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 7 NORTH DIXIE HIGHWAY  
 LAKE WORTH, FLORIDA 33460-3787

Milton A. Galbraith Jr., City Attorney  
 Vickie L. Richardson, Legal Assistant

(561) 586-1631  
 FAX (561) 586-1636

November 17, 1998

RECEIVED

NOV 19 1998

Martin S. Friedman, Esquire  
 Rose, Sundstrom & Bentley, LLP  
 2548 Blairstone Pines Drive  
 Tallahassee, FL 32301

981508-WIS FPSC - Records/Reporting

Re: Proposed transfer of majority organizational control of Crystal River Utilities, Inc., to AquaSource Utilities, Inc.

Dear Mr. Friedman:

We have received a copy of the Notice of Application for a Transfer of Majority Organizational Control which gives interested parties thirty (30) days from November 3, 1998, to object to the proposed transfer.

The City of Lake Worth is unaware of any reason to object to the transfer.

However, Crystal River Utilities, Inc., is the assignee of a contract that was entered into on October 9, 1974, between Lake Worth Utilities Authority and Lake Osborne Utilities Company, Inc. A copy of that contract is enclosed for your information.

- ACK  This City of Lake Worth is the successor in interest to the Lake Worth Utilities Authority.
- AFA  Crystal River Utilities, Inc., is the successor in interest to Lake Osborne Utilities Company.
- APP  Inc.
- CAF
- CMU  Pursuant to paragraph 13 of the contract, an assignment of the contract requires the consent of the Utility (now, City of Lake Worth).
- CTR
- EAG  If AquaSource Utilities, Inc., intends to perform the water utility function that is contemplated
- LEG  in the contract, please address your request for approval of the assignment of the contract
- LIN
- OPC
- RCH
- SEC
- WAS
- OTH

DOCUMENT NUMBER-DATE

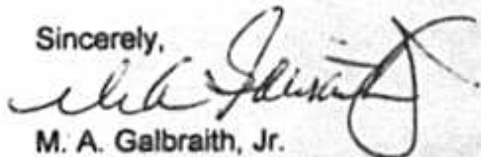
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FPSC-RECORDS/REPORTING

Martin S. Friedman, Esquire  
Rose, Sundstrom & Bentley, LLP  
Page 2  
November 17, 1998

to Wendy Newmyer, City Manager, at the address shown above with a copy of the request to Utilities Director Harvey F. Wildschuetz, at 1900 Second Avenue North, Lake Worth, Florida 33461.

Sincerely,



M. A. Galbraith, Jr.  
City Attorney

MAG:vir

Enclosure

cc: Wendy Newmyer, City Manager  
Harvey Wildschuetz, Utilities Director  
Director, Division of Records & Reporting, Public Service Commission

# U-18

C O N T R A C T

THIS CONTRACT, made and entered into this 9<sup>th</sup> day of Oct., 1974, by and between LAKE WORTH UTILITIES AUTHORITY, party of the first part, hereinafter referred to as "Utility," and LAKE OSBORNE UTILITIES COMPANY, INC., a Florida corporation, party of the second part, hereinafter referred to as "Private Utility."

W I T N E S S E T H:

WHEREAS, the Private Utility owns and operates a private utilities corporation supplying water service to an unincorporated area in Palm Beach County, Florida, consisting of approximately 430 private residential customers under the authority of Public Service Commission Certificate No. 53, as shown on the attached map styled as "Exhibit A" which is attached hereto and by reference made a part hereof; and

WHEREAS, Private Utility desires the Utility to furnish and supply water directly to Lake Osborne Utilities Company, Inc. through a master meter in order that the Private Utility may resell this water to its customers and operate and maintain its own system.

NOW, THEREFORE, for and in consideration of the premises and the mutual promises, conditions and considerations hereinafter set forth, it is mutually agreed by and between the parties hereto as follows:

1. DEFINITIONS:

The parties agree that the following definitions shall apply in interpreting this contract;

(a) "Water Main" shall mean and refer to the water main owned, operated and maintained by Utility.

(b) "Premises" shall mean and refer to the parcel or parcels of land served by the Private Utility shown on "Exhibit A."

(c) "Off Site" shall mean the area up to the point of joining of the interconnect main as shown on "Exhibit B" which is attached hereto and by reference made a part hereof.

2. Private Utility hereby grants and gives to Utility, and Utility hereby accepts at no cost or expense to Utility, the exclusive right and privilege to provide bulk water service to the Private Utility, upon the terms and conditions set forth in this Contract.

3. The Private Utility shall at its cost and expense construct the interconnecting main and meter from Utility's existing facilities to the Private Utility system. A sketch to said point of joinder of the interconnect main, meter and related facilities to be constructed and owned by the Private Utility with the existing facilities is shown on "Exhibit B" which is attached hereto and by reference made a part hereof.

