

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Application for Transfer of)
Majority Organizational Control of)
Ocala Oaks Utilities, Inc.)
in Marion County, Florida to)
AquaSource Utility, Inc.)

DEPOSIT

DATE

D049

DEC 22 1998

DOCKET NO. 981907

APPLICATION FOR APPROVAL OF CHANGE
IN MAJORITY ORGANIZATIONAL CONTROL

AQUASOURCE UTILITY, INC., by and through its undersigned attorneys and pursuant to Section 367.071, Florida Statutes, and Rule 25-30.037(3), Florida Administrative Code, hereby makes application for approval of the transfer of majority organizational control of Ocala Oaks Utilities, Inc. which holds Certificate 346-W in support thereof states:

1. The name and address of the Seller is:

Ms. Harold Ellzey
1343 NE 17th Road
Ocala, FL 34470

2. The name and address of the Buyer is:

AquaSource Utility, Inc.
16810 Barker Springs, Suite B 215
Houston, Texas 77084

3. The name and address of the person authorized to receive

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DOCUMENTS
SERVICE COMMISSION
FPSC-RECORDS/REPORTING

ROSE, SUNDBLUM & BENTLEY, LLP
OPERATING ACCOUNT
PH 877-6555
2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FL 32301

20945

63-68/631
BRANCH 002

DATE December 21, 1998

PAY TO THE ORDER OF Florida Public Service Commission

\$ *2,250.00*

Two Thousand Two Hundred Fifty and 00/100

DOLLARS



[Handwritten Signature]

020945

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Ocala, FL 34470

2. The name and address of the Buyer is:

AquaSource Utility, Inc.
16810 Barker Springs, Suite B 215
Houston, Texas 77084

3. The name and address of the person authorized to receive notices and communications in respect to this application is:

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

4. The names and addresses of the Buyer's corporate officers and directors are as follows:

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PUBLIC SERVICE COMMISSION
TALLAHASSEE, FLORIDA

Roy H. Moore, President
Edward R. Wallace, Vice-President/Director
Michael J. Miller, Vice President
Carmela Laurella, Vice President
Cary Thomas, Secretary
Linda C. Law, Secretary
Carol Marine, Assistant Secretary
Ann Reitmeyer, Assistant Secretary
16810 Barker Springs, Suite B 215
Houston, Texas 77084

5. Buyer currently owns no water or wastewater utilities in Florida, although it has several applications for transfer pending before the Commission. The names of other water or wastewater utilities owned by Buyer are as follows:

AquaSource Utility, Inc.
AquaSource Services and Technologies, Inc.
AquaSource Whisenant, Inc.
AquaSource/AU, Inc.
AquaSource/CB, Inc.
AquaSource/DWC, Inc.
AquaSource/GWS, Inc.
AquaSource/HCUC, Inc.
AquaSource/HCUW, Inc.
AquaSource/IWS, Inc.
AquaSource/MMS, Inc.
AquaSource/S&B, Inc.
Britmore Utility, Inc.
Buffalo Creek Utility, Inc.
Creekside Utilities, Inc.
Lakeside Utilities, Inc.
Sandy Creek Utilities, Inc.
Peek Road Utilities, Inc.
Redwood Utilities, Inc.
Rivercrest Water Systems, Inc.
Suburban Austin Water Systems, Inc.
The Reynolds Group, Inc.
Hendricks County Wastewater, LLC
Country View Sewage Plant Inc.
Chimney Wood Sewage Works, Inc.
Wastewater One, LLC
Water One, Inc.
Wildwood Shores Utilities Corp.
Wymberley Sanitary Works, Inc.
Woodcreek Utilities, Inc.

6. The purchase of the stock of Ocala Oaks Utilities, Inc. is a cash transaction financed by capital from its parent, DQE, Inc. A copy of DQE, Inc.'s Financial Statement is attached as Exhibit "A".

7. The transfer is in the public interest because the Seller is no longer interested in continuing to own and operate the utility system. The Seller is unwilling to continue to make the capital expenditures necessary to continue to provide the high quality of service it has provided in the past. By contrast, AquaSource Utility, Inc. is in the business of owning and operating water and wastewater utility systems. AquaSource Utility, Inc. enjoys an excellent reputation with the Texas regulatory agencies where most of its systems are located, and has the financial resources to make necessary future improvements to the utility systems.

8. Although AquaSource is a relatively new organization, its experienced staff has been providing operation, maintenance and management services for municipal and private water utilities for more than 25 years. It is constantly expanding its technical capabilities and are implementing improved quality control, maintenance management, and training and safety programs. These improvements provide direct tangible benefits to utilities owned and operated by AquaSource and municipal utilities served by AquaSource. It currently operates water and wastewater systems serving approximately 125,000 customers.

9. As a subsidiary of DQE, Inc., AquaSource has the financial capability to acquire, operate and maintain water and wastewater utilities. All acquisitions are funded through direct capital contributions from DQE. See Exhibit "B" attached hereto. Operations and maintenance requirements are funded internally from generated cash flows. Operational deficiencies are funded through capital contributions from DQE. DQE, Inc., the funded parent of Duquesne Light Company, has assets of more than \$4.6 billion and annual revenues in excess of \$1.2 billion.

10. AquaSource Utility, Inc. will fulfill the commitment, obligations and representation of Ocala Oaks Utilities, Inc. with regard to utility matters.

11. Entities providing funding to the Buyer and the manner and amount of such funding is discussed in paragraph 6 above. AquaSource Utility, Inc.'s financial statement is attached hereto as Exhibit "C".

12. After reasonable investigation by Buyer, the systems being acquired appears to be in satisfactory condition and in compliance with applicable standards set by the DEP.

13. Evidence that the utility owns the land upon which the utility treatment facilities are located is attached hereto as Composite Exhibit "D".

14. Revised tariffs reflecting the change in the issuing officer are attached hereto as Exhibit "E".

15. The water certificate of Seller is attached for appropriate update.

16. An Affidavit that the actual notice of the application was given to the entities on the list provided by the Commission in accordance with Section 367.045(1)(a), Florida Statutes, and Rule 25-30.030, Florida Administrative Code, will be filed as Exhibit "F".

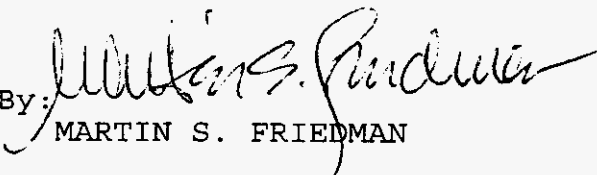
17. An Affidavit that the actual notice of the application was given to the each customer in accordance with Section 367.045(1)(a), Florida Statutes, and Rule 25-30.030, Florida Administrative Code, will be filed as Late Filed Exhibit "G".

18. An Affidavit that the notice of the application was published once in a newspaper of general circulation in the territory in accordance with Rule 25-30.030, Florida Administrative Code, will be filed as Late Filed Exhibit "H".

19. Pursuant to Rule 25-30.020(c), Florida Administrative Code, the appropriate filing fee is \$2,250.

Respectfully submitted on this
21st day of December, 1998, by:

ROSE, SUNDSTROM & BENTLEY, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301
(850) 877-6555

By: 
MARTIN S. FRIEDMAN