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STATE OF FLORIDA



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

Public Service Commission

December 17, 2013

Mr. Gary Deremer
Sunny Hills Utility Company
4939 Cross Bayou Boulevard
North Port Richey, FL 34652

Re: Docket No. 130172-WS - Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 501-W and 435-S of Aqua Utilities Florida, Inc. to Sunny Hills Utility Company in Washington County.

Dear Mr. Deremer:

In response to your answers to the first deficiency letter from the Commission dated August 22, 2013, staff believes that your application is complete. Please provide the requested additional information to clarify the application and address the following deficiencies.

Deficiencies

1. **Assets and Liabilities.** Rule 25-30.037(2)(g)(2), Florida Administrative Code (F.A.C.), requires a list of and the dollar amount of the 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 associated with each.
2. **Additional Consideration.** Rule 25-30.037(2)(g)(3), F.A.C., requires a description of all consideration between the parties, for example, promised salaries, retainer fees, stock, stock options, and assumption of obligations. Please provide a statement describing the existence or non-existence of all items of consideration along with a description of all consideration between the buyer and the seller.
3. **Contract for Sale.** Rule 25-30.037(2)(h)(2, 3, 4, and 6), F.A.C., requires that the contract for sale include the disposition of any guaranteed revenue contracts, developer agreements and permits. Please provide an explanation for the above-mentioned items.
4. **Income Tax Returns.** Rule 25-30.037(2)(o), F.A.C., requires a statement from the buyer that it has obtained or will obtain copies of all 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. Please identify all steps taken by the buyer to obtain copies of the federal income tax returns.

Additional Information

1. **Schedules.** Please refer to the transfer application filed on June 24, 2013. Please provide the following schedules which were referenced, but not provided in the Asset Purchase Agreement (Exhibit D) or with the first submission of deficient items.
 - (a) Schedule 1.1(d)
2. **Other.** 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.
3. **Other.** As per Bill of Sale, the total price for the assets was \$10. Per the Application for the Transfer (Exhibit D, Section 1.3: Consideration), the total purchase price paid was \$10,000. Per a review of the quit claim deed, a consideration paid of \$90,313 is shown. Please provide documentation explaining this discrepancy, as well as documentation of price paid including, but not limited to, a canceled check.

Your application will not be considered complete until the deficiencies identified in this letter have been corrected. Your response to this letter should be filed with the Commission on or before **January 16, 2014**. When filing the response, please include the docket number and direct the response to Director, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850. If you have any questions please call Mrs. Melinda Watts by phone (850) 413-6952, or by e-mail mwatts@psc.state.fl.us or Ms. Martha Barrera by phone (850) 413-6212, or by e-mail mbarrera@psc.state.fl.us.

Sincerely,



Melinda Watts
Engineering Specialist
Division of Engineering

→:MW:pz

cc: Division of Economics (S. Bruce)
Office of the General Counsel (M. Barrera)
Division of Accounting & Finance (D. Frank)
Division of Engineering (M. Watts, C. Lewis)
Office of Commission Clerk (Docket No. 130172-WS)