06"E a distance of 1739.24 feet; Thence S55°42'26"W a distance of 195.73 feet; Thence S22°47'49"W a distance of 5491.07 feet; Thence S05°03'05"W a distance of

533.38 feet; Thence S20°54'51"E a distance of 336.88 feet; Thence S80°06'18"E a distance of 334.86 feet; Thence N89°59'33"E a distance of 307.21 feet; Thence N62°56'46"E a distance of 516.44 feet; Thence N52°01'16"E a distance of 818.38 feet; Thence S42°01'35"E a distance of 1162.99 feet; Thence S39°20'59"E a distance of 1779.24 feet; Thence S04°14'12"W a distance of 1329.65 feet; Thence S51°39'36"E a distance of 782.57 feet; Thence N89°45'02"E a distance of 4154.67 feet; Thence N00°18'50"W a distance of 1309.98 feet; Thence S74°38'25"W a distance of 1635.76 feet; Thence N20°29'11"W a distance of 1376.98 feet; Thence N21°08'17"E a distance of 865.48 feet; Thence N69°00'57"E a distance of 1518.26 feet; Thence S49°18'31"E a distance of 2362.36 feet; Thence N72°42'44"E a distance of 1430.88 feet; Thence S70°02'41"E a distance of 1332.47 feet; Thence S30°17'33"E a distance of 1686.70 feet; Thence N83°12'47"E a distance of 1373.39 feet; Thence S66°40'38"E a distance of 200.63 feet; Thence S05°46'23"W a distance of 1058.61 feet; Thence S00°00'40"E a distance of 10185.99 feet to a point on the South line of Section 36, Township 42 South, Range 26 East; Thence N89°35'44"W a distance of 3430.81 feet to the Southwest corner of said Section 36; Thence N89°35'44"W a distance of 5294.84 feet to the Southeast corner of Section 34, Township 42 South, Range 26 East; Thence N89°35'44"W a distance of 5294.83 feet to the Southwest corner of said Section 34; Thence N89°37'16"W a distance of 5289.35 feet to the Southeast corner of Section 32, Township 42 South, Range 26 East; Thence N89°41'45"W a distance of 5306.31 feet to the Southwest corner of said Section 32; Thence N89°41'45"W, along the South line of Section 31, Township 42 South, Range 26 East, a distance of 4889.98 feet to the Point of Beginning.

Containing 13,503.84 acres, more or less.

Bearings hereinabove mentioned are based on the South line of Section 31, Township 42 South, Range 26 East to bear S89°41'45"E. Dimensions and acreage is in Ground Values.

LEE COUNTY PARCEL:

A parcel of land lying within Sections 1 through 7 and Section 9, Township 43 South, Range 26 East, Lee County, Florida, being more particularly described as follows:

Commence at the Southwest corner of Section 31, Township 42 South, Range 26 East and run S89°41'45"E, along the South line of said Section 31, a distance of 350.01 feet to the Point of Beginning of the parcel of land herein described; Thence continue S89°41'45"E a distance of 4889.98 feet to the Northeast corner of Section 6, Township 43 South, Range 26 East; Thence S89°41'45"E a distance of 5306.31 feet to the Northeast corner of Section 5, Township 43 South, Range 26 East; Thence S89°37'16"E a distance of 5289.35 feet to the Northeast corner of Section 4, Township 43 South, Range 26 East; Thence S89°35'44"E a distance of 5294.83 feet to the Northeast corner of Section 3, Township 43 South, Range 26 East; Thence S89°35'44"E a distance of 5294.84 feet to the Northeast corner of Section 2, Township 43 South, Range 26 East; Thence S89°35'44"E, along the North line of Section 1, Township 43 South, Range 26 East, a distance of 155.77 feet; Thence S09°58'52"W a distance of 4668.17 feet; Thence S04°10'14"W a distance of 283.53 feet; Thence S03°53'19"E a distance of 515.34 feet to a point on the South line of Section 2, Township 43 South, Range 26 East (said point being 558.43 feet West of the Southeast corner of said Section 2); Thence N88°38'22"W a distance of 2084.17 feet to the South one-quarter corner of said Section 2; Thence N88°38'42"W a distance of 2642.18 feet to the Southwest corner of said Section 2; Thence N89°51'49"W a distance of 5300.33 feet to the Southwest corner of Section 3, Township 43 South, Range 26 East; Thence N89°51'54"W a

