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DIVISION OF WATER & WASTEWATER
DANIEL M. HOPPE, DIRECTOR
(850) 413-6900

Public Service Commission

September 7, 1999

Mr. Martin S. Friedman
2548 Blairstone Pines Drive
Tallahassee, Florida 32301

Re: Docket No. 991001-WU Application for Authority to Transfer the Facilities of Lake Josephine Water Certificate No. 424-W in Highlands County, Florida to AquaSource Utility, Inc.

Dear Mr. Friedman:

Upon review, our staff has determined that the following deficiencies exist in the application to transfer the above-referenced utility's facilities and operating certificate to AquaSource Utility. These deficiencies are discussed in more detail below.

First, pursuant to Rule 25-30.037(2)(o), Florida Administrative Code (FAC), the application must contain 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. The application did not include the tax returns nor did it address the steps taken to obtain the returns.

Second, pursuant to Rule 25-30.037(2)(t), FAC, the application must include the utility's current certificate(s), or if not available, provide an explanation of the steps the applicant took to obtain the certificate(s). The application did not include the certificate nor did it include the steps taken to obtain the certificate.

Third, and last, our office anticipates Late Filed Exhibit "I" which, according to the application, is 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, FAC.

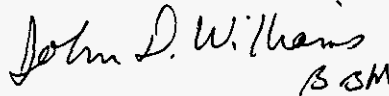
As discussed, the application remains deficient in several important respects. Accordingly, your application will not be deemed complete until these deficiencies are corrected. The information listed above must be received by our office by September 27, 1999.

- AFA _____
- AFP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- MAS _____
- OPC _____
- PAI _____
- SEC I
- WAW _____
- OTH _____

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Should you have any questions, please call the staff analyst, Cecilia Rehwinkel or the staff attorney, Tyler Van Leuven at (850)413-6972 or (850)413-6185. Thank you for your assistance in this matter.

Sincerely,

Handwritten signature of John D. Williams in cursive, with the initials "JDM" written below it.

John D. Williams
Regulatory Analyst

JDW:ccg

cc: **Division of Records and Reporting**
Division of Legal Services (VanLeuven)
Division of Water and Wastewater (Messer, Williams, Lowe, Hoppe)