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

# Public Service Commission

February 1, 1999

Ms. Nancy L. Adams  
1732 Highway 2297  
Panama City, Florida 32404

Re: Docket No. 981992-WS: Application for transfer of majority organizational control of Sandy Creek Utilities, Inc., holder of Certificate Nos. 514-W and 446-S in Bay County to Fox-Run Utilities, Inc.

Dear Ms. Adams:

Your application on behalf of Sandy Creek Utilities, Inc., (Sandy Creek) for transfer of majority organizational control was received by the Commission on December 29, 1998, and assigned the above referenced docket number and name. Staff has preliminarily reviewed the application for deficiencies as well as for items that need clarification or correction. These items are as follows:

Deficiencies:

- |     |                                     |           |  |
|-----|-------------------------------------|-----------|--|
| ACK | <input type="checkbox"/>            | <u>I.</u> | <u>Full Name.</u>  |
| AFA | <input type="checkbox"/>            |           |  |
| APP | <input type="checkbox"/>            | A.        | Pursuant to Rule 25-30.037(3)(a), Florida Administrative Code (F.A.C.), the complete name and address of the seller is to be provided in the application. In some places within the application, Sandy Creek Properties, Inc., is listed as the owner. Please provide the correct name and address of the owner.   |
| CAF | <input type="checkbox"/>            |           |  |
| CMU | <input type="checkbox"/>            |           |  |
| CTR | <input type="checkbox"/>            |           |  |
| EAG | <input type="checkbox"/>            | B.        | Pursuant to Rule 25-30.037(3)(b), F.A.C., the complete name and address of the buyer is to be provided in the application. None of this information was provided. Since a second docket was established to change the utility name from Sandy Creek Utilities, Inc., to Fox-Run Utilities, Inc., it appears that, in this docket, the name may remain Sandy Creek Utilities, Inc. If this is the case, you must provide a statement giving that as the full name and provide the office address. If this is not the case, you must provide a statement giving the full name and office address of the utility. |
| LEG | <input type="checkbox"/>            |           |  |
| LIN | <input type="checkbox"/>            |           |  |
| OPC | <input type="checkbox"/>            |           |  |
| RCH | <input type="checkbox"/>            |           |  |
| SEC | <input checked="" type="checkbox"/> |           |  |
| WAS | <input type="checkbox"/>            |           |  |
| OTH | <input type="checkbox"/>            |           |  |

DOCUMENT NUMBER-DATE

01310 FEB-2 99

FOR RECORDS/REPORTING

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2. Buyer's Corporate Officers. Pursuant to Rule 25-30.037(3)(c), F.A.C., a list is to be provided of the names and addresses of all of the buyer's corporate officers, directors, partners and any other persons who will own an interest in the utility. Your name was the only name listed in this area. Will you be the president of the corporation? Will others be officers, directors, and/or owners of an interest in the utility?
3. Financing of the Purchase. Pursuant to Rule 25-30.037(3)(e), F.A.C., a statement describing the financing of the purchase of the utility is to be provided as part of the application. Please provide a detailed statement regarding this matter.
4. Buyer's Experience and Financial Ability. Pursuant to Rule 25-30.037(3)(f), F.A.C., a statement describing the buyer's experience and financial ability to operate the utility is required. The statement provided detailing the experience of the buyer is incomplete - please provide the name of the utility the buyer managed. In addition, the financial ability of the buyer cannot be determined solely by reviewing a 1040 form. A detailed net worth statement is required in order to determine the financial ability.
5. Sources Providing Funding. Pursuant to Rule 25-30.037(3)(g), F.A.C., a statement listing all entities that have or will provide funding to the buyer with an explanation of the manner and amount of such funding is required. This statement should include financial statements of the lenders and copies of any financial agreements with the utility.
6. Utilities' Ownership of Land. Pursuant to Rule 25-30.037(3)(I), F.A.C., evidence is to be provided that the utility owns the land upon which the utility treatment facilities are located. A long term lease (99 years) may be substituted for the ownership requirement. The wastewater treatment facilities appear to be located on property owned by Sandy Creek Properties, Inc. Please provide either evidence that the property has been transferred to the utility, or a copy of a long term lease.

#### Other Information Needed

1. The agreement submitted appears to be a short term lease which is missing Exhibit C and Exhibit 1. A transfer of majority organizational control takes place when the majority owner of stock in a corporation transfers the ownership of that stock to a different owner. If you have a contract for such a transaction, we would like to review it.
2. Please provide the date that the closing on the transfer of majority organizational control of the utility corporation is planned to take place.
3. In your statement concerning your experience in water or wastewater utility operations you stated you operated a small utility company for eight years. What was the name of the utility company? Was it regulated by the Public Service Commission? What was the certificate number?

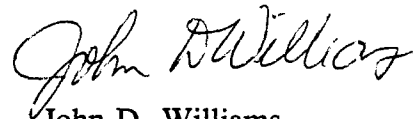
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There are many deficient areas of the application which need to be addressed. Ms. Stephanie Clapp, of my staff, would be happy to meet with you in your office to assist with the application process. She will contact you during the week of February 8 to arrange a convenient time. In the mean time, should you have any questions on this matter, feel free to contact Ms. Clapp at (850) 413-6997.

Sincerely,



John D. Williams  
Chief, Policy Development  
and Industry Structure

JDW/SC

cc: Division of Water and Wastewater (Hill, Messer, Clapp, Redemann)  
Division of Records and Reporting  
Mr. Gary L. Souders  
7328 Littleton Road  
Panama City, Florida 32404

(I:sandy\_cr.ltr)