

STATE OF FLORIDA

Commissioners:
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DIVISION OF WATER & WASTEWATER
CHARLES H. HILL
DIRECTOR
(850) 413-6900

Public Service Commission

December 18, 1998

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

Docket No. 981697-WS - Application for authority to transfer the facilities of Village Water, Ltd. and Certificate Nos. 585-W and 503-S in Polk County, Florida, to AquaSource Utility, Inc.

Dear Mr. Friedman:

Upon review, our staff has detected the following deficiencies in your application to transfer the operating certificates of Village Water, Ltd., to AquaSource Utility, Inc.

According to Rule 25-30.037(q), the applicant must file evidence that it owns or leases the land upon which its treatment facilities are located. According to Paragraph 17 of the application, a copy of the deed transferring the property to AquaSource is attached to the purchase agreement. According to paragraph 3.1 of the purchase agreement, the real property is listed on an attached Exhibit B-1 or B-2. Your application does not include the promised record. Please submit the missing document as support for the prescribed ownership concern.

The tariff sheets for AquaSource Utility, Inc., are labeled as "Revised Sheets." Since these will be the "Original Sheets" for this company, those tariff sheets should all be refiled using "Original Sheet" notations.

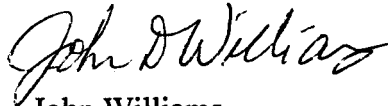
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Mr. Martin S. Friedman
Page 2
December 18, 1998

Thank you for your assistance in this matter. If you have further questions regarding this letter, please call Mr. Walker at this number: 413-6924.

Respectfully,



John Williams
Bureau Chief
Policy Development and Industry Structure

JW:ndw

cc: Division of Records and Reporting
Division of Legal Services (McRae)
Division of Water and Wastewater (Walker, Redemann)

ITEM #

AUDIT OBJECTIVE OR QUESTION
(Add supplemental background for auditor)

- 1 Obtain warranty deeds or other evidence of ownership for purchased land. For related party transactions, verify that the booked cost matches the original cost when first devoted to public service. Obtain copies of any lease agreements concerning land.
- 2 Audit additions and retirements to plant since rate from the utility's inception describing major additions, retirements, and adjustments.
- 3 Audit CIAC additions or adjustments from the utility's inception. Review 1996 activity as noted above. Test accuracy of reported additions based on approved service availability charges and customer growth.
- 4 Review the outside auditors' work papers for additional support regarding reported plant and CIAC account balances.
- 5 Determine whether any plant facilities such as transportation equipment or general equipment is not being sold.