distance of 2650.21 feet to the South one-quarter corner of Section 4, Township 43 South, Range 26 East; Thence S00°23'25"W a distance of 1330.71 feet to the Southwest corner of the North one-half of the Northeast one-quarter of Section 9, Township 43 South, Range 26 East; Thence S06°02'41"E a distance of 1338.42 feet to a point on the North line of the Southeast one-quarter of said Section 9 (said point being 150.00 feet East of the Northwest corner of the Southeast one-quarter of said Section 9); Thence S00°22'58"W, parallel with and 150.00 feet East of the West line of the Southeast one-quarter of said Section 9, a distance of 2611.68 feet to a point on the North right-of-way line of County Road No. 78; Thence along said right-of-way line the following courses and distances, N89°54'54"W a distance of 150.27 feet and N89°54'44"W a distance of 2649.07 feet to a point on the West line of said Section 9; Thence N00°22'31"E a distance of 2612.14 feet to the West one-quarter corner of said Section 9; Thence N00°21'56"E a distance of 2663.25 feet to the Southeast corner of Section 5, Township 43 South, Range 26 East; Thence N89°52'00"W a distance of 2666.82 feet to the South one-quarter corner of said Section 5; Thence N89°50'47"W a distance of 2667.54 feet to the Southwest corner of said Section 5; Thence S00°23'16"W, along the East line of Section 7, Township 43 South, Range 26 East, a distance of 5294.24 feet to a point on the North right-of-way line of County Road No. 78; Thence Westerly along the curved right-of-way line, (said curve being curved concave to the North, having a delta angle of 00°53'52" and a radius of 11339.17 feet, with a chord bearing of N89°19'12"W and a chord length of 177.69 feet) a distance of 177.69 feet to the end of the curve; Thence N88°52'16"W, along said North right-of-way line, a distance of 4406.54 feet to the beginning of a curve to the right; Thence along the arc of the curved right-of-way line, (said curve being curved concave to the Northeast, having a delta angle of 24°26'20" and a radius of 522.96 feet, with a chord bearing of N76°39'06"W and a chord length of 221.39 feet) a distance of 223.07 feet to a point that is 300.00 feet East of the East right-of-way line of State Road No. 31; Thence along a line 300.00 feet East of, and parallel with, the East right-of-way line for State Road No. 31, the following courses and distances, N00°19'49"E a distance of 5249.36 feet, N00°18'54"E a distance of 5312.90 feet and N00°36'46"E a distance of 0.97 feet to the Point of Beginning.

Containing 4085.77 acres, more or less.

Bearings hereinabove mentioned are based on the North line of Section 6, Township 43 South, Range 26 East to bear S89°41'45"E. Dimensions and acreage is in Ground Values.

AND

A parcel of land lying within Sections 4, 8, 9 & 10, Township 42 South, Range 26 East, Charlotte County, Florida, being more particularly described as follows:

Commence at the Southwest corner of Section 31, Township 42 South, Range 26 East and run S89°41'45"E, along the South line of said Section 31, a distance of 350.01 feet; Thence along a line 300.00 feet East of, and parallel with, the East right-of-way line for State Road No. 31, the following courses and distances: N00°36'46"E a distance of 5336.09 feet, N00°26'10"E a distance of 5282.78 feet and N00°31'45"E a distance of 4197.65 feet; Thence S77°54'41"E a distance of 707.35 feet; Thence N81°38'00"E a distance of 5168.06 feet; Thence N82°12'01"E a distance of 711.51 feet; Thence N62°45'03"E a distance of 4638.50 feet; Thence N28°10'55"W a distance of 1272.65 feet; Thence N69°50'23"E a distance of 1104.32 feet; Thence S45°00'57"E a distance of 266.61 feet; Thence N71°59'01"E a distance of 448.55 feet; Thence N12°51'59"W a

distance of 1862.42 feet; Thence N13°56'09"E a distance of 1953.99 feet to the Point of Beginning of the parcel of land herein described; Thence N50°03'22"W a distance of 2565.68 feet; Thence N16°06'21"W a distance of 112.93 feet; Thence N55°51'49"E a distance of 407.98 feet; Thence N07°18'40"E a distance of 92.81 feet; Thence N59°39'35"W a distance of 303.72 feet; Thence N25°19'30"W a distance of 193.22 feet; Thence N06°58'19"E a distance of 214.01 feet; Thence N32°43'18"E a distance of 166.27 feet; Thence N47°58'33"E a distance of 193.91 feet; Thence N19°42'31"W a distance of 203.08 feet; Thence N00°17'17"E a distance of 475.31 feet; Thence N81°25'09"E a distance of 126.58 feet; Thence S73°44'02"E a distance of 396.05 feet; Thence N81°17'38"E a distance of 296.24 feet; Thence N71°01'06"E a distance of 384.58 feet; Thence S68°56'49"E a distance of 749.00 feet; Thence S79°30'38"E a distance of 582.04 feet; Thence N83°32'12"E a distance of 356.49 feet; Thence N74°00'02"E a distance of 299.71 feet; Thence N05°19'34"E a distance of 1022.72 feet; Thence N64°11'27"E a distance of 243.96 feet; Thence S71°07'35"E a distance of 400.11 feet; Thence N81°41'37"E a distance of 1263.06 feet; Thence S07°19'37"E a distance of 171.40 feet; Thence S42°54'55"E a distance of 643.22 feet; Thence S25°12'33"E a distance of 261.14 feet; Thence S00°28'20"W a distance of 674.54 feet; Thence S03°43'40"W a distance of 687.25 feet; Thence S08°01'21"E a distance of 493.34 feet; Thence S19°48'25"E a distance of 366.26 feet; Thence S74°08'41"W a distance of 89.82 feet; Thence S12°32'01"W a distance of 248.66 feet; Thence S00°00'00"E a distance of 66.39 feet; Thence N88°10'57"W a distance of 130.84 feet; Thence N61°14'03"W a distance of 168.13 feet; Thence N53°45'35"W a distance of 270.23 feet; Thence N32°26'31"W a distance of 208.95 feet; Thence N02°18'52"W a distance of 205.56 feet; Thence N06°00'44"W a distance of 396.36 feet; Thence N47°18'30"W a distance of 73.43 feet; Thence S87°56'18"W a distance of 754.49 feet; Thence S11°43'23"E a distance of 572.09 feet; Thence S83°57'27"W a distance of 432.85 feet; Thence N69°09'26"W a distance of 226.56 feet; Thence N11°02'12"W a distance of 683.05 feet; Thence S71°52'39"W a distance of 867.08 feet; Thence S41°21'09"W a distance of 724.50 feet; Thence S32°33'19"W a distance of 330.66 feet; Thence S52°25'04"W a distance of 263.67 feet; Thence S76°22'12"W a distance of 363.38 feet; Thence S20°26'14"E a distance of 1069.45 feet to the Point of Beginning.

Containing 302.34 acres, more or less.

Bearings hereinabove mentioned are based on the North line of Section 6, Township 43 South, Range 26 East to bear S89°41'45"E. Dimensions and acreage is in Ground Values.

300' STRIP:

The East 300.00 feet of the West 350.00 feet of Section 31, Township 41 South, Range 26 East, Charlotte County, Florida. Less the North 2,420.17 feet thereof.

AND,

The East 300.00 feet of the West 350.00 feet of Sections 6, 7, 18, 19, 30 and 31, Township 42 South, Range 26 East, Charlotte County, Florida.

AND,

The East 300.00 feet of the West 350.00 feet of Sections 6 and 7, Township 43 South, Range 26 East, Lee County, Florida.

Containing 366.2 acres, more or less.

FLORIDA PUBLIC SERVICE COMMISSION

Authorizes

Town and Country Utilities Company
pursuant to
Certificate Number 613-W

to provide water service in Charlotte and Lee Counties in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

Order Number	Date Issued	Docket Number	Filing Type
PSC-99-2198-PAA-WU	11/08/99	981288-WU	Original Certificate
*	*	060520-WU	Transfer of Majority Organizational Control
*	*	060536-WU	Transfer to Government

***Order Numbers and dates to be provided at time of issuance.**