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DIVISION OF ECONOMIC REGULATION
(850) 413-6900

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Public Service Commission

COMMISSION
CLERK

December 5, 2003

Mr. Jack Espenship
2915 Baxter Lane
Lake City, FL 32055

Re: Docket No. 030991-WU, Application for Transfer of all Water Facilities of Suwannee Valley Estates in Columbia County to Consolidated Water Works, Inc. (holder of Certificate No. 393-W) for cancellation of Certificate No. 421-W, and for amendment of Certificate No. 393-W

Dear Mr. Espenship:

After reviewing the application in the above referenced docket, staff has identified the following deficiencies and additional information needed to complete our review of the application.

1. As required by Rule 25-30.037(2)(a), Florida Administrative Code, provide the complete name and address of the seller of the utility.

2. According to the application, the buyer of Suwannee Valley Estates is Consolidated Water Works Inc. However, Exhibit B, which is a copy of the sale contract, indicates Jack Espenship is the purchaser of Suwannee Valley Estates. Please explain the inconsistency between the application and the contract.

3. As required by Rule 25-30.037(2)(j), Florida Administrative Code, provide a statement indicating how the transfer is in the public interest, and a statement that the buyer will fulfill the commitments, obligations and representations of the seller with regard to utility matters.

4. As required by Rule 25-30.037(2)(o), Florida Administrative Code, provide a statement that the buyer has obtained or will obtain copies of all of the federal income tax returns of the seller from the date the utility was first established or a statement detailing the steps taken to obtain the returns.

5. As required by Rule 25-30.037(2)(p), Florida Administrative Code, you indicated that there are no outstanding Notices of Violation or outstanding Department of Environmental Protection consent orders. However, you did not state that a reasonable investigation of the system was conducted and that the system is in satisfactory condition and in compliance with all applicable

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standards set by the Department of Environmental Protection. Please provide a statement on the condition of the system after your investigation.

6. Rule 25-30.037(2)(q), Florida Administrative Code, requires the utility to provide evidence that it owns the land where the utility facilities are located, or a copy of the agreement which provides for the long term, continuous use of the land, such as a 99-year lease. According to our November 3, 2003 telephone conversation, you indicated that you wanted to obtain Commission approval of the transfer before conveying title to the real property. Please indicate when the utility can provide a **recorded** copy of the warranty deed as evidence that the utility owns the land for the water facilities. Are the utility's assets currently located exclusively on lot C-13? In addition, please describe the proposed future expansion noted on Exhibit B-2, for lots C-11 and C-12. When is this expansion expected to take place?

7. Rule 25-30.030(8), Florida Administrative Code, requires the applicant pursuant to Section 367.045(1)(e) Florida Statutes, to provide an affidavit that the actual notice of the application was given to each customer in accordance with Section 367.045(1)(a), Florida Statutes. Please provide this document as a late filed exhibit, as indicated in the application.

8. Rule 25-30.030(8), Florida Administrative Code, requires the applicant to provide an affidavit that the actual notice of the application was given to the governing body of the municipality, county or counties in which the system or the territory proposed to be served is located in accordance with the Section 367.045(1)(a), Florida Statutes. Please provide this document as a late filed exhibit, as indicated in the application.

9. Please provide the original and two copies of sample tariff sheets reflecting the change in ownership. The tariffs that were submitted in the application did not reflect a change in ownership. All the tariff sheets that are specifically for Suwannee Valley should be labeled as original sheets.

Additional Information

1. Who provides wastewater service to the utility's customers?
2. Who is currently managing and operating the Suwannee Valley Estates system and when will Consolidated Water Works, Inc. take over the management and operation of the system?
3. According to the utility's tariff, it does not have approved customers deposits and the annual report indicates that it does not record the collection of customer deposits. Please explain the \$384.00 amount listed in Exhibit B, B-3 (a) and whether or not this amount is being transferred to the new owner or returned to the customers.
4. Who is responsible for the utility's 2003 regulatory assessment fees and will the fees be

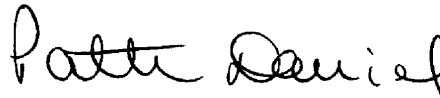
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pro rated between the buyer and seller based on the date of transfer?

5. Exhibit F in the application did not specifically state whether you are requesting an acquisition adjustment. Pursuant to Rule 25-30.037(2)(m), Florida Administrative Code, please submit a statement setting out the reasons for the inclusion of an acquisition adjustment, if one is requested. In addition, please provide the proposed net book value of the Suwannee Valley Estates system as of the proposed date of transfer.

Please file an original and five copies of the requested information no later than January 6, 2004 with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Fl 32399. If you have any questions please call Ms. Cheryl Johnson at (850) 413-6984, Ms. Martha Brown (850) 413-6187 or Mr. Tom Walden at (850) 413-6950.

Sincerely,



Patti Daniel, Supervisor
Bureau of Certification & Tariffs

CAJ: caj

cc: Suwannee Valley Estates (Espenship)
Office of General Counsel (Brown)
Division of Economic Regulation (Johnson, Walden)
~~Division of Commission Clerk and Administrative Services (Brown)~~