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Thomas A. Cloud, Esquire

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December 14, 2009

**VIA U.S. MAIL**

Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Re: Docket No. 060332-WS- Application for Transfer of Water and Wastewater Facilities to Marion County, and for Cancellation of Certificate Nos. 312-W and 365-W, by Loch Harbour Utilities, Inc. and Docket No. 090304-WS-Notice of Abandonment of Water and Wastewater System in Marion County by Loch Harbour Utilities, Inc. Status Report

Dear Commission Clerk:

In response to your letter of December 9, 2009, I have communicated with representatives from Marion County Utilities to update my information regarding the transfer of the Loch Harbour system to Marion County. Here is what I have been able to determine regarding the system. First, the County apparently assumed operation and possession of the system sometime in late November of 2005, and since that date, the County has continuously operated the system without incident. The final title documents have not been consummated, however, due to Mr. Albright's failure to comply with the terms of the contract between the County and the Utility. Specifically, these alleged failures included lack of payment of certain rates, fees, and charges, as well as failure to secure and transfer to the County appropriate operating permit from the Florida Department of Environmental Protection. This was also the situation that existed at the time Mr. Albright filed his notice of abandonment.

Since that time, the following has transpired. The County Commission, in duly noticed public meeting held on July 21, 2009, the Board directed staff to accept the transfer upon the payment of certain transfer fees by Mr. Albright to FDEP and the securing by Mr. Albright at his expense of the reissuance and

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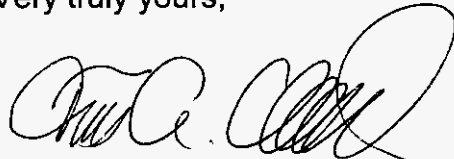
OFFICE OF COMMISSION CLERK  
DECEMBER 14, 2009  
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transfer of the operating permit to the system from FDEP. A copy of the letter communicating this information from Dr. Lee Niblock, County Administrator, to Mr. Albright is enclosed as "Exhibit A" hereof. According to Mr. Todd Petrie of Marion County Utilities, Mr. Albright is in the process of repermitting the system. FDEP has issued a request for additional information seeking additional documents from Mr. Albright's engineer to complete the application for repermitting. Mr. Petrie has been in direct contact with Mr. Albright regarding these matters.

While the County cannot predict when Mr. Albright or his engineer will submit the necessary reports to FDEP Orlando, assuming they are authorized and prepared in the normal course of business, then the reports could be completed in approximately 30-60 days. My best estimate would be that the Commission could schedule the transfer docket for action for sometime in April. Of course, if Mr. Albright needs additional time, I doubt the County would interpose an objection. With regard to the abandonment docket, it's unclear at best if the notice is valid. Rather than create any additional issues, my recommendation would be to close that docket at the same time the Commission addresses the transfer docket.

Should there be any additional questions or inquiries, please don't hesitate to call upon me.

Very truly yours,



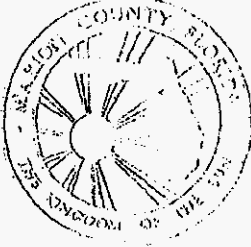
Thomas A. Cloud, Esquire

GrayRobinson, P.A.

TAC/jg

cc: Patti Daniel, Public Utilities Supervisor, FPSC (via U.S. Mail & e-mail)  
Jennifer Brubaker, Assistant General Counsel, FPSC (via U.S. Mail & e-mail)  
Barbara Fitos, Chair, Board of County Commissioners (via U.S. Mail & e-mail)  
Dr. Lee A. Niblock, Marion County Administrator (via U.S. Mail & e-mail)  
Flip Mellinger, Marion County Utilities Director (via U.S. Mail & e-mail)  
Todd Petrie, Marion County Utilities (via U.S. Mail & e-mail)  
Mr. Clay Albright (via U.S. Mail & e-mail)

EXHIBIT "A"



*Marion County*  
*Board of County Commissioners*  
*County Administrator's Office*  
601 S.E. 25th Avenue, Ocala, Florida 34471-2690  
(352) 438-2300 -- Fax: (352) 438-2309

August 11, 2009

Mr. Clay Albright  
Development Resources Inc.  
Post Office Box 3718  
Ocala, FL 34478

Re: Loch Harbor Utilities Transfer

Dear Mr. Albright:

During their July 21<sup>st</sup>, 2009 meeting, the Marion County Board of County Commissioners provided guidance on how to resolve the issues related to the transfer of Loch Harbor Utility to Marion County Utilities. The Board directed staff to accept the transfer of the property to the County with the stipulation that you pay all transfer fees and costs. We believe that these fees and costs include renewing the facility's Florida Department of Environmental Protection (FDEP) operating permit.

At the conclusion of the meeting, you asked Marion County Utilities Engineering staff for assistance with completing the permitting forms. After considerable effort, the following forms are provided for your use in processing the operating permit renewal:

- FDEP Wastewater Facility Permit Application Form 1 – 15 pages
- FDEP Wastewater Permit Application Form 2A – 33 pages

According to FDEP, two studies will also need to be completed to secure the new operating permit. These two reports include the Capacity Analysis Report and the Operation and Maintenance Report. While the Board has not authorized staff to do either of these reports, we are providing the completed Capacity Analysis Report for your use. Additionally and upon request, we have previously provided Bob Rogers Engineering with the Operations and Maintenance information that you would need to complete the remaining report.

I trust that you will find our efforts beneficial to you and ask that you proceed diligently with permitting the facilities. We look forward to completing the transfer of these facilities to Marion County Utilities.

Regards,

Dr. Lee A. Niblock  
County Administrator

CC: Dr. Lawrence Thacker, Assistant County Administrator

EXHIBIT "A"