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DIVISION OF ENGINEERING
TOM BALLINGER
DIRECTOR
(850)413-6910

Public Service Commission

June 30, 2015

Mr. Michael Smallridge
3336 Grand Blvd., Suite 102
Holiday, FL 34690-2249

Re: Docket No. 150091-WS – Application for approval of transfer of Certificate Nos. 490-W and 425-S from East Marion Sanitary Systems, Inc. to East Marion Utilities, LLC, in Marion County.

Dear Mr. Smallridge:

We have reviewed East Marion Utilities, LLC's (Utility) application submitted on March 20, 2015. After reviewing this information, we find this application to be deficient. The specific deficiencies are identified below:

Deficiencies

1. **Assets and Liabilities.** Rule 25-30.037(2)(g)(2), Florida Administrative Code (F.A.C.), requires a list and dollar amount of all assets and liabilities assumed or not assumed of non-regulated operations or entities. Please provide a list of the specific assets and liabilities including the dollar amounts allocated to each.
2. **Contract for Sale.** Rule 25-30.037(2)(h)(6), F.A.C., requires that the contract for sale include the disposition of any leases. The documentation providing the disposition of the lease states that it may not be assigned by the lessee (Seller). Please provide a statement concerning the disposition of this lease.
3. **Financial Statements.** Rule 25-30.037(2)(j), F.A.C., requires a showing of the buyer's financial ability to provide service. Please provide the current financial statements of Florida Utility Services 1, LLC.
4. **Net Book Value.** Rule 25-30.037(2)(l), F.A.C., requires the proposed net book value of the system as of the date of the proposed transfer. Please provide the proposed net book value of the system. This includes all adjustments made to net book value components subsequent to Order No. PSC-02-1168-PAA-WS.

Additional Information

1. Please provide a copy of the Utility's application for water or wastewater service or respond with "not applicable" if the Utility does not require an application for new customers.
2. Please provide an example of the Utility's customer bill that is consistent with Rule 25-30.335, F.A.C.
3. Please provide a three-year projected budget that includes rate base, cost of capital, and net operating income. Please provide all supporting documentation, including information regarding the assumptions and forecasts relied upon. Please provide all work papers associated with the creation of the budget.
4. Does customer billing currently reflect East Marion Sanitary Systems, Inc. or East Marion Utilities, LLC?
5. What entity currently holds the assets of East Marion Sanitary Systems, Inc.?
6. Exhibit No. 3 of the transfer application states that a statement regarding the disposition of any outstanding regulatory assessment fees, fines or refunds will be pending until a resolution is reached concerning customer refunds for the Utility. Please provide a statement concerning the status of customer refunds.
7. Please update Mr. Smallridge's financial statements to reflect the financial information for all entities that he oversees as the owner or receiver.

Mr. Michael Smallridge

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We will be unable to proceed with the transfer process until the deficiencies identified in this letter have been corrected and the additional requested information is provided. These corrections should be submitted as soon as possible, but no later than August 4, 2015, to the following address:

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

Should you have any questions concerning the information in this letter, please feel free to contact Mr. Adam Hill by phone at (850) 413-6425 or e-mail ahill@psc.state.fl.us for technical questions, or the Commission attorney on this matter, Ms. Kyesha Mapp by phone at (850) 413-6230 or e-mail KMapp@psc.state.fl.us for legal questions. Please include the docket number on all submissions to the Commission Clerk.

Sincerely,



Tom Ballinger, Director
Division of Engineering

TB:tj

cc: Office of Commission Clerk (DN 150091-WS)
Martin Friedman via email