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## Public Service Commission

July 17, 2013

Mr. Gary A. Deremer, President  
Lake Osborne Waterworks, Inc.  
5320 Captains Court  
New Port Richey, FL 34652

**Re: Docket 130173-WU – Application for approval of transfer of certain water and wastewater facilities and Certificate No. 053-W of Aqua Utilities Florida, Inc.'s to Lake Osborne Waterworks, Inc. in Palm Beach County**

Dear Mr. Deremer:

Your application for the above Application for Approval of Transfer has been received and reviewed by Commission staff. This letter addresses the deficiencies, as well as additional information staff needs to complete its review of the application filed on June 24, 2013.

### Deficiencies

1. **Assets and Liabilities.** Rule 25-30.037(2)(g)(2), Florida Administrative Code (F.A.C.), requires a list of and the dollar amount of the assets purchased and liabilities assumed or not assumed, including those of non-regulated operations or entities. Please provide a list of the specific assets and liabilities including the dollar amounts allocated to each.
2. **Additional Consideration.** Rule 25-30.037(2)(g)(3), F.A.C., requires a description of all consideration between the parties, for example, promised salaries, retainer fees, stock, stock options, and assumption of obligations. Please provide a description of all consideration between the buyer and the seller.
3. **Contract for Sale.** Rule 25-30.037(2)(h)(2, 3, 4, and 6), F.A.C., requires that the contract for sale include the disposition of any guaranteed revenue contracts, developer agreements, customer advances, and leases. Please provide an explanation for the above-mentioned items.

4. **Income Tax Returns.** Rule 25-30.037(2)(o), F.A.C., requires a statement from the buyer that it 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 rate base was last established by the Commission or, if the tax returns have not been obtained, a statement from the buyer detailing the steps taken to obtain the returns. Please identify all steps taken by the buyer to obtain copies of the federal income tax returns.
5. **Current Certificate.** Rule 25-30.037(2)(t), F.A.C., requires the utility's current certificates(s), or if not available an explanation of the steps the applicant took to obtain the certificate(s).

### **Additional Information**

1. **Schedules.** Please refer to the transfer application filed on June 24, 2013. Please provide the following schedules which were referenced, but not provided, in the Asset Purchase Agreement (Exhibit D):
  - (a) Schedule 1.1
  - (b) Schedule 1.1(b)
  - (c) Schedule 1.1(d)
  - (d) Schedule 1.2(f)
  - (e) Schedule 1.2(l)
  - (f) Schedule 1.5(a)(ii)
  - (g) Schedule 6.2
2. **Regulatory Assessment Fees.** Please refer to the transfer application filed on June 24, 2013. Please identify who "owner" refers to in Exhibit E.
3. **Other A.** Please provide a three-year projected budget that includes rate base, cost of capital, and net operating income. Please provide all supporting documentation, including information regarding the assumptions and forecasts relied on, as well as work papers.
4. **Other B.** In Order No. PSC-11-0256-PAA-WS, issued June 13, 2011, in Docket No. 100330-WS, the Commission ordered Aqua Utilities Florida, Inc. to file a report detailing the outcome of the dispute with the City of Lake Worth Utilities within 30 days of the resolution. Please provide an update on the status of these discussions or any resolution of the dispute.

Mr. Gary A. Deremer

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Your application will not be considered complete until the deficiencies identified in this letter have been corrected. Your response to this letter should be filed with the Commission on or before August 16, 2013. When filing the response, please include the docket number and direct the response to Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850. If you have any questions please call David G. Jopling at (850) 413-6858 or Ms. Suzanne Brownless at (850) 413-6218.

Sincerely,



Tom Ballinger  
Director of Engineering

TB:DJ:pz

cc: Suzanne Brownless (GCL)  
David Jopling (ENG)  
Curt Mouring (AFD)  
Clarence Prestwood (AFD)  
Stan Rieger (ENG)  
Lydia Roberts (ECO)  
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