

State of Florida



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: January 23, 2003
TO: Division of the Commission Clerk and Administrative Services
FROM: Office of the General Counsel (Harris) *OH*
RE: Docket No. 021023-WS - Joint application for approval of acquisition by Philadelphia Suburban Corporation of stock of AquaSource Utility, Inc., and resulting transfer of controlling interest of Arrendondo Utility Company, Inc., Crystal River Utilities, Inc., Jasmine Lakes Utilities Corporation, Lake Suzy Utilities, Inc., and Ocala Oaks Utilities, Inc.

Please file the attached letters dated January 17, 2003, from AquaSource to Marie Schultz, Lucille LaCivita, and George Wehmeyer, in the docket file for the above-referenced docket.

LDH/dm

1\021023\23 jan memo wpd

DOCUMENT NUMBER - DATE

00784 JAN 24 8

FPSC-COMMISSION CLERK



6960 Professional Parkway East 941-907-7400
Suite 400 941-907-7441 (fax)
Sarasota, Florida 34240

January 17, 2003

Mrs. Mario Schultz
10308 Gardenia Lane
Port Richey, FL 34668-3211

This letter is in response to your comments to the Florida Public Service Commission regarding the transfer of ownership of AquaSource Utilities, Inc. and its subsidiaries to Philadelphia Suburban Water.

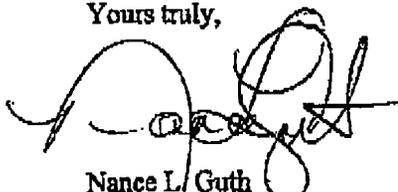
We understand your concern that control of Jasmine Lakes should remain in Florida. At the present time, there are no plans to relocate the local offices of AquaSource or Jasmine Lakes outside of Florida. AquaSource Corporate headquarters has been in Pittsburgh, Pennsylvania since the acquisition of Jasmine Lakes, and any relocation of the managers of the parent company will not affect how services are provided or operations are conducted in Florida.

The proposed new owner of the stock of AquaSource, Philadelphia Suburban Corporation, has been in the water business for over 160 years. We expect that the transfer of ownership will bring benefits to all of AquaSource's customers.

You have also asked about AquaSource's billing practices. We researched your account thoroughly and determined that your account has not been estimated since conversion. In addition, our tariff, approved by the Florida Public Service Commission, requires AquaSource to apply the approved consumption rates to actual usage in the thousands of gallons.

We hope this answers your questions and alleviates your concerns. Please feel free to contact me or Mr. Glenn LaBrecque, Regional Vice President, if you have any questions.

Yours truly,



Nance L. Guth
East Region Controller



AquaSource
A DQE Company

6960 Professional Parkway East 941-907-7400
Suite 400 941-907-7441 (fax)
Sarasota, Florida 34240

January 17, 2003

Lucille LaCivita
10326 Gardenia Ln
Port Richey, FL 34668-3211

Dear Ms. LaCivita,

This letter is in response to your comments to the Florida Public Service Commission regarding the transfer of ownership of AquaSource Utilities, Inc. and its subsidiaries to Philadelphia Suburban Water.

We understand your concern that control of Jasmine Lakes should remain in Florida. At the present time, there are no plans to relocate the local offices of AquaSource or Jasmine Lakes outside of Florida. AquaSource Corporate headquarters has been in Pittsburgh, Pennsylvania since the acquisition of Jasmine Lakes, and any relocation of the managers of the parent company will not affect how services are provided or operations are conducted in Florida.

The proposed new owner of the stock of AquaSource, Philadelphia Suburban Corporation, has been in the water business for over 160 years. We expect that the transfer of ownership will bring benefits to all of AquaSource's customers.

You have also asked about AquaSource's billing practices. We researched your account thoroughly and determined that your account has not been estimated since conversion. In addition, our tariff, approved by the Florida Public Service Commission, requires AquaSource to apply the approved consumption rates to actual usage in the thousands of gallons.

We hope this answers your questions and alleviates your concerns. Please feel free to contact me or Mr. Glenn LaBrecque, Regional Vice President, at (941) 907-7400 if you have any questions.

Yours truly,

Nance L. Guth
East Region Controller

**AquaSource**

A DQE Company

8960 Professional Parkway East 941-907-7400
Suite 400 941-907-7441 (fax)
Sarasota, Florida 34240

January 17, 2003

George C Wehmeyer
3148 Maple Ave
Slayton, MN 56172Re: 5313 S West 69th Street

Dear Mr. Wehmeyer:

This letter is in response to your comments to the Florida Public Service Commission regarding the transfer of ownership of AquaSource Utilities, Inc. and its subsidiaries to Philadelphia Suburban Water.

We understand your concern that control of Lake Arredondo should remain in Florida. At the present time, there are no plans to relocate the local offices of AquaSource or Jasmine Lakes outside of Florida. AquaSource Corporate headquarters has been in Pittsburgh, Pennsylvania since the acquisition of Lake Arredondo, and any relocation of the managers of the parent company will not affect how services are provided or operations are conducted in Florida. You will still be able to talk to customer service representatives in Florida and express your concerns to the management staff in Florida.

Philadelphia Suburban has been in the water business for over 160 years. We anticipate that the transfer of ownership will bring benefits to all our customers.

You have expressed other concerns about how AquaSource operates. You are correct about receiving bills from Houston, Pittsburgh and Florida. After Lake Arredondo was acquired, AquaSource felt it was in the best interests of all of its customers to evaluate and upgrade its billing systems. Later, at the beginning of 2000, AquaSource temporarily converted to a temporary billing system, which generated bills in the Pittsburgh office. In 2002, all AquaSource systems nationwide were converted to the new permanent billing system. All of these changes greatly improved the way AquaSource performed its services and made its other obligations, such as submitting reports to regulatory agencies and providing necessary information to customers, more efficient. At the present time, Philadelphia Suburban has no plans to change this billing system.

In regard to your comments about mathematical errors, overcharges, false meter readings and the world's worst customer service, we did some research on your account and discovered that there was a leak. AquaSource was not aware that there was a problem until you called to question the high bill. Our service tech visited your home, determined

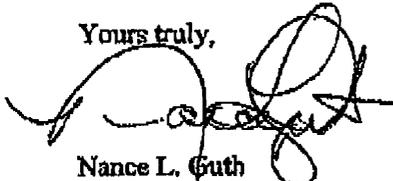
Mr. Wehmeyer
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RE: 5313 S West 69th Street

that the cause of the problem was a faulty curb stop valve, made the necessary repairs. Your account was adjusted \$146.51 for 51,000 gallons of usage. We believed at the time that this adjustment was fair to you. We assumed that you were satisfied with the way AquaSource resolved the problem, as we did not hear from you about it again.

Many of our customers desire seasonal rates, however our current tariff, approved by the Florida Public Service Commission, does not permit AquaSource to offer that type of rate. AquaSource is not allowed by law to unilaterally change its rates. It must seek approval from the Florida Public Service Commission and undergo an intensive investigation before it can charge different rates from what has been approved. There are no plans at this time to apply for approval to offer a seasonal rate, however AquaSource will consider including a seasonal rate if it decides to seek approval to change its rates in the future.

We hope that this letter satisfactorily addresses your questions and concerns. If you have any other questions, please contact us.

Yours truly,



Nance L. Guth
East Region Controller