

ORIGINAL FILE COPY

Commissioners:  
JULIA L. JOHNSON, CHAIRMAN  
SUSAN F. CLARK  
J. TERRY DEASON  
JOE GARCIA  
DIANE K. KIESLING



DIVISION OF WATER  
WASTEWATER  
CHARLES HILL  
DIRECTOR  
(904) 413-6900

# Public Service Commission

January 27, 1997

Mr. Richard Bowles  
P.O. Box 520257  
Longwood, Florida 32752-0247

Re: Docket No. **961535-WU** - Application for transfer of Certificate No. 53-W in Palm Beach County from Lake Osborne Utilities Company, Inc. to Crystal River Utilities, Inc. - Request for Supplemental Information

Dear Mr. Bowles,

Our review of the application indicates that the minimum filing requirements for the above referenced application are complete in most respects. However, a few supplemental documents are needed to satisfy inquiries regarding the noticing provisions, the buyer's financial resources, and the rate base determination. Your assistance in this regard is requested.

Our records reveal that the Crystal River Utilities, Inc. has not yet presented the promised Late Filed Exhibits regarding notification to the prescribed governmental agencies, the notice to customers, nor the proof of newspaper publication. The proposed transfer cannot be approved until those documents are received.

ACK \_\_\_\_\_  
AFA \_\_\_\_\_  
APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMU \_\_\_\_\_  
CTR \_\_\_\_\_  
EAG \_\_\_\_\_  
LEG \_\_\_\_\_  
LIN \_\_\_\_\_  
OPC \_\_\_\_\_  
RCM \_\_\_\_\_  
SEC \_\_\_\_\_  
WAS \_\_\_\_\_  
OTH \_\_\_\_\_

Exhibit II-A to the application, the statement that explains how the proposed transfer serves the public interest, does not include a showing of the buyer's financial ability to assure continued service. Please provide supporting information to demonstrate that the applicant has sufficient financial resources to maintain adequate service.

The application indicates that an acquisition adjustment is not being requested in this proceeding. However, the applicant's proposed rate base is substantially smaller than the quoted \$125,000 purchase price. In fact, upon removal of working capital, which element is excluded in the rate base determination for a transfer proceeding, the original cost amount is less than \$30,000. Further, including corrections from Docket No. 950641-WU (Order No. PSC-96-0357-FOF-WU), the consequent rate base may be less than \$5,000. Accordingly, a substantial acquisition adjustment is indicated. As the acquiring utility, how will Crystal River Utilities, Inc. generate sufficient revenues to match operating expenses and achieve a satisfactory return on its actual investment?

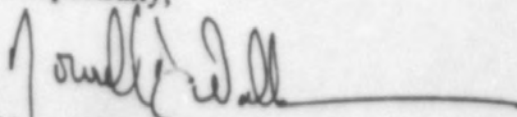
DOCUMENT NUMBER-DATE

01103 JAN 29 97

TALLAHASSEE, FL 32399-0850  
FP Internet E-mail: CONTACT@PSC.STATE.FL.US

Finally, we have not yet received the "original certificate" issued to Lake Osborne Utilities, as discussed in your Exhibit V-C. Therefore, please submit that document or a full explanation concerning why that document is unavailable. Again, thank you for your assistance. If you have any questions, please call me at (407) 413-6924.

Respectfully,

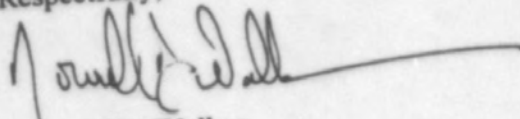
A handwritten signature in black ink, appearing to read "Norvell D. Walker", followed by a horizontal line extending to the right.

Norvell D. Walker  
Regulatory Analyst

cc: Division of Records and Reporting  
Division of Legal Services (Crosby)  
Division of Water and Wastewater (Redemann)

Finally, we have not yet received the "original certificate" issued to Lake Osborne Utilities, as discussed in your Exhibit V-C. Therefore, please submit that document or a full explanation concerning why that document is unavailable. Again, thank you for your assistance. If you have any questions, please call me at (407) 413-6924.

Respectfully,

A handwritten signature in black ink, appearing to read "Norvell D. Walker", with a long horizontal line extending to the right.

Norvell D. Walker  
Regulatory Analyst

cc: Division of Records and Reporting  
Division of Legal Services (Crosby)  
Division of Water and Wastewater (Redemann)