The Private Utility agrees to pay a monthly charge for water used based on the Utility's General Water Service Rate Schedule No. 1 as same may from time to time be established and in effect. A copy of the current General Water Service Schedule No. 1 (Resolution No. U-9-72 of the Lake Worth Utilities Authority) is attached hereto and by reference made a part hereof, as "Exhibit C."

In addition, the Private Utility agrees to pay for all construction and meter costs of the service connection to the Utility and further agrees that an aid in capital construction grant in the amount of \$45,000.00 shall be paid to the Utility by the Private Utility. In the event said payment is not received within 30 days this contract shall be null and void. Utility shall not be required to initiate construction or take any affirmative action under the terms of this contract until said payment of \$45,000.00 is received by Utility.

4. Private Utility shall be responsible for obtaining all permits and approvals from the Division of Health and Rehabilitative Services, the Palm Beach County Health Department and any other governmental agency, in order to assure that the interconnect main constructed outside the premises meets all applicable standards. The Utility's engineers, agents and employees shall have the right at any time to inspect said interconnect main during construction.

5. The Private Utility shall provide, at its cost and expense, all easements required for the construction and maintenance of said interconnect main and related facilities as shown on "Exhibit B."

6. Private Utility shall not have the right or privilege to permit any person, firm or corporation, or any entity whatsoever, to make any connections to the interconnect main, or to the existing system within the premises from an area outside thereof.

7. The Private Utility shall pay to the Utility monthly water rates as hereinabove set forth in Paragraph 3. Utility shall issue bills commencing after service is initiated to Private Utility and monthly hereafter. Private Utility shall deposit with Utility six thousand dollars (\$6,000.00), the estimated cost of bulk service for a period of two (2) months under the present rate structure. Said deposit shall be paid to the Utility within 30 days of the execution of this contract. In the event this deposit is not received within 30 days this contract shall be null and void. In the event the existing rate structure is amended by the Utility, the amount of the deposit shall be subject to adjustment. Said sum to be retained by the Utility as a guaranty of payment of all sums required to be paid by the Private Utility under the terms of this contract.

If Private Utility shall fail to make any payment for service within thirty (30) days after date a bill is issued, Utility may suspend service, but such suspension of service shall not interfere with or preclude the enforcement by Utility of any other legal right or remedy in event of such default.

8. Utility shall not be responsible in damages for any failure to supply water or for interruption of the supply of such service. Private Utility agrees to save and keep harmless Utility from all damage of every kind, nature and description which may arise as a result of the Utility providing bulk water service to the Private Utility pursuant to the terms and provisions of this contract.

9. Private Utility acknowledges and agrees that the water furnished hereunder, shall be subject to all applicable present and future regulations of the Utility or the City of Lake Worth concerning water service.

10. The parties agree that their obligations to perform this contract are contingent upon the following:

(a) Obtaining all permits, licenses and governmental approvals for construction of the interconnecting main and meter by Private Utility.

(b) Payment of all sums required to be paid by Private Utility to Utility.

11. This contract embodies the entire agreement of the parties hereto. There are no promises, terms, conditions or obligations referring to the subject matter other than contained herein, and this contract can be modified

only by an instrument in writing, signed by the parties hereto and witnessed in proper form.

12. It is agreed that the Private Utility will at its expense acquire, install and construct metering facilities of a type and quality approved by the Utility at locations shown on "Exhibit B," for the purposes of providing dependable measurements of water flow provided to Private Utility by Utility. Said metering facilities shall be operated, supervised, managed and maintained by the Utility at the cost of Private Utility.

In the event of a meter failure which prevents continuous flow data for any month for billing purposes, that month will be billed on the basis of the average of the three preceding monthly flows.

13. This contract shall be binding upon the parties hereto and their successors and assigns. Private Utility may assign this contract with the written consent and approval of Utility, which consent will not be unreasonably withheld. Any assignee must assume all obligations of Private Utility.

14. The parties agree that this document will be executed in such form that it may be recorded. This agreement and the terms and conditions thereof shall run with the Land and be a covenant binding on any purchasers, successors, or assigns and successors in title of Private Utility unless terminated as provided in Paragraphs 15 and 16.

15. This contract may be terminated by Utility if service to the premises has not commenced within six months from date of this Contract.

16. This contract may be terminated by Private Utility at any time provided that Private Utility shall reimburse Utility for all sums expended and work done by Utility as of the date of such termination; provided that in no event shall Utility be required to refund any part of the aid in construction grant required to be paid to the Utility pursuant to Paragraph 3 hereof.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed in duplicate, with each counterpart deemed to be an original, in their names, the day and year first above written.

Signed, sealed and delivered  
in the presence of:

Margaret Riley  
Witness

Don R. Wasy  
Witness  
As to Lake Worth Utilities Authority

LAKE WORTH UTILITIES AUTHORITY

By Robert D. Small  
Chairman

By D. W. Little  
Secretary

Signed, sealed and delivered  
in the presence of:

Laura McDonald  
Witness

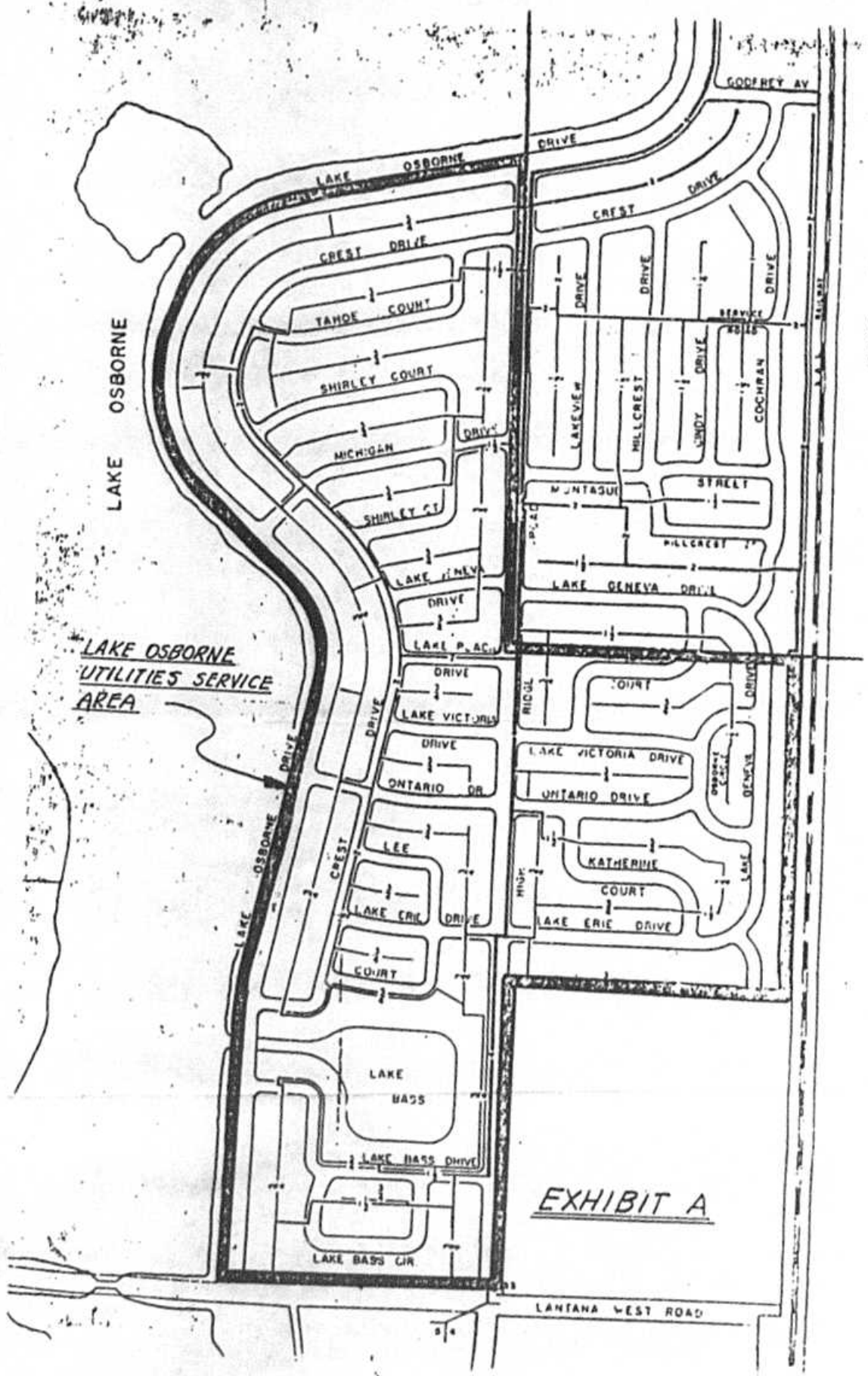
Vernice G. Pomeroy  
Witness

As to Lake Osborne Utilities Company, Inc.

LAKE OSBORNE UTILITIES COMPANY, INC.

By Jos. S. Smith  
President

Subchapter-S corporation, sole officer,  
director and stockholder.



LAKE OSBORNE

LAKE OSBORNE  
UTILITIES SERVICE  
AREA

EXHIBIT A

LANTANA WEST ROAD