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Public Service Commission

June 22, 2012

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12 JUN 25 AM 9:24
COMMISSION
CLERK

Mr. Gary Deremer
President, Harbor Waterworks, Inc.
5320 Captains Court
New Port Richey, FL 34652

Re: Docket No. 120148-WU, Application for approval of transfer of Harbor Hills Utility, L.P. water system and Certificate No. 522-W in Lake County to Harbor Waterworks, Inc.

Dear Mr. Deremer:

Staff has reviewed the above-referenced application and requests the following additional information which is needed for its review of the application.

Additional Information

1. **Ownership.** Please provide the percentage ownership for each of the shareholders of Harbor Waterworks, Inc. (HWW, Buyer).
2. **Aqua Utilities Florida, Inc. (AUF).** Pursuant to the Asset Purchase Agreement, the purchase is contingent upon Harbor Hills Utility, L.P. (Utility, Seller) showing the dissolution of any agreement between it and Aqua America, Inc. d/b/a Aqua Utilities Florida, Inc. (AUF) as well as AUF's confirmation of the dissolution of any agreements. Please provide proof of the dissolution of any agreement between the Seller and AUF, as required in the Asset Purchase Agreement.
3. **Irrigation Assets.** Pursuant to Paragraph 1.3 of the Asset Purchase Agreement, the purchase price of \$507,471 includes the assets attributable to the water and irrigation systems. The paragraph further describes the installation of an irrigation distribution system required by the St. Johns River Water Management District (SJRWMD) for phases 6 and 7 of the Harbor Hills development, with an estimated cost of \$181,790.90.
 - o Did the Seller install the irrigation distribution system for Phases 6 and 7?
 - o Is the irrigation distribution system for phases 6 and 7 being acquired by HWW?
 - o If so, is a portion of the purchase price related to the irrigation distribution system for phases 6 and 7?

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4. **Commitments, obligations, and representations.** Pursuant to Section 367.071(1), Florida Statutes, (F.S.), the transferee of a certificate of authorization must fulfill the commitments, obligations, and representations of the utility. However, Section 1.4 of the Asset Purchase Agreement states that, "Except as set for [stet] on Schedule 1.4, Buyer shall not assume any obligations of the Seller, under any contract, agreement, commitment, lease, certificate, order, notice, permit or other instrument, whether oral, written, express or implied."
 - o Please explain the apparent discrepancy of these two statements.
 - o In addition, please provide a copy of Schedule 1.4 to the Asset Purchase Agreement.
5. **Consumption Use Permit.** Please file a copy of the Utility's current consumptive use permit with the SJRWMD, as referenced in the Asset Purchase Agreement.

If you have any questions regarding the above requested information, please contact technical staff, Patricia Brady, at (850) 413-6686, pbrady@psc.state.fl.us, or legal staff, Michael Lawson, Esq., at (850) 413-6076 or mlawson@psc.state.fl.us. Please file your response as soon as practicable, but no later than July 27, 2012. Your response should identify Docket Number 120148-WU and either be filed electronically at filings@psc.state.fl.us or mailed directly to:

Ann Cole, Director
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Sincerely,



Patti Daniel
Public Utilities Supervisor
Bureau of Certification, Economics, and Tariffs

PD:pb:lr

cc: Division of Economic Regulation (Brady, Rieger)
Office of the General Counsel (Lawson)
Office of Commission Clerk