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DIVISION OF WATER &
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CHARLES HILL
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Public Service Commission

January 30, 1997

Mr. Hal R. Bradford
3300 P.G.A. Blvd
Suite 900
Palm Beach Gardens, Florida 33410

Re: Docket No. **970076-WS**: Joint Application for Transfer of Sailfish Point Utility Corporation, the utility assets and Certificates 394-W and 335-S, from Sailfish Point, Inc. to Sailfish Point Service Corporation in Martin County.

Dear Mr. Bradford:

Our review of the application indicates that the minimum filing requirements for the above referenced application are complete in most respects. However, a few supplemental documents are needed to satisfy inquiries regarding the buyer's financial condition, the method of conveyance, and other general topics.

First, concerning Part I, Item E, of the application, the date of incorporation of Sailfish Point Service Corporation (SPSC) was not reported. Does incorporation of SPSC depend upon an order authorizing transfer of the assets and certificates to the Sailfish Point Property Owners and Country Club Association, Inc. (POA)? Does the acquiring company intend to provide service to its owner/members pursuant to the exemption available for nonprofit corporations pursuant to Section 367.022(7), Florida Statutes?

ACK _____ Second, concerning Exhibit A (page 1 of exhibits), this statement does not include a
AFA _____ showing of the buyer's financial ability to provide service. Please submit documentation to
APP _____ demonstrate the buyer's financial capacity to render satisfactory service. Also, please explain
CAF _____ why less costly service is projected following acquisition by the POA.

CMU _____ Third, Exhibit J (page 84), the acquiring company's statement that it believes the system
CTR _____ complies with Department of Environmental Protection (DEP) standards is unsigned. Please
EAG _____ resubmit this document with the appropriate signed affirmation. Also, the application includes
LEG _____ photocopies of the utility's certificates (Exhibit P, pages 89-90). Please submit the actual
LIN _____ certificates or explain why those exhibits are unavailable. Next, we are still awaiting the
OPD _____ promised late-filed exhibits that will affirm that the treatment plant sites will be conveyed to the
RCH _____ acquiring company (Exhibit S - page 134). Is that property identical to the parcels listed on page
SEC _____ 63 of the exhibits?

Our review of the settlement agreement (Exhibit B) indicates that the POA is acquiring

DOCUMENT NUMBER-DATE

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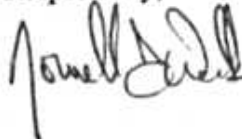
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the outstanding shares of Sailfish Point Utility Corporation (SPSC) from SPSC's parent organization. Usually, that action would be construed as a transfer of majority organizational control from the present parent organization, Sailfish Point, Inc., to the POA. Please explain why the application was styled, instead, as a transfer of assets and certificates? Referring to the recited purchase price for the acquired stock, please identify the approximate dollar value of the anticipated hook-up fees that will be conveyed to Sailfish Point, Inc. (page 5). Please identify the number of current and the number of projected lots at Sailfish Point.

Referring to the profit and loss statement attached as Exhibit 3.5 (page 54-55), please explain why a substantial depreciation charge (\$2,915,361) was claimed in 1994, whereas insubstantial amounts were claimed in 1995 (\$19,476) and 1996 (\$0). Is the 1994 depreciation charge an adjustment or journal entry that reflects a loss condition due to sale of the utility's assets to the POA? If so, please provide a copy of the journal entry showing this retirement entry. Please provide copies of any workpapers that illustrate an accounting for the relative consideration and investment levels of the acquiring and selling companies (the nominal and book values referenced on Exhibit D page 75).

Thank you for your assistance in this matter. If you have any questions, please call me at (904)413-6924.

Respectfully,



Norvell D. Walker
Regulatory Analyst

cc: Division of Records and Reporting
Division of Legal Services (Vaccaro)
Division of Water and Wastewater (Messer, Redemann)